
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2008

OR

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

For the transition period from to

Commission File Number: 000-24843



AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

47-0810385
(I.R.S. Employer Identification No.)

1004 Farnam Street, Suite 400
(Address of principal executive offices)

Omaha, Nebraska 68102
(Zip Code)

(402) 444-1630
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer, large accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐
(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☒

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.Forward-Looking Statements

This report (including, but not limited to, the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations") contains forward-looking statements that reflect management's current beliefs and estimates of future economic circumstances, industry conditions, the Company's performance and financial results. All statements, trend analysis and other information concerning possible or assumed future results of operations of the Company and the investments it has made constitute forward-looking statements. Beneficial Unit Certificate ("BUC") holders and others should understand that these forward-looking statements are subject to numerous risks and uncertainties and a number of factors could affect the future results of the Company and could cause those results to differ materially from those expressed in the forward-looking statements contained herein. These factors include general economic and business conditions such as the availability and credit worthiness of prospective tenants, lease rents, operating expenses, the terms and availability of financing for properties financed by the tax-exempt mortgage revenue bonds owned by the Partnership, adverse changes in the real estate markets from governmental or legislative forces, lack of availability and credit worthiness of counterparties to finance future acquisitions and interest rate fluctuations and other items discussed under "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and in Item 1A of Part II of this report.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

AMERICA FIRST TAX EXEMPT INVESTORS, L.P. CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

| | June 30, 2008 | December 31, 2007 |
|--|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 7,841,343 | \$ 14,821,946 |
| Restricted cash | 3,589,917 | 2,865,890 |
| Interest receivable | 492,814 | 534,699 |
| Tax-exempt mortgage revenue bonds | 60,849,952 | 66,167,116 |
| Real estate assets: | | |
| Land | 10,357,004 | 10,357,004 |
| Buildings and improvements | 99,544,555 | 99,218,397 |
| Real estate assets before accumulated depreciation | 109,901,559 | 109,575,401 |
| Accumulated depreciation | (33,390,460) | (31,543,780) |
| Net real estate assets | 76,511,099 | 78,031,621 |
| Other assets | 2,145,481 | 2,457,736 |
| Total Assets | \$ 151,430,606 | \$ 164,879,008 |
| Liabilities | | |
| Accounts payable, accrued expenses and other liabilities | \$ 6,472,962 | \$ 6,808,458 |
| Distribution payable | 2,432,327 | 2,432,327 |
| Debt financing | 65,091,372 | 71,395,000 |
| Mortgage payable | 19,920,000 | 19,920,000 |
| Total Liabilities | 93,916,661 | 100,555,785 |
| Commitments and Contingencies (Note 10) | | |
| Minority interest | 45,230 | 48,756 |
| Partners' Capital | | |
| General partner | 333,567 | 348,913 |
| Beneficial Unit Certificate holders | 107,604,345 | 112,880,314 |
| Unallocated deficit of variable interest entities | (50,469,197) | (48,954,760) |
| Total Partners' Capital | 57,468,715 | 64,274,467 |
| Total Liabilities and Partners' Capital | \$ 151,430,606 | \$ 164,879,008 |

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

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | For Three Months Ended June 30, 2008 | For Three Months Ended June 30, 2007 | For the Six Months Ended June 30, 2008 | For the Six Months Ended June 30, 2007 |
|---|--|--|--|--|
| Income: | | | | |
| Total property revenue | \$ 4,676,501 | \$ 3,508,156 | \$ 9,311,841 | \$ 7,084,406 |
| Mortgage revenue bond investment income | 1,056,825 | 631,855 | 2,265,389 | 1,054,293 |
| Other income (loss) | (83,028) | 309,101 | (54,894) | 517,875 |
| | <u>5,650,298</u> | <u>4,449,112</u> | <u>11,522,336</u> | <u>8,656,574</u> |
| Expenses: | | | | |
| Real estate operating (exclusive of items shown below) | 2,849,254 | 2,189,457 | 5,404,583 | 4,150,972 |
| Depreciation and amortization | 1,164,316 | 569,503 | 2,515,747 | 1,056,883 |
| Interest | 875,893 | 526,099 | 2,399,448 | 1,054,897 |
| General and administrative | 489,399 | 402,115 | 920,465 | 693,107 |
| | <u>5,378,862</u> | <u>3,687,174</u> | <u>11,240,243</u> | <u>6,955,859</u> |
| Minority interest in net loss of consolidated subsidiary | 781 | - | 3,526 | - |
| Net income | <u>\$ 272,217</u> | <u>\$ 761,938</u> | <u>\$ 285,619</u> | <u>\$ 1,700,715</u> |
| Net income allocated to: | | | | |
| General Partner | \$ 24,583 | \$ 71,945 | \$ 31,245 | \$ 84,435 |
| BUC holders | 1,109,288 | 1,570,876 | 1,768,811 | 2,807,364 |
| Unallocated deficit of variable interest entities | (861,654) | (880,883) | (1,514,437) | (1,191,084) |
| | <u>\$ 272,217</u> | <u>\$ 761,938</u> | <u>\$ 285,619</u> | <u>\$ 1,700,715</u> |
| BUC holders' interest in net income per unit (basic and diluted): | | | | |
| Net income, basic and diluted, per unit | <u>\$ 0.08</u> | <u>\$ 0.12</u> | <u>\$ 0.13</u> | <u>\$ 0.25</u> |
| Weighted average number of units outstanding, basic and diluted | <u>13,512,928</u> | <u>13,050,565</u> | <u>13,512,928</u> | <u>11,453,121</u> |

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

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL AND COMPREHENSIVE INCOME (LOSS)
FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007
(UNAUDITED)

| | General Partner | Beneficial Unit Certificate holders | | Unallocated deficit of variable interest entities | Total | Accumulated Other Comprehensive Income (Loss) |
|------------------------------------|--------------------|-------------------------------------|----------------|---|---------------|--|
| | | # of Units | Amount | | | |
| Balance at January 1, 2008 | \$ 348,913 | 13,512,928 | \$ 112,880,314 | \$ (48,954,760) | \$ 64,274,467 | \$ (3,581,844) |
| Comprehensive income: | | | | | | |
| Net income | 31,245 | - | 1,768,811 | (1,514,437) | 285,619 | - |
| Unrealized loss on securities | (28,164) | - | (2,788,207) | - | (2,816,371) | (2,816,371) |
| Total comprehensive income (loss) | | | | | (2,530,752) | |
| Distributions paid or accrued | (626,509) | - | (3,648,491) | - | (4,275,000) | - |
| Reclassification of Tier II income | 608,082 | - | (608,082) | - | - | - |
| Balance at June 30, 2008 | \$ 333,567 | 13,512,928 | \$ 107,604,345 | \$ (50,469,197) | \$ 57,468,715 | \$ (6,398,215) |

| | General Partner | Beneficial Unit Certificate holders | | Unallocated deficit of variable interest entities | Total | Accumulated Other Comprehensive Loss |
|--------------------------------------|--------------------|-------------------------------------|----------------|---|---------------|---|
| | | # of Units | Amount | | | |
| Balance at January 1, 2007 | \$ 1,526,062 | 9,837,928 | \$ 90,722,467 | \$ (45,502,169) | \$ 46,746,360 | \$ (722,435) |
| Sale of Beneficial Unit Certificates | | 3,675,000 | 27,549,356 | | 27,549,356 | |
| Comprehensive income: | | | | | | |
| Net income | 84,435 | - | 2,807,364 | (1,191,084) | 1,700,715 | - |
| Unrealized loss on securities | (499) | - | (49,421) | - | (49,920) | (49,920) |
| Total comprehensive income | | | | | 1,650,795 | |
| Distributions paid or accrued | (31,659) | - | (3,134,124) | - | (3,165,783) | - |
| Balance at June 30, 2007 | \$ 1,578,339 | 13,512,928 | \$ 117,895,642 | \$ (46,693,253) | \$ 72,780,728 | \$ (772,355) |

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

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | For the six months ended | |
|---|--------------------------|---------------|
| | June 30, 2008 | June 30, 2007 |
| Cash flows from operating activities: | | |
| Net income | \$ 285,619 | \$ 1,700,715 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 2,515,747 | 1,056,883 |
| Interest rate cap expense (income) | 38,328 | (117,886) |
| Loss on sale of securities | (68,748) | - |
| Minority interest in net loss of consolidated subsidiary | (3,526) | - |
| Changes in operating assets and liabilities, net of effect of acquisitions | | |
| (Increase) decrease in interest receivable | 41,885 | (181,468) |
| Increase in other assets | (398,615) | (185,861) |
| Decrease in accounts payable, accrued expenses and other liabilities | (1,123,589) | (684,316) |
| Net cash provided by operating activities | 1,287,101 | 1,588,067 |
| Cash flows from investing activities: | | |
| Proceeds from the sale of tax-exempt bonds | 14,933,635 | 23,800,000 |
| Acquisition of tax-exempt mortgage revenue bonds | (12,435,000) | (55,149,000) |
| Increase in restricted cash | (724,027) | (1,100,175) |
| Capital expenditures | (293,495) | (305,475) |
| Acquisition of partnerships | - | (9,220,390) |
| Principal payments received on tax-exempt mortgage revenue bonds | 45,833 | 25,000 |
| Principal payments received on taxable loans | 100,000 | - |
| Net cash provided by (used in) investing activities | 1,626,946 | (41,950,040) |
| Cash flows from financing activities: | | |
| Distributions paid | (4,275,000) | (2,887,430) |
| Swap payments | (40,049) | - |
| Proceeds from mortgage payable | - | 19,920,000 |
| Increase in liabilities related to restricted cash | 724,027 | 1,100,175 |
| Debt financing costs paid | - | (1,271,266) |
| Repayment of liabilities assumed | - | (15,112,771) |
| Proceeds from debt financing | 65,091,372 | 13,300,000 |
| Principal payments on debt financing and note payable | (71,395,000) | (130,000) |
| Acquisition of interest rate cap agreements | - | (83,000) |
| Sale of Beneficial Unit Certificates | - | 27,549,356 |
| Net cash provided by (used in) financing activities | (9,894,650) | 42,385,064 |
| Net increase (decrease) in cash and cash equivalents | (6,980,603) | 2,023,091 |
| Cash and cash equivalents at beginning of period | 14,821,946 | 8,476,928 |
| Cash and cash equivalents at end of period | \$ 7,841,343 | \$ 10,500,019 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the period for interest | \$ 2,755,228 | \$ 1,066,431 |
| Supplemental disclosure of non-cash financing and investing activities: | | |
| Liabilities assumed in the acquisition of partnerships | \$ - | \$ 15,742,740 |
| Distributions declared but not paid | \$ 2,432,327 | \$ 1,824,245 |

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

1. Basis of Presentation

America First Tax Exempt Investors, L.P. was formed on April 2, 1998 under the Delaware Revised Uniform Limited Partnership Act for the purpose of acquiring, holding, selling and otherwise dealing with a portfolio of federally tax-exempt mortgage revenue bonds which have been issued to provide construction and/or permanent financing of multifamily residential properties. Interest on these bonds is excludable from gross income for federal income tax purposes. As a result, most of the income earned by the Partnership is exempt from federal income taxes. Our general partner is America First Capital Associates Limited Partnership Two (“AFCA 2” or “General Partner”). The Partnership will terminate on December 31, 2050 unless terminated earlier under provisions of its Agreement of Limited Partnership.

The consolidated financial statements include the accounts of the Partnership, its wholly-owned subsidiary, America First LP Holding Corp. (“Holding Corp”), and the variable interest entities (“VIEs”) of which the Partnership has been determined to be the primary beneficiary (the “Company”). In this Form 10-Q, America First Tax Exempt Investors, L.P. and Holding Corp (the “Partnership”) is reported as a stand alone entity without the consolidation of the VIEs. MF Properties refers to the multifamily apartment projects that are owned by partnerships of which the Holding Corp is the 99% limited partner and are consolidated with the Partnership. In the Company’s consolidated financial statements, all transactions and accounts between the Partnership and the VIEs have been eliminated in consolidation. The Partnership does not presently believe that the consolidation of VIEs for reporting under accounting principles generally accepted in the United States of America (“GAAP”) will impact the Partnership’s tax status, amounts reported to Beneficial Unit Certificate (“BUC”) holders on IRS Form K-1, the Partnership’s ability to distribute tax-exempt income to BUC holders, the current level of quarterly distributions or the tax-exempt status of the underlying mortgage revenue bonds.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying interim unaudited condensed consolidated financial statements have been prepared according to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted according to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2007. In the opinion of management, all normal and recurring adjustments necessary to present fairly the financial position as of June 30, 2008, and the results of operations for all periods presented have been made. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year.

2. Partnership Income, Expenses and Cash Distributions

The Agreement of Limited Partnership of the Partnership contains provisions for the distribution of Net Interest Income, Net Residual Proceeds and Liquidation Proceeds, for the allocation of income or loss from operations and for the allocation of income and loss arising from a repayment, sale or liquidation of investments. Income and losses will be allocated to each BUC holder on a periodic basis, as determined by the General Partner, based on the number of BUCs held by each BUC holder as of the last day of the period for which such allocation is to be made. Distributions of Net Interest Income and Net Residual Proceeds will be made to each BUC holder of record on the last day of each distribution period based on the number of BUCs held by each BUC holder as of such date. For purposes of the Agreement of Limited Partnership, cash distributions, if any, received by the Partnership from the Investment in MF Properties (see Note 4) will be included in the Partnership’s Interest Income and cash distributions received by the Partnership from the sale of such properties will be included in the Partnership Residual Proceeds.

Cash distributions are currently made on a quarterly basis but may be made on a monthly or semiannual basis at the election of AFCA 2. On each distribution date, Net Interest Income is distributed 99% to the BUC holders and 1% to AFCA 2 and Net Residual Proceeds is distributed 100% to BUC holders except that Net Interest Income and Net Residual Proceeds representing contingent interest in an amount equal to 0.9% per annum of the principal amount of the mortgage bonds on a cumulative basis (defined as Net Interest Income [Tier 2] and Net Residual Proceeds [Tier 2], respectively) is distributed 75% to the BUC holders and 25% to AFCA 2.

The Agreement of Limited Partnership also allows the General Partner to withhold, from time to time, Interest Income and Residual Proceeds and to place these amounts into a reserve to provide funding for working capital or additional investments. In 2005, the General Partner placed Net Residual Proceeds representing contingent interest of approximately \$10.9 million into the reserve. If and when the General Partner determines that this contingent interest is no longer to be held in reserve and is to be distributed, it is anticipated that it will be distributed as Net Residual Proceeds (Tier 2) as defined in the Agreement of Limited Partnership. As such, these funds will be distributed 75% to the BUC holders and 25% to the General Partner. On June 30, 2008, the General Partner determined that approximately \$2.4 million of these Net Residual Proceeds previously placed in reserve were no longer to be held in reserve and would be distributed as Net Residual Proceeds (Tier 2). Accordingly, an entry has been recorded in the Company's consolidated financial statements to allocate such Net Residual Proceeds 75% to the BUC holders and 25% to the General Partner in preparation for such distribution.

The unallocated deficit of the VIEs is primarily comprised of the accumulated historical net losses of the VIEs as of the date of the implementation of FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities*, ("FIN 46R"). The unallocated deficit of the VIEs and the VIEs net losses subsequent to that date are not allocated to the General Partner and BUC holders as such activity is not contemplated by, or addressed in, the Agreement of Limited Partnership.

3. Investments in Tax-Exempt Mortgage Revenue Bonds

The tax-exempt mortgage revenue bonds owned by the Company have been issued to provide construction and/or permanent financing of multifamily residential properties. The Company had the following investments in tax-exempt mortgage revenue bonds as of dates shown:

| Description of Tax-Exempt Mortgage Revenue Bonds | June 30, 2008 | | | |
|---|----------------------|--------------------|-----------------------|-------------------------|
| | Cost | Unrealized Gain | Unrealized Loss | Estimated Fair Value |
| Clarkson College | \$ 6,054,167 | \$ - | \$ (378,813) | \$ 5,675,354 |
| Bella Vista | 6,785,000 | - | (537,576) | 6,247,424 |
| Woodland Park | 15,715,000 | - | (1,419,575) | 14,295,425 |
| Prairiebrook Village | 5,862,000 | - | (614,048) | 5,247,952 |
| Gardens of DeCordova | 4,870,000 | - | (607,727) | 4,262,273 |
| Gardens of Weatherford | 4,702,000 | - | (586,763) | 4,115,237 |
| Runnymede Apartments | 10,825,000 | - | (987,240) | 9,837,760 |
| Bridle Ridge Apartments | 7,885,000 | - | (768,157) | 7,116,843 |
| Woodlynn Village | 4,550,000 | - | (498,316) | 4,051,684 |
| | <u>\$ 67,248,167</u> | <u>\$ -</u> | <u>\$ (6,398,215)</u> | <u>\$ 60,849,952</u> |

| Description of Tax-Exempt Mortgage Revenue Bonds | December 31, 2007 | | | |
|---|----------------------|--------------------|-----------------------|-------------------------|
| | Cost | Unrealized Gain | Unrealized Loss | Estimated Fair Value |
| Chandler Creek Apartments | \$ 11,500,000 | \$ - | \$ (792,350) | \$ 10,707,650 |
| Clarkson College | 6,084,960 | - | (396,644) | 5,688,316 |
| Bella Vista | 6,800,000 | - | (380,800) | 6,419,200 |
| Deerfield Apartments | 3,390,000 | - | (77,614) | 3,312,386 |
| Woodland Park | 15,715,000 | - | (658,340) | 15,056,660 |
| Prairiebrook Village | 5,862,000 | - | (313,317) | 5,548,683 |
| Gardens of DeCordova | 4,870,000 | - | (408,108) | 4,461,892 |
| Gardens of Weatherford | 4,702,000 | - | (394,028) | 4,307,972 |
| Runnymede Apartments | 10,825,000 | - | (160,643) | 10,664,357 |
| | <u>\$ 69,748,960</u> | <u>\$ -</u> | <u>\$ (3,581,844)</u> | <u>\$ 66,167,116</u> |

As all of the Company's investments in tax-exempt mortgage revenue bonds are classified as available-for-sale securities, they are carried on the balance sheet at their estimated fair values. When available, the Company bases the fair value of the tax-exempt bonds, which have a limited market, on quotes from external sources, such as brokers or pricing services, for these or similar bonds. In the situation when quotes are unavailable, the Company estimates the fair value for each bond using management's discounted cash flow and yield to maturity analysis. This calculation methodology encompasses judgment in its application.

As of June 30, 2008, all of the Company's tax-exempt mortgage revenue bonds were valued using management's discounted cash flow and yield to maturity analyses. Pricing services, broker quotes and management's analyses provide indicative pricing only. Due to the limited market for the tax-exempt bonds, these estimates of fair value do not necessarily represent what the Company would actually receive in a sale of the bonds.

Unrealized gains or losses on these tax-exempt bonds are recorded in accumulated other comprehensive income (loss) to reflect quarterly changes in their estimated fair values resulting from market conditions and fluctuations in the present value of the expected cash flows from the underlying properties. As of June 30, 2008, the Clarkson College and Bella Vista investments have been in an unrealized loss position for greater than twelve months. The remaining bonds in an unrealized loss position have been so for less than twelve months. The current unrealized losses on the bonds are not considered to be other-than-temporary because the Company has the intent and ability to hold these securities until their value recovers or until maturity, if necessary. The unrealized gain or loss will continue to fluctuate each reporting period based on the market conditions and present value of the expected cash flow.

In general, credit and capital markets have deteriorated over the last three quarters. The deterioration has negatively impacted the fair value of the bonds as shown in the tables above. If uncertainties in these markets continue, the markets deteriorate further or the Company experiences further deterioration in the values of its investment portfolio, the Company may record impairments to its investment portfolio which could negatively impact the Company's financial statements.

In May, 2008, the bond trustee for the Prairiebrook Village bonds, acting on behalf of the Company, filed a petition of foreclosure on the mortgage securing the bonds. The Company expects to receive approximately \$4.8 million held by the trustee representing unused bond proceeds and the deed of ownership to the land owned by the project. The Company intends to sell the land to be obtained in the foreclosure. After the sale of the land the Company will pursue the project owner and project developer for any remaining unpaid bond principal based upon guarantees by these entities. Based upon the expected land sale proceeds of \$350,000 to \$450,000, the Company expects to pursue the owner and developer for between \$750,000 and \$850,000 from such guarantees. The Company has not recorded an impairment of these bonds and does not expect to do so until the foreclosure process is finalized and an evaluation of the owner and developer guarantees can be completed.

In April 2008, the Chandler Creek bonds were sold for \$11.5 million plus accrued interest. In March, 2008, the Deerfield bonds were sold for \$3.4 million plus accrued interest and the repayment of a \$100,000 taxable loan which had been made by the Partnership to the owner of Deerfield Apartments. The proceeds from these sales were used for the repayment of debt and for general working capital needs.

In February 2008, the Company acquired the Woodlynn Village bonds at par value of \$4.6 million which represented 100% of the bond issuance. The Bonds earn interest at an annual rate of 6.0% with semi-annual interest payments and a stated maturity date of November 1, 2042. The Bonds were issued for the acquisition and rehabilitation of the Woodlynn Village, a 59 unit multifamily senior independent living apartment complex located in Maplewood, Minnesota.

In January 2008, the Company acquired the Bridle Ridge Apartments bonds at par value of \$7.9 million which represented 100% of the bond issuance. The bonds earn interest at an annual rate of 6.0% with semi-annual interest payments and a stated maturity date of January 1, 2043. The bonds were issued for the acquisition and rehabilitation of the Bridle Ridge Apartments, a 152 unit multifamily apartment complex located in Greer, South Carolina.

The Company has determined that the underlying entities that own the Woodlynn Village and Bridle Ridge Apartments which are financed by bonds owned by the Partnership do not meet the definition of a VIE and accordingly, their financial statements are not required to be consolidated into the Company's consolidated financial statements under FIN 46R.

4. Real Estate Assets

To facilitate its investment strategy of acquiring additional tax-exempt mortgage bonds secured by multifamily apartment properties ("MF Properties"), the Partnership may acquire ownership positions in the MF Properties. The Partnership expects to ultimately restructure the property ownership through a sale of the MF Properties and a syndication of the associated low income housing tax credits ("LIHTCs"). The Partnership expects to provide the tax-exempt mortgage revenue bonds to the new property owners as part of the restructuring. Such restructurings will generally be expected to be initiated within 36 months of the initial investment in MF Properties and will often coincide with the expiration of the compliance period relating to LIHTCs previously issued with respect to the MF Property. The Partnership will not acquire LIHTCs in connection with these transactions. The Partnership, through its wholly owned subsidiary Holding Corp., currently owns the 99% limited partner interests in six Ohio limited partnerships. Each Property Partnership owns a multifamily apartment property, of which four are located in Ohio and two are located in Kentucky, with a total of 544 units.

In addition to the MF Properties, the Partnership consolidates the assets of the VIEs in accordance with FIN 46R. Although the assets of the VIEs are consolidated, the Partnership has no ownership interest in them other than to the extent they serve as collateral for the tax-exempt mortgage revenue bonds owned by the Partnership. The results of operations of those properties are recorded by the Company in consolidation but any net income or loss from these properties does not accrue to the BUC holders or the general partner, but is instead included in "Unallocated deficit of variable interest entities".

5. Debt Financing and Mortgage Payable

Historically, the Company's long-term debt has been provided by securitization of existing tax-exempt mortgage revenue bonds through the Merrill Lynch P-Float program which was accounted for as secured borrowings. On June 26, 2008, the Company effectively replaced the Merrill Lynch P-Float program by entering into an agreement for a new tender option bond credit facility ("TOB facility") agreement with Bank of America. The new TOB facility functions in much the same fashion as the P-Float program. In connection with the TOB facility, tax-exempt mortgage revenue bonds are placed into trusts which issue senior securities (known as "Floater Certificates") to unaffiliated institutional investors and subordinated residual interest securities (known as "Inverse Certificates") to the Company. Net proceeds generated by the sale of the Floater Certificates are then remitted to the Company and accounted for as secured borrowings and, in effect, provided variable-rate financing for the acquisition of additional tax-exempt mortgage revenue bonds and other investments meeting the Company's investment criteria and for other purposes. The new TOB facility is a one-year agreement with a one-year renewal option and bears a variable interest rate at a weekly floating bond rate, the Securities Industry and Financial Markets Association ("SIFMA") floating index, plus associated remarketing, credit enhancement, liquidity and trustee fees.

On June 26, 2008, as part of the new TOB facility, Bank of America funded a \$65.1 million bridge loan which was used to retire the Merrill Lynch P-float program debt. On July 3, 2008, the new TOB facility was closed and the resulting Floater Certificates were sold. The closing of the TOB facility resulted in debt proceeds of approximately \$76.7 million. After repayment of the bridge loan and related fees and expenses, net proceeds of approximately \$10.8 million were remitted to the Company for investment in additional tax-exempt mortgage bonds and other investments consistent with its investment policies and for other purposes.

Prior to June 26, 2008, the Company's financing was concentrated with Merrill Lynch through the P-Float program. Credit rating downgrades at Merrill Lynch resulted in an increase in the Company's cost of borrowing under the P-Float program. During the six months ended June 30, 2008 and 2007, the Company's average effective interest rate on P-Float program debt was 5.3% and 4.4%, respectively. The initial variable interest rate at closing of the TOB facility was 3.27% calculated as the SIFMA index of 1.62% plus fees of 1.65%.

In connection with the acquisition of the MF Properties, a mortgage loan of approximately \$19.9 million was obtained. The interest rate on this mortgage is variable and is calculated as one month LIBOR plus 1.55%. As of June 30, 2008, one month LIBOR was 2.46% and the interest on the mortgage was 4.0%. The mortgage matures in July 2009. The Company has guaranteed the payment of certain exceptions from the non-recourse provisions and certain environmental obligations, should they arise, in connection with the loan.

6. Transactions with Related Parties

The general partner of the Partnership, AFCA 2, is entitled to receive an administrative fee from the Partnership equal to 0.45% per annum of the outstanding principal balance of any its tax-exempt mortgage revenue bonds or other tax-exempt investments for which the owner of the financed property or other third party is not obligated to pay such administrative fee directly to AFCA 2. For the three and six months ended June 30, 2008, the Partnership paid administrative fees to AFCA 2 of approximately \$83,400 and \$175,900, respectively. For the three and six months ended June 30, 2007, the Partnership paid administrative fees to AFCA 2 of approximately \$27,500 and \$89,000, respectively. In addition to the administrative fees paid directly by the Partnership, AFCA 2 receives administrative fees directly from the owners of properties financed by certain of the tax-exempt mortgage revenue bonds held by the Partnership. These administrative fees also equal 0.45% per annum of the outstanding principal balance of these tax-exempt mortgage revenue bonds and totaled approximately \$77,600 and \$168,000 for the three and six months ended June 30, 2008 respectively. For the three and six months ended June 30, 2007, these administrative fees totaled approximately \$61,000 and \$133,000, respectively.

AFCA 2 earned mortgage placement fees in connection with the acquisition of certain tax-exempt mortgage revenue bonds. These mortgage placement fees were paid by the owners of the respective property and, accordingly, have not been reflected in the accompanying condensed consolidated financial statements because these properties are not considered VIEs. During the three and six months ended June 30, 2008, AFCA 2 earned mortgage placement fees of approximately \$0 and \$61,250, respectively. There were no such fees earned during the first half of 2007.

An affiliate of AFCA 2, America First Property Management Company, LLC ("Properties Management"), was retained to provide property management services for Ashley Square, Ashley Pointe at Eagle Crest, Iona Lakes Apartments, Bent Tree Apartments, Lake Forest Apartments, Fairmont Oaks Apartments, Woodland Park, Eagle Ridge, Crescent Village, Meadowview, Willow Bend, Postwoods I, and Postwoods II. The management fees paid to Properties Management amounted to approximately \$186,000 for the three months ended June 30, 2008, and \$158,000 for the three months ended June 30, 2007. The management fees paid to Properties Management amounted to approximately \$366,000 during the first half of 2008, and \$277,000 during the first half of 2007. For the VIEs, these management fees are not Partnership expenses but are recorded by each applicable VIE entity and, accordingly, have been reflected in the accompanying consolidated financial statements. Such fees are paid out of the revenues generated by the properties owned by the VIEs prior to the payment of any interest on the tax-exempt mortgage revenue bonds and taxable loans held by the Partnership on these properties. For the MF Properties, these management fees are considered real estate operating expenses. Additionally, Properties Management was retained to provide property management services for Chandler Creek and Clarkson College. The management fees paid to Properties Management by these entities amounted to approximately \$16,000 and \$23,000 during the second quarter of 2008 and 2007, respectively, and \$39,000 and \$45,900 during the first six months of 2008 and 2007, respectively.

The shareholders of the limited-purpose corporations which own five of the apartment properties financed with tax-exempt bonds and taxable loans held by the Company are employees of The Burlington Capital Group LLC, the general partner of AFCA 2 ("Burlington") who are not involved in the operation or management of the Company and who are not executive officers or managers of Burlington.

7. Interest Rate Derivative Agreements

As of June 30, 2008, the Company had four derivative agreements in order to mitigate its exposure to increases in interest rates on its variable-rate debt financing and mortgage payable. The terms of the derivative agreements were as follows:

| Date Purchased | Principal of Debt Financing | Effective Capped Rate | Maturity Date | Purchase Price | Counterparty |
|------------------|-----------------------------|-----------------------|-----------------|----------------|-----------------|
| February 1, 2003 | \$15,000,000 | 2.95% ⁽¹⁾ | January 1, 2010 | \$608,000 | Bank of America |
| July 7, 2006 | \$10,000,000 | 4.00% ⁽²⁾ | July 1, 2011 | \$159,700 | US Bank |
| May 1, 2007 | \$10,000,000 | 4.00% ⁽²⁾ | May 1, 2012 | \$65,500 | US Bank |
| June 29, 2007 | \$19,920,000 | 8.30% | July 1, 2009 | \$17,500 | JP Morgan |

(1) The counterparty has exercised the right to convert the cap into a fixed rate swap effective February 1, 2008. Under the terms of the swap arrangement, the Partnership will pay a fixed rate of 2.95%.

(2) Effective capped rate before remarketing, credit enhancement, liquidity and trustee fees.

On July 7, 2008, the Company entered into agreements with US Bank to terminate two interest rate cap derivatives and to acquire a new interest rate cap derivative. The two terminated interest rate cap derivatives had a total notional value of \$20.0 million and an effective cap rate before remarketing, credit enhancement, liquidity and trustee fees of 4.0%. The newly acquired interest rate cap derivative has a notional value of \$60.0 million and an effective cap rate before remarketing, credit enhancement, liquidity and trustee fees of 2.5%. After considering the current TOB facility fees, the new interest rate cap derivative caps \$60.0 million of the Company's variable rate debt at an effective rate of 4.15% thus reducing the Company's exposure to significant increases in the SIFMA index. The Company received payment from US Bank for termination of the two interest rate cap derivatives totaling \$54,000 and paid US Bank \$985,000 for the new interest rate cap derivative.

On February 1, 2008, the counterparty to the \$15.0 million derivative elected to exercise its option to convert the interest rate cap to a fixed rate swap at a rate of 2.95%. Under the terms of the swap, the Partnership will pay the fixed rate of interest to the counterparty and will receive a variable rate of interest from same based on the SIFMA Municipal Swap Index rate. This rate is set weekly and settlements under the swap agreement will be made monthly based on the original notional amount. The Partnership is required to maintain a restricted compensating balance with the counterparty institution based on the present value of the projected future payments for the duration of the swap agreement. After considering the current TOB facility fees, this swap effectively fixes the interest rate on \$15.0 million of the Company's variable rate debt at 4.6%.

These interest rate derivatives do not qualify for hedge accounting and, accordingly, they are carried at fair value. The interest rate derivatives at June 30, 2008 are included in other liabilities on the consolidated balance sheet and totaled \$25,889. The interest rate derivatives at December 31, 2007 are included in other assets on the consolidated balance sheet and totaled \$12,439. Changes in fair value are included in current period earnings within interest expense. The change in the fair value of these derivative contracts resulted in an approximate \$145,000 decrease in interest expense for the three months ended June 30, 2008 and an increase in interest expense of approximately \$38,000 for the six months ended June 30, 2008. The change in the fair value of these derivative contracts resulted in an approximate reduction of interest expense of approximately \$150,000 and \$118,000 for the three and six months ended June 30, 2007, respectively.

8. Segment Reporting

The Company consists of three reportable segments, Tax-Exempt Bond Investments, MF Properties, and VIEs. In addition to the three reportable segments, the Company also separately reports its consolidation and elimination information because it does not allocate certain items to the segments.

Tax-Exempt Bond Investments Segment

The Tax-Exempt Bond Investments segment consists of the Company's portfolio of federally tax-exempt mortgage revenue bonds which have been issued to provide construction and/or permanent financing of multifamily residential apartments. Such tax-exempt bonds are held as long-term investments. As of June 30, 2008, the Company held eleven tax-exempt bonds (secured by nine properties) not associated with VIEs and eight tax-exempt bonds associated with VIEs. The multifamily apartment properties financed by these tax-exempt bonds contain a total of 3,261 rental units.

MF Properties Segment

The MF Properties segment consists of indirect equity interests in multifamily apartment properties which are not currently financed by tax-exempt bonds held by the Partnership but which the Partnership eventually intends to finance by such bonds through a restructuring. In connection with any such restructuring, the Partnership will be required to dispose of any equity interest held in such MF Properties. The Partnership's interests in its current MF Properties are not currently classified as Assets Held for Sale because the Partnership is not actively marketing them for sale, there is no definitive purchase agreement in existence and, therefore, no sale is expected in the next twelve months. During the time the Partnership holds an interest in a MF Property, any net rental income generated by the MF Properties in excess of debt service will be available for distribution to the Partnership in accordance with its interest in the MF Property. Any such cash distribution will contribute to the Partnership's Cash Available for Distribution ("CAD"). As of June 30, 2008, the Company held interest in six MF Properties containing a total of 544 rental units.

The VIE segment

The VIE segment consists of multifamily apartment properties which are financed with tax-exempt bonds held by the Partnership, the assets, liabilities and operating results of which are consolidated with those of the Partnership as a result of FIN 46R. The tax-exempt bonds on these VIE properties are eliminated from the Company's financial statements as a result of such consolidation, however, such bonds are held as long-term investments by the Partnership which continues to be entitled to receive principal and interest payments on such bonds. The Company does not actually own an equity position in the VIEs or their underlying properties. As of June 30, 2008, the Company consolidated eight VIE multifamily apartment properties containing a total of 1,764 rental units.

Management closely monitors and evaluates the financial reporting associated with and the operations of the VIEs and the MF Properties and performs such evaluation separately from the other operations of the Partnership through interaction with the respective property management companies that manage the multifamily apartment properties held by the VIEs and the MF Properties.

Management's goals with respect to the properties constituting each of the Company's reportable segments is to generate increasing amounts of net rental income from these properties that will allow them to (i) make all payments of base interest, and possibly pay contingent interest, on the properties included in the Tax-Exempt Bond Investments segment and the VIE segment, and (ii) distribute net rental income to the Partnership from the MF Properties segment until such properties can be refinanced with additional tax-exempt mortgage bonds meeting the Partnership's investment criteria. In order to achieve these goals, management of these multifamily apartment properties is focused on: (i) maintaining high economic occupancy and increasing rental rates through effective leasing, reduced turnover rates and providing quality maintenance and services to maximize resident satisfaction; (ii) managing operating expenses and achieving cost reductions through operating efficiencies and economies of scale generally inherent in the management of a portfolio of multiple properties; and (iii) emphasizing regular programs of repairs, maintenance and property improvements to enhance the competitive advantage and value of its properties in their respective market areas.

The following table details certain key financial information for the Company's reportable segments for the periods ended June 30, 2008 and 2007:

| | Three Months Ended | | Six Months Ended | |
|-----------------------------------|---------------------|---------------------|-----------------------|-----------------------|
| | June 30, 2008 | June 30, 2007 | June 30, 2008 | June 30, 2007 |
| Total revenue | | | | |
| Tax-Exempt Bond Financing | \$ 2,454,655 | \$ 2,572,009 | \$ 5,118,927 | \$ 4,653,118 |
| MF Properties | 1,091,834 | - | 2,184,870 | - |
| VIEs | 3,542,387 | 3,508,156 | 7,084,691 | 7,084,406 |
| Consolidation/eliminations | (1,438,578) | (1,631,053) | (2,866,152) | (3,080,950) |
| Total revenue | \$ 5,650,298 | \$ 4,449,112 | \$ 11,522,336 | \$ 8,656,574 |
| Interest Expense | | | | |
| Tax-Exempt Bond Financing | \$ 666,740 | \$ 526,099 | \$ 1,939,885 | \$ 1,054,897 |
| MF Properties | 209,153 | - | 459,563 | - |
| VIEs | 2,259,969 | 1,771,217 | 4,513,310 | 3,934,448 |
| Consolidation/eliminations | (2,259,969) | (1,771,217) | (4,513,310) | (3,934,448) |
| Total interest expense | \$ 875,893 | \$ 526,099 | \$ 2,399,448 | \$ 1,054,897 |
| Depreciation Expense | | | | |
| Tax-Exempt Bond Financing | \$ - | \$ - | \$ - | \$ - |
| MF Properties | 229,598 | - | 459,196 | - |
| VIEs | 694,940 | 566,408 | 1,418,888 | 1,050,695 |
| Consolidation/eliminations | - | - | - | - |
| Total depreciation expense | \$ 924,538 | \$ 566,408 | \$ 1,878,084 | \$ 1,050,695 |
| Net income (loss) | | | | |
| Tax-Exempt Bond Financing | \$ 1,211,252 | \$ 1,637,138 | \$ 2,149,143 | \$ 2,891,799 |
| MF Properties | (77,382) | - | (349,088) | - |
| VIEs | (1,695,914) | (1,456,747) | (3,191,223) | (2,503,573) |
| Consolidation/eliminations | 834,261 | 581,547 | 1,676,787 | 1,312,489 |
| Net income | \$ 272,217 | \$ 761,938 | \$ 285,619 | \$ 1,700,715 |
| | | | | |
| | | | June 30, 2008 | December 31, 2007 |
| Total assets | | | | |
| Tax-Exempt Bond Financing | | | \$ 173,783,331 | \$ 182,498,714 |
| MF Properties | | | 25,164,424 | 25,774,045 |
| VIEs | | | 57,926,978 | 58,313,099 |
| Consolidation/eliminations | | | (105,444,127) | (101,706,850) |
| Total assets | | | \$ 151,430,606 | \$ 164,879,008 |
| Total partners' capital | | | | |
| Tax-Exempt Bond Financing | | | \$ 105,638,787 | \$ 107,735,743 |
| MF Properties | | | 4,523,019 | 4,875,632 |
| VIEs | | | (65,778,995) | (62,587,772) |
| Consolidation/eliminations | | | 13,085,904 | 14,250,864 |
| Total partners' capital | | | \$ 57,468,715 | \$ 64,274,467 |

9. Commitments and Contingencies

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

10. Recently Issued Accounting Pronouncements

In May 2008, the FASB issued Statement No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles in the United States. SFAS No. 162 is effective 60 days following the SEC's approval of the PCAOB amendments to AU Section 411, "The Meaning of 'Present fairly in conformity with generally accepted accounting principles'". SFAS No. 162 is not expected to have a material impact on our financial statements.

In March 2008, the FASB issued Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* ("SFAS No. 161"). This statement changes the existing disclosure requirements in FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 161 requires enhanced disclosures about an entity's derivative and hedging activities. This statement is effective for the Company on January 1, 2009. Because the provisions of this statement are disclosure related, the Company does not believe that the adoption of this statement will have a material effect on our financial position or results of operations.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB No. 115* ("SFAS No. 159"). This statement permits, but does not require, entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 was effective for the Company beginning on January 1, 2008. The Company elected not to adopt the provisions of SFAS No. 159 with respect to any financial instruments held by the Company as of January 1, 2008.

11. Fair Value Measurements

Effective January 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157") which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The adoption of SFAS No. 157 did not significantly change the method in which the Company measures fair value, but it requires certain additional disclosures, as set forth below. The provisions of SFAS No. 157 apply to other accounting pronouncements that require or permit fair value measurements. SFAS No. 157:

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In February 2008, the FASB issued FASB Staff Position No. 157-2, *Effective Date of FASB Statement No. 157*, which delayed for one year the applicability of SFAS No. 157 fair value measurements to certain nonfinancial assets and liabilities. The impact of SFAS No. 157 on the Company's nonfinancial assets and liabilities is not expected to be significant upon adoption.

Following is a description of the valuation methodologies used for the Company's financial assets and liabilities measured at fair value:

Investments in Tax-exempt Mortgage Revenue Bonds. The fair value of the Company's investments in tax-exempt mortgage revenue bonds is based on quotes from external sources, when available, such as brokers or pricing services, for these or similar bonds. In the situation when quotes are unavailable, the Company estimates the fair value for each bond using either a calculation of the present value of its expected cash flows using a discount rate for comparable tax-exempt investments or a yield to maturity analysis. The Company's tax-exempt mortgage revenue bonds have a limited market and the fair values, whether based on a broker quote or estimated by the Company, are based largely on unobservable inputs. Additionally, the calculation methodology used by the external sources and the Company encompasses the use of judgment in their application. Given these facts the fair value measurement of the Company's investment in tax-exempt mortgage revenue bonds is categorized as a Level 3 input.

Interest rate derivatives. The effect of the Company's interest rate caps is to set a cap, or upper limit, on the base rate of interest paid on our variable rate debt equal to the notional amount of the derivative agreement. The effect of the Company's interest rate swap is to change a variable rate debt obligation to a fixed rate for that portion of the debt equal to the notional amount of the derivative agreement. The interest rate derivatives are recorded at fair value with changes in fair value included in current period earnings within interest expense. The fair value of the interest rate derivatives is based on a model whose significant inputs are not observable and therefore are categorized as a Level 3 input.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

| | | Fair Value Measurements at June 30, 2008 Using, | | |
|-----------------------------------|-------------------------------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Description | Assets/Liabilities at Fair Value | | | |
| Assets | | | | |
| Tax-exempt Mortgage Revenue Bonds | \$ 60,849,952 | - | - | \$ 60,849,952 |
| Total Assets at Fair Value | \$ 60,849,952 | - | - | \$ 60,849,952 |
| | | | | |
| Liabilities | | | | |
| Interest Rate Derivatives | \$ 25,889 | - | - | \$ 25,889 |
| Total Liabilities at Fair Value | \$ 25,889 | - | - | \$ 25,889 |

| For three months ended June 30, 2008 Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | | |
|---|--|---------------|--|---------------|
| | Tax-exempt Mortgage Revenue Bonds | Interest Rate | | Total |
| | | Derivatives | | |
| Beginning Balance April 1, 2008 | \$ 69,984,090 | \$ (170,752) | | \$ 69,813,338 |
| Total gains or losses (realized/unrealized) | | | | |
| Included in earnings | - | 144,863 | | 144,863 |
| Included in other comprehensive income | 2,396,694 | - | | 2,396,694 |
| Purchases, issuances and settlements | (11,530,832) | - | | (11,530,832) |
| Ending Balance June 30, 2008 | \$ 60,849,952 | \$ (25,889) | | \$ 60,824,063 |
| Total amount of gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of June 30, 2008 | \$ - | \$ 144,863 | | \$ 144,863 |

| For six months ended June 30, 2008 Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | | |
|---|--|---------------|--|---------------|
| | Tax-exempt Mortgage Revenue Bonds | Interest Rate | | Total |
| | | Derivatives | | |
| Beginning Balance January 1, 2008 | \$ 66,167,116 | \$ 12,439 | | \$ 66,179,555 |
| Total gains or losses (realized/unrealized) | | | | |
| Included in earnings | - | (38,328) | | (38,328) |
| Included in other comprehensive income | (2,816,371) | - | | (2,816,371) |
| Purchases, issuances and settlements | (2,500,793) | - | | (2,500,793) |
| Ending Balance June 30, 2008 | \$ 60,849,952 | \$ (25,889) | | \$ 60,824,063 |
| Total amount of gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of June 30, 2008 | \$ - | \$ (38,328) | | \$ (38,328) |

Losses included in earnings for the period shown above are included in interest expense.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

In this Management's Discussion and Analysis, the "Partnership" refers to America First Tax Exempt Investors, L.P. and its subsidiary on a consolidated basis and the "Company" refers to the consolidated financial information of the Partnership and certain entities that own multifamily apartment projects financed with mortgage revenue bonds held by the Partnership that are treated as "variable interest entities" ("VIEs") because the Partnership has been determined to be the primary beneficiary of these entities although it does not hold an equity position in them. The consolidated financial statements of the Company include the accounts of the Partnership and the VIEs. All significant transactions and accounts between the Partnership and the VIEs have been eliminated in consolidation.

Critical Accounting Policies

The Company's critical accounting policies are the same as those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Executive Summary

Recently the Company has faced a challenging operating environment as the credit and capital markets have continued to deteriorate. Although the consequences of the credit and capital market issues are not fully known, we do not anticipate that our existing assets will be adversely affected in the long-term by these events. If uncertainties in these markets continue, the markets deteriorate further or the Company experiences further deterioration in the values of its investment portfolio, the Company may record impairments to its investment portfolio which could negatively impact the Company's financial statements.

The Company does not issue mortgage loans secured by mortgages on single-family residential properties. In addition, we believe that additional demand for affordable rental housing may be created if there are continued defaults on sub-prime single family mortgages and a general contraction of credit available for single family mortgage loans. Additional demand for rental housing may have a positive economic effect on apartment properties financed by the tax-exempt bonds held by the Company. While we believe the current tightening of credit may also create opportunities for additional investments consistent with the Company's investment strategy because there may be fewer parties competing to acquire tax-exempt bonds issued to finance affordable housing there can be no assurance that we will be able to finance the acquisition of additional tax-exempt bonds through either additional equity or debt financing.

Historically, our primary leverage vehicle has been the Merrill Lynch P-Float program. Credit rating downgrades at Merrill Lynch resulted in a significant increase in Merrill Lynch's cost of borrowing which, in turn, resulted in a significantly higher interest rate on the Company's P-Float financing. As discussed in Note 5 to the financial statements, on June 26, 2008, the Company effectively replaced the Merrill Lynch P-Float program by entering into an agreement for a new tender option bond credit facility ("TOB facility") agreement with Bank of America. The new TOB facility functions in much the same fashion as the P-Float program. In connection with the TOB facility tax-exempt mortgage revenue bonds are placed into trusts which issue senior securities (known as "Floater Certificates") to unaffiliated institutional investors and subordinated residual interest securities (known as "Inverse Certificates") to the Company. Net proceeds generated by the sale of the Floater Certificates are then remitted to the Company and accounted for as secured borrowings and, in effect, provide variable-rate financing for the acquisition of tax-exempt mortgage revenue bonds and other investments meeting the Company's investment criteria and for other purposes. The new TOB facility is a one year agreement with a one year renewal option and bears a variable interest rate at a weekly floating bond rate, the Securities Industry and Financial Markets Association ("SIFMA") floating index, plus associated remarketing, credit enhancement, liquidity and trustee fees.

On June 26, 2008, as part of the new TOB facility, Bank of America funded a \$65.1 million bridge loan which was used to retire the Merrill Lynch P-float program debt. On July 3, 2008, the new TOB facility was closed and the resulting Floater Certificates were sold. The closing of the TOB facility resulted in debt proceeds of approximately \$76.7 million. After repayment of the bridge loan and related fees and expenses, net proceeds of approximately \$10.8 million were remitted to the Company for investment in additional tax-exempt mortgage bonds and other investments consistent with its investment policies and for other purposes. During the six months ended June 30, 2008 and 2007, the Company's average effective interest rate on P-Float program debt was 5.3% and 4.4%, respectively. The initial variable interest rate at closing of the TOB facility was 3.27% calculated as the SIFMA index of 1.62% plus fees of 1.65%.

In the long term, the General Partner believes that cash provided by the Company's tax-exempt mortgage revenue bonds and other investments will be adequate to meet its projected liquidity requirements, including the payment of expenses, interest and distributions to BUC holders. The Company's regular annual distributions are currently equal to \$0.54 per BUC, or \$0.135 per quarter per BUC. In recent years Cash Available for Distribution ("CAD") excluding contingent interest and realized gains has not been sufficient to fully fund such distributions without utilizing cash reserves to supplement the deficit. During the third quarter of 2007, CAD exceeded the quarterly distribution amount of \$0.135 per BUC. During the fourth quarter of 2007 and the first two quarters of 2008 CAD was lower than the quarterly distribution amount as a result of the increased borrowing costs associated with our P-Float debt. The closing of the new TOB facility and the resulting anticipated decrease in cost of borrowings compared to recent costs in the P-Float program is expected to have a positive impact on CAD in the future. The General Partner currently expects to maintain the annual distribution amount of \$0.54 per BUC. See also the discussion below regarding "Cash Available for Distribution."

Discussion of the Partnership Bond Holdings and the Related Apartment Properties as of June 30, 2008

The Partnership's purpose is to acquire and hold as long-term investments a portfolio of federally tax-exempt mortgage revenue bonds which have been issued to provide construction and/or permanent financing of multifamily residential apartments. At June 30, 2008, the Partnership held 19 tax-exempt mortgage bonds (secured by 17 properties), eight of which are secured by properties held by VIEs and, therefore, eliminated in consolidation on the Company's financial statements. The nine properties underlying the eleven non-consolidated tax-exempt mortgage bonds contain a total of 1,209 rental units. At June 30, 2007, the Partnership held ten non-consolidated tax-exempt mortgage bonds secured by eight apartment properties containing a total of 1,034 rental units.

To facilitate its investment strategy of acquiring additional tax-exempt mortgage bonds secured by multifamily apartment properties, the Partnership may acquire ownership positions in apartment properties ("MF Properties"). The Partnership expects to ultimately restructure the property ownership through a sale of the MF Properties and a syndication of low income housing tax credits ("LIHTCs"). The Partnership expects to provide the tax-exempt mortgage revenue bonds to the new property owners as part of the restructuring. Such restructurings will generally be expected to be initiated within 36 months of the initial investment in MF Properties and will often coincide with the expiration of the compliance period relating to LIHTCs previously issued with respect to the MF Property. However, the market for syndicated LIHTCs has become very difficult over the last few quarters and there can be no assurance that these syndications and restructurings can be successfully completed within this time frame, or at all. The Partnership will not acquire LIHTCs in connection with these transactions. As of June 30, 2008 and 2007, the Partnership's wholly-owned subsidiary, America First LP Holding Corp., held limited partnership interests in six entities that own MF Properties containing a total of 544 rental units. In addition, as of June 30, 2008, America First LP Holding Corp. had entered into an agreement to acquire a 99% limited partnership interest in a limited partnership owning a 124 unit apartment complex in Chesapeake, Virginia. This acquisition is expected to close in the third quarter of 2008.

The VIEs' primary operating strategy focuses on multifamily apartment properties as long-term investments. Each VIE owns one multifamily apartment property that has been financed by a tax-exempt mortgage revenue bond held by the Partnership. As of June 30, 2008 and 2007, the Company consolidated eight VIE multifamily apartment properties containing a total of 1,764 rental units.

The following table outlines certain information regarding the apartment properties on which the Partnership holds tax-exempt mortgage bonds (separately identifying those treated as VIEs) and the MF Properties owned by the Partnership. The narrative discussion that follows provides a brief operating analysis of each property during the first six months of 2008.

| Property Name | Location | Number of Units | Number of Units Occupied | Percentage of Occupied Units as of June 30, | | Economic Occupancy (1) for the period ended June 30, | |
|-------------------------------------|-------------------------|--------------------|--------------------------------|--|------|---|------|
| | | | | 2008 | 2007 | 2008 | 2007 |
| Non-Consolidated Properties | | | | | | | |
| Clarkson College | Omaha, NE | 142 | 82 | 58% | 68% | 79% | 84% |
| Bella Vista Apartments | Gainesville, TX | 144 | 137 | 95% | 86% | 91% | 59% |
| Woodland Park (2) | Topeka, KS | 236 | n/a | n/a | n/a | n/a | n/a |
| Prairiebrook Village (4) | Gardner, KS | 72 | n/a | n/a | n/a | n/a | n/a |
| Runnymede Apartments (3) | Austin, TX | 252 | 176 | 70% | n/a | 75% | n/a |
| Gardens of DeCordova (2) | Granbury, TX | 76 | n/a | n/a | n/a | n/a | n/a |
| Gardens of Weatherford (2) | Weatherford, TX | 76 | n/a | n/a | n/a | n/a | n/a |
| Bridle Ridge Apartments (3) | Greer, SC | 152 | 117 | 77% | n/a | 64% | n/a |
| Woodlynn Village (3) | Maplewood, MN | 59 | 52 | 88% | n/a | 99% | n/a |
| | | 1,209 | 564 | 75% | 83% | 79% | 70% |
| VIEs | | | | | | | |
| Ashley Pointe at Eagle Crest | Evansville, IN | 150 | 139 | 93% | 97% | 97% | 92% |
| Ashley Square | Des Moines, IA | 144 | 139 | 97% | 94% | 86% | 80% |
| Bent Tree Apartments | Columbia, SC | 232 | 222 | 96% | 88% | 86% | 82% |
| Fairmont Oaks Apartments | Gainsville, FL | 178 | 171 | 96% | 99% | 90% | 90% |
| Iona Lakes Apartments | Ft. Myers, FL | 350 | 279 | 80% | 74% | 66% | 75% |
| Lake Forest Apartments | Daytona Beach, FL | 240 | 228 | 95% | 88% | 92% | 99% |
| Woodbridge Apts. of Bloomington III | Bloomington, IN | 280 | 236 | 84% | 89% | 92% | 95% |
| Woodbridge Apts. of Louisville II | Louisville, KY | 190 | 182 | 96% | 94% | 93% | 92% |
| | | 1,764 | 1596 | 90% | 88% | 85% | 87% |
| MF Properties | | | | | | | |
| Eagle Ridge (3) | Erlanger, KY | 64 | 54 | 84% | 88% | 80% | n/a |
| Meadowview (3) | Highland Heights, KY | 118 | 116 | 98% | 94% | 98% | n/a |
| Crescent Village (3) | Cincinnati, OH | 90 | 84 | 93% | 97% | 86% | n/a |
| Willow Bend (3) | Columbus (Hilliard), OH | 92 | 85 | 92% | 99% | 88% | n/a |
| Postwoods I (3) | Reynoldsburg, OH | 92 | 88 | 96% | 92% | 87% | n/a |
| Postwoods II (3) | Reynoldsburg, OH | 88 | 88 | 100% | 94% | 93% | n/a |
| | | 544 | 515 | 95% | 94% | 89% | |

⁽¹⁾ Economic occupancy is presented for six months ended June 30, 2008 and 2007, and is defined as the net rental income received divided by the maximum amount of rental income to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units. Actual occupancy is a point in time measure while economic occupancy is a measurement over the period presented, therefore, economic occupancy for a period may exceed the actual occupancy at any point in time.

⁽²⁾ These properties are still under construction as of June 30, 2008, and therefore have no occupancy data.

⁽³⁾ Previous period occupancy numbers are not available, as this is a new investment.

⁽⁴⁾ Foreclosure proceedings were commenced on these bonds in May, 2008.

Ashley Pointe – Ashley Pointe at Eagle Crest is located in Evansville, Indiana. In the first half of 2008, Net Operating Income (calculated as property revenue less salaries, advertising, administration, utilities, repair and maintenance, insurance, taxes, and management fee expenses) was \$313,000 as compared to \$267,000 in 2007. This increase was the result of higher property revenues due to fewer rental concessions given to tenants and slightly lower salary expenses.

Ashley Square – Ashley Square Apartments is located in Des Moines, Iowa. In the first half of 2008, Net Operating Income was \$141,000 as compared to \$125,000 in 2007. This increase was the result of higher property revenue from improved occupancy.

Bella Vista – Bella Vista Apartments is located in Gainesville, Texas. June 2007 was the first full month of operations at Bella Vista. In the first half of 2008, Bella Vista's operations resulted in Net Operating Income of \$270,000 on revenue of approximately \$518,000.

Bent Tree – Bent Tree Apartments is located in Columbia, South Carolina. In the first half of 2008, Net Operating Income was \$379,000 as compared to \$390,000 in 2007. This decrease was the result of higher real estate taxes and utilities expense.

Bridle Ridge Apartments – Bridle Ridge Apartments is located in Greer, South Carolina. In the first half of 2008, Bridle Ridge Apartments' operations have resulted in Net Operating Income of \$225,000 on revenue of approximately \$362,000.

Clarkson College – Clarkson College is a 142 bed student housing facility located in Omaha, Nebraska. In the first half of 2008, Net Operating Income was \$226,000 as compared to \$245,000 in 2007. The decrease is attributable to lower revenues due to lower occupancy.

Crescent Village – Crescent Village Townhomes is located in Cincinnati, Ohio. In the first half of 2008, Crescent Village's operations resulted in Net Operating Income of \$200,000 on revenue of approximately \$374,000.

Eagle Ridge – Eagle Ridge Townhomes is located in Erlanger, Kentucky. In the first half of 2008, Eagle Ridge's operations resulted in Net Operating Income of \$99,000 on revenue of approximately \$233,000.

Fairmont Oaks – Fairmont Oaks Apartments is located in Gainesville, Florida. In the first half of 2008, Net Operating Income was \$408,000 as compared to \$423,000 in 2007. This decrease was the result of increased property insurance expense and increased professional fees.

Gardens of DeCordova – The Gardens of DeCordova Apartments is currently under construction in Granbury, Texas and will contain 76 units upon completion. Based on the construction schedule, finished units are expected to be available for leasing starting in August 2008 with a final completion of the project expected by September 2008. The originally scheduled completion date was August 2008. The developer and principals have guaranteed completion and stabilization of the project. The general contractor has a guaranteed maximum price contract and payment and performance bonds are in place. The project has an additional five months of capitalized interest reserve sufficient to fund debt service beyond the expected date of completion.

Gardens of Weatherford – The Gardens of Weatherford Apartments is currently under construction in Weatherford, Texas and will contain 76 units upon completion. The estimated completion date is December 2008 with some units available for rent prior to that date. The originally scheduled completion date was August 2008. The developer and principals have guaranteed completion and stabilization of the project. The general contractor has a guaranteed maximum price contract and payment and performance bonds are in place. The project has an additional two months of capitalized interest reserve sufficient to fund debt service beyond the expected date of completion.

Iona Lakes – Iona Lakes Apartments is located in Fort Myers, Florida. In the first half of 2008, Net Operating Income was \$492,000 as compared to \$686,000 in 2007. This decrease was directly related to poor occupancy trends resulting in lower revenues. The decline in occupancy is a reflection of the poor market conditions in the Fort Myers area.

Lake Forest – Lake Forest Apartments is located in Daytona Beach, Florida. In the first half of 2008, Net Operating Income was \$568,000 as compared to \$573,000 in 2007. This decrease was attributable to slightly higher advertising and utility expenses.

Meadowview – Meadowview Apartments is located in Highland Heights, Kentucky. In the first half of 2008, Meadowview's operations resulted in Net Operating Income of \$283,000 on revenue of approximately \$462,000.

Prairiebrook Village – In June 2007, the Company acquired the Prairiebrook Village bonds at par value of \$5.5 million Series A and \$0.4 million Series B, which together represented 100% of the bond issuance. The bonds were issued in order to construct a 72 unit multifamily apartment complex in Gardner, Kansas. Construction of the apartment complex has not commenced and in February, 2008, the bond trustee notified the owner and developer of Prairiebrook Village that they were not in compliance with certain sections of the bond indenture. In May, 2008, the bond trustee, acting on behalf of the Company, filed a petition of foreclosure on the mortgage securing the bonds. The Company expects to receive \$4.8 million held by the trustee representing unused bond proceeds and the deed of ownership to the land owned by the project. The Company intends to sell the land to be obtained in the foreclosure. After the sale of the land the Company will pursue the project owner and project developer for any remaining unpaid bond principal based upon guarantees by these entities. Based upon the expected land sale proceeds of \$350,000 to \$450,000 the Company expects to pursue the owner and developer for between \$750,000 and \$850,000 from such guarantees.

Postwoods I – Postwoods Townhomes is located in Reynoldsburg, Ohio. In the first half of 2008, Postwoods I's operations resulted in Net Operating Income of \$207,000 on revenue of approximately \$375,000.

Postwoods II – Postwoods Townhomes is located in Reynoldsburg, Ohio. In the first half of 2008, Postwoods II's operations resulted in Net Operating Income of \$208,000 on revenue of approximately \$342,000.

Runnymede Apartments – Runnymede Apartments is located in Austin, Texas. In the first half of 2008, Runnymede Apartments' operations resulted in Net Operating Income of \$179,000 on revenue of approximately \$811,000.

Willow Bend – Willow Bend Townhomes is located in Columbus (Hilliard), Ohio. In the first half of 2008, Willow Bend's operations resulted in Net Operating Income of \$247,000 on revenue of approximately \$399,000.

Woodbridge at Bloomington – Woodbridge Apartments at Bloomington is located in Bloomington, Indiana. In the first half of 2008, Net Operating Income was \$607,000 as compared to \$643,000 in 2007. The decrease is due to increased real estate taxes.

Woodbridge at Louisville – Woodbridge Apartments at Louisville is located in Louisville, Kentucky. In the first half of 2008, Net Operating Income was \$433,000 as compared to \$405,000 in 2007. This increase was the result of higher property revenue from improved occupancy.

Woodland Park – Woodland Park Apartments is currently under construction in Topeka, Kansas and will contain 236 units upon completion. Based on the construction schedule, finished units are expected to be available for leasing starting in August 2008 with a final completion of project expected in April of 2009. The originally scheduled completion date was January 2009. The developer and principals have guaranteed completion and stabilization of the project. The general contractor has a guaranteed maximum price contract and payment and performance bonds are in place. The project has an additional four months of capitalized interest reserve sufficient to fund debt service beyond the expected date of completion.

Woodlynn Village – Woodlynn Village is located in Maplewood, Minnesota. In the first half of 2008, Woodlynn Village's operations resulted in net operating income of \$166,000 on revenue of approximately \$261,000.

Results of Operations

Consolidated Results of Operations

The following discussion of the Company's results of operations for the three and six months ended June 30, 2008 and 2007 should be read in conjunction with the condensed consolidated financial statements and notes thereto included in Item 1 of this report as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

Three Months Ended June 30, 2008 compared to Three Months Ended June 30, 2007 (Consolidated)

Change in Results of Operations

| | For the Three Months Ended June 30, 2008 | For the Three Months Ended June 30, 2007 | Dollar Change |
|--|--|--|---------------------|
| Revenues: | | | |
| Property revenues | \$ 4,676,501 | \$ 3,508,156 | \$ 1,168,345 |
| Mortgage revenue bond investment income | 1,056,825 | 631,855 | 424,970 |
| Other income (loss) | (83,028) | 309,101 | (392,129) |
| Total Revenues | \$ 5,650,298 | \$ 4,449,112 | \$ 1,201,186 |
| Expenses: | | | |
| Real estate operating (exclusive of items shown below) | 2,849,254 | 2,189,457 | 659,797 |
| Depreciation and amortization | 1,164,316 | 569,503 | 594,813 |
| Interest | 875,893 | 526,099 | 349,794 |
| General and administrative | 489,399 | 402,115 | 87,284 |
| Total Expenses | \$ 5,378,862 | \$ 3,687,174 | \$ 1,691,688 |
| Minority interest in net loss of consolidated subsidiary | 781 | - | 781 |
| Net income | \$ 272,217 | \$ 761,938 | \$ (489,721) |

Property revenues. Property revenues increased as a direct result of revenue generated by the MF Properties, which added approximately \$1.1 million and averaged \$669 per unit in monthly rent with economic occupancy at 92% during the period. Rental revenue associated with the apartment properties of the consolidated VIEs decreased slightly but was offset by higher levels of other property income such as fees, charges, and interest income. VIE economic occupancy was 89% in 2008 and 85% in 2007. For the VIEs, the average monthly rents per unit for the second quarter of 2008 were \$669 as compared to \$627 in 2007.

Mortgage revenue bond investment income. The \$425,000 increase in mortgage revenue bond investment income during the second quarter of 2008 compared to the second quarter of 2007 is due to income generated by the tax-exempt mortgage bonds acquired in 2007 and 2008. In 2007, a total of six new bond investments were acquired in the second quarter with a total par value of approximately \$31.2 million and one new bond investment was acquired in the fourth quarter with a total par value of approximately \$10.8 million. During the first half of 2008, two bond investments were sold and two additional bond investments were acquired with a total par value of \$12.4 million.

Other income (loss). The decrease in other interest income is attributable to decreased temporary investments in liquid securities. The proceeds from the sale of Northwoods Lake during the third quarter of 2006 created additional cash that was invested during the second quarter of 2007 in short term liquid securities. Such additional cash has subsequently been deployed to acquire long term investments. The sale of the Chandler Creek tax-exempt bonds resulted in a net loss in the second quarter of 2008. The loss on the sale was the result of the write-off of unamortized bond acquisition costs. The bonds were sold at par plus accrued interest.

Real estate operating expenses. Real estate operating expenses associated with the MF Properties and the consolidated VIEs are comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. A portion of real estate operating expenses are fixed in nature, thus a decrease in physical and economic occupancy would result in a reduction in operating margins. Conversely, as physical and economic occupancy increase, the fixed nature of these expenses will increase operating margins as these real estate operating expenses would not increase at the same rate as rental revenues. Real estate expenses increased as a direct result of the expenses incurred by the MF Properties, which were approximately \$482,000 in the second quarter of 2008. Real estate expenses related to the VIEs increased \$178,000 compared to second quarter of 2007, primarily due to increased professional fees and real estate tax expenses.

Depreciation and amortization expense. Depreciation and amortization consists primarily of depreciation associated with the apartment properties of the consolidated VIEs and the MF Properties. Amortization is primarily associated with intangible assets recorded as part of the purchase accounting for the acquisition of the MF Properties. Depreciation and amortization related to the MF Properties accounted for the majority of the increase as depreciation expense on the MF Properties was approximately \$230,000 and financing cost amortization related to the MF Properties was approximately \$152,000 in during the second quarter of 2008.

Interest expense. The increase in interest expense was due to a higher level of borrowing and the mark-to-market adjustments on our interest rate caps. The average interest rate on Company's borrowings was 4.5% per annum in the second quarter of 2008 as compared to 4.5% per annum in second quarter of 2007. Total outstanding debt increased from approximately \$58.9 million on June 30, 2007 to approximately \$85.0 million as of June 30, 2008. Interest expense on the new debt accounted for \$317,000 of the increase. The remaining increase is attributable to the recognition of additional interest expense as a result of marking our interest rate caps and swap to fair value. This fair value adjustment and derivative payments increased interest expense by \$33,000 for 2008 as compared to the second quarter 2007.

General and administrative expenses. General and administrative expenses increased due to increased administrative fees payable to the Company's general partner and increased professional fees. Administrative fees increased approximately \$72,500 as the Company is responsible for the payment of the administrative fees on a greater portion of the Company's investments. Professional fees increased largely due to increased legal and accounting fees associated with the Company's assessment of internal control over financial reporting pursuant to Sarbanes-Oxley Section 404.

Six Months Ended June 30, 2008 compared to Six Months Ended June 30, 2007 (Consolidated)

Change in Results of Operations

| | For the Six Months Ended June 30, 2008 | For the Six Months Ended June 30, 2007 | Dollar Change |
|--|--|--|-----------------------|
| Revenues: | | | |
| Property revenues | \$ 9,311,841 | \$ 7,084,406 | \$ 2,227,435 |
| Mortgage revenue bond investment income | 2,265,389 | 1,054,293 | 1,211,096 |
| Other income (loss) | (54,894) | 517,875 | (572,769) |
| Total Revenues | <u>\$ 11,522,336</u> | <u>\$ 8,656,574</u> | <u>\$ 2,865,762</u> |
| Expenses: | | | |
| Real estate operating (exclusive of items shown below) | 5,404,583 | 4,150,972 | 1,253,611 |
| Depreciation and amortization | 2,515,747 | 1,056,883 | 1,458,864 |
| Interest | 2,399,448 | 1,054,897 | 1,344,551 |
| General and administrative | 920,465 | 693,107 | 227,358 |
| Total Expenses | <u>\$ 11,240,243</u> | <u>\$ 6,955,859</u> | <u>\$ 4,284,384</u> |
| Minority interest in net loss of consolidated subsidiary | 3,526 | - | 3,526 |
| Net income | <u>\$ 285,619</u> | <u>\$ 1,700,715</u> | <u>\$ (1,415,096)</u> |

Property revenues. Property revenues increased as a direct result of revenue generated by the MF Properties, which added approximately \$2.2 million and averaged \$651 per unit in monthly rent with economic occupancy at 89% during the period. Rental revenue associated with the apartment properties of the consolidated VIEs decreased slightly but was offset by higher levels of other property income such as fees, charges, and interest income. VIE economic occupancy was 85% in 2008 and 87% in 2007. Even though the VIE occupancy declined the average monthly rents per unit in 2008 increased to \$641 as compared to \$638 in 2007 due to market rental rates.

Mortgage revenue bond investment income. The increase in mortgage revenue bond investment income during the first half of 2008 compared to the first half of 2007 is due to income generated by the tax-exempt mortgage bonds acquired in 2007 and 2008. In 2007, a total of six new bond investments were acquired in the second quarter with a total par value of approximately \$31.2 million and one new bond investment was acquired in the fourth quarter with a total par value of approximately \$10.8 million. During the first half of 2008, two bond investments were sold and two additional bond investments were acquired with a total par value of \$12.4 million.

Other income (loss). The decrease in other interest income is attributable to decreased temporary investments in liquid securities. The proceeds from the sale of Northwoods Lake during the third quarter of 2006 created additional cash that was invested during the first half of 2007 in short term liquid securities. Such additional cash has subsequently been deployed to acquire long term investments. The sale of the Deerfield tax-exempt bonds resulted in a slight gain during the first quarter of 2008, however, the sale of the Chandler Creek tax-exempt bonds resulted in a net loss in the second quarter of 2008. The net effect for the first half of 2008 was a net loss. The loss on the sale was the result of the write-off of unamortized bond acquisition costs. The Chandler Creek bonds were sold at par plus accrued interest.

Real estate operating expenses. Real estate operating expenses associated with the MF Properties and the consolidated VIEs are comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. A portion of real estate operating expenses are fixed in nature, thus a decrease in physical and economic occupancy would result in a reduction in operating margins. Conversely, as physical and economic occupancy increase, the fixed nature of these expenses will increase operating margins as these real estate operating expenses would not increase at the same rate as rental revenues. Real estate expenses increased as a direct result of the expenses incurred by the MF Properties, which were approximately \$1.2 million in 2008. Real estate expenses related to the VIEs increased slightly compared to 2007, primarily due to increased professional fees and real estate tax expenses.

Depreciation and amortization expense. Depreciation and amortization consists primarily of depreciation associated with the apartment properties of the consolidated VIEs and the MF Properties. Amortization is primarily associated with intangible assets recorded as part of the purchase accounting for the acquisition of the MF Properties. Depreciation and amortization related to the MF Properties accounted for the majority of the increase as depreciation expense on the MF Properties was approximately \$460,000 and amortization related to the MF Properties was approximately \$530,000 in during the first half 2008.

Interest expense. The increase in interest expense was due to a higher average interest rate on the Company's borrowings, higher levels of borrowing and the mark-to-market adjustments on our interest rate caps. The average interest rate on Company's borrowings was 5.3% per annum in the first half of 2008 as compared to 4.4% per annum in 2007 and accounted for approximately \$73,000 of the increase. Total outstanding debt increased from approximately \$58.9 million on June 30, 2007 to approximately \$85.0 million as of June 30, 2008. Interest expense on the new debt accounted for approximately \$1.0 million of the increase. The remaining increase is attributable to the recognition of additional interest expense as a result of marking our interest rate caps and swap to fair value. This fair value adjustment and derivative payments increased interest expense by \$196,000 for the first half of 2008 as compared to the first half 2007.

General and administrative expenses. General and administrative expenses increased due to increased administrative fees payable to the Company's general partner and increased professional fees. Administrative fees increased approximately \$122,000 as the Company is responsible for the payment of the administrative fees on a greater portion of the Company's investments. Professional fees increased largely due to increased legal and accounting fees associated with the Company's assessment of internal control over financial reporting pursuant to Sarbanes-Oxley Section 404.

Partnership Only Results of Operations

The following discussion of the Partnership's results of operations for the three and six months ended June 30, 2008 and 2007 reflects the operations of the Partnership without the consolidation of the VIEs, which is required under FIN 46R. This information is used by management to analyze the Partnership's operations and is reflective of the segment data discussed in Note 8 to the consolidated financial statements.

Three Months Ended June 30, 2008 compared to Three Months Ended June 30, 2007 (Partnership Only)

Changes in Results of Operations

| | For the Three Months Ended June 30, 2008 | For the Three Months Ended June 30, 2007 | Dollar Change |
|--|--|--|---------------------|
| Revenues | | | |
| Mortgage revenue bond investment income | \$ 2,482,497 | \$ 2,062,194 | \$ 420,303 |
| Property revenues | 1,091,834 | - | 1,091,834 |
| Other income (loss) | (27,842) | 509,815 | (537,657) |
| Total Revenues | 3,546,489 | 2,572,009 | 974,480 |
| Expenses | | | |
| Real estate operating (exclusive of items shown below) | 579,906 | - | 579,906 |
| Interest expense | 875,893 | 526,099 | 349,794 |
| Depreciation and amortization expense | 468,201 | 6,657 | 461,544 |
| General and administrative | 489,399 | 402,115 | 87,284 |
| Total Expenses | 2,413,399 | 934,871 | 1,478,528 |
| Minority interest in net loss of consolidated subsidiary | 781 | - | 781 |
| Net income | \$ 1,133,871 | \$ 1,637,138 | \$ (503,267) |

Mortgage revenue bond investment income. The increase in mortgage revenue bond investment income during the second quarter of 2008 compared to the second quarter of 2007 is due to income generated by the tax-exempt mortgage bonds acquired in 2007 and 2008. In 2007, a total of six new bond investments were acquired in the second quarter with a total par value of approximately \$31.2 million and one new bond investment was acquired in the fourth quarter with a total par value of approximately \$10.8 million. During the first half of 2008, two bond investments were sold and two additional bond investments were acquired with a total par value of \$12.4 million.

Property revenues. Property revenues increased as a direct result of revenue generated by the MF Properties acquired in 2007. These properties averaged \$669 per unit in monthly rent with economic occupancy at 92% during the period.

Other income (loss). The decrease in other interest income is attributable to decreased temporary investments in liquid securities. The proceeds from the sale of Northwoods Lake during the third quarter of 2006 created additional cash that was invested during the first quarter of 2007 in short term liquid securities. Such additional cash has subsequently been deployed to acquire long term investments. The loss on the sale of securities is due to the sale of the Chandler Creek tax-exempt bonds during the second quarter of 2008. The loss on the sale was the result of the write-off of unamortized bond acquisition costs. The bonds were sold at par plus accrued interest.

Real estate operating expenses. Real estate operating expenses associated with the MF Properties are comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. A portion of real estate operating expenses are fixed in nature, thus a decrease in physical and economic occupancy would result in a reduction in operating margins. Conversely, as physical and economic occupancy increase, the fixed nature of these expenses will increase operating margins as these real estate operating expenses would not increase at the same rate as rental revenues. Real estate expenses increased as a direct result of the expenses incurred by the MF Properties acquired in 2007.

Depreciation and amortization expense. Depreciation and amortization consists primarily of depreciation associated with the apartment properties of the MF Properties and the amortization of intangible assets recorded as part of the purchase accounting for the acquisition of the MF Properties. Depreciation expense on the MF Properties was approximately \$230,000 and financing cost amortization related to the MF Properties was approximately \$152,000 in during the second quarter of 2008.

Interest expense. The increase in interest expense was due to a higher level of borrowing and the mark-to-market adjustments on our interest rate caps. The average interest rate on Partnership's borrowings was 4.5% per annum in the second quarter of 2008 as compared to 4.5% per annum in second quarter of 2007. Total outstanding debt increased from approximately \$58.9 million on June 30, 2007 to approximately \$85.0 million as of June 30, 2008. Interest expense on the new debt accounted for \$317,000 of the increase. The remaining increase is attributable to the recognition of additional interest expense as a result of marking our interest rate caps and swap to fair value. This fair value adjustment and derivative payments increased interest expense by \$33,000 for 2008 as compared to the second quarter 2007.

General and administrative expenses. General and administrative expenses increased due to increased administrative fees payable to the Partnership's general partner and increased professional fees. Administrative fees increased approximately \$72,500 as the Partnership is responsible for the payment of the administrative fees on a greater portion of the Partnerships investments. Professional fees increased largely due to increased legal and accounting fees associated with the Partnership's assessment of internal control over financial reporting pursuant to Sarbanes-Oxley Section 404.

Six Months Ended June 30, 2008 compared to Six Months Ended June 30, 2007 (Partnership Only)

Changes in Results of Operations

| | For the Six Months Ended June 30, 2008 | For the Six Months Ended June 30, 2007 | Dollar Change |
|--|--|--|-----------------------|
| Revenues | | | |
| Mortgage revenue bond investment income | \$ 5,118,635 | \$ 3,909,607 | \$ 1,209,028 |
| Property revenues | 2,184,870 | - | 2,184,870 |
| Other income | 292 | 743,511 | (743,219) |
| Total Revenues | 7,303,797 | 4,653,118 | 2,650,679 |
| Expenses | | | |
| Real estate operating (exclusive of items shown below) | 1,088,955 | - | 1,088,955 |
| Interest expense | 2,399,448 | 1,054,897 | 1,344,551 |
| Depreciation and amortization expense | 1,098,399 | 13,315 | 1,085,084 |
| General and administrative | 920,465 | 693,107 | 227,358 |
| Total Expenses | 5,507,267 | 1,761,319 | 3,745,948 |
| Minority interest in net loss of consolidated subsidiary | 3,526 | - | 3,526 |
| Net income | \$ 1,800,056 | \$ 2,891,799 | \$ (1,091,743) |

Mortgage revenue bond investment income. The increase in mortgage revenue bond investment income during the first half of 2008 compared to the first half of 2007 is due to income generated by the tax-exempt mortgage bonds acquired in 2007 and 2008. In 2007, a total of six new bond investments were acquired in the second quarter with a total par value of approximately \$31.2 million and one new bond investment was acquired in the fourth quarter with a total par value of approximately \$10.8 million. During the first half of 2008, two bond investments were sold and two additional bond investments were acquired with a total par value of \$12.4 million.

Property revenues. Property revenues increased as a direct result of revenue generated by the MF Properties acquired in 2007. These properties averaged \$651 per unit in monthly rent with economic occupancy at 89% during the period.

Other income (loss). The decrease in other interest income is attributable to decreased temporary investments in liquid securities. The proceeds from the sale of Northwoods Lake during the third quarter of 2006 created additional cash that was invested during the first quarter of 2007 in short term liquid securities. Such additional cash has subsequently been deployed to acquire long term investments. The Deerfield tax-exempt bonds realized a slight gain during the first quarter of 2008; however, the sale of the Chandler Creek tax-exempt bonds resulted in a net loss in the second quarter of 2008. The net effect for the first half of 2008 was a net loss. The loss on the sale was the result of the write-off of unamortized bond acquisition costs. The Chandler Creek bonds were sold at par plus accrued interest.

Real estate operating expenses. Real estate operating expenses associated with the MF Properties are comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. A portion of real estate operating expenses are fixed in nature, thus a decrease in physical and economic occupancy would result in a reduction in operating margins. Conversely, as physical and economic occupancy increase, the fixed nature of these expenses will increase operating margins as these real estate operating expenses would not increase at the same rate as rental revenues. Real estate expenses increased as a direct result of the expenses incurred by the MF Properties acquired in 2007.

Depreciation and amortization expense. Depreciation and amortization consists primarily of depreciation associated with the apartment properties of the MF Properties and the amortization of intangible assets recorded as part of the purchase accounting for the acquisition of the MF Properties. Depreciation expense on the MF Properties was approximately \$460,000 and amortization related to the MF Properties was approximately \$530,000 during the first half 2008.

Interest expense. The increase in interest expense was due to a higher average interest rate on the Partnership's borrowings, higher levels of borrowing and the mark-to-market adjustments on our interest rate caps. The average interest rate on Partnership's borrowings was 5.3% per annum in the first half of 2008 as compared to 4.4% per annum in 2007 and accounted for approximately \$73,000 of the increase. Total outstanding debt increased from approximately \$58.9 million on June 30, 2007 to approximately \$85.0 million as of June 30, 2008. Interest expense on the new debt accounted for approximately \$1.0 million of the increase. The remaining increase is attributable to the recognition of additional interest expense as a result of marking our interest rate caps and swap to fair value. This fair value adjustment and derivative payments increased interest expense by \$196,000 for the first half of 2008 as compared to the first half 2007.

General and administrative expenses. General and administrative expenses increased due to increased administrative fees payable to the Partnership's general partner and increased professional fees. Administrative fees increased approximately \$122,000 as the Partnership is responsible for the payment of the administrative fees on a greater portion of the Partnerships investments. Professional fees increased largely due to increased legal and accounting fees associated with the Partnership's assessment of internal control over financial reporting pursuant to Sarbanes-Oxley Section 404.

Liquidity and Capital Resources

Partnership Liquidity

Tax-exempt interest earned on the mortgage revenue bonds, including those financing properties held by VIEs, represents the Partnership's principal source of cash flow. The Partnership may also receive cash distributions from equity interests held in MF Properties. Tax-exempt interest is primarily comprised of base interest payments received on the Partnership's tax-exempt mortgage revenue bonds. Certain of the tax-exempt mortgage revenue bonds may also generate payments of contingent interest to the Partnership from time to time when the underlying apartment properties generate excess cash flow. Because base interest on each of the Partnership's mortgage revenue bonds is fixed, the Partnership's cash receipts tend to be fairly constant period to period unless the Partnership acquires or disposes of its investments in tax-exempt bonds. Changes in the economic performance of the properties financed by tax-exempt bonds with a contingent interest provision will affect the amount of contingent interest, if any, paid to the Partnership. Similarly, the economic performance of MF Properties will affect the amount of cash distributions, if any, received by the Partnership from its ownership of these properties. The economic performance of a multifamily apartment property depends on the rental and occupancy rates of the property and on the level of operating expenses. Occupancy rates and rents are directly affected by the supply of, and demand for, apartments in the market area in which a property is located. This, in turn, is affected by several factors such as local or national economic conditions, the amount of new apartment construction and the affordability of single-family homes. In addition, factors such as government regulation (such as zoning laws), inflation, real estate and other taxes, labor problems and natural disasters can affect the economic operations of an apartment property. The primary uses of cash by apartment properties are: (i) the payment of operating expenses; and (ii) the payment of debt service. Other sources of cash include debt financing and the sale of additional BUCs.

In January 2007, the Company filed a Registration Statement on Form S-3 with the SEC relating to the sale of up to \$100.0 million of its BUCs. The Company intends to issue BUCs from time to time under this Registration Statement to raise additional equity capital as needed to fund investment opportunities. Raising additional equity capital for deployment into new investment opportunities is part of our overall growth strategy. Pursuant to this Registration Statement, in April 2007 the Company issued, through an underwritten public offering, a total of 3,675,000 BUCs at a public offering price of \$8.06 per BUC. Net proceeds realized by the Company from the issuance of the additional BUCs were approximately \$27.5 million, after payment of an underwriter's discount and other offering costs of approximately \$2.1 million. The proceeds were used to acquire additional tax-exempt revenue bonds and other investments meeting the Partnership's investment criteria, and for general working capital needs.

The Partnership's principal uses of cash are the payment of distributions to BUC holders, interest and principal on debt financing and general and administrative expenses. The Partnership also uses cash to acquire additional investments. Distributions to BUC holders may increase or decrease at the determination of the General Partner. The Partnership is currently paying distributions at the rate of \$0.54 per BUC per year. The General Partner determines the amount of the distributions based upon the projected future cash flows of the Partnership. Future distributions to BUC holders will depend upon the amount of base and contingent interest received on its tax-exempt mortgage revenue bonds and cash received from other investments (including MF Properties), the amount of its borrowings and the effective interest rate of these borrowings, and the amount of the Partnership's undistributed cash.

VIE Liquidity

The VIEs' primary source of cash is net rental revenues generated by their real estate investments. Net rental revenues from a multifamily apartment property depend on the rental and occupancy rates of the property and on the level of operating expenses. Occupancy rates and rents are directly affected by the supply of, and demand for, apartments in the market area in which a property is located. This, in turn, is affected by several factors such as local or national economic conditions, the amount of new apartment construction and the affordability of single-family homes. In addition, factors such as government regulation (such as zoning laws), inflation, real estate and other taxes, labor problems and natural disasters can affect the economic operations of an apartment property.

The VIEs' primary uses of cash are: (i) the payment of operating expenses; and (ii) the payment of debt service on the VIEs' bonds and mortgage notes payable which are held by the Partnership.

Consolidated Liquidity

On a consolidated basis, cash provided by operating activities for the six months ended June 30, 2008 decreased approximately \$301,000 compared to the same period a year earlier mainly due to changes in working capital components. Cash from investing activities increased approximately \$43.5 million, for the six months ended June 30, 2008 compared to the same period in 2007. In 2008, cash provided investing activities of approximately \$1.6 million resulted from the sale of the Deerfield and Chandler Creek bonds offset by the purchase of Bridle Ridge Apartments and Woodlynn Village bonds. In 2007, investing activities resulted in net cash used of approximately \$42.0 million due to the purchase of the MF Properties in second quarter 2007 and the purchase of additional bond investments. Cash from financing activities decreased approximately \$52.3 million for the six months ended June 30, 2008 compared to the same period in 2007. In 2008, cash used in financing activities totaled approximately \$9.9 million due to the payment of distributions and the net reduction of outstanding debt. In 2007, cash provided by financing activities resulted mainly from the sale of Beneficial Unit Certificates and the net increase in debt.

Historically, our primary leverage vehicle has been the Merrill Lynch P-Float program. Credit rating downgrades at Merrill Lynch resulted in a significant increase in Merrill Lynch's cost of borrowing which, in turn, resulted in a significantly higher interest rate on the Company's P-Float financing. As discussed in Note 5 to the financial statements, on June 26, 2008, the Company effectively replaced the Merrill Lynch P-Float program by entering into an agreement for a TOB facility agreement with Bank of America. The new TOB facility functions in much the same fashion as the P-Float program. In connection with the TOB facility tax-exempt mortgage revenue bonds are placed into trusts which issue senior securities (known as "Floater Certificates") to unaffiliated institutional investors and subordinated residual interest securities (known as "Inverse Certificates") to the Company. Net proceeds generated by the sale of the Floater Certificates are then remitted to the Company and accounted for as secured borrowings and, in effect, provide variable-rate financing for the acquisition of tax-exempt mortgage revenue bonds and other investments meeting the Company's investment criteria and for other purposes. The new TOB facility is a one year agreement with a one year renewal option and bears a variable interest rate at a weekly floating bond rate, is the SIFMA floating index, plus associated remarketing, credit enhancement, liquidity and trustee fees.

On June 26, 2008, as part of the new TOB facility, Bank of America funded a \$65.1 million bridge loan which was used to retire the Merrill Lynch P-Float program debt. On July 3, 2008, the new TOB facility was closed and the resulting Floater Certificates were sold. The closing of the TOB facility resulted in debt proceeds of approximately \$76.7 million. After repayment of the bridge loan and related fees and expenses, net proceeds of approximately \$10.8 million were remitted to the Company for investment in additional tax-exempt mortgage bonds and other investments consistent with its investment policies and for other purposes. During the six months ended June 30, 2008 and 2007, the Company's average effective interest rate on P-Float program debt was 5.3% and 4.4%, respectively. The initial variable interest rate at closing of the TOB facility was 3.27% calculated as the SIFMA index of 1.62% plus fees of 1.65%.

In the long-term, the General Partner believes that cash provided by the Company's tax-exempt mortgage revenue bonds and other investments will be adequate to meet its projected liquidity requirements, including the payment of expenses, interest and distributions to BUC holders. The Company's regular annual distributions are currently equal to \$0.54 per BUC, or \$0.135 per quarter per BUC. In recent years CAD excluding contingent interest and realized gains has not been sufficient to fully fund such distributions without utilizing cash reserves to supplement the deficit. During the third quarter of 2007, CAD exceeded the quarterly distribution amount of \$0.135 per BUC. During the fourth quarter of 2007 and the first 2 quarters of 2008 CAD was lower than the quarterly distribution amount as a result of the increased borrowing costs associated with our P-Float debt. The closing of the new TOB facility and the resulting anticipated decrease in cost of borrowings compared to recent costs in the P-Float program is expected to have a positive impact on CAD in the future.

Cash Available for Distribution

Management utilizes a calculation of CAD as a means to determine the Partnership's ability to make distributions to BUC holders. The General Partner believes that CAD provides relevant information about its operations and is necessary along with net income for understanding its operating results. To calculate CAD, amortization expense related to debt financing costs and bond reissuance costs, Tier 2 income due to the General Partner as defined in the Agreement of Limited Partnership, interest rate derivative expense or income, provision for loan losses, impairments on bonds, losses related to VIEs including depreciation expense are added back to the Company's net income (loss) as computed in accordance with GAAP. Management evaluates two measures of CAD by further breaking down the calculation into Total CAD and CAD excluding contingent interest and realized gains. There is no generally accepted methodology for computing CAD, and the Company's computation of CAD may not be comparable to CAD reported by other companies. Although the Company considers CAD to be a useful measure of its operating performance, CAD should not be considered as an alternative to net income or net cash flows from operating activities which are calculated in accordance with GAAP.

The Partnership's regular annual distributions are currently equal to \$0.54 per BUC, or \$0.135 per quarter per BUC. In recent years CAD excluding contingent interest and realized gains has not been sufficient to fully fund such distributions without utilizing cash reserves to supplement the deficit. During the third quarter of 2007 CAD exceeded the quarterly distribution amount of \$0.135 per BUC. During the fourth quarter of 2007 and the first two quarters of 2008 CAD was lower than the quarterly distribution amount as a result of the increased borrowing costs associated with our P-Float debt. The closing of the new TOB facility and the resulting anticipated decrease in cost of borrowings compared to recent costs in the P-Float program is expected to have a positive impact on CAD in the future. The General Partner currently expects to maintain the annual distribution amount of \$0.54 per BUC.

The following tables show the calculation of CAD.

| | For the Three Months Ended June 30, 2008 | For the Three Months Ended June 30, 2007 | For the Six Months Ended June 30, 2008 | For the Six Months Ended June 30, 2007 |
|--|--|--|--|--|
| Net income | \$ 272,217 | \$ 761,938 | \$ 285,619 | \$ 1,700,715 |
| Net loss related to VIEs and eliminations due to consolidation | 861,654 | 875,200 | 1,514,437 | 1,191,084 |
| Income before impact of VIE consolidation | 1,133,871 | 1,637,138 | 1,800,056 | 2,891,799 |
| Change in fair value of derivatives and interest rate cap amortization | (144,863) | (149,839) | 38,328 | (117,886) |
| Tier 2 Income distributable to the General Partner | (13,796) | (57,830) | (13,796) | (57,830) |
| Depreciation and amortization expense (Partnership only) | 468,201 | 6,657 | 1,098,399 | 13,315 |
| CAD | <u>\$ 1,443,413</u> | <u>\$ 1,436,126</u> | <u>\$ 2,922,987</u> | <u>\$ 2,729,398</u> |
| | For the Three Months Ended June 30, 2008 | For the Three Months Ended June 30, 2007 | For the Six Months Ended June 30, 2008 | For the Six Months Ended June 30, 2007 |
| CAD | \$ 1,443,413 | \$ 1,436,126 | \$ 2,922,987 | \$ 2,729,398 |
| Contingent interest | <u>55,186</u> | <u>231,319</u> | <u>55,186</u> | <u>231,319</u> |
| CAD excluding contingent interest | <u>\$ 1,388,227</u> | <u>\$ 1,204,807</u> | <u>\$ 2,867,801</u> | <u>\$ 2,498,079</u> |
| Weighted average number of units outstanding, basic and diluted | 13,512,928 | 13,050,565 | 13,512,928 | 11,453,121 |
| Net income, basic and diluted, per unit | <u>\$ 0.08</u> | <u>\$ 0.12</u> | <u>\$ 0.13</u> | <u>\$ 0.25</u> |
| Total CAD per unit | \$ 0.11 | \$ 0.11 | \$ 0.22 | \$ 0.24 |
| CAD from contingent interest per unit | <u>\$ 0.01</u> | <u>\$ 0.02</u> | <u>\$ 0.01</u> | <u>\$ 0.02</u> |
| CAD excluding contingent interest per unit | <u>\$ 0.10</u> | <u>\$ 0.09</u> | <u>\$ 0.21</u> | <u>\$ 0.22</u> |

Contractual Obligations

The Partnership has the following contractual obligations as of June 30, 2008:

| | | Payments due by period | | |
|----------------------------|-----|------------------------|---------------------|---------------|
| | | Total | Less than 1 year | 1-2 years |
| Debt financing | | \$ 85,011,372 | \$ 65,091,372 | \$ 19,920,000 |
| Effective Interest Rate(s) | (1) | | 4.72% | 4.10% |
| Interest | (2) | \$ 3,892,020 | \$ 3,075,300 | \$ 816,720 |

(1) Interest rates shown are the average effective rate as of June 30, 2008.

(2) Interest shown is estimated based upon current effective interest rates through maturity.

The table above reflects the changes in the Company's debt financing as discussed in footnote 5.

Recently Issued Accounting Pronouncements

In May 2008, the FASB issued Statement No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles in the United States. SFAS No. 162 is effective 60 days following the SEC's approval of the PCAOB amendments to AU Section 411, "The Meaning of 'Present fairly in conformity with generally accepted accounting principles'". SFAS No. 162 is not expected to have a material impact on our financial statements.

In March 2008, the FASB issued Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* ("SFAS No. 161"). This statement changes the existing disclosure requirements in FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 161 requires enhanced disclosures about an entity's derivative and hedging activities. This statement is effective for the Company on January 1, 2009. Because the provisions of this statement are disclosure related, the Company does not believe that the adoption of this statement will have a material effect on our financial position or results of operations.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB No. 115* ("SFAS No. 159"). This statement permits, but does not require, entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 was effective for the Company beginning on January 1, 2008. The Company elected not to adopt the provisions of SFAS No. 159 with respect to any financial instruments held by the Company as of or after January 1, 2008.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in market risk from the information provided under "Quantitative and Qualitative Disclosures about Market Risk" in Item 7A of the Company's 2007 Annual Report on Form 10-K.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures. The Partnership's Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Partnership's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Partnership's current disclosure controls and procedures are effective, providing them with material information relating to the Partnership as required to be disclosed in the reports the Partnership files or submits under the Exchange Act on a timely basis.

Changes in internal control over financial reporting. The Partnership's Chief Executive Officer and Chief Financial Officer have determined that there were no changes in the Partnership's internal control over financial reporting during the Partnership's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors.

The risk factors affecting the Company are described in Item 1A “Risk Factors” of the Company’s 2007 Annual Report on Form 10-K.

Item 6. Exhibits.

The following exhibits are filed as required by Item 6 of this report. Exhibit numbers refer to the paragraph numbers under Item 601 of Regulation S-K:

3. Articles of Incorporation and Bylaws of America First Fiduciary Corporation Number Five (incorporated herein by reference to Registration Statement on Form S-11 (No. 2-99997) filed by America First Tax Exempt Mortgage Fund Limited Partnership on August 30, 1985).

4(a) Form of Certificate of Beneficial Unit Certificate (incorporated herein by reference to Exhibit 4.1 to Registration Statement on Form S-4 (No. 333-50513) filed by the Company on April 17, 1998).

4(b) Agreement of Limited Partnership of the Partnership (incorporated herein by reference to the Amended Annual Report on Form 10-K (No. 000-24843) filed by the Company on June 28, 1999).

4(c) Amended Agreement of Merger, dated June 12, 1998, between the Partnership and America First Tax Exempt Mortgage Fund Limited Partnership (incorporated herein by reference to Exhibit 4.3 to Amendment No. 3 to Registration Statement on Form S-4 (No. 333-50513) filed by the Company on September 14, 1998).

[10\(a\)](#) Shortfall, Fee and Collateral Agreement, dated June 26, 2008, between Registrant and Bank of America, N.A.

[10\(b\)](#) Promissory Note, dated June 26, 2008, between Registrant and Bank of America, N.A.

[10\(c\)](#) Series Trust Agreement for Austin Trust, Series 10000, by and between Bank of America, National Association, as trustor, and Deutsche Bank Trust Company Americas, as trustee and tender agent, dated as of July 3, 2008

[10\(d\)](#) Series Trust Agreement for Austin Trust, Series 10001, by and between Bank of America, National Association, as trustor, and Deutsche Bank Trust Company Americas, as trustee and tender agent, dated as of July 3, 2008

[10\(e\)](#) Series Trust Agreement for Austin Trust, Series 10002, by and between Bank of America, National Association, as trustor, and Deutsche Bank Trust Company Americas, as trustee and tender agent, dated as of July 3, 2008

[10\(f\)](#) Series Trust Agreement for Austin Trust, Series 10003, by and between Bank of America, National Association, as trustor, and Deutsche Bank Trust Company Americas, as trustee and tender agent, dated as of July 3, 2008

[10\(g\)](#) Interest Rate Cap Transaction Confirmation letter, dated July 7, 2008, between the Registrant and U.S. Bank, N.A.

[31.1](#) Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

[31.2](#) Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

[32.1](#) Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

[32.2](#) Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

By America First Capital
Associates Limited
Partnership Two, General
Partner of the Partnership

By Burlington Capital Group LLC,
General Partner of
America First Capital
Associates Limited
Partnership Two

Date: August 7, 2008

/s/ Lisa Y. Roskens

Lisa Y. Roskens
Chief Executive Officer
Burlington Capital Group LLC, acting in its capacity as general partner of the General Partner of America First Tax
Exempt Investors, L.P.

SHORTFALL, FEE AND COLLATERAL AGREEMENT

among

BANK OF AMERICA, N.A.,

as Bridge Loan Lender, LOC Provider and TOB Liquidity Provider,

BANC OF AMERICA SECURITIES LLC,

as TOB Placement and Remarketing Agent,

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.,

as Obligor

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Collateral Agent

Dated as of June 26, 2008

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| EXHIBIT A | Copies of Pledged Notes |
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This **SHORTFALL, FEE AND COLLATERAL AGREEMENT**, dated as of June 26, 2008 (this “**Agreement**”), is among BANK OF AMERICA, N.A. (the “**Bank**”), as Bridge Loan Lender, LOC Provider (in such capacity, the “**LOC Provider**”) and as TOB Liquidity Provider (in such capacity, the “**TOB Liquidity Provider**”), BANC OF AMERICA SECURITIES LLC, as TOB Placement and Remarketing Agent (the “**TOB Placement and Remarketing Agent**”), AMERICA FIRST TAX-EXEMPT INVESTORS, L.P., a Delaware limited partnership (the “**Obligor**”), and DEUTSCHE BANK TRUST COMPANY AMERICAS, as Collateral Agent (the “**Collateral Agent**”).

RECITALS

WHEREAS, the Obligor has arranged for the delivery into custody of certain tax-exempt bonds owned by the Obligor (or with respect to certain bonds, participation interests therein) and the issuance of Unenhanced Custody Receipts (hereinafter defined) evidencing portions of interests in such bonds or participation interests;

WHEREAS, the Obligor has requested the LOC Provider to deliver letters of credit to secure the repayment of such of the Unenhanced Custody Receipts that are intended to be deposited into Tender Option Bond Trusts (hereinafter defined);

WHEREAS, such Unenhanced Custody Receipts designated for Tender Option Bond Trust deposit and related letters of credit will be deposited into custody with an Enhancement Custodian (hereinafter defined) under an Enhancement Custodial Agreement (hereinafter defined) pursuant to which the Enhancement Custodian will issue Enhanced Custody Receipts (hereinafter defined), each evidencing an interest in such designated Unenhanced Custody Receipt and its related letter of credit;

WHEREAS, the Enhanced Custody Receipts will be deposited into certain Tender Option Bond Trusts and each Tender Option Bond Trust will issue floating rate receipts to unrelated investors and residual receipts to the Obligor;

WHEREAS, the Obligor has requested the TOB Liquidity Provider to provide a liquidity facility for the floating rate receipts issued by each Tender Option Bond Trust;

WHEREAS, the Obligor has requested the TOB Placement and Remarketing Agent to act as remarketing agent for the floating rate receipts issued by each Tender Option Bond Trust;

WHEREAS, the Obligor has requested the Bank to provide bridge financing to enable the Obligor to purchase the bonds prior to the issuance of any Unenhanced Custody Receipts, Enhanced Custody Receipts or receipts to be issued by the proposed Tender Option Bond Trust, if ratings on the Enhanced Custody Receipts and receipts to be issued by the proposed Tender Option Bond Trust cannot be obtained in time to provide funds for such bond purchases by the applicable deadlines for purchase;

WHEREAS, to induce the LOC Provider and the TOB Liquidity Provider to execute and deliver such letters of credit and liquidity facilities, respectively, to induce the TOB Placement and Remarketing Agent to provide remarketing services, and to induce the Bank to provide bridge financing, if necessary, the Obligor, among other things, has agreed to reimburse the LOC Provider for all drawings under each letter of credit and the TOB Liquidity Provider for all drawings under each liquidity facility not otherwise immediately reimbursed, to pay to the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent certain fees, to repay any bridge financing that is provided, and to provide security for such reimbursement and other payment obligations;

WHEREAS, the LOC Provider and the TOB Liquidity Provider have agreed to issue such letters of credit and liquidity facilities in accordance with, and subject to the terms and provisions of, this Agreement, the TOB Placement and Remarketing Agent has agreed to provide its remarketing services in accordance with, and subject to the terms and provisions of, each TOB Placement and Remarketing Agreement, and the Bank has agreed to provide bridge financing if needed; and

WHEREAS, the Bank has requested the Collateral Agent to act as collateral agent with respect to all items of Collateral posted by the Obligor hereunder.

NOW, THEREFORE, as consideration for the mutual promises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINED TERMS

SECTION 1.01. Definitions. The following terms, as used herein, shall have the following meanings:

“**AAA**” means the American Arbitration Association.

“**Act of Bankruptcy**” means (a) the filing of a petition in bankruptcy or other initiation of a bankruptcy proceeding by or against a debtor under the federal Bankruptcy Code or under any applicable state insolvency code, as now or hereafter in effect; (b) the entry against a debtor of a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator, receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceeding, or for the winding up or liquidation of its affairs; (c) the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the debtor or of a substantial part of its property for purposes of distributing the debtor’s assets or winding up a debtor’s affairs; or (d) any of the following actions by a debtor: (i) any formal action which results in a publicly available written statement of action duly approved by an authorized committee or governing body of the debtor, as appropriate, that admits without condition the debtor’s inability to make payments on its debts as they become due, (ii) any failure to generally pay principal of or interest on its material obligations as they become due (except as a result of a dispute regarding such obligations), (iii) a general assignment for the benefit of creditors, or (iv) the adoption of a resolution or other approval by its board of directors, executive committee or other governing body for the filing of an action by the debtor under bankruptcy laws or the appointment of a receiver, custodian, trustee or liquidator of the debtor for purposes of distributing the debtor’s assets or the winding up of the debtor’s affairs.

“**Additional Eligible Collateral**” means cash and securities described and valued as provided in Schedule VI attached hereto.

“**Additional Second Lien Mortgage**” means an unrecorded second lien mortgage granted by the Property Owner of each Additional Second Lien Property in favor of the Obligor to secure repayment of the Pledged Note executed and delivered by such owner in favor of the Obligor and assigned by the Obligor to the Collateral Agent to secure the Obligations.

“**Additional Second Lien Property**” means each of the three Properties for which an unrecorded second lien will be delivered on the date of this Agreement, as indicated in Schedule IX attached hereto.

“**Additional Termination Event**” has the meaning set forth in Section 9.02 hereof.

“**Affiliate**” means any Person directly or indirectly controlling, controlled by or under common control with the Obligor. For purposes of this definition, the term “control” shall mean the direct or indirect ability to determine the direction of management and policies through ownership, contract or otherwise.

“**Applicable Law**” means all applicable provisions of all constitutions, statutes, rules, regulations and orders of all governmental bodies, all Governmental Approvals and all orders, judgments and decrees of all courts and arbitrators.

“**Applicable Rate**” means the Reimbursement Rate until such time as an Event of Default or Additional Termination Event has occurred hereunder, after which interest shall accrue on all Obligations outstanding hereunder at the Default Rate.

“**Bankruptcy Code**” means the Bankruptcy Reform Act of 1978, as amended from time to time, and any Federal law with respect to bankruptcy, insolvency, reorganization, liquidation, moratorium or similar laws affecting creditors’ rights generally.

“**BBA LIBOR**” means the British Bankers Association LIBOR Rate.

“**Bond Documents**” means, with respect to any Bond, the Bond Indenture and any other related documents.

“**Bond Indenture**” means, with respect to any Bond, the indenture, trust agreement or other primary issuance document pursuant to which such Bond was issued.

“**Bond Payment Drawing**” means a drawing on a Letter of Credit to pay any principal or redemption price of and/or interest on the related Unenhanced Custody Receipt.

“**Bonds**” means, collectively, (a) the Eligible Bonds and (b) the Collateral Bonds.

“**Bond Trustee**” means, with respect to each Bond, the trustee under the Bond Indenture pursuant to which such Bond was issued, or if there is a participation interest in any underlying bond, the custodian under the applicable custody arrangement creating the participation, as the context may require.

“**Bridge Loan**” means a loan in the amount of \$65,091,371.66 from the Bank to the Obligor pursuant to the provisions of this Agreement.

“Bridge Loan Commitment Fee” means a commitment fee in the amount of \$65,091.37 (10 basis points (0.10%) multiplied by the principal amount of the Bridge Loan).

“Bridge Loan Maturity Date” means September 26, 2008.

“Bridge Loan Note” means the promissory note of even date herewith executed and delivered by the Obligor to the Bank to evidence the Bridge Loan.

“Bridge Loan Rate” means LIBOR plus 2.25% per annum.

“Business Day” means any day on which banks or trust companies located in New York, New York are not required or authorized by law to remain closed or on which the New York Stock Exchange is not closed.

“Collateral” means (a) for such period of time as the Bridge Loan is outstanding, all Eligible Bonds and any related “securities entitlements” (as such term is defined in the UCC) therein, (b) all Collateral Unenhanced Custody Receipts, (c) all TOB Residuals, (d) all Collateral Bonds, (e) all Pledged Notes, (e) all Additional Eligible Collateral delivered by the Obligor pursuant to Section 4.02(b) hereof, (f) the Recorded Second Lien Mortgages, and (g) the Additional Second Lien Mortgages.

“Collateral Bond” means a tax-exempt bond identified in Schedule II attached hereto.

“Collateral Unenhanced Custody Receipts” means each Unenhanced Custody Receipt identified in Schedule III attached hereto as a “Collateral Unenhanced Custody Receipt”, which will not be deposited into custody with the Enhancement Custodian under the Enhancement Custodial Agreement but will be Collateral delivered to the Collateral Agent.

“Commitment Fee” means the commitment fee payable by the Obligor to the Bank pursuant to the Commitment Letter.

“Commitment Letter” means the commitment letter from the Bank to the Obligor dated June 3, 2008 and accepted by the Obligor.

“Collateral Agent Fee” shall mean a fee equal to \$1,000 per annum per Eligible Bond, Collateral Bond, Collateral Unenhanced Custody Receipt, Pledged Note and TOB Residual held by the Collateral Agent hereunder.

“Debt Service Coverage Ratio” means, with respect to each Property, the net operating income of such Property divided by the total annual debt service payable in respect of all senior debt outstanding in respect of such Property, whether or not such debt is secured by a lien on such Property.

“Default” means an event which, with notice or lapse of time or both, would constitute an Event of Default.

“Default Rate” means the Reimbursement Rate plus 2.00% per annum.

“Designated Deposit Unenhanced Custody Receipt” means an Unenhanced Custody Receipt designated for deposit into the Enhancement Custodial Agreement with a related Letter of Credit, as set forth on Schedules I and IV attached hereto.

“Dispute” means any controversy, claim or dispute between Bank of America and the Obligor, including any such controversy, claim or dispute arising out of or relating to (a) this Agreement or (b) the transactions contemplated herein (including any claim based on or arising from an alleged personal injury or business tort).

“Eligible Bond” means a tax-exempt bond or participation interest in a tax-exempt bond, as applicable, identified in Schedule I attached to this Agreement.

“Eligible Bond Payment Date” means the date on which principal, redemption price or interest is payable on an Eligible Bond in accordance with its terms.

“Enhanced Custody Receipt” means an Enhanced Custody Receipt issued by the Enhancement Custodian on the Letter of Credit Issuance Date to represent an interest in an Unenhanced Custody Receipt and its related Letter of Credit, as identified on Schedules I and IV attached hereto.

“Enhanced Custody Receipt Mandatory Tender Date” means the date on which any Enhanced Custody Receipts are subject to mandatory tender pursuant to the provisions of the Enhancement Custodial Agreement after the occurrence of an Enhanced Custody Receipt Mandatory Tender Event.

“Enhanced Custody Receipt Mandatory Tender Drawing” means a drawing on a Letter of Credit to pay the purchase price of the related Enhanced Custody Receipts upon the occurrence of an Enhanced Custody Receipt Mandatory Tender Event.

“Enhanced Custody Receipt Mandatory Tender Event” shall have the meaning given to term “Mandatory Tender Date” in the Enhancement Custodial Agreement.

“Enhanced Custody Receipt Mandatory Tender Price” shall have the meaning given the term “Mandatory Tender Price” in the Enhancement Custodial Agreement.

“Enhancement Custodial Agreement” means the Enhancement Custodial Agreement to be dated the Letter of Credit Issuance Date between the Bank, as Administrator, and the Enhancement Custodian.

“Enhancement Custodian” means Deutsche Bank Trust Company Americas and any substitute or successor custodian under the Enhancement Custodial Agreement.

“Environmental Claim” means any complaint, action, notice, order, claim, investigation, judicial or administrative proceeding or action, or similar claims or communications from any Person involving or alleging any non-compliance with any Environmental Requirement or the existence of any unsafe or hazardous condition resulting from or related to the Release of any Hazardous Material.

“Environmental Law” means any and all applicable federal, state or local laws, statutes, ordinances, rules, regulations, orders, principals of common law, judgments, permits, licenses or other determinations of any judicial or regulatory authority, now or hereafter in effect, imposing liability, establishing standards of conduct or otherwise relating to protection of the environment (including natural resources, surface water, groundwater, soils and indoor and ambient air), health and safety, land use matters or the presence, generation, treatment, storage, disposal, Release or threatened Release, transport or handling of any Hazardous Material.

“Environmental Requirement” means any Environmental Law, or any other applicable agreement or restriction (including any condition or requirement imposed by any third party or insurance or surety company), now or hereafter in effect, which relates to any matters addressed by any Environmental Law, Hazardous Material or the prevention of any unsafe or hazardous condition resulting from or related to the Release of any Hazardous Material.

“Event of Default” has the meaning set forth in Section 9.01 hereof.

“Fee Payment Date” means each Letter of Credit Fee Payment Date and each Remarketing and Liquidity Charge Payment Date.

“Governmental Approval” means an authorization, permit, consent, approval, license or exemption from, registration or filing with, or report to, any Governmental or regulatory unit.

“Hazardous Material” means any substance, material, element, compound, waste or chemical, whether solid, liquid or gaseous, which is defined, listed, classified or otherwise regulated in any way under any Environmental Laws, or any other such substances or conditions (including mold and other mycotoxins or fungi) which may create any unsafe or hazardous condition or pose any threat to health and safety.

“Letter of Credit” means each letter of credit identified on Schedule I attached hereto issued by the LOC Provider to the Enhancement Custodian as beneficiary in the form attached to the Enhancement Custodial Agreement.

“Letter of Credit Drawing” means a Bond Payment Drawing or Enhanced Custody Receipt Mandatory Tender Drawing.

“Letter of Credit Expiration Date” means initially the date that is 364 days after the Letter of Credit Issuance Date, as such date may be extended for any particular Letter of Credit pursuant to Section 2.01(b) hereof.

“Letter of Credit Fee” means on each applicable Letter of Credit Fee Payment Date with respect to each Letter of Credit, a fee in an amount equal to 1.35% per annum multiplied by the sum of the amount available to be drawn under such Letter of Credit on such Letter of Credit Fee Payment Date plus any amount then subject to reinstatement in accordance with the provisions of the Letter of Credit.

“Letter of Credit Fee Payment Date” means, with respect to each Letter of Credit, the Letter of Credit Issuance Date and quarterly thereafter beginning on the first day of the third calendar month following the Letter of Credit Issuance Date and on the first day of each third calendar month thereafter (the exact dates to be included in the Enhancement Custodial Agreement on the Letter of Credit Issuance Date).

“Letter of Credit Issuance Date” means the date on which the Letters of Credit are issued pursuant to this Agreement.

“Letter of Credit Shortfall Amount” means the amount of a Letter of Credit Drawing honored by the LOC Provider that is not immediately reimbursed to the LOC Provider by the Enhancement Custodian.

“LIBOR” means for any day, a fluctuating rate of interest per annum equal to BBA LIBOR, as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) as determined for each Business Day at approximately 11:00 a.m. London time two (2) London Banking Days prior to such day, for U.S. Dollar deposits (for delivery on such day) with a one month term, as adjusted from time to time in the Bank’s sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as reasonably selected by the Bank.

If the Bank determines that no adequate basis exists for determining BBA LIBOR or that BBA LIBOR will not adequately and fairly reflect the cost to the Bank of funding Letter of Credit Drawings or TOB Liquidity Drawings, or that any Applicable Law or regulation or compliance therewith by the Bank prohibits or restricts or makes impossible the charging of interest based on BBA LIBOR and the Bank so notifies the Obligor, then until the Bank notifies the Obligor that the circumstances giving rise to such suspension no longer exist, interest shall accrue and be payable on unreimbursed Obligations from the date the Bank so notifies the Obligor until all such Obligations have been reimbursed in full (whether by acceleration, declaration, extension or otherwise) at a fluctuating rate of interest equal to the Prime Rate plus the basis points that otherwise would have been added to the LIBOR rate.

“London Banking Day” means a day on which banks in London are open for business and dealing in offshore dollars.

“Losses” means claims, demands, liabilities, damages, losses, costs, charges, taxes and governmental penalties or charges and expenses (including reasonable attorneys’ fees and expenses) and, solely with respect to the environmental indemnity of Section 10.02 hereof, including strict liabilities and Environmental Claims.

“Material Adverse Effect” means, (a)(i) with respect to any Person, a material adverse effect upon such Person’s business, assets, liabilities, financial condition or results of operations, and (ii) with respect to a group of Persons as a whole, a material adverse effect upon such Persons’ businesses, assets, liabilities, financial conditions or results of operations, taken as a whole, and (b) with respect to any agreement or obligation, a material adverse effect upon the binding nature, validity or enforceability of such agreement or obligation.

“Obligations” means amounts due and owing by the Obligor to the Bank, the LOC Provider, the TOB Liquidity Provider and/or the TOB Placement and Remarketing Agent in respect of the Bridge Loan, Letter of Credit Shortfall Amounts, TOB Liquidity Shortfall Amounts, accrued and unpaid interest on such amounts, unpaid Letter of Credit Fees, unpaid Bridge Loan Fee, unpaid Remarketing and Liquidity Charges and any and all other obligations and liabilities of the Obligor hereunder.

“Person” includes an individual, association, unincorporated organization, corporation, partnership, limited partnership, limited liability company, joint venture, business trust or a government or an agency or political subdivision thereof, or any other entity.

“Pledged Notes” means the amended and restated operating loan notes executed and delivered by the five Property Owners identified on Schedule IX attached hereto, copies of which notes are attached as Exhibit A hereto.

“Prime Rate” means, on any day, the rate of interest per annum then most recently established by the Bank as its “prime rate.” Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by the Bank to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that the Bank may make various business or other loans at rates of interest having no relationship to such rate. Each time the Prime Rate changes, the per annum rate of interest on outstanding Obligations shall change immediately and contemporaneously with such change in the Prime Rate. If the Bank ceases to exist or to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in *The Wall Street Journal* (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

“Property” means each real property identified on Schedule VIII attached hereto.

“Property Owner” means the owner of the fee simple interest in each Property, as set forth on Schedule VIII attached hereto.

“Recorded Second Lien Mortgage” means a recorded second lien mortgage granted by the Property Owner of each Recorded Second Lien Property in favor of the Obligor to secure repayment of the Pledged Note executed and delivered by such owner in favor of the Obligor and assigned by the Obligor to the Collateral Agent to secure the Obligations.

“Recorded Second Lien Properties” means each of the two Properties for which a recorded second lien is indicated in Schedule IX attached hereto.

“Reimbursement Rate” means LIBOR plus 2.50% per annum.

“Related Documents” means the Bridge Loan Note, the Unenhanced Custodial Agreement, the Enhancement Custodial Agreement, the Letters of Credit, the TOB Liquidity Facilities, the TOB Placement and Remarketing Agreements, the Eligible Bonds, the Collateral Bonds, the Collateral Unenhanced Custody Receipts, the Designated Deposit Unenhanced Custody Receipts, the Pledged Notes, the Recorded Second Lien Mortgages, the Additional Second Lien Mortgages and all assignments of any of the foregoing documents to secure the Obligations.

“Release” means the presence of or any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Material (including the abandonment or discarding of barrels, drums, tanks and other similar containers, including any Hazardous Material) into the indoor or outdoor environment.

“Remarketing and Liquidity Charges” means all fees payable for each TOB Liquidity Facility and remarketing services provided by the TOB Placement and Remarketing Agent in connection with each TOB Trust, calculated at the combined rate of 0.30% per annum (0.20% for the provision of liquidity and 0.10% for the provision of remarketing services) and payable in arrears on each Remarketing and Liquidity Charge Payment Date.

“Remarketing and Liquidity Charge Payment Date” means the dates on which the Remarketing and Liquidity Charges are payable by the Obligor, as set forth on Schedule V attached hereto.

“Shortfall Amounts” means Letter of Credit Shortfall Amounts and TOB Liquidity Shortfall Amounts.

“Tender Option Bond Trust” or ***“TOB Trust”*** means each of the single bond trusts and pooled trusts identified on Schedule I attached.

“TOB Floater Purchase Price” means the “Purchase Price” payable to the holders of TOB Floaters upon any optional or mandatory tender of such TOB Floaters, as defined in the applicable TOB Trust Agreement.

“TOB Floaters” means the floating rate receipts issued by each TOB Trust.

“TOB Liquidity Drawing” means a drawing under a TOB Liquidity Facility to pay the TOB Floater Purchase Price.

“TOB Liquidity Facility” means each of the liquidity facilities provided by the TOB Liquidity Provider to a TOB Trust, as identified on Schedule I attached hereto.

“TOB Liquidity Shortfall Amount” means the amount of a TOB Liquidity Drawing honored by the TOB Liquidity Provider that is not immediately reimbursed to the TOB Liquidity Provider by the applicable TOB Trustee.

“TOB Placement and Remarketing Agent” means Banc of America Securities LLC.

“TOB Placement and Remarketing Agreement” means each Remarketing Agreement to be dated the Letter of Credit Issuance Date among the TOB Trustee, Bank of America, as trustor, and the TOB Placement and Remarketing Agent, pursuant to which the TOB Placement and Remarketing Agent will remarket TOB Floaters tendered for purchase that are subject to remarketing.

“TOB Residuals” means the residual receipts issued by each TOB Trust.

“TOB Trust” means a trust created by a TOB Trust Agreement on the Letter of Credit Issuance Date.

“TOB Trust Documents” means the TOB Trust Agreement, TOB Liquidity Facility and TOB Placement and Remarketing Agreement executed and delivered in connection with each TOB Trust.

“TOB Trust Agreement” means each Trust Agreement to be dated the Letter of Credit Issuance Date between the Bank, as trustor, and the TOB Trustee, executed and delivered to create the TOB Trusts identified on Schedule I attached.

“TOB Trustee” mean, with respect to any TOB Receipts, Deutsche Bank Trust Company Americas, as trustee under the related TOB Trust Agreement.

“Trigger Price” means, with respect to each Eligible Bond, the applicable value listed under the column marked “Trigger Price” on Schedule I attached hereto.

“UCC” means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York; *provided, however*, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term “UCC” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection of priority and for purposes of definitions related to such provisions.

“Underlying Custodian” means Deutsche Bank Trust Company Americas and any substitute or successor custodian under the Unenhanced Custodial Agreement.

“Unenhanced Custodial Agreement” means the Unenhanced Custodial Agreement to be dated the Letter of Credit Issuance Date among the Bank, as Administrator, and the Underlying Custodian.

“Unenhanced Custody Receipt” means an Unenhanced Custody Receipt issued by the Underlying Custodian to represent an interest in an Eligible Bond.

“Unrestricted Liquid Assets” means unrestricted liquid assets (consisting of unrestricted, unencumbered cash or marketable securities that are not counted toward any minimum liquidity requirement of any other creditor).

SECTION 1.02. Accounting Matters. Unless otherwise defined herein, all accounting terms used herein are used with the meanings ascribed to such terms in accordance with generally accepted accounting principles. All computations utilized by the Bank or by the Obligor in complying with any covenant contained herein shall, unless there is an express direction to the contrary, be computed on a basis consistent with generally accepted accounting principles and any applicable regulations as from time to time in effect.

SECTION 1.03. Use of Phrases. The words “herein,” “hereby,” “hereunder,” “hereof,” “hereinbefore,” “hereinafter” and other equivalent words refer to this Agreement as an entirety and not solely to the particular portion thereof in which any such word is used. The definitions set forth in Section 1.01 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

SECTION 1.04. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding.”

SECTION 1.05. Statutory References. References in this Agreement to any section of the Uniform Commercial Code or the UCC shall mean, on or after the effective date of adoption of any revision to the Uniform Commercial Code or the UCC in the applicable jurisdiction, such revised or successor section thereto.

ARTICLE II

ISSUANCE OF LETTERS OF CREDIT; TERM; BRIDGE LOAN

SECTION 2.01. Issuance of Letters of Credit. The LOC Provider agrees to issue the Letters of Credit on any Business Day on or after the date hereof that all conditions precedent set forth in Sections 5.02, 5.03 and 5.05 hereof have been satisfied and the Placement and Remarketing Agent is able to sell the TOB Floaters, upon the terms and subject to the conditions of this Agreement, and relying upon the representations and warranties of the Obligor contained herein. Each Letter of Credit will be issued in the initial stated amount indicated on Schedule I attached hereto.

SECTION 2.02. Term of Letters of Credit. Each Letter of Credit shall expire on the applicable Letter of Credit Expiration Date, unless earlier terminated pursuant to the terms of this Agreement. Each original Letter of Credit Expiration Date may be extended one time for a period of up to 12 months; *provided*, that (a) no later than sixty (60) days prior to the initial Letter of Credit Expiration Date the Obligor has requested the LOC Provider, in writing, to so extend; (b) no Default or Event of Default or Additional Termination Date has occurred and is continuing at the time of such request or at the time of the original Letter of Credit Expiration Date; and (c) such request is accompanied by a firm written commitment from a third party credit enhancer to provide substitute credit enhancement that will replace the applicable Letter of Credit within such extension period. Any such extension must be documented in writing in accordance with the provisions of the Letter of Credit. After any such substitution, neither the related Enhanced Custody Receipts, nor the Designated Deposit Unenhanced Custody Receipts nor Eligible Bonds will be included in the Bank’s Tender Option Bond program, unless the TOB Placement and Remarketing Agent and the TOB Liquidity Provider for the related TOB Floaters have given their prior written consent (which consents may be conditioned on fee adjustments) and any additional requirements for such substitution are met, including without limitation, consent of the holders of the related TOB Floaters, mandatory tender of the related TOB Floaters, and/or updated disclosure with respect to such Enhanced Custody Receipts, Designated Deposit Unenhanced Custody Receipts and/or Eligible Bonds.

SECTION 2.03. Bridge Loan. (a) In the event that the necessary ratings on the Enhanced Custody Receipts and TOB Floaters have not been obtained prior to the date of this Agreement in sufficient time to close the TOB Trusts on the date of this Agreement, the Bank agrees to make the Bridge Loan to the Obligor, and the Obligor agrees to borrow the Bridge Loan from the Bank, in a single advance on the date of this Agreement, subject to the terms and conditions set forth in this Agreement. In consideration for the Bank’s approval of the Bridge Loan, if the Obligor borrows the Bridge Loan the Obligor hereby agrees to pay to the Bank the Bridge Loan Commitment Fee without notice or demand, in immediately available funds in advance on the date hereof.

(b) The Obligor will use the proceeds of the Bridge Loan solely for the purpose of paying the purchase price of the Eligible Bonds. The Bank will advance Bridge Loan proceeds to be applied to such purposes in accordance with written instructions from the Obligor. The Obligor will be responsible for payment on the date of this Agreement, of the Bridge Loan Fee and all closing costs associated with the Bridge Loan closing (e.g., title company charges).

(c) Interest on the outstanding principal balance of the Bridge Loan shall accrue at the Bridge Loan Rate and shall be payable in arrears on the first day of each month, beginning August 1, 2008, and on the date the Bridge Loan is repaid in full. The entire principal balance of the Bridge Loan then unpaid, together with all accrued interest thereon, shall be due and payable in full on the earlier to occur of (i) the Bridge Loan Maturity Date or (ii) the Letter of Credit Issuance Date. The Bridge Loan may be prepaid in whole or in part at any time without penalty, provided that all conditions for prepayment set forth in the Bridge Loan Note have been satisfied. The Bridge Loan is not a revolving loan; amounts repaid may not be reborrowed.

(d) As soon as practicable after the date of this Agreement that the necessary ratings have been obtained and the TOB Trusts can be closed, the Obligor hereby authorizes the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent, without any further action or execution or direction by the Obligor, (i) to finalize and execute all Related Documents not yet executed and delivered, in substantially the forms reviewed and approved by the Obligor as of the date of this Agreement, with any such changes as may be required by the rating agency, to finalize the Related Documents to conform to the provisions of this Agreement and to eliminate blanks and brackets, so long as copies of any revisions are provided to the Obligor, (ii) to issue the Letters of Credit and TOB Liquidity Facilities, (iii) to close all custodial and TOB transactions contemplated by the Related Documents, (iv) to deliver to the Bond Trustees for the Eligible Bonds all documentation executed by the Obligor that is necessary to cause the registered ownership of the Eligible Bonds to be transferred from the Obligor to the Underlying Custodian, and (v) to apply the proceeds from the sale of the TOB Floaters and TOB Residuals to repayment in full of the Bridge Loan and all accrued interest thereon and to payment of the Letter of Credit Fee payable on the Letter of Credit Issuance Date, to the balance of the Commitment Fee, and to any additional closing costs (such as rating agency fees) and to remit the remaining balance to the Obligor. The Obligor will be responsible for delivering immediately available funds to the Placement and Remarketing Agent in payment for the TOB Residuals.

ARTICLE III

ISSUANCE OF LETTERS OF CREDIT AND TOB LIQUIDITY FACILITIES; REIMBURSEMENT; FEES AND EXPENSES; OTHER PAYMENTS

SECTION 3.01. *Letters of Credit; Letter of Credit Shortfall Obligations.* The LOC Provider agrees to issue the Letters of Credit at any time up to and including the Bridge Loan Maturity Date, provided that all conditions for such issuance set forth herein have been satisfied. The Obligor agrees to reimburse the LOC Provider in immediately available funds for the amount of each drawing honored by the LOC Provider under each Letter of Credit and not otherwise immediately reimbursed to the LOC Provider, together with interest pursuant to Section 3.04 hereof, as follows:

(a) Pursuant to the Enhancement Custodial Agreement, the Enhancement Custodian (i) will draw on each Letter of Credit on each Eligible Bond Payment Date for the amount of principal, redemption price and/or interest payable in respect of the related Eligible Bond, (ii) will deliver to the LOC Provider all amounts received by the Enhancement Custodian in respect of payments on such Eligible Bond, to reimburse the LOC Provider for the amount of such Bond Payment Drawing, and (iii) will notify the LOC Provider and the Obligor of the amount of any shortfall in the event the Enhancement Custodian has not received sufficient funds to provide for reimbursement to the LOC Provider in full for such Bond Payment Drawing. In the event that the LOC Provider is not reimbursed in full by the Enhancement Custodian for any such Bond Payment Drawing on the date of such drawing, the Obligor will reimburse the LOC Provider, without any requirement of notice or demand by the LOC Provider, for the Letter of Credit Shortfall Amount.

(b) Pursuant to the Enhancement Custodial Agreement, on each Enhanced Custody Receipt Mandatory Tender Date the Enhancement Custodian (i) will draw on each related Letter of Credit for the amount of the Enhanced Custody Receipt Mandatory Tender Price payable in respect of the Enhanced Custody Receipts subject to mandatory tender, (ii) will deliver to the LOC Provider all amounts received by the Enhancement Custodian in respect of the liquidation or distribution of the related Eligible Bonds, to reimburse the LOC Provider for the amount of the Enhanced Custody Receipt Mandatory Tender Drawing, and (iii) will notify the LOC Provider and the Obligor of the amount of any shortfall in the event the Enhancement Custodian has not received sufficient funds to provide for reimbursement in full of such Enhanced Custody Receipt Mandatory Tender Drawing. In the event that the LOC Provider is not reimbursed in full by the Enhancement Custodian for any such Enhanced Custody Receipt Mandatory Tender Drawing on the date of such drawing, the Obligor will reimburse the LOC Provider, without any requirement of notice or demand by the LOC Provider, for the Letter of Credit Shortfall Amount.

SECTION 3.02. *TOB Liquidity Shortfall Obligations.* The TOB Liquidity Provider agrees to issue the TOB Liquidity Facilities at any time up to and including the Bridge Loan Maturity Date, provided that all conditions for such issuance set forth herein have been satisfied. Under each TOB Trust Agreement, the TOB Floaters are subject to optional and mandatory tender under certain circumstances provided therein. Each TOB Trust Agreement provides that the TOB Trustee (a) will draw on the applicable TOB Liquidity Facility for such TOB Trust to pay the TOB Floater Purchase Price payable to the tendering holders of TOB Floaters to the extent that remarketing proceeds are not available to pay such TOB Floater Purchase Price, (b) will deliver to the TOB Liquidity Provider all amounts received by the TOB Trustee in respect of proceeds from the liquidation or distribution of the Enhanced Custody Receipts upon any final tender of the TOB Floaters, and (c) will notify the TOB Liquidity Provider and the Obligor of the amount of any shortfall in the event the TOB Trustee has not received sufficient funds to provide for reimbursement in full of such TOB Liquidity Drawing on the date of such drawing. In the event that the TOB Liquidity Provider is not reimbursed in full by the TOB Trustee for any such TOB Liquidity Drawing on the date of such drawing, the Obligor will reimburse the TOB Liquidity Provider, without any requirement of notice or demand by the TOB Liquidity Provider, for the TOB Liquidity Shortfall Amount.

SECTION 3.03. *Letter of Credit Fee.* The Obligor hereby agrees to pay to the LOC Provider the Letter of Credit Fee payable with respect to each Letter of Credit, without notice or demand, in immediately available funds in advance on the Letter of Credit Issuance Date and quarterly thereafter on each applicable Letter of Credit Fee Payment Date. The Letter of Credit Fee shall be fully earned when due and nonrefundable when paid, with respect to the commitment of the LOC Provider under each Letter of Credit.

SECTION 3.04. Remarketing and Liquidity Charges. The Obligor hereby agrees to pay to the TOB Placement and Remarketing Agent, without notice or demand, the portion of the Remarketing and Liquidity Charges relating to provision of remarketing services, and hereby agrees to pay to the TOB Liquidity Provider, without notice or demand, the portion of the Remarketing and Liquidity Charges relating to provision of the TOB Liquidity Facilities in each case in immediately available funds in arrears on each applicable Remarketing and Liquidity Charge Payment Date. The Remarketing and Liquidity Charges shall be fully earned when due and nonrefundable when paid, with respect to the commitment of the TOB Liquidity Provider under each TOB Liquidity Facility and the services of the TOB Placement and Remarketing Agent under each TOB Placement and Remarketing Agreement.

SECTION 3.05. Notice of Fee Amounts Payable. The Bank will endeavor to provide written notice to the Obligor, at least fifteen (15) Business Days prior to each Fee Payment Date, of the amount of the Letter of Credit Fee and/or Remarketing and Liquidity Charges payable on such Fee Payment Date; *provided, however*, that the Letter of Credit Fee and the Remarketing and Liquidity Charges shall be due and payable on such Fee Payment Date, notwithstanding any delay or failure by the Bank in providing such notice.

SECTION 3.06. Letter of Credit Drawing Fee. The Obligor agrees to pay to the LOC Provider a Letter of Credit drawing fee of \$250, without notice or demand by the LOC Provider, on each day on which a Drawing is honored by the LOC Provider under each Letter of Credit.

SECTION 3.07. Waiver and Amendment Fee; Courier Fee. (a) Upon each waiver and any amendment relating to the Bridge Loan, any Letter of Credit, any TOB Liquidity Facility or this Agreement, the Obligor agrees to pay to the Bank the sum of \$250 plus the Bank's reasonable costs and expenses (including legal fees) associated with such waiver or amendment (and interest on such costs and expenses from the date expended by the Bank to the date reimbursed at the Applicable Rate, payable on the date of such waiver or amendment.

(b) In connection with any express mailing or similar express delivery required to be made by the Bank pursuant to this Agreement, the Obligor agrees to reimburse the Bank upon demand the sum of \$45.

SECTION 3.08. Interest on Obligations. The Obligor shall pay interest to the Bank, the LOC Provider, the TOB Liquidity Provider, and the TOB Placement and Remarketing Agent, as applicable, at the Applicable Rate, compounded daily, on the amount of each Obligation or other amount due hereunder from the date such Obligation or other amount becomes owing to the date of reimbursement or payment in full to the Bank, the LOC Provider, TOB Liquidity Provider or TOB Placement and Remarketing Agent, as applicable.

SECTION 3.09. Place, Time and Manner of Payment; Maximum Interest Rate. All payments by the Obligor to the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent under this Agreement shall be made in lawful currency of the United States and in immediately available funds by federal wire in accordance with the payment instructions set forth on Schedule VI attached hereto and shall be made without any set-off, counterclaim or deduction whatsoever. The Obligor hereby agrees to pay to the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent on demand interest at the Applicable Rate, compounded daily, on any and all amounts due and unpaid hereunder by the Obligor from the date such amounts become due until paid in full (after as well as before judgment). Any payment received by the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent after 2:00 p.m. on a Business Day shall be deemed to have been received by such party on the next succeeding Business Day for purposes of the immediately preceding sentence and all other calculations of interest and fees. Except as otherwise provided herein, all computations of fees and interest shall be made by the Bank on the basis of a year of 360 days for the actual number of days elapsed (including the first day but excluding the last day). Each determination by the Bank of an interest rate or of interest or fees payable hereunder shall be conclusive and binding for all purposes in the absence of manifest error. In the event that the date specified for any payment hereunder is not a Business Day, such payment shall be made not later than the next following Business Day and interest shall be paid at the rate provided for herein on any such payment to the Business Day on which such payment is made. Nothing contained in this Agreement shall be deemed to establish or require the payment of a rate of interest in excess of the maximum rate permitted by Applicable Law.

SECTION 3.10. Obligations Unconditional; Preference Amounts.

(a) The Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent and the Obligor hereby agree that all Obligations and other liabilities of the Obligor under this Agreement are and shall be unconditional direct obligations of the Obligor, with full recourse against the Obligor for the payment thereof.

(b) Notwithstanding anything in this Agreement to the contrary, the Obligor's obligations to the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent in respect of Obligations shall be due and payable by the Obligor or shall be reinstated (as the case may be) if at any time any payment made to the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent, in whole or in part, is rescinded or must otherwise be returned by the Bank, the Enhancement Custodian, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent, as applicable, upon the insolvency, bankruptcy or reorganization of any underlying issuer or obligor, the Obligor or otherwise, all as though such payment had not been made.

SECTION 3.11. Acquisition of Eligible Bonds and Collateral Bonds. (a) On or prior to the date of this Agreement, the Obligor will acquire the Eligible Bonds and the Collateral Bonds free of all liens.

(b) If the Letters of Credit and TOB Liquidity Facilities are issued on the date of this Agreement, the Obligor will (i) deliver to the Underlying Custodian each Eligible Bond together with an assignment thereof executed by the registered owner, and provide for registration of the ownership of each such Eligible Bond in the name of the Underlying Custodian; (ii) deliver to the Collateral Agent the Collateral Bonds, the Collateral Unenhanced Custody Receipts, the Pledged Notes and the TOB Residuals, and provide for registration of the pledge of each of such securities in the name of the Collateral Agent, on behalf of the LOC Bank, the TOB Liquidity Provider and the TOB Remarketing Agent, as provided in Article IV hereof. The deposit price payable for the acquisition of the Eligible Bonds will be comprised of funds received from either the sale of the TOB Floaters and TOB Residuals or proceeds of the Bridge Loan. All costs payable in respect of the acquisition of the Collateral Bonds are payable by the Obligor. As an accommodation to the Obligor, if the Letters of Credit and TOB Liquidity Facilities are issued on the date of this Agreement, the TOB Placement and Remarketing Agent has agreed to deliver directly to Merrill Lynch, as present holder of the Eligible Bonds, the portion of the deposit price of such Eligible Bonds that the Placement and Remarketing Agent expects to receive from the sale of the TOB Floaters. In the event that the TOB Placement and Remarketing Agent has delivered such portion of the deposit price and the transactions contemplated by this Agreement and the Related Documents fail to close on the date hereof for any reason whatsoever, the Obligor agrees to purchase such Eligible Bonds from the TOB Placement and Remarketing Agent on the date hereof for a purchase price equal to the amount so paid by the TOB Placement and Remarketing Agent.

(c) If the Bridge Loan is made on the date of this Agreement, then in lieu of the provisions set forth in paragraph (b) above, the Obligor will:

(i) on the date of this Agreement, (A) deliver to the Collateral Agent (1) each Eligible Bond, and provide for registration of the pledge of each Eligible Bond in the name of the Collateral Agent, on behalf of the Bank, as provided in Article IV hereof, and (2) the Collateral Bonds and the Pledged Notes, and provide for registration of the pledge of each of such securities in the name of the Collateral Agent, on behalf of the Bank, the LOC Bank, the TOB Liquidity Provider and the TOB Remarketing Agent, as provided in Article IV hereof, and (B) execute and deliver into escrow with the Obligor's counsel all documentation necessary to transfer the ownership of each Eligible Bond from the Obligor to the Underlying Custodian as registered owner, with instructions to each Bond Trustee to provide for registration of each such Eligible Bond in the name of the Underlying Custodian on the Letter of Credit Issuance Date;

(ii) on the Letter of Credit Issuance Date, (A) cause each Eligible Bond to be delivered by the Collateral Agent to the Underlying Custodian, and provide for the transfer of ownership from the Obligor to the Underlying Custodian and for registration of the ownership of each such Eligible Bond in the name of the Underlying Custodian (the Bank and the Custodian to release the Eligible Bonds from the pledge of this Agreement for such purpose), and (B) deliver or cause to be delivered to the Collateral Agent the Collateral Unenhanced Custody Receipts and the TOB Residuals, and provide for registration of the pledge of each of such securities in the name of the Collateral Agent, on behalf of the LOC Bank, the TOB Liquidity Provider and the TOB Remarketing Agent, as provided in Article IV hereof.

ARTICLE IV

SECURITY; COLLATERAL AGENT

SECTION 4.01. *Appointment of Collateral Agent; Collateral Agent Fee.* (a) The Bank and the Obligor hereby appoint the Collateral Agent and the Collateral Agent hereby agrees to act as Collateral Agent hereunder. The Collateral Agent assumes no obligation to review the sufficiency of the Collateral, or to recommend the purchase, retention or sale of any Collateral.

(b) The Obligor hereby agrees to pay to the Collateral Agent the Collateral Agent Fee, without notice or demand, in immediately available funds in advance on the date hereof and on the date of each anniversary of the date hereof until the termination of this Agreement in accordance with its terms. The Collateral Agent Fee shall be fully earned when due and nonrefundable when paid.

SECTION 4.02. *Security.* (a) In order to secure the prompt and complete payment by the Obligor when due of all Obligations, (i) the Obligor hereby grants to the Collateral Agent, for the benefit of the Bank, the LOC Provider, TOB Liquidity Provider and TOB Placement and Remarketing Agent, a first priority perfected, secured lien on, and assigns to the Collateral Agent, for the benefit of the Bank, the LOC Provider, TOB Liquidity Provider and TOB Placement and Remarketing Agent, all right, title and interest of the Obligor in and to all Collateral and all proceeds thereof, including all certificates or instruments representing or evidencing such Collateral, and all principal, interest and payments and distributions of cash or other property and proceeds from time to time received, receivable or otherwise distributed in respect of, or in exchange therefor (whether such proceeds arise before or after the commencement of any proceeding under any applicable bankruptcy, insolvency or other similar law, by or against the Obligor) and all powers and rights of the Obligor now or hereafter acquired by the Obligor, including rights of enforcement, with respect to all Eligible Bonds, all Collateral Bonds, all Collateral Unenhanced Custody Receipts, all TOB Residuals and all Pledged Notes. In addition, the Pledged Notes executed by the Property Owners of the Recorded Second Lien Properties will be secured by a Recorded Second Lien Mortgage on the fee simple interest in each of the Recorded Second Lien Properties, and the Pledged Notes executed by the Property Owners of the Unrecorded Second Lien Properties will be secured by an Additional Second Lien Mortgage on the fee simple interest in each of the Additional Second Lien Properties.

(b) The market value of each Eligible Bond as of the date of this Agreement, as determined by the Bank, is set forth on Schedule I attached to this Agreement. Each Eligible Bond will be marked to market by the Bank after the date hereof on a daily basis. If at any time after the date hereof and prior to the termination of this Agreement the market value of any Eligible Bond (as determined by the Bank in its sole discretion) drops below the applicable Trigger Price, the Obligor must either deliver to the Collateral Agent Additional Eligible Collateral or reduce the aggregate outstanding balance of the Bridge Loan or of Eligible Bonds secured by Letters of Credit and the aggregate maximum amount to be drawn under the TOB Liquidity Facilities, as applicable, in an amount satisfactory to the Bank in its sole discretion. In addition to other remedies available to the LOC Provider and the TOB Liquidity Provider, each of them shall have the right to cause the mandatory tender of the Enhanced Custody Receipts and the TOB Floaters, respectively, if the Obligor fails to satisfy the requirements of this paragraph. The market value of each Eligible Bond after the date hereof will be determined by the Bank by reference to the Municipal Market Data index plus 2.00%, determined without penalty for real estate performance. The Bank shall notify the Obligor of any change of methodology used for determining the market value of Eligible Bonds.

(c) The Obligor will not give any consents, approvals, ratifications or waivers with respect to any Collateral or take any other actions with respect to the Collateral permitted by the provisions of the Bond Documents or the TOB Documents without the prior written consent of the Bank.

(d) On or prior to the date hereof, the Obligor will deliver to the Collateral Agent all Collateral required to be delivered as a condition to the issuance and delivery of the Bridge Loan or the Letters of Credit and the TOB Liquidity Facilities, as applicable. In conjunction with the delivery of each item of Collateral at the time required by this Agreement, the Obligor will direct each Bond Trustee, Underlying Custodian, TOB Trustee and Property Owner that is the maker of a Pledged Note to (i) register on its books the lien of the Collateral Agent with respect to the Eligible Bonds (if the Obligor borrows the Bridge Loan), the Collateral Bonds, the Collateral Unenhanced Custodial Receipts, the TOB Residuals and the Pledged Notes, as applicable, (ii) send to the Collateral Agent and the Bank copies of all distribution reports and other reports (if any) sent to holders of such Eligible Bonds, Collateral Bonds, Collateral Unenhanced Custodial Receipts, TOB Residuals or Pledged Notes, as applicable, and (iii) make all payments or distributions in respect of the Eligible Bonds (if the Obligor borrows the Bridge Loan), Collateral Bonds, Collateral Unenhanced Custodial Receipts, TOB Residuals and Pledged Notes directly to the Collateral Agent. Prior to an Event of Default or Additional Termination Event, the Collateral Agent shall remit to the Obligor at the account specified on Schedule VI hereto any payment or distribution received by the Collateral Agent from the TOB Trustee, Underlying Custodian, Bond Trustee or Property Owner issuer of a Pledged Note in respect of the Eligible Bonds, Collateral Bonds, Collateral Unenhanced Custody Receipts, TOB Residuals or Pledged Notes upon receipt thereof by the Collateral Agent. At any time after the occurrence of an Event of Default or Additional Termination Event, any such payments or distributions on the Eligible Bonds, the Collateral Bonds, Collateral Unenhanced Custody Receipts, Eligible Bond Collateral, TOB Residuals or Pledged Notes shall (A) constitute "Collateral," (B) be subject to the lien of the Collateral Agent hereunder, and (C) be retained by the Collateral Agent on behalf of the Bank, the LOC Provider, the TOB Liquidity Provider, and the TOB Placement and Remarketing Agent in satisfaction of any outstanding Obligations. At any time after the occurrence of an Event of Default or Additional Termination Event, the Collateral Agent shall present for payment any Eligible Bonds, TOB Residual, Collateral Unenhanced Custody Receipt, Collateral Bond, Pledged Note or other Collateral that must be presented for payment to the TOB Trustee, Underlying Custodian, Bond Trustee or issuer thereof, or its agent, as applicable, and apply such proceeds pursuant to Article IX hereof.

SECTION 4.03. Representations and Warranties of the Collateral Agent. The Collateral Agent represents and warrants to the Bank and the Obligor that on the date hereof that:

(a) its execution, delivery and performance of this Agreement are within its powers, have been and remain duly authorized by all necessary action, corporate or otherwise, and do not conflict with any provision of any law, regulation, rule, decree, order, judgment or contractual restriction binding or affecting it or its property or assets or any provision of its formative documents; and

(b) this Agreement has been duly executed and delivered and this Agreement constitutes its valid and legally binding obligation enforceable against it in accordance with its terms.

SECTION 4.04. Collateral Agent's Standard of Care, Liabilities and Indemnity. (a) The Collateral Agent shall exercise reasonable care in its custody and preservation of the Collateral and shall be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to a like transaction in which it alone is interested.

(b) The Collateral Agent shall not be liable to the Obligor or the Bank for any action taken or omitted by it hereunder at the direction of the Bank. The Collateral Agent shall be liable only for its gross negligence, bad faith or willful misconduct.

(c) The Obligor hereby agrees to indemnify the Collateral Agent and hold it harmless against any and all claims, losses, liabilities, damages or expenses, including reasonable counsel fees, howsoever arising, from or in connection with this Agreement or the performance of its duties hereunder; *provided*, that nothing contained herein shall require that the Collateral Agent be indemnified by the Obligor for any such claims, losses, liabilities, damages or expenses arising from the Collateral Agent's gross negligence, bad faith or willful misconduct or arising from the Bank's negligence, bad faith or willful misconduct.

(d) The Bank hereby agrees to indemnify the Collateral Agent and hold it harmless against any and all claims, losses, liabilities, damages or expenses, including reasonable counsel fees, howsoever arising, from or in connection with this Agreement or the performance of its duties hereunder; *provided*, that such claims, losses, liabilities, damages or expenses result from Bank's negligence, bad faith or willful misconduct.

SECTION 4.05. Termination; Successor Collateral Agent. (a) If at any time the Collateral Agent become incapable of acting or is adjudged a bankrupt or insolvent, or a receiver of the Collateral Agent or of its property is appointed, or any public officer takes charge or control of the Collateral Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Bank or the Obligor may petition any court of competent jurisdiction for the removal of the Collateral Agent and the appointment of a successor Collateral Agent.

(b) If at any time the Collateral Agent notifies the Bank and the Obligor that the Collateral Agent elects to resign as Collateral Agent, the Bank shall, within 45 days after the delivery of the notice of resignation (and also within 45 days of a notice of removal pursuant to subsection (b) of this Section 4.05), appoint a successor Collateral Agent, which successor shall be a commercial bank or trust company having its principal office in the United States of America and having a combined capital and surplus of at least \$50,000,000 or whose obligations hereunder are guaranteed by a Person whose capital and surplus or net worth is at least that amount. If no successor Collateral Agent has been so appointed within such 45-day period, the Collateral Agent may petition any court of competent jurisdiction for the appointment of a successor Collateral Agent.

(c) Notwithstanding the foregoing, no resignation or removal of the Collateral Agent in accordance with the provisions hereof shall become effective until a successor Collateral Agent has accepted its appointment hereunder.

(d) Any corporation into which the Collateral Agent may be merged or converted or with which it may be consolidated or any corporation acquiring or otherwise succeeding to all or substantially all the business of the department or group that administers this Agreement shall be the successor of the Collateral Agent hereunder without the execution or filing of any document or any further act on the part of any of the parties hereto; *provided*, that such corporation shall otherwise satisfy the requirements of Section 4.05(b).

SECTION 4.06. Duties of the Collateral Agent. It is understood and agreed that the Collateral Agent's duties are solely those set forth herein and that the Collateral Agent shall have no duty to take any other action unless specifically agreed to by the Collateral Agent in writing. Without limiting the generality of the foregoing, the Collateral Agent shall not be required to institute, appear in or defend any suit with respect to any Collateral (other than a suit relating to the failure of the Collateral Agent to perform its obligations hereunder), unless requested by the Bank in writing and indemnified to its satisfaction.

SECTION 4.07. Protection of Collateral. The Obligor will from time to time execute, deliver and file all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(i) maintain or preserve the lien and security interest (and the priority thereof) of this Agreement or carry out more effectively the purposes hereof,

(ii) perfect, publish notice of or protect the validity of the lien and security interest made or to be made by this Agreement;

(iii) enforce any rights with respect to the Collateral; or

(iv) preserve and defend title to the Collateral and the rights of the Collateral Agent, the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent in such Collateral against the claims of all persons and parties.

(b) The Obligor hereby designates the Collateral Agent its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required to be executed pursuant to this Section 4.07 and hereby authorizes the Collateral Agent to file in any filing office any financing statement, amendment to financing statement, or continuation statement required to be executed pursuant to this Section 4.07.

SECTION 4.08. The Collateral Agent in Other Capacities. The Collateral Agent or any of its subsidiaries or affiliates, acting as principal, may act as agent for, provide banking and other services to and generally engage in any kind of business with issuers of securities and money market instruments purchases for the Bank or the Obligor to the same extent as if the Collateral Agent were not Collateral Agent hereunder.

ARTICLE V CONDITIONS PRECEDENT

SECTION 5.01. Effective Date. This Agreement shall become effective on the date hereof, provided that all requirements for closing set forth in the Commitment Letter have been satisfied in full to the satisfaction of the Bank in its sole discretion and each of the conditions precedent as set forth in (a) Sections 5.02, (b) either 5.03 or 5.04, and (c) Section 5.05 have been satisfied.

SECTION 5.02. Documents to be Received. As a condition precedent to the effectiveness of this Agreement, the Bank shall have received each of the following documents, each dated the date hereof, except as otherwise specified, in form and substance satisfactory to the Bank (all certificates evidencing Collateral to be delivered to the Collateral Agent):

(a) this Agreement, duly executed by the Obligor and the Collateral Agent;

(b) with respect to the Eligible Bonds, a copy of the Bond Indenture and all offering documents;

(c) an original of each Collateral Bond that is in definitive form, and a copy of each Collateral Bond that is in book-entry form, together with (i) an agreement of the Bond Trustee (A) to record the pledge of the Collateral Bond in favor of the Collateral Agent for the benefit of the Bank, the LOC Provider, TOB Liquidity Provider and the TOB Placement and Remarketing Agent, and (B) to make all payments on the Collateral Bond to the Collateral Agent; and (ii) with respect to each Collateral Bond indicated on Schedule II as a participation interest, the original participation certificate and all documentation creating such participation;

(d) an original of each Pledged Note and an agreement by the related Property Owner (i) not to incur any additional indebtedness (other than additional advances pursuant to the related Pledged Note) for so long as this Agreement is in effect, and (ii) to make all payments on the Pledged Note to the Collateral Agent;

(e) evidence satisfactory to the Bank of recordation in the applicable recording office of each Recorded Second Lien Mortgage and an assignment of such Recorded Second Lien Mortgage from the Obligor to the Bank, and payment by the Obligor of all related recording charges, title insurance fees and taxes and related charges or fees;

(f) each original executed Additional Second Lien Mortgage and an assignment thereof from the Obligor to the Bank, each in recordable form;

(g) all additional documentation deemed by the Bank in its sole discretion to be necessary for the perfection of all pledges hereunder;

(h) favorable opinions of counsel to the Obligor and each of the Property Owners of the Recorded Second Lien Properties, addressed to the Bank, in form and substance satisfactory to the Bank and its counsel concerning such matters as the Bank and its counsel may reasonably require;

(i) evidence that the Obligor has established a depository relationship with the Bank;

(j) immediately available funds for payment of all fees, deposits and other amounts required to be paid to the Bank pursuant to the Commitment Letter and this Agreement;

(k) evidence that the Obligor has paid all amounts payable by the Obligor in respect of the purchase price of each Eligible Bond and each Collateral Bond, as required by Section 3.11;

(l) such other documents, certificates, instruments, opinions, including reliance letters, approvals (and, if requested by the Bank or its counsel, certified duplicates of executed copies thereof) or filings with respect to this Agreement, and including customary closing certificates and legal opinions, in each case as the Bank or its counsel may reasonably request.

SECTION 5.03. *Additional Conditions Precedent for Issuance of Letters of Credit and TOB Liquidity Facilities.* As a condition precedent to the issuance of the Letters of Credit and TOB Liquidity Facilities, the Bank shall have received each of the following documents, each dated the Letter of Credit Issuance Date, except as otherwise specified, in form and substance satisfactory to the Bank (all certificates evidencing Collateral to be delivered to the Collateral Agent):

(a) Copies of the certificates representing the Eligible Bonds being delivered to the Underlying Custodian, together with evidence that such Eligible Bonds have been transferred to and registered in the name of the Underlying Custodian, and if Schedule I indicates that an Eligible Bond is a participation interest, a copy of the participation certificate and all documentation creating such participation;

(b) evidence that the Enhanced Custody Receipts and TOB Floaters have been rated by a major national rating agency with a rating necessary for the sale of the TOB Floaters, and confirmation from the Placement and Remarketing Agent that the proposed Letter of Credit Issuance Date is an acceptable date for closing the TOB Trusts;

(c) the Unenhanced Custodial Agreement, in form and substance acceptable to the the LOC Provider, the TOB Liquidity Provider, and their counsel, duly executed by the Underlying Custodian, together with a purchase agreement in the form attached to the Unenhanced Custodial Agreement, executed and delivered by the Obligor;

(d) all original Collateral Unenhanced Custody Receipts, together with an agreement of the Underlying Custodian (i) to record the pledge of the Collateral Unenhanced Custody Receipts in favor of the Collateral Agent for the benefit of the LOC Provider, TOB Liquidity Provider and the TOB Placement and Remarketing Agent, and (ii) to make all payments on the Collateral Unenhanced Custody Receipts to the Collateral Agent;

(e) the Enhancement Custodial Agreement, in form and substance acceptable to the LOC Provider, the TOB Liquidity Provider, and their counsel, duly executed by the Enhancement Custodian;

(f) the original of each TOB Residual certificate in definitive form, together with (i) an agreement of the TOB Trustee (a) to record the pledge of the TOB Residual in favor of the Collateral Agent for the benefit of the LOC Provider, TOB Liquidity Provider and the TOB Placement and Remarketing Agent, and (b) to make all payments on the TOB Residual to the Collateral Agent, and (ii) an executed Purchaser Letter as required by the TOB Trust Agreement; and

(g) immediately available funds for payment of all fees, deposits and other amounts required to be paid to the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent pursuant to the Commitment Letter and this Agreement, including without limitation any portion of the Commitment Fee remaining unpaid.

SECTION 5.04. *Additional Conditions Precedent for Bridge Loan.* As a condition precedent to any advance under the Bridge Loan, the Bank shall have received each of the following documents, each dated the date of such advance, except as otherwise specified, in form and substance satisfactory to the Bank (all certificates evidencing Collateral to be delivered to the Collateral Agent):

(a) an original of each Eligible Bond that is in definitive form, and a copy of each Eligible Bond that is in book-entry form, together with (i) an agreement of the Bond Trustee (A) to record the pledge of the Eligible Bond in favor of the Collateral Agent for the benefit of the Bank, and (B) to make all payments on the Eligible Bond to the Collateral Agent; and (ii) with respect to each Eligible Bond indicated on Schedule II as a participation interest, the original participation certificate and all documentation creating such participation; and

(b) immediately available funds for payment of all fees, deposits and other amounts required to be paid to the Bank pursuant to the Commitment Letter and this Agreement, including without limitation the Bridge Loan Commitment Fee.

In addition, if the Obligor borrows the Bridge Loan, on the date of this Agreement the Obligor will deliver in escrow all documentation necessary to transfer the ownership of each Eligible Bond from the Obligor to the Underlying Custodian as registered owner on the Letter of Credit Issuance Date, with instructions to each Bond Trustee to provide for registration of each such Eligible Bond in the name of the Underlying Custodian on the Letter of Credit Issuance Date. On the Letter of Credit Issuance Date, the Bank will direct the Collateral Agent to release the Eligible Bonds from the lien of this Agreement, and Obligor hereby irrevocably (i) authorizes the delivery to the Bond Trustees of such executed transfer and payment instructions, and (ii) directs the Collateral Agent to deliver the Eligible Bonds to the Underlying Custodian.

SECTION 5.05. *Additional Conditions Precedent.* As a condition precedent to each of the effectiveness of this Agreement, any advance under the Bridge Loan, and any issuance of the Letters of Credit and TOB Liquidity Facilities, the following statements shall be true and correct:

(a) the representations and warranties of the Obligor set forth herein are true and correct; and

(b) to the knowledge of the Obligor, no Default or Event of Default or Additional Termination Event has occurred and is continuing.

ARTICLE VI

OBLIGATIONS ABSOLUTE

SECTION 6.01. *Obligations Absolute.* The obligations of the Obligor under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid or performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of any of the Related Documents;

(b) any amendment or waiver of or any consent to depart from the terms hereof or from any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right that the Obligor may have at any time against the Enhancement Custodian, the Underlying Custodian, the Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent, the Collateral Agent or any beneficiary of a Letter of Credit (or any Person for whom any of the above is acting) or any other Person, whether in connection with this Agreement, any of the Related Documents, any transactions contemplated hereby or thereby or any unrelated transaction;

(d) any statement or any other document presented under any of the Related Documents proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever, other than statements and documents provided by the Bank or its Affiliates;

(e) any non-application or misapplication by the Enhancement Custodian or otherwise of the proceeds of a drawing or advance under any Letter of Credit;

(f) any non-application or misapplication by any TOB Trustee or otherwise of the proceeds of a liquidity advance under any TOB Liquidity Facility;

(g) any non-application or misapplication by the Collateral Agent or otherwise of the Collateral or the proceeds thereof;

(h) any bankruptcy, insolvency or reorganization of the Enhancement Custodian or the Underlying Custodian, any TOB Trustee or the Obligor or other proceeding against the Enhancement Custodian, the Underlying Custodian, any TOB Trustee or the Obligor pursuant to any law relating to creditors' rights, and regardless of any adverse effect which such proceeding might have upon the obligations of the Enhancement Custodian, the Underlying Custodian, such TOB Trustee or the Obligor;

(i) any and all defenses based on impairment of collateral; and

(j) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing, other than any event caused by, arising out of or otherwise related to the gross negligence or willful misconduct of the Bank.

The liability of the Obligor hereunder shall not be discharged except by complete payment of the amounts due and payable by the Obligor under this Agreement. This Agreement shall continue to be effective if the Obligor merges or consolidates with or into another entity, loses its separate identity or ceases to exist.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF THE OBLIGOR

To induce the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent to enter into this Agreement, to make the Bridge Loan, to execute and deliver the Letters of Credit and the TOB Liquidity Facilities, and to provide placement and remarketing services for the TOB Trust, as applicable, the Obligor hereby represents and warrants to the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent that:

SECTION 7.01. *Organization, Powers, Etc.* The Obligor is a duly created and validly existing limited partnership organized under the laws of the State of Delaware, in good standing, with full power and authority (a) to own its property, (b) to carry on its activities as now conducted and as contemplated under this Agreement, and (c) to execute, deliver, perform and secure its obligations under this Agreement in accordance with its terms.

SECTION 7.02. *Authorization; Absence of Conflicts, Etc.* The execution, delivery and performance by the Obligor of this Agreement in accordance with its terms, (a) has been duly authorized by all necessary action on the part of the Obligor, (b) does not and will not conflict with, or result in a material violation of, any Applicable Law, (c) does not and will not require any consent or approval of any creditor of the Obligor or other third party or conflict with, result in a material violation of, or constitute a material default under, the Obligor's formative documents or any agreement or instrument to which the Obligor is a party or by which it or any of its Property may be bound, and (d) does not and will not result in or require the creation or imposition of any lien upon or with respect to any Property now owned or hereafter acquired by the Obligor pursuant to any other agreement to which the Obligor is a party.

SECTION 7.03. *Binding Obligation.* This Agreement has been duly executed and delivered by a duly authorized representative of the Obligor and is a legal, valid and binding obligation of the Obligor enforceable against it in accordance with its terms, except to the extent, if any, that the enforceability thereof may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium, debt adjustment or other similar law or enactment now or hereafter enacted by the state or federal government affecting the enforcement of creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 7.04. *Governmental Approvals.* All Governmental Approvals necessary for the Obligor to enter into this Agreement and to perform its obligations hereunder have been obtained and remain in full force and effect and are subject to no further administrative or judicial review, and no other Governmental Approval is necessary for the due execution, delivery and performance by the Obligor of this Agreement.

SECTION 7.05. *Compliance with Applicable Law.* The Obligor is in compliance with all Applicable Law, including all Governmental Approvals.

SECTION 7.06. *Absence of Litigation.* Except as otherwise disclosed in writing to the Bank, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Obligor, threatened against or affecting it or any of its Affiliates, questioning the validity of any proceeding taken or to be taken by the Obligor in connection with the execution, delivery and performance by the Obligor of this Agreement or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Obligor of this Agreement, nor, to the best knowledge of the Obligor, is there any basis therefor, wherein an unfavorable decision, ruling or finding (a) would adversely affect the validity or enforceability of, or the authority or ability of the Obligor to perform its obligations under this Agreement, or (b) would have a Material Adverse Effect on the financial condition of the Obligor or any of its Affiliates or the results of operation of the Obligor or any of its Affiliates.

SECTION 7.07. *Absence of Defaults.* Neither the Obligor nor any of its Affiliates is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which the Obligor or any of its Affiliates is a party or by which the Obligor or any of its Affiliates or any of its or their Property is bound or any judgments, decrees or orders.

SECTION 7.08. *Good Title.* The Obligor has good title to all Collateral free of any liens (other than the lien of this Agreement), claims and transfer restrictions.

SECTION 7.09. *Eligible Bond Representations.* On the date hereof (and if later, on the Letter of Credit Issuance Date), the Eligible Bonds are genuine and are free and clear of any lien, pledge, encumbrance or any other security interest. Such representation and warranty shall survive the delivery of the Eligible Bonds and the issuance of the Unenhanced Custody Receipts.

SECTION 7.10. *Environmental Matters.* The Obligor represents that, to the best of its knowledge: (a) each Property is free from any and all Hazardous Materials and there exists no material violation of any Environmental Law; (b) there is no Environmental Claim directly involving any Property in which compliance with any Environmental Law is an issue; and (c) nothing further remains to be done to satisfy in full all requirements of each such Environmental Law.

SECTION 7.11. *Related Documents.* The Obligor has received and reviewed all of the Related Documents.

ARTICLE VIII

COVENANTS

From the date hereof and until the termination of this Agreement and payment in full of all amounts payable to the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent hereunder, the Obligor hereby covenants and agrees that:

SECTION 8.01. *Compliance with Agreements.* It will observe and perform fully and faithfully all of its obligations under this Agreement.

SECTION 8.02. *Compliance with Applicable Laws.* It will, and will cause each of its Affiliates to comply, in all material respects, with all Applicable Laws, such compliance to include, without limitation, paying and discharging, as the same may become due and payable, all taxes, assessments and other governmental charges or levies against or on any of its or their property, as well as claims of any kind that, if unpaid, might become a lien upon any of its or their properties; *provided, however*, that the foregoing shall not require the Obligor, any of its Affiliates or any Property Owner to comply with any such Applicable Law, and any claim thereunder, so long as (a) the Obligor, such Affiliate or such Property Owner, as applicable, in good faith shall contest the validity thereof and shall, with respect to the payment of any such tax, assessment, charge, levy or lien, in accordance with generally accepted accounting principles and applicable regulations, set aside and maintain on its books adequate reserves with respect thereto, or (b) such noncompliance would not have a Material Adverse Effect on the Obligor's ability to perform its obligations and liabilities hereunder.

SECTION 8.03. *Accounting, Reports and Other Information.* (a) The Obligor must deliver to the Bank operating statements and rent rolls for each Property on a semi-annual basis within 60 days after the end of each fiscal year of the Obligor and each semi-annual quarter of the Obligor (the Bank reserving the right to require more frequent reporting), as well as any additional financial information regarding the Properties that the Bank may reasonably request from time to time.

(b) The Obligor must deliver to the Bank audited annual financial statements within 180 days after the end of each fiscal year of the Obligor, and quarterly financial statements within 60 days after the end of each fiscal quarter of the Obligor.

(c) The Obligor will furnish to the Bank promptly, from time to time, such additional information regarding the Properties and the operations, financial condition of the Obligor as the Bank may reasonably request.

SECTION 8.04. *Financial Covenants.* (a) While this Agreement is in effect and until full and complete payment and performance of all of the Obligations, the Obligor shall:

(i) Not permit its total liabilities divided by total assets to exceed 70%; and

(ii) Maintain Unrestricted Liquid Assets at all times equal to at least \$5 million.

(b) In the event the aggregate Debt Service Coverage Ratio for the Properties (exclusive of any payments of contingent interest on the applicable Bonds) at any time falls below 1.10 to 1.00, the Obligor shall reduce the aggregate outstanding balance of Eligible Bonds secured by Letters of Credit in an amount sufficient to raise the Debt Service Coverage Ratio to 1.10 or higher.

SECTION 8.05. *Cap on Issuance of TOB Floaters.* Notwithstanding any other terms or provisions of the TOB Trust Documents, the TOB Floaters shall not be issued in excess of the maximum dollar amount with respect to each Eligible Bond set forth on Schedule I.

SECTION 8.06. *Notice of Default.* It will notify the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent promptly of any Default or Event of Default of which the Obligor has knowledge, setting forth the details of such Default or Event of Default and any and all action that the Obligor has taken or proposes to take with respect thereto.

SECTION 8.07. *Preservation of Existence; General Partners.* It will preserve and maintain its legal existence, franchises, rights and privileges in the State of Delaware. The Obligor will not permit the substitution of any general partner or other change in its ownership structure without the Bank's prior written consent, other than transfers of limited partnership interests.

SECTION 8.08. *Depository Relationship.* It will maintain its depository relationship with the Bank.

SECTION 8.09. *Liquidation.* It will not terminate, wind up, liquidate or dissolve its affairs.

SECTION 8.10. *Merger.* It will not consolidate or merge with or into or transfer substantially all of its assets to any other Person.

SECTION 8.11. *Liens; Collateral.* (a) It will not, nor will it permit any other person to, sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, any Collateral, nor will it create, incur or permit to exist any lien on or with respect to the Collateral, any interest therein, or any proceeds thereof (other than the lien of this Agreement).

(b) It will pay in timely fashion all taxes, assessments or charges of any nature that are imposed with respect to the Collateral, including without limitation any filing fees payable in connection with the filing, continuation, amendment or termination of any related financing statements. The Obligor will give notice to the Collateral Agent and the Bank of, and defend the Collateral, against, (i) any suit, action or proceeding against such Collateral, and (ii) any lien that may be asserted with respect to any Collateral (other than the lien of this Agreement).

SECTION 8.12. *Post-Closing Covenant.* It will provide to First American Title Insurance Company within sixty (60) days following the date hereof, such instruments, certificates and other documents as are sufficient to remove any survey exceptions from the mortgagee title policies insuring the Recorded Second Lien Mortgages.

SECTION 8.13. *Custodian Fees.* It will pay or cause to be paid all fees payable to the Enhancement Custodian and the Underlying Custodian pursuant to the Enhancement Custodial Agreement and the Unenhanced Custodial Agreement.

ARTICLE IX

EVENTS OF DEFAULT; ADDITIONAL TERMINATION EVENTS; AND REMEDIES

SECTION 9.01. *Events of Default.* Each of the following events shall constitute an Event of Default under this Agreement, whatever the reason for such event and whether it shall be voluntary or involuntary, or within or without the control of the Obligor, or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental body:

(a) the failure by the Obligor to pay to the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent, as applicable, any amount when due under this Agreement when the same shall have become due; or

(b) the failure by the Obligor to perform or observe any covenant in Section 8.04, 8.05, 8.07, 8.08, 8.09, 8.10 or 8.11(a) of this Agreement; or

(c) the failure by the Obligor to perform or observe any other term, covenant or agreement contained in this Agreement not specified in paragraph (a) or (b) above if such failure shall continue for a period of thirty (30) calendar days after written notice thereof by the Bank to the Obligor; or

(d) any warranty, representation or other written statement made by the Obligor contained herein or in any instrument furnished in compliance with or in reference to any of the foregoing, is false or misleading in any material respect on any date when made; or

(e) the occurrence of an Act of Bankruptcy with respect to the Obligor or any Affiliate; or

(f) any material provision of this Agreement shall at any time for any reason cease to be valid and binding in accordance with its terms on the Obligor or shall be declared to be null and void, or the validity or enforceability hereof or thereof shall be contested by the Obligor, or a proceeding shall be commenced by the Obligor seeking to establish the invalidity or unenforceability hereof, or the Obligor shall deny that it has any further liability or obligation under this Agreement.

SECTION 9.02. Additional Termination Events. Each of the following events shall constitute an Additional Termination Event under this Agreement with respect to an Eligible Bond:

(a) the occurrence of an Act of Bankruptcy with respect to the issuer of such Eligible Bond or the applicable Property Owner;
or

(b) a failure of payment of any installment of principal of or premium, if any, or interest on such Eligible Bond (whether by scheduled maturity, regular repayment, acceleration, demand or otherwise); or

(c) a failure of the Enhancement Custodian to pay any principal or any interest on or with respect to the related Enhanced Custody Receipts when due, if the LOC Provider has timely paid all drawings properly presented under the related Letter of Credit; or

(d) the entry of any decree or judgment by a court of competent jurisdiction, the taking of any official action by the Internal Revenue Service or the Department of the Treasury, or the occurrence of any similar action, in each case to the effect that interest on such Eligible Bond is includable in the gross income of the recipients thereof for federal income tax purposes, or the occurrence of any other event of taxability or determination of taxability under the related Bond Indenture; or

(e) the occurrence of an event of default under the related Bond Indenture, or any default under any Operating Loan Note, Recorded Second Lien Mortgage or Additional Second Lien Mortgage; or

(f) any other default under the Bond Indenture or other Bond Documents with respect to any Bond; or

(g) any drop in market value of such Eligible Bond below its Trigger Price, unless within five (5) business days after notice from the Bank, the Obligor delivers to the Collateral Agent Additional Eligible Collateral in an amount acceptable to the Bank in its sole discretion.

SECTION 9.03. Remedies. (a) Upon the occurrence of an Event of Default, each of the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent may, in its sole discretion, but shall not be obligated to, exercise any or all of the following remedies:

(i) by written, or by electronic or telephonic immediately followed by written, notice to the Obligor, declare all amounts payable by the Obligor under this Agreement to be forthwith due and payable, and the same shall thereupon become due and payable without demand, presentment, protest or further notice of any kind, all of which are hereby expressly waived; or

(ii) exercise all or any of its rights and remedies as it may otherwise have under Applicable Law and under this Agreement, under the New York UCC as a secured creditor, or otherwise by such suits, actions, or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for specific performance of any covenant or agreement contained in this Agreement, or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy; or

(iii) give written notice to the Enhancement Custodian to cause the mandatory tender of any or all Enhanced Custody Receipts;

(iv) give written notice to the related TOB Trustee to cause the mandatory tender of any or all TOB Floaters; or

(v) record the Additional Second Lien Mortgages.

(b) If an Event of Default shall have occurred and be continuing, the Bank shall have the right to the extent permitted by law, and the Obligor shall take all such action as may be necessary or appropriate to give effect to such right, to cause the Collateral to be registered in its name.

(c) At any time after the occurrence of an Event of Default, the Bank may instruct the Collateral Agent to sell Collateral, in an amount estimated by the Bank to be sufficient to generate proceeds in the amount of all or any portion of any cash deficiency needed to satisfy all outstanding Obligations.

(d) The Collateral Agent shall use its best efforts to sell any Collateral pursuant to paragraph (a) above in good faith and in such manner as the Collateral Agent deems advisable at the highest obtainable price under current market conditions within a period of four (4) Business Days from the date of the Event of Default.

(e) All proceeds from the sale of any Collateral pursuant to this Section 9.03 (whether to the Obligor or to a third party) shall be applied by the Collateral Agent in the following order:

first, to payment of the expenses of such sale or other disposition any any costs associated with the exercise of any remedies by the Bank, including reasonable counsel fees and all expenses, recording charges, liabilities and advances incurred or made by the Collateral Agent or the Bank in connection therewith, including without limitation the amount of any accrued but unpaid Collateral Agent Fee;

second, to payment to the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent for application to payment of all outstanding Obligations; and

finally, on or after the date on which the Bridge Loan and all Letters of Credit and TOB Liquidity Facilities shall have been terminated and all Obligations hereunder shall have been paid in full, to payment to or upon the order of the Obligor of any surplus.

(f) Upon the occurrence of an Additional Termination Event, the LOC Bank may, in its sole discretion, but shall not be obligated to, give written notice to the Enhancement Custodian to cause the mandatory tender of the related Enhanced Custody Receipts, or all Enhanced Custody Receipts, at its option, and the TOB Liquidity Provider may, in its sole discretion, but shall not be obligated to, give written notice to the related TOB Trustee to cause the mandatory tender of any or all TOB Floaters.

(g) No failure or delay on the part of the Bank, the LOC Bank, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent to exercise any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder preclude any further exercise thereof or the exercise of any further right or remedy hereunder. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

ARTICLE X

INDEMNIFICATION; NATURE OF THE OBLIGOR'S DUTIES;

SURVIVAL OF PROVISIONS

SECTION 10.01. *Indemnification.* In addition to any other amounts payable by the Obligor under this Agreement, the Obligor hereby agrees to protect, indemnify, pay and save harmless the Bank and its affiliates from and against any and all Losses that any of them may incur or be subject to as a consequence of (i) any act or omission of the Obligor related to the execution and delivery of this Agreement or any of the Related Documents or performance thereunder, (ii) any breach by the Obligor of any warranty, covenant, term or condition in, or the occurrence of any default under, this Agreement or the Related Documents, including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default, or (iii) involvement in any legal suit, investigation, proceeding, inquiry or action as to which such party is involved as a consequence of the execution and delivery of the Related Documents or performance thereunder, its execution of this Agreement or any Related Document or any other event or transaction contemplated by any of the foregoing; *provided*, that the Obligor shall not be liable under this Section 10.01 for any Losses resulting from the willful misconduct or gross negligence of the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent, as applicable, or the failure of the LOC Provider or the TOB Liquidity Provider or TOB Placement and Remarketing Agent, as applicable, to perform under any Letter of Credit, any TOB Liquidity Facility or any TOB Placement and Remarketing Agreement. The obligations of the Obligor under this Section 10.01 shall survive the termination of this Agreement.

SECTION 10.02. *Environmental Indemnity; Defense of Claims.* (a) The Obligor hereby agrees to protect, indemnify, defend, release and hold harmless the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent from and against, and reimburse each such party on demand for, any and all Losses paid, incurred or suffered by, or asserted against, such party by any Person in connection with, arising out of or resulting in any way whatsoever from:

(i) the presence, Release or threatened Release of any Hazardous Material at or from any Property;

(ii) any violation or potential violation of any Environmental Requirement, regardless of whether any act, omission, event or circumstance giving rise to the violation constituted a violation at the time of the occurrence or inception of such act, omission, event or circumstance;

(iii) any Environmental Claim related to any act, omission, event or condition existing or occurring in connection with the use or occupancy of any Property; or

(iv) the filing or imposition of any environmental lien against any Property;

and regardless of whether any matter set forth in the foregoing clauses (i) through (iv) was caused by the Obligor or any other Person whatsoever. Such indemnity shall not apply, however, to the extent that the subject of the indemnification is or was caused by or arises out of the sole or gross negligence or willful misconduct of such party.

(b) Upon demand by the Bank, the Obligor shall diligently defend any Environmental Claim which relates to any Property or is threatened or commenced against the Bank, all at the Obligor's own cost and expense and by counsel to be approved by the Bank in the exercise of its reasonable judgment.

SECTION 10.03. *Survival of Provisions.* The provisions of Sections 3.01, 3.02, 3.10, 7.09, 10.01 and 10.02 hereof shall survive the termination of this Agreement.

ARTICLE XI

DISPUTE RESOLUTION

SECTION 11.01. *Arbitration.* Except to the extent expressly provided below, any Dispute shall, upon the request of any party, be determined by binding arbitration in accordance with the Federal Arbitration Act, Title 9, United States Code (or if not applicable, the applicable state law), the then-current rules for arbitration of financial services disputes of AAA and the "Special Rules" set forth below. In the event of any inconsistency, the Special Rules shall control. The filing of a court action is not intended to constitute a waiver of the right of the Bank, the TOB Placement and Remarketing Agent, the Collateral Agent or the Obligor, including the suing party, thereafter to require submittal of the Dispute to arbitration. Any party hereto may bring an action, including a summary or expedited proceeding, to compel arbitration of any Dispute in any court having jurisdiction over such action.

SECTION 11.02. *Special Rules.*

(a) The arbitration shall be conducted in any U.S. state where real or tangible personal property collateral is located, or if there is no such collateral, in the City and County where the Bank is located pursuant to its address for purposes of Section 12.04 of this Agreement.

(b) The arbitration shall be administered by AAA, who will appoint an arbitrator. If AAA is unwilling or unable to administer the arbitration, or if AAA is unwilling or unable to enforce or legally precluded from enforcing any and all provisions of this Article X, then the Bank may substitute another arbitration organization that has similar procedures to AAA and that will observe and enforce any and all provisions of this Article X. All Disputes shall be determined by one arbitrator; *provided, however*, that if the amount in controversy in a Dispute exceeds \$5,000,000, upon the request of either party, the Dispute shall be decided by three arbitrators (for purposes of this Agreement, referred to collectively as the "*arbitrator*").

(c) All arbitration hearings will be commenced within ninety (90) days of the demand for arbitration and completed within ninety (90) days from the date of commencement; *provided, however*, that upon a showing of good cause, the arbitrator shall be permitted to extend the commencement of such hearing for up to an additional sixty (60) days.

(d) The judgment and the award, if any, of the arbitrator shall be issued within thirty (30) days of the close of the hearing. The arbitrator shall provide a concise written statement setting forth the reasons for the judgment and for the award, if any. The arbitration award, if any, may be submitted to any court having jurisdiction to be confirmed and enforced, and such confirmation and enforcement shall not be subject to arbitration.

(e) The arbitrator will give effect to statutes of limitations and any waivers thereof in determining the disposition of any Dispute and may dismiss one or more claims in the arbitration on the basis that such claim or claims is or are barred. For purposes of the application of the statute of limitations, the service on AAA under applicable AAA rules of a notice of Dispute is the equivalent of the filing of a lawsuit.

(f) Any dispute concerning this arbitration provision, including any such dispute as to the validity or enforceability of this provision, or whether a Dispute is arbitrable, shall be determined by the arbitrator; *provided, however*, that the arbitrator shall not be permitted to vary the express provisions of these Special Rules or the Reservations of Rights in Section 11.03 below.

(g) The arbitrator shall have the power to award legal fees and costs pursuant to the terms of this Agreement.

(h) The arbitration will take place on an individual basis without reference to, resort to, or consideration of any form of class or class action.

SECTION 11.03. *Reservations of Rights.* Nothing in this Agreement shall be deemed to (i) limit the applicability of any otherwise applicable statutes of limitation and any waivers contained in this Agreement, or (ii) apply to or limit the right of the Bank (A) to exercise self help remedies such as (but not limited to) setoff, or (B) to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, (C) to obtain from a court provisional or ancillary remedies such as (but not limited to) injunctive relief, writ of possession, prejudgment attachment, or the appointment of a receiver, or (D) to pursue rights against a party to this Agreement in a third-party proceeding in any action brought against the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent in a state, federal or international court, tribunal or hearing body (including actions in specialty courts, such as bankruptcy and patent courts). The Bank may exercise the rights set forth in clauses (A) through (D), inclusive, before, during or after the pendency of any arbitration proceeding brought pursuant to this Agreement. Neither the exercise of self help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the Dispute occasioning resort to such remedies. No provision herein regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions herein for arbitration of any Dispute.

SECTION 11.04. *Conflicting Provisions for Dispute Resolution.* If there is any conflict between the terms, conditions and provisions of this Section and those of any other provision or agreement for arbitration or dispute resolution, the terms, conditions and provisions of this Article shall prevail as to any Dispute arising out of or relating to (i) this Agreement or (ii) the transactions contemplated herein (including any claim based on or arising from an alleged personal injury or business tort). In any other situation, if the resolution of a given Dispute is specifically governed by another provision or agreement for arbitration or dispute resolution, the other provision or agreement shall prevail with respect to said Dispute.

SECTION 11.05. *Jury Trial Waiver in Arbitration.* The parties hereto irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Dispute.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01. *Waivers, Amendments.* This Agreement may be amended only by a written instrument duly executed by each of the parties hereto. The Obligor may take any action herein prohibited or omit to perform any act herein required to be performed by it, only if the Obligor shall first have obtained the written consent of the Bank and the TOB Placement and Remarketing Agent thereto. No course of dealing among the parties hereto, nor any delay in exercising any rights hereunder, shall operate as a waiver of any rights of any party hereunder. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 12.02. *Survival of Representations and Warranties.* All statements contained in any certificate, financial statement or other instrument delivered by the Obligor pursuant to or in connection with this Agreement (including but not limited to any such statement made in or in connection with any amendment hereto or thereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made under this Agreement (i) shall be made and shall be true at and as of the date of this Agreement and (ii) shall survive the execution and delivery of this Agreement, regardless of any investigation made by the Bank or the TOB Placement and Remarketing Agent.

SECTION 12.03. *Termination of Agreement.* This Agreement shall remain in full force and effect until all Obligations have been irrevocably paid in full. Notwithstanding the foregoing, the Bank shall have the right to terminate this Agreement only upon the occurrence of an Enhanced Custody Receipt Mandatory Tender Event.

SECTION 12.04. *Notices.* All notices, requests and other communications provided for hereunder shall be in electronic, telephonic or written (including bank wire, telegram, facsimile, telex or similar writing) form and shall be given to the party to whom sent, addressed to it, at its address or telephone, facsimile or telex number set forth below or such other address or telephone or facsimile number as such party may hereafter specify for the purpose by notice to the other parties set forth below. Each such notice, request or communication shall be effective (i) if given by telephone, facsimile or other electronic means, when such communication is transmitted to the address specified below and any appropriate answerback is received, (ii) if given by mail, three (3) Business Days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, (iii) if given by any other means, when delivered at the address specified below:

(a) if to the Obligor:

America First Tax Exempt Investors, L.P.

1004 Farnam Street

Omaha, Nebraska 68102

Facsimile: (402) 930-3047

Telephone: (402) 930-3085

Attention: Chad Daffer, Andy Grier and Michelle Lage

(b) if to the Bank or the LOC Provider:

Bank of America, N.A.

Trade Financial Services

1000 W. Temple Street

Los Angeles, CA 90012

Facsimile: (213) 457-8841

Telephone: (213) 240-6986

Attention: Sandra Leon, Vice President

(c) if to the TOB Liquidity Provider:

Bank of America, N.A.

1633 Broadway, 28th Floor

New York, NY 10019

Facsimile: (212) 457-3878

Telephone: (212) 497-8899

Attention: Structured Municipal Products Desk

(d) if to the TOB Placement and Remarketing Agent:

Banc of America Securities LLC

600 Montgomery Street

Mail Code: CA5-801-07-33

San Francisco, California 94111-2702

Facsimile: (415) 986-1194

Telephone: (415) 913-3548

Attention: Ila Afsharipour

(e) if to the Collateral Agent:

Deutsche Bank Trust Company Americas

60 Wall Street, 27th Floor

New York, New York 10005

Facsimile: (212) 797-8618

Telephone: (212) 250-2679

Attention: Trust & Securities Services (Municipal Group)

or (iv) in any of the foregoing cases, at such other address or telex, facsimile, bank wire or telephone number as the addressee may hereafter specify for the purpose in a notice to the other party specifically captioned "Notice of Change of Address pursuant to Section 12.04 of the Shortfall, Fee and Collateral Agreement."

SECTION 12.05. *Continuing Obligation.* This Agreement is a continuing obligation of the Obligor and shall, until the date on which the Bridge Loan and all Letters of Credit and TOB Liquidity Facilities have been terminated and all Obligations hereunder shall have been paid in full, (a) be binding upon the Obligor and its successors and assigns, and (b) inure to the benefit of and be enforceable by the Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent and their respective successors, transferees and assigns; *provided* that the Obligor may not assign all or any part of this Agreement without the prior written consent of the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent.

SECTION 12.06. *Satisfaction Requirement.* If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent, the determination of such satisfaction shall be made by such party in its sole and exclusive judgment exercised in good faith.

SECTION 12.07. *Governing Law.* PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW.

SECTION 12.08. *Waiver of Jury Trial.* WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO ARBITRATE ANY DISPUTE AS SET FORTH HEREIN, TO THE EXTENT ANY DISPUTE IS NOT SUBMITTED TO ARBITRATION OR IS DEEMED BY THE ARBITRATOR OR BY ANY COURT WITH JURISDICTION TO BE NOT ARBITRABLE OR NOT REQUIRED TO BE ARBITRATED, THE OBLIGOR, THE BANK, THE LOC PROVIDER, THE TOB LIQUIDITY PROVIDER, THE TOB PLACEMENT AND REMARKETING AGENT AND THE COLLATERAL AGENT EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (WHETHER AS CLAIM, COUNTER CLAIM, AFFIRMATIVE DEFENSE OR OTHERWISE) BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE OBLIGOR, THE BANK, THE LOC PROVIDER, THE TOB LIQUIDITY PROVIDER, THE TOB PLACEMENT AND REMARKETING AGENT OR THE COLLATERAL AGENT. THE OBLIGOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND RECOGNIZES AND AGREES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE NAK, THE LOC PROVIDER, THE TOB LIQUIDITY PROVIDER AND THE TOB PLACEMENT AND REMARKETING AGENT ENTERING INTO THIS AGREEMENT AND MAKING THE BRIDGE LOAN, ISSUING THE LETTERS OF CREDIT, ISSUING THE TOB LIQUIDITY FACILITIES AND PROVIDING THE REMARKETING SERVICES, RESPECTIVELY. THE OBLIGOR REPRESENTS AND ACKNOWLEDGES THAT IT HAS REVIEWED THIS PROVISION WITH ITS LEGAL COUNSEL AND THAT IT HAS KNOWINGLY AND VOLUNTARILY WAIVED ANY JURY TRIAL RIGHTS IT MAY HAVE FOLLOWING CONSULTATION WITH SUCH LEGAL COUNSEL.

SECTION 12.09. *Consent to Jurisdiction, Venue and Service of Process.* Pursuant to, and in accordance with, Section 5-1402 of the New York General Obligations Law (or any successor statute thereto), the Obligor, the Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent and the Collateral Agent irrevocably (a) agree that any suit, action or other legal proceeding arising out of or relating to this Agreement may be brought in the non-exclusive jurisdiction of a court of record in the State of New York located in the Borough of Manhattan or in the United States District Court for the Southern District of the State of New York located in the Borough of Manhattan, (b) consent and submit to the jurisdiction of each such court in any such suit, action or proceeding, and (c) waive any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The Obligor, the Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent and the Collateral Agent also irrevocably consent to the service of any and all process in any such action or proceeding by the mailing of copies of such process to the respective address set forth for such party in Section 12.04. The Obligor, the Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent and the Collateral Agent agree that a final judgment in any suit, action or proceeding shall be conclusive and may be enforced in appropriate jurisdictions by suit on the judgment or in any other manner provided by law. All mailings under this Section 12.09 shall be by certified mail, return receipt requested.

Nothing in this Section 12.09 shall affect the right of the Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent and the Collateral Agent to serve legal process in any other manner permitted by law or affect the right of the Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent or the Collateral Agent to bring any suit, action or proceeding against the Obligor or its property in the courts of any other jurisdiction.

SECTION 12.10. *Counterparts.* This Agreement may be signed in any number of counterpart copies, but all such copies shall constitute one and the same instrument.

SECTION 12.11. Complete and Controlling Agreement. This Agreement completely sets forth the agreements among the Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent and the Collateral Agent and the Obligor, and fully supersedes all prior agreements, both written and oral, among the parties relating to the Bridge Loan, the issuance of the Letters of Credit, the issuance of the TOB Liquidity Facilities and provision of remarketing services.

SECTION 12.12. Severability. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction and the remaining portion of such provision and all other remaining provisions will be construed to render them enforceable to the fullest extent.

SECTION 12.13. Business Days. If any payment under this Agreement shall be specified to be made upon a day which is not a Business Day, it shall be made on the next succeeding day which is a Business Day, and such extension of time shall in such case be included in computing interest, if any, in connection with such payment.

SECTION 12.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 12.15. USA PATRIOT Act. The Bank hereby notifies the Obligor that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), it is required to obtain, verify and record information that identifies the Obligor, which information includes the name and address of the Obligor and other information that will allow the Bank to identify the Obligor in accordance with said Act. The Obligor shall promptly provide such information.

SECTION 12.16. Confidentiality; Publicity Releases. (a) The Obligor agrees that the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent may exchange or disclose information pertaining to this Agreement, the Related Documents, any Eligible Bond or Collateral Bond and any Property (including, without limitation, financial information, copies of appraisals, environmental reports, physical needs assessments, inspection reports, engineering reports, copies of Eligible Bond and Collateral Bond documents and participation documents, if applicable, and any other information in the possession of the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent) and financial information about the Obligor, any of its partners or any affiliate with or to any Bank of America Corporation affiliates or other related entities, with any prospective purchaser of the Enhanced Custody Receipts or TOB Receipts, to any regulatory body having jurisdiction over the Bank, the LOC Provider, the TOB Liquidity Provider, or the TOB Placement and Remarketing Agent, as applicable, with professional service providers engaged by the Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent or their respective affiliates or other related entities or by any such prospective purchaser, and with any other persons who require or request such information as necessary or appropriate in the Bank's, the LOC Provider's, the TOB Liquidity Provider's or the TOB Placement and Remarketing Agent's, as applicable, reasonable judgment, and the TOB Placement and Remarketing Agent may disclose all legally required or customary information regarding the Obligor, the Bridge Loan, the Eligible Bonds, the Collateral Bonds, the Related Documents and each Property to all investors or prospective investors in TOB Receipts; *provided*, that the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent agree not to publicly disclose any confidential financial information regarding the Obligor that is specifically designated as confidential by the Obligor, except as such information is required to be disclosed by the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent to any regulatory body having jurisdiction over the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent, as applicable, or to professional service providers engaged by the Bank, the LOC Provider, the TOB Liquidity Provider, the TOB Placement and Remarketing Agent or its respective affiliates or other related entities, which shall also agree to maintain the confidentiality of such information. The Obligor agrees to update this information at such times as may be reasonably requested by the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent, and if so requested by the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent, to provide summary disclosure information about each Property and each Eligible Bond or Collateral Bond for which no current disclosure is available.

(b) The Obligor agrees that the Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent may issue publicity releases to newspapers and trade publications announcing the financing arrangements relating to this Agreement. The Bank, the LOC Provider, the TOB Liquidity Provider and the TOB Placement and Remarketing Agent agree that the Obligor may issue any publicity releases required by Applicable Law; *provided*, that any such release that names the Bank, the LOC Provider, the TOB Liquidity Provider or the TOB Placement and Remarketing Agent shall be subject to such party's prior consent.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Shortfall, Fee and Collateral Agreement to be duly executed and delivered by their respective duly authorized officers as of the date hereof.

BANK OF AMERICA, N.A.
as Bridge Loan Lender

By: /s/ Laura Sheehan
Name: Laura Sheehan
Title: Vice President

BANK OF AMERICA, N.A.
as LOC Provider

By: /s/ Laura Sheehan
Name: Laura Sheehan
Title: Vice President

BANK OF AMERICA, N.A.
as TOB Liquidity Provider

By: /s/ Daniel E. George
Name: Daniel E. George
Title: Principal

BANC OF AMERICA SECURITIES LLC
as Placement and Remarketing Agent

By: /s/ Jodi Furman
Name: Jodi Furman
Title: Analyst

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

as Obligor

By: America First Capital Associates Limited Partnership Two, a Delaware limited partnership,
its general partner

By: The Burlington Capital Group, LLC, a Delaware limited liability company, its general partner

By: /s/ Michael J. Draper

Name: Michael J. Draper

Title: Chief Financial Officer

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Collateral Agent

By: /s/ Safet Kalabovic

Name: Safet Kalabovic

Title: Vice President

By: /s/ Teddy Banica

Name: Teddy Banica

Title: Assistant Vice President

Promissory Note

\$65,091,371.66 June 26, 2008

FOR VALUE RECEIVED, AMERICA FIRST TAX EXEMPT INVESTORS, L.P., a Delaware limited partnership ("Borrower"), hereby promises to pay to the order of Bank of America, N.A., a national banking association (together with any and all of its successors and assigns and/or any other holder of this Note, "Lender"), without offset, in immediately available funds in lawful money of the United States of America, at 600 Wilshire Boulevard, Los Angeles, California 90017 (or at such other place as the Lender hereafter may designate), the principal sum of Sixty-Five Million Ninety-One Thousand Three Hundred Seventy-One Dollars and 66/100 (\$65,091,371.66) (or the unpaid balance of all principal advanced against this Note, if that amount is less), together with interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided.

Section 1 Payment Schedule and Maturity Date. Prior to maturity, accrued and unpaid interest shall be due and payable in arrears on the first day of each month commencing on August 1, 2008. The entire principal balance of this Note then unpaid, together with all accrued and unpaid interest and all other amounts payable hereunder and under the other Loan Documents (as hereinafter defined), shall be due and payable in full on the earlier of (a) September 26, 2008 (the "Maturity Date"), the final maturity of this Note, or (b) the date on which the Lender issues any letters of credit for the account of the Borrower pursuant to the Shortfall, Fee and Collateral Agreement of even date herewith (as the same may from time to time be amended, restated, modified or supplemented, the "Shortfall Agreement") among the Lender, Bank of America, N.A., as LOC Provider and TOB Liquidity Provider, Bank of America Securities LLC, as TOB Placement and Remarketing Agent, and the Obligor. Capitalized terms used and not defined in this Agreement herein shall have the meanings given such terms in the Shortfall Agreement.

Section 2 Security; Loan Documents. The security for this Note includes certain Collateral, as defined in the Shortfall Agreement. This Note, the Shortfall Agreement and all other documents now or hereafter securing, guaranteeing or executed in connection with the loan evidenced by this Note (the "Loan"), as the same may from time to time be amended, restated, modified or supplemented, are herein sometimes called individually a "Loan Document" and together the "Loan Documents."

Section 3 Interest Rate

(a) BBA LIBOR Daily Floating Rate. The unpaid principal balance of this Note from day to day outstanding which is not past due, shall bear interest at a fluctuating rate of interest per annum equal to the BBA LIBOR Daily Floating Rate plus Two Hundred Twenty-Five (225) basis points per annum. The "BBA LIBOR Daily Floating Rate" shall mean a fluctuating rate of interest per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by Lender from time to time) as determined for each Business Day at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a one month term, as adjusted from time to time in Lender's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as reasonably selected by Lender. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars. Interest shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year.

(b) Alternative Rates. If Lender determines that no adequate basis exists for determining the BBA LIBOR Daily Floating Rate or that the BBA LIBOR Daily Floating Rate will not adequately and fairly reflect the cost to Lender of funding the Loan, or that any applicable Law or regulation or compliance therewith by Lender prohibits or restricts or makes impossible the charging of interest based on the BBA LIBOR Daily Floating Rate and Lender so notifies Borrower, then until Lender notifies Borrower that the circumstances giving rise to such suspension no longer exist, interest shall accrue and be payable on the unpaid principal balance of this Note from the date Lender so notifies Borrower until the Maturity Date of this Note (whether by acceleration, declaration, extension or otherwise) at a fluctuating rate of interest equal to the Prime Rate of Lender plus Two Hundred Twenty-Five (225) basis points per annum. The term "Prime Rate" means, on any day, the rate of interest per annum then most recently established by Lender as its "prime rate." Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by Lender to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that Lender may make various business or other loans at rates of interest having no relationship to such rate. Each time the Prime Rate changes, the per annum rate of interest on this Note shall change immediately and contemporaneously with such change in the Prime Rate. If Lender (including any subsequent holder of this Note) ceases to exist or to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

(c) Past Due Rate. If any amount payable by Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), such amount shall thereafter bear interest at the Past Due Rate (as defined below) to the fullest extent permitted by applicable Law. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable on demand, at a fluctuating rate per annum (the "Past Due Rate") equal to the BBA LIBOR Daily Floating Rate plus four hundred (400) basis points.

Section 4 Prepayment. Borrower may prepay the principal balance of this Note, in full at any time or in part from time to time, without fee, premium or penalty, provided that: (a) no prepayment may be made which in Lender's judgment would contravene or prejudice funding under any applicable take-out financing; (b) Lender shall have actually received from Borrower prior written notice of (i) Borrower's intent to prepay, (ii) the amount of principal which will be prepaid (the "Prepaid Principal"), and (iii) the date on which the prepayment will be made; (c) each prepayment shall be in the amount of \$1,000 or a larger integral multiple of \$1,000 (unless the prepayment retires the outstanding balance of this Note in full); and (d) each prepayment shall be in the amount of 100% of the Prepaid Principal, plus accrued unpaid interest thereon to the date of prepayment, plus any other sums which have become due to Lender under the Loan Documents on or before the date of prepayment but have not been paid. If this Note is prepaid in full, any commitment of Lender for further advances shall automatically terminate. The Borrower hereby authorizes the Placement and Remarketing Agent and the Lender to prepay this Note in full from the proceeds of the TOB Floaters on the Letter of Credit Issuance Date.

Section 5 Late Charges. If Borrower shall fail to make any payment under the terms of this Note (other than the payment due at maturity) within fifteen (15) days after the date such payment is due, Borrower shall pay to Lender on demand a late charge equal to four percent (4%) of the amount of such payment. Such fifteen (15) day period shall not be construed as in any way extending the due date of any payment. The late charge is imposed for the purpose of defraying the expenses of Lender incident to handling such delinquent payment. This charge shall be in addition to, and not in lieu of, any other amount that Lender may be entitled to receive or action that Lender may be authorized to take as a result of such late payment.

Section 6 Certain Provisions Regarding Payments. All payments made under this Note shall be applied, to the extent thereof, to late charges, to accrued but unpaid interest, to unpaid principal, and to any other sums due and unpaid to Lender under the Loan Documents, in such manner and order as Lender may elect in its sole discretion, any instructions from Borrower or anyone else to the contrary notwithstanding. Remittances shall be made without offset, demand, counterclaim, deduction, or recoupment (each of which is hereby waived) and shall be accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Lender of any payment in an amount less than the amount then due on any indebtedness shall be deemed an acceptance on account only, notwithstanding any notation on or accompanying such partial payment to the contrary, and shall not in any way (a) waive or excuse the existence of an Event of Default (as hereinafter defined), (b) waive, impair or extinguish any right or remedy available to Lender hereunder or under the other Loan Documents, or (c) waive the requirement of punctual payment and performance or constitute a novation in any respect. Payments received after 2:00 p.m. shall be deemed to be received on, and shall be posted as of, the following Business Day. Whenever any payment under this Note or any other Loan Document falls due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day.

Section 7 Events of Default. The occurrence of any one or more of the following shall constitute an "Event of Default" under this Note:

- (a) Borrower fails to pay when and as due and payable any amounts payable by Borrower to Lender under the terms of this Note.
- (b) Any covenant, agreement or condition in this Note is not fully and timely performed, observed or kept, subject to any applicable grace or cure period.
- (c) An Event of Default (as therein defined) occurs under any of the Loan Documents other than this Note (subject to any applicable grace or cure period).

Section 8 Remedies. Upon the occurrence of an Event of Default, Lender may at any time thereafter exercise any one or more of the following rights, powers and remedies:

- (a) Lender may accelerate the Maturity Date and declare the unpaid principal balance and accrued but unpaid interest on this Note, and all other amounts payable hereunder and under the other Loan Documents, at once due and payable, and upon such declaration the same shall at once be due and payable.
- (b) Lender may set off the amount due against any and all accounts, credits, money, securities or other property now or hereafter on deposit with, held by or in the possession of Lender to the credit or for the account of Borrower, without notice to or the consent of Borrower.
- (c) Lender may refuse to issue the Letters of Credit and the TOB Liquidity Facilities.
- (d) Lender may exercise any of its other rights, powers and remedies under the Loan Documents or at law or in equity.

Section 9 Remedies Cumulative. All of the rights and remedies of Lender under this Note and the other Loan Documents are cumulative of each other and of any and all other rights at law or in equity, and the exercise by Lender of any one or more of such rights and remedies shall not preclude the simultaneous or later exercise by Lender of any or all such other rights and remedies. No single or partial exercise of any right or remedy shall exhaust it or preclude any other or further exercise thereof, and every right and remedy may be exercised at any time and from time to time. No failure by Lender to exercise, nor delay in exercising, any right or remedy shall operate as a waiver of such right or remedy or as a waiver of any Event of Default.

Section 10 Costs and Expenses of Enforcement. Borrower agrees to pay to Lender on demand all costs and expenses incurred by Lender in seeking to collect this Note or to enforce any of Lender's rights and remedies under the Loan Documents, including court costs and reasonable attorneys' fees and expenses, whether or not suit is filed hereon, or whether in connection with bankruptcy, insolvency or appeal.

Section 11 Service of Process. Borrower hereby irrevocably designates and appoints the law offices of Kutak Rock LLP, Suite 1100, 1100 Connecticut Avenue, N.W., Washington, D.C. 20036-4374, as Borrower's authorized agent to accept and acknowledge on Borrower's behalf service of any and all process that may be served in any suit, action, or proceeding instituted in connection with this Note in any state or federal court sitting in the District of Columbia. If such agent shall cease so to act, Borrower shall irrevocably designate and appoint without delay another such agent in the District of Columbia satisfactory to Lender and shall promptly deliver to Lender evidence in writing of such agent's acceptance of such appointment and its agreement that such appointment shall be irrevocable.

Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Note by (a) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to Borrower and (b) serving a copy thereof upon the agent, if any, hereinabove designated and appointed by Borrower as Borrower's agent for service of process. Borrower irrevocably agrees that such service shall be deemed to be service of process upon Borrower in any such suit, action, or proceeding. Nothing in this Note shall affect the right of Lender to serve process in any manner otherwise permitted by law and nothing in this Note will limit the right of Lender otherwise to bring proceedings against Borrower in the courts of any jurisdiction or jurisdictions, subject to any provision or agreement for arbitration or dispute resolution set forth in the Shortfall Agreement.

Section 12 Heirs, Successors and Assigns. The terms of this Note and of the other Loan Documents shall bind and inure to the benefit of the heirs, devisees, representatives, successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan except as otherwise permitted under the Loan Documents.

Section 13 General Provisions. Time is of the essence with respect to Borrower's obligations under this Note. If more than one person or entity executes this Note as Borrower, all of said parties shall be jointly and severally liable for payment of the indebtedness evidenced hereby. Borrower and each party executing this Note as Borrower hereby severally (a) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (b) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (c) agree that Lender shall not be required first to institute suit or exhaust its remedies hereon against Borrower or others liable or to become liable hereon or to perfect or enforce its rights against them or any security herefor; (d) consent to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; and (e) submit (and waive all rights to object) to non-exclusive personal jurisdiction of any state or federal court sitting in the state and county in which payment of this Note is to be made and any other jurisdiction permitted under the Shortfall Agreement for the enforcement of any and all obligations under this Note and the other Loan Documents; (f) waive the benefit of all homestead and similar exemptions as to this Note; (g) agree that their liability under this Note shall not be affected or impaired by any determination that any title, security interest or lien taken by Lender to secure this Note is invalid or unperfected; and (h) hereby subordinate to the Loan and the Loan Documents any and all rights against Borrower and any security for the payment of this Note, whether by subrogation, agreement or otherwise, until this Note is paid in full. A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances. This Note may not be amended except in a writing specifically intended for such purpose and executed by the party against whom enforcement of the amendment is sought. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. This Note and its validity, enforcement and interpretation shall be governed by the laws of the State of New York (without regard to any principles of conflicts of laws) and applicable United States federal law. Whenever a time of day is referred to herein, unless otherwise specified such time shall be the local time of the place where payment of this Note is to be made. The term "Business Day" shall mean a day on which Lender is open for the conduct of substantially all of its banking business at its office in the city in which this Note is payable (excluding Saturdays and Sundays). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Shortfall Agreement. The words "include" and "including" shall be interpreted as if followed by the words "without limitation."

Section 14 Notices. Any notice, request, or demand to or upon Borrower or Lender shall be deemed to have been properly given or made when delivered in accordance with the terms of the Shortfall Agreement regarding notices.

Section 15 No Usury. It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under state law) and that this Section shall control every other covenant and agreement in this Note and the other Loan Documents. If applicable state or federal law should at any time be judicially interpreted so as to render usurious any amount called for under this Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Loan, or if Lender's exercise of the option to accelerate the Maturity Date, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Lender's express intent that all excess amounts theretofore collected by Lender shall be credited on the principal balance of this Note and all other indebtedness secured by the Mortgage, and the provisions of this Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lender for the use or forbearance of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan.

Section 16 Arbitration. This Note is subject to arbitration as provided in the Shortfall Agreement.

IN WITNESS WHEREOF, Borrower has duly executed this Note under seal as of the date first above written.

Borrower:

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.,
a Delaware limited partnership

By: America First Capital Associates Limited Partnership Two, a Delaware limited partnership, its general partner

By: The Burlington Capital Group, LLC, a
Delaware limited liability company, its general partner

By: /s/ Michael J. Draper
Name: Michael J. Draper
Title: Chief Financial Officer

SERIES TRUST AGREEMENT
for
AUSTIN TRUST, SERIES 10000

for
\$34,086,000 Variable Certificates, SERIES 10000
and
\$20,000 Inverse Certificates, SERIES 10000

Evidencing an Interest in

\$5,431,500
Enhanced Custody Receipt, Series 2008 CDB-1E
Evidencing an Interest in
\$6,005,174
Unenhanced Custody Receipt, Series 2008 CDB-1U
Relating to
\$6,785,000
Texas Department of Housing and
Community Affairs
Multifamily Housing Revenue Bonds
(Bella Vista Apartments) Series 2006

\$13,855,072
Enhanced Custody Receipt, Series 2008 CDB-3E
Evidencing an Interest in
\$13,855,072
Unenhanced Custody Receipt, Series 2008 CDB-3U
Relating to
\$16,280,000
Florida Housing Finance Corporation
Multi-Family Housing Revenue Refunding Bonds 2000 Series B (Iona Lakes
Project)

\$6,341,135
Enhanced Custody Receipt, Series 2008 CDB-2E
Evidencing an Interest in
\$6,804,815
Unenhanced Custody Receipt, Series 2008 CDB-2U
Relating to
\$7,745,000
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Refunding Bonds 2001 Series I (Fairmont
Oaks Apartments)

\$8,479,872
Enhanced Custody Receipt, Series 2008 CDB-4E
Evidencing an Interest in
\$9,560,926
Unenhanced Custody Receipt, Series 2008 CDB-4U
Relating to
\$10,825,000
Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Runnymede Apartments Project) Series 2007A

by and between

BANK OF AMERICA, NATIONAL ASSOCIATION,
as Trustor

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Trustee and Tender Agent

Dated as of July 3, 2008

SERIES TRUST AGREEMENT

This Series Trust Agreement of the Series set forth on the cover page hereof (this "Series Trust Agreement"), dated as of the date set forth on the cover page hereof, by and between BANK OF AMERICA, NATIONAL ASSOCIATION, as Trustor, and DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and Tender Agent, for the Variable Certificates (the "Variable Certificates") and the Inverse Certificates (the "Inverse Certificates") (collectively, the Variable Certificates and the Inverse Certificates, the "Certificates") described on the cover page hereof, incorporates by reference the Standard Terms and Provisions of Trust Agreement, dated as of October 1, 2002 (the "Standard Terms"), attached as Exhibit A hereto, and is governed by the Standard Terms as fully as if set forth herein. All capitalized terms used and not defined herein shall have the meanings set forth in the Standard Terms.

WITNESSETH:

Section 1. A Trust is hereby created under the laws of the State of New York and in the manner specified in Section 2.1 of the Standard Terms for the benefit of the Holders and Beneficial Owners of the Certificates. The assets of the Trust shall consist of the investment property (referred to herein and in the Standard Terms as the "Bonds") described in Schedule I hereto, all distributions thereon after the Delivery Date, all right, title and interest in and to the Bonds and such distributions thereon, and all other rights and privileges granted to the Holders and Beneficial Owners of Certificates by this Series Trust Agreement and the Standard Terms. Conveyance of the Bonds to the Trustee by the Seller is intended to be a sale and not a secured borrowing for all purposes, including without limitation accounting purposes.

Section 2. The name of the Trust is AUSTIN Trust of the Series set forth on the cover page hereof.

Section 3. The Variable Certificates and Inverse Certificates shall be issued in substantially the form set forth in Exhibits A and B to the Standard Terms and shall have the particular characteristics and terms set forth in Schedule I hereto and shall be limited obligations of the Trust payable solely from payments received by the Trustee attributable to the Bonds and the other rights and assets contained in the Trust. With respect to each Maturity of Bonds and subject only to the requirement to issue Certificates in Authorized Denominations, the sum of the Related Allocable Variable Certificates Amount and the Stated Amount of the Related Inverse Certificates on the Delivery Date shall equal the product of (a) the par amount of such Maturity of Bonds on the Delivery Date and (b) the lesser of (i) the Base Price of such Maturity of Bonds on the Delivery Date or (ii) 100%.

Section 4. The Trustee, the Tender Agent and the Trustor shall, simultaneously with the execution and effectiveness of this Series Trust Agreement, enter into a Remarketing Agreement, dated as of the date of this Series Trust Agreement, with Banc of America Securities LLC, which is hereby designated as the remarketing agent (together with any replacement or successor thereto, the "Remarketing Agent").

The Trustee and the Tender Agent shall, simultaneously with the execution and effectiveness of this Series Trust Agreement, enter into a Liquidity Agreement, dated as of the date of this Series Trust Agreement, with Bank of America, National Association, which is hereby designated as the liquidity provider (together with any Successor Liquidity Provider, the "Liquidity Provider").

Section 5. The Trustor hereby authorizes the Trustee and the Tender Agent to execute and deliver a letter of representations in the form customarily provided to the Securities Depository, dated the Delivery Date of the Certificates, by and among the Trustee, the Tender Agent, the Trustor, the Remarketing Agent and the Securities Depository.

Section 6. The Trustor shall create a Private Placement Memorandum and a Supplement to Private Placement Memorandum describing the Certificates for use in the sale of the Certificates. In addition, if deemed advisable, the Trustor shall create a Preliminary Supplement to Private Placement Memorandum describing the Certificates for use in the initial sale of the Certificates.

Section 7. Modifications to Section 1.1 of the Standard Terms:

The definition of "Bond Interest Payment Date" is hereby amended and restated in its entirety to read as follows:

"Bond Interest Payment Dates" shall mean, with respect to any Maturity of Bonds, the date or dates in each year on which interest is payable on the Bonds of such Maturity and which shall be set forth as such in the related Series Trust Agreement. All the Maturities of Bonds underlying a Series are not required to have the same Bond Interest Payment Dates.

The definition of "Collection Account" is hereby included in Section 1.1 of the Standard Terms:

"Collection Account" shall mean a separate segregated account held by the Trustee for the deposit of interest payments on the Bonds (other than interest being paid in connection with a redemption of Bonds) prior to the related Semi-Annual Interest Payment Date.

The definition of "Election Letter" is hereby included in Section 1.1 of the Standard Terms:

"Election Letter" shall mean an election in the form of Exhibit D to this Series Trust Agreement executed by the Beneficial Owners of the Related Inverse Certificates. Any such election shall be irrevocable and shall bind all future Holders of such Inverse Certificates.

The definition of "Maximum Variable Certificates Rate" is hereby amended by adding, following clause (vi) thereof, the following clause (vii):

(vii) If a Calculation Period spans more than one calendar month, the Maximum Variable Certificates Rate shall be computed: (1) for a Variable Certificates Interest Period that is contained solely within a single calendar month, assuming that the Calculation Period begins no earlier than the first day of that calendar month and ends on the last day of that calendar month and (2) for Variable Certificates Interest Periods that span more than one calendar month, (a) separately for each portion of the Variable Certificates Interest Period that falls in any particular calendar month as if such portion were a separate Variable Certificates Interest Period and each calendar month were a separate Calculation Period (provided that no such hypothetical separate Calculation Period shall begin earlier than the beginning of, or end after the end of, the actual Calculation Period) and (b) the Maximum Variable Certificates Rate shall be the lowest Maximum Variable Certificates Rate for any such separate Variable Certificates Interest Period.

The definition of "Minimum Value Ratio" is hereby included in Section 1.1 of the Standard Terms:

"Minimum Value Ratio" means, with respect to a Series, the percentage defined as such in the Series Trust Agreement.

The definition of "Notice Parties" in Section 1.1 of the Standard Terms is hereby is amended and restated to read in its entirety as follows:

"Notice Parties" shall mean, with respect to any Series, the Trustor, the Liquidity Provider, the Trustee, the Tender Agent, the Remarketing Agent and the Beneficial Owner of Inverse Certificates.

The definition of "Reimbursement Agreement" is hereby included in Section 1.1 of the Standard Terms:

"Reimbursement Agreement" means any agreement a purpose of which is to provide reimbursement to the Liquidity Provider for amounts paid by the Liquidity Provider under the Liquidity Agreement and shall include any ISDA Master Agreement, Schedule, Confirmation and Credit Support Document between the Liquidity Provider and the Holder of the Inverse Certificates, or any reimbursement agreement substituted therefor.

The definition of "Semi-Annual Interest Payment Date" is hereby included in Section 1.1 of the Standard Terms:

"Semi-Annual Interest Payment Date" shall mean each semi-annual payment date set forth on Schedule I attached hereto.

The definition of "Value Ratio" is hereby included in Section 1.1 of the Standard Terms:

"Value Ratio" means, with respect to a Series, a percentage equal to the fair market value of the Bonds related to such Series of Variable Certificates as determined based on a Quotation of Bond Price, divided by the Stated Amount of Variable Certificates of such Series.

Section 8. A Reimbursement Agreement has been entered into with respect to the Series governed by this Series Trust Agreement.

Section 9. Section 2.3 of the Standard Terms is hereby replaced in its entirety with the following:

Section 2.3 Obligations of Trustee and the Trustor

- (a) With respect to each Series of Certificates, the Trustee has no obligation with respect to the Bonds or any Liquidity Agreement except as expressly provided in the Agreement.
- (b) If the State Partnership Factors shall have been adopted, the Trustor (but no other Holder of Certificates) shall be liable without limitation for all debts and obligations of, and claims against, the Trust (other than those referred to in Section 13 below); *provided* that the Trustor shall not be responsible for the payment to Holders of Certificates of any amount which represents, directly or indirectly, principal, interest or premium with respect to the Bonds or the Purchase Price.
- (c) If the State Partnership Factors shall not have been adopted, the Trustor shall not be liable for the debts and obligations of, or any claims against, the Trust, except that the Trustor shall be liable for penalties imposed on the Trust and other costs of the Trust arising from any failure to duly and timely file tax returns or information reports (including the abbreviated form 1065 referred to in Section 10 of the Series Trust Agreement).

Section 10. Election under Revenue Procedure 2003-84.

(1) The Election.

- (a) The Trust is making an election (the "Monthly Closing Election") under Revenue Procedure 2003-84, effective as of the later of the date the Trust has more than one owner for tax purposes and the date the Trust has more than a *de minimis* amount of assets (the "Start-Up Date"). This election is binding on all present and future Holders and Beneficial Owners of Certificates, and other persons treated as partners in the Trust for federal income tax purposes and each of their nominees (each, a "Partner" for this purpose) and each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to this election.
- (b) The Trust shall not have any income producing assets and shall not earn any income prior to its Start-Up Date. The Trust shall not file a tax return for the period prior to the Start-Up Date.
- (c) Notwithstanding Section 2.5(b) of the Standard Terms, the Trust shall not (and no person is authorized on behalf of the Trust to) elect to be an association taxable as a corporation for federal income tax purposes nor make an election under section 761(a) of the Code to be excluded from

subchapter K of chapter 1 of the Code.

(d) Section 2.5(e) of the Standard Terms is hereby replaced in its entirety with the following:

For purposes of maintaining capital accounts and all income tax purposes, including the Trust's deemed closing of its books at the end of each calendar month under Treasury Regulation § 1.706-1(c)(2) that is required by section 6 of Revenue Procedure 2003-84, the Trust's tax-exempt income, taxable income, gain, loss, deduction, and credit will be allocated as for federal income tax and applicable state and local franchise and income tax purposes as follows:

(i) Interest on the Bonds (including accrued original issue discount) for any period shall be allocated:

(1) first, to the Holders of Variable Certificates, an amount equal to accrued interest distributable for such period on the Variable Certificates at the Variable Certificates Rate, and

(2) second, to the Holders of the Related Inverse Certificates, the remaining interest on the Bonds;

(ii) Gain on the sale or redemption of the Bonds of any Maturity shall be allocated:

(1) to the extent any gain on the sale of such Bonds is treated as ordinary income under Section 1276 of the Code, 100% to the Holders of the Related Inverse Certificates,

(2) to the extent any gain on the sale or deemed sale of such Maturity of Bonds is required to be shared with the Holders of the Variable Certificates pursuant to this Agreement, to the Holders of the Variable Certificates that share in the distribution of such amounts, and

(3) to the extent of the balance of all other gain, to the Holders of the Related Inverse Certificates;

(iii) Loss recognized on the sale of the Bonds of any Maturity shall be allocated 100% to the Holders of the Related Inverse Certificates (except to the extent the loss is borne economically by other Partners in which case it will be allocated to that extent to such other Partners);

(iv) Unrecognized loss on any in-kind distribution of the Bonds of any Maturity shall be allocated to the Holders of Variable Certificates and Related Inverse Certificates in a manner that reflects their respective interests in the Trust and the Bonds, their shares of the Bonds distributed, and the effects on their respective interests of such distribution (taking account of all facts and circumstances); and

(v) All expenses of the Trust (including all Amortized Premium on the Bonds to the extent treated as a separate item of expense of the Trust) shall be allocated 100% to the Holders of the Related Inverse Certificates.

(vi) All of the allocations set out above are intended to be made in accordance with section 704(b) of the Code. If allocation of the Trust's tax-exempt income, taxable income, gain, loss, deduction, and credits provided above would not be in accordance with section 704(b) of the Code, then allocations shall be made in a manner that is in accordance with section 704(b) of the Code. If the Trustor believes in its sole judgment that such other allocations are required it shall promptly give notice to Holders (or, in the case of Certificates held by a regulated investment company (as defined in Section 851(a) of the Code) (each, a "RIC") with respect to which an election is in place for a manager (the "Electing Manager") to be responsible for collecting, retaining, and providing beneficial ownership information to the Internal Revenue Service (the "IRS"), the Trustor shall promptly give notice to the Electing Manager).

(2) Limitations on Activities and Income and Expense of the Trust.

Notwithstanding anything herein or in the Standard Terms to the contrary:

(a) the Trust shall not acquire any asset unless the Trustee has received an Officer's Certificate of the Trustor that the acquisition of that asset will not cause less than 95 percent of the Trust's gross income (for this purpose, including the gross amount of interest income that is excluded from gross income) to be (or reasonably expected to be) from:

(i) interest on tax-exempt obligations as defined in section 1275(a)(3) of the Code and Treasury Regulation § 1.1275-1(e),

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Code that are paid by a RIC, and

(iii) gain from the sale, redemption, or other disposition of assets generating the income described in clauses (i) and (ii), above, and income from the temporary investment (for a period no greater than seven months) of the proceeds of the disposition, but only if the assets that are sold, redeemed, or disposed are original assets of the Trust. For this purpose, an asset is an original asset of the Trust if the asset is contributed to the Trust or is acquired with capital contributed to the Trust (and not with the proceeds of the sale, redemption, or other disposition of a Trust asset).

The Trust shall distribute (or make payments of expenses with) the proceeds of any of the assets that are sold, redeemed, or disposed of, and shall not reinvest such proceeds unless otherwise permitted and in any event shall not invest such proceeds other than (1) for a temporary period (not exceeding seven months) prior to distribution (or payment) in investments having a remaining maturity of less than seven months and maturing on or before the next Variable Certificates Interest Payment Date (or date when expenses are expected to be paid) or (2) reinvestment in a fund commonly known as a tax-exempt money market fund (very generally, a RIC that seeks to maintain a stable net asset value per share of \$1.00 and pay solely exempt-interest dividends as defined in section 852(b)(5) of the Code), but nothing in this sentence implies that any such right to

reinvest exists. The Trust may assume that amounts treated as interest for federal income tax purposes on fixed income investments for which an Opinion of Counsel was rendered satisfy the requirement of clause (i) of Section (2)(a) until it has received notice from its tax advisors or the Trustor or Remarketing Agent to the contrary.

- (b) The Trust shall not incur any liability or expense, if doing so would prevent substantially all of the Trust's expenses and deductions from being properly allocable to:
- (i) producing, collecting, managing, protecting, and conserving the income described in Section (a)(i), (ii), or (iii), above,
 - (ii) acquiring, managing, conserving, maintaining, or disposing of property held for the production of the income described in Section 8(2)(a)(i), (ii), or (iii), above, and
 - (iii) servicing the equity in the Trust, and
 - (iv) Payments of Remarketing and Liquidity Charges and Trustee Fees comply with Section 8(2)(b). Furthermore, for purposes of Section 8(2)(b), the costs of collecting, managing, computing, and supplying the information required, under Revenue Procedure 2003-84, to be provided to the IRS and to the Partners, shall not be taken into account.

(3) Initial Filing.

- (a) In connection with its formation, the Trust shall obtain an employer identification number. The Trustor and, at the Trustor's direction, the Trustee, and each of their accountants, are each authorized to obtain such number and each of the foregoing is authorized to delegate such authority to its agents. Each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to the foregoing.
- (b) The Trust shall file an abbreviated Form 1065, "U.S. Return of Partnership Income," as required by, and in the format outlined in section 8.01 of, Revenue Procedure 2003-84, for its first taxable year as soon as reasonably possible after the Start-Up Date but in no event later than the date that the partnership's income tax return for that taxable year would ordinarily be due. The Trustor and, at the Trustor's direction, the Trustee, and each of their accountants, are each authorized to sign the abbreviated Form 1065, and each of the foregoing is authorized to delegate such authority to its agents. Each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to the foregoing and to authorize the filing of the abbreviated Form 1065 on behalf of the Trust and itself. Copies of the abbreviated Form 1065 will be made available to Partners upon request.

(4) Information Reporting and Record Retention.

- (a) The Trust shall, within 45 days of a request by the IRS or a Partner (or a Beneficial Owner or nominee of a Beneficial Owner of a Certificate), make available all the information necessary to compute a Partner's monthly tax-exempt income, taxable income, gain, loss, deduction, or credit, including sufficient information for a partner to determine the portion of the tax-exempt interest that may be subject to the alternative minimum tax and information regarding each Partner's share of any bond premium amortization under section 171 of the Code, any market or original issue discount, and capital gain or loss. The Trust shall not charge any fee to the IRS or a Partner for providing the information required to be provided by this paragraph. If any Partner specifically requests such information for any tax reporting reason, however, the Trustor may charge such Partner a reasonable fee (disclosed in advance) but not the IRS) for providing any information required to be provided to or on behalf of such Partner by Section 8(4)(a).
- (b) Except in the case of a RIC with respect to which a manager or advisor (an "Electing Manager") has elected under section 8.04 of Revenue Procedure 2003-84 to be responsible for collecting, retaining and providing to the IRS the beneficial ownership information otherwise required to be collected, retained and provided to the IRS, each Holder, Beneficial Owner of a Certificate or Partner on whose behalf another person holds an interest in a Certificate as a nominee shall, and by its acceptance of its Certificate or any interest therein is deemed to agree to, notify the Trustor on behalf of the Trust of its beneficial ownership of a Certificate and provide the Trustor on behalf of Trust all information as required by section 8.04 of Revenue Procedure 2003-84 substantially contemporaneously with, or immediately following, the acquisition of any Certificate. No particular format is required of such notice; *provided*, however, such notice must be in writing, by fax, e-mail, or other similar electronic communication medium and in a format reasonably satisfactory to the Trust (or its designated agent).

Each Electing Manager shall, and by notifying the Trust of its election is deemed to agree to, collect, retain and provide to the IRS or the Trust the information required to be collected, retained and provided to the IRS or the Trust as required under Revenue Procedure 2003-84. In addition, each Electing Manager shall (or cause one of its agents to) notify the Trust (or its designated agent) of the names, CUSIP numbers or other identifying information and amounts of Certificates that are owned or have been owned by all of the regulated investment companies that it manages or advises (i) either (a) substantially contemporaneously with, or immediately following, the acquisition of any Certificate or (b) otherwise, at least quarterly and (ii) within 10 business days of a request for such information if the IRS (or a regulated investment company it manages) has requested such information from the Trust or the Sponsor. No particular format is required of such notice, *provided*, however, that such notice must be in writing, by fax, e-mail, or other similar electronic communication medium and in a format reasonable satisfactory to the Trust (or its designated agent).

- (c) The Trust shall retain sufficient records, including records regarding the legal and beneficial ownership of Certificates provided to it by Partners and by Electing Managers, to comply with its obligations under Revenue Procedure 2003-84.

Section 11. Intention of the Parties; Notification.

It is the intention of the parties hereto that Sections 10-12 of this Series Trust Agreement fulfill the requirements of making a Monthly Closing Election under Revenue Procedure 2003-84 and shall be interpreted consistently therewith.

The Trustor will notify the Holders or Beneficial Owners of the Certificates or their nominees (or, in the case of Certificates held by a regulated investment company with respect to which an election is in place for a manager to be responsible collecting, retaining, and providing beneficial ownership information to the IRS, the Trustor will notify the Electing Manager) and the Trustee if it becomes aware (in its sole but reasonable judgment) that there is a material risk that the Trust does not qualify for the Monthly Closing Election.

Section 12. Trustor's Obligations with respect to Revenue Procedure 2003-84.

- (1) Obligations of the Trustor. Notwithstanding anything herein or in the Standard Terms to the contrary, the Trustor (and not the Trustee) shall undertake, on behalf of the Trust, the Trust's obligations under Revenue Procedure 2003-84 (or successor guidance), including the obligations of the Trust under Section 11 of the Series Trust Agreement to:
- (a) obtain (or cause to be obtained) a taxpayer identification number for the Trust;
 - (b) file (or cause to be filed) an abbreviated Form 1065, "U.S. Return of Partnership Income," for the Trust's first taxable year;
 - (c) provide, within 45 days of a request by the Internal Revenue Service or a Partner, all the information necessary to compute a partner's income which is excluded from gross income for purposes of federal income taxes, taxable income, gain, loss, deduction, or credit, including sufficient information for a Partner to determine the portion of the interest which is excluded from gross income for purposes of federal income taxes that may be subject to the alternative minimum tax and information regarding each partner's share of any bond premium amortization under section 171 of the Code, any market or original issue discount, and capital gain or loss;
 - (d) retain sufficient records, including records regarding the beneficial ownership of Certificates provided to it by a Partner and by Electing Managers as required by Revenue Procedure 2003-84, to comply with its obligation to provide information for as long as the Trust is required to provide such information.; and
 - (e) at the request of the Trustee, confirm whether or not an expense or liability to be incurred by the Trust would prevent substantially all of the Trust's expenses and deductions from being properly allocable pursuant to the provisions of Section 8(2)(b) hereof.
- (2) Cooperation. The Trustee will cooperate with the Trustor and provide the Trustor with information available to it that may be reasonably necessary or helpful for the Trustor to comply with its obligations under Section 13 of the Series Trust Agreement.

Section 13. Section 3.2(a) of the Standard Terms is hereby amended and restated in its entirety to read as follows:

"(a) With respect to each Series, interest on the Bonds shall be distributed as provided in Section 3.2(b) on each Semi-Annual Interest Payment Date; *provided*, that if the Trustee on the Semi-Annual Interest Payment Date has not confirmed receipt of such interest in immediately available funds, notwithstanding any other provision hereof, such distribution may be delayed until the Business Day on which the Trustee confirms receipt of immediately available funds; and provided further that if the Semi-Annual Interest Payment Date is not a Business Day, then the interest distribution otherwise payable on such Semi-Annual Interest Payment Date shall be payable on the Business Day next succeeding such Semi-Annual Interest Payment Date or the Business Day succeeding such Semi-Annual Interest Payment Date on which the Trustee confirms receipt of interest in immediately available funds, whichever is later, as though paid on such Semi-Annual Interest Payment Date.

Interest payments on the Bonds received by the Trustee during each such semi-annual period prior to a Semi-Annual Interest Payment Date (other than interest being paid in connection with a redemption of Bonds) shall be deposited by the Trustee into the Collection Account and remain uninvested. Upon termination of the Trust and payment in full of all interest payable on the Variable Certificates, any amounts remaining in the Collection Account shall be distributed to the Holders of the Inverse Certificates.

Notwithstanding the foregoing provisions with respect to the semi-annual payment of interest on the Certificates, the Trustee will distribute payments identified to the Trust by the paying agent for the Bonds as payments of principal and premium on the Bonds not later than the Business Day following Trustee's receipt of such payments, as required by the Standard Terms.

The Trustor hereby grants to the Trustee a first-priority security interest in the Collection Account, the Bonds and other financial assets credited thereto, and all proceeds thereof."

A new Section 3.2(c) is hereby added to the Standard Terms immediately following Section 3.2(b) thereof, as follows:

"(c) With respect to each Series, amounts received by the Trustee with respect to the Related Bonds that have been identified to the Trustee as payments received from or on behalf of the applicable Issuer (rather than from the related Principal Credit Source), after reimbursement in full of the related Principal Credit Source for the amount of the related drawing(s) on the applicable Credit Enhancement, shall be distributed to Holders of the Inverse Certificates of such Series."

Section 14. Section 3.3 of the Standard Terms is hereby amended by adding, following clause (d) thereof, the following clause (e):

(e) Any change in the Remarketing Agent Fee Rate and the Liquidity Fee Rate and any material change in the Trustee Fee Rate shall require the consent of the Inverse Certificates Holder.

Section 15. Section 3.4 of the Standard Terms is hereby amended and restated in its entirety to read as follows:

"Section 3.4. Interest Distributable on Variable Certificates. Interest distributions on the Variable Certificates will be made on each Semi-Annual Interest Payment Date or other date on which interest is distributed pursuant to Section 3.2(a) (each, a "Variable Certificates Interest Payment Date"), in arrears for interest which shall have accrued in the Calculation Period ending on the day before the related Semi-Annual Interest

Payment Date and shall be the amount determined as the “Variable Certificates Interest Amount” by the Trustee. Such interest shall be payable to Holders of record as of the related Regular Record Date to the extent of interest on the Bonds, if any, received and distributed by the Trustee on or about such Variable Certificates Interest Payment Date pursuant to Section 3.2. The Variable Certificates Interest Amount in respect of each Calculation Period for each Variable Certificate shall be calculated on the Actual/Actual Basis by multiplying the Stated Amount of such Variable Certificates by the Variable Certificates Rate or Rates in effect from time to time for such Calculation Period.”

Section 16. Section 5.2(d)(vi) of the Standard Terms is amended and restated to read in its entirety as follows:

(vi) in the case of any other Mandatory Tender Event, a Business Day at least 5 days after the notice required by this subsection (d); provided, however, that such Mandatory Tender Date shall not be less than five days prior to the Liquidity Agreement Termination Date.

Section 17. Sections 5.2(h) and 5.2(i) are amended and restated in their entirety to read as follows, respectively:

(h) On the Mandatory Tender Date (other than with respect to a Mandatory Tender Event under Section 5.2(a)(xi) through (xiv)), the Trustee shall proceed to cause the sale of or deliver out the Bonds of each affected Maturity separately as follows:

(i) If the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in the Liquidity Provider receiving less than an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction on the Mandatory Tender Date:

(A) the Trustee shall instruct the Remarketing Agent to sell a principal amount of the Bonds of such Maturity sufficient to pay the accrued and unpaid Trustee Fee and Remarketing and Liquidity Charges with respect to the Certificates to the date of such delivery multiplied by the Related Allocation Fraction;

(B) the Trustee shall instruct DTC to transfer an amount of the Bonds of such Maturity as promptly as practicable through the facilities of DTC to the Liquidity Provider such that the Liquidity Provider receives a principal amount of the Bonds of such Maturity with a market value (based on such Quotation of Bond Price) equal to the Stated Amount of Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction; and

(C) any remaining Bonds and proceeds from the sale of Bonds pursuant to clause (A) shall be distributed to the Holders of Related Inverse Certificates.

(ii) If the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in the Liquidity Provider receiving at least an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction, the Remarketing Agent shall sell the Bonds of such Maturity in such manner as the Remarketing Agent deems advisable at the highest obtainable price under current market conditions, on the Mandatory Tender Date, any such sale to conform to the further requirements set forth herein.

(iii) If the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered) and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in either the Liquidity Provider receiving less than an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction or the Inverse Certificates receiving less than an amount equal to the Stated Amount thereof, on the Mandatory Tender Date:

(A) the Trustee shall instruct the Remarketing Agent to sell a principal amount of the Bonds of such Maturity sufficient to pay the accrued and unpaid Trustee Fee and Remarketing and Liquidity Charges with respect to the Certificates to the date of such delivery multiplied by the Related Allocation Fraction;

(B) the Trustee shall instruct DTC to transfer an amount of the Bonds of such Maturity as promptly as practicable through the facilities of DTC to the Liquidity Provider and Beneficial Owners Selected by Lot of Related Inverse Certificates, such that the Liquidity Provider and Beneficial Owners Selected by Lot of Related Inverse Certificates each receives a pro rata principal amount of the Bonds of such Maturity based on the aggregate Stated Amount of Variable Certificates and the aggregate Stated Amount of the Related Inverse Certificates, in each case multiplied by the Related Allocation Fraction; and

(C) any remaining Bonds and proceeds from the sale of Bonds pursuant to clause (A) shall be distributed to the Holders of Related Inverse Certificates.

(iv) If the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered) and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in

the Liquidity Provider receiving at least an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction and the Inverse Certificates receiving at least an amount equal to the Stated Amount thereof, the Remarketing Agent shall sell the Bonds of such Maturity in such manner as the Remarketing Agent deems advisable at the highest obtainable price under current market conditions, on the Mandatory Tender Date, any such sale to conform to the further requirements set forth herein.

(i) On the Mandatory Tender Date, the proceeds of the sale, if any, of each Maturity separately pursuant to Section 5.2(h)(ii) or (iv) shall be distributed in the following order of priority, each priority being fully paid before proceeds are used to pay any lower priority and no payment being made on any priority if the proceeds have been exhausted in the payment of higher priorities:

(A) to the Trustee, the accrued Trustee Fee multiplied by the Related Allocation Fraction;

(B)(1) if the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply, to the Liquidity Provider an amount equal to the Stated Amount of the Variable Certificates purchased with funds provided under the Liquidity Facility by the Liquidity Provider multiplied by the Related Allocation Fraction, and (2) if the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered), to the Liquidity Provider an amount equal to the Stated Amount of the Variable Certificates purchased with funds provided under the Liquidity Facility by the Liquidity Provider multiplied by the Related Allocation Fraction and to the Inverse Certificates an amount equal to the Stated Amount thereof on a *pari passu* basis;

(C) to the parties entitled thereto, an amount equal to the accrued Remarketing and Liquidity Charges multiplied by the Related Allocation Fraction;

(D) to the Holders of the Related Inverse Certificates, an amount up to but not exceeding the aggregate amount of any Accrued Market Discount, Accrued OID and Unamortized Premium on the Bonds of such Maturity;

(E) to the Holders of Variable Certificates tendered on the Mandatory Tender Date and, except in the case of a Mandatory Tender Event under Section 5.2(a)(i) or (v) with respect to less than all the Maturities, to Liquidity Variable Certificates outstanding at the opening of business on the Mandatory Tender Date, an amount equal to the product of (x) 10% for all Bonds other than Enhanced Custody Receipts Series 2008 CDB 3-E, for which the applicable percentage is 98%, (y) a fraction the numerator of which is the Related Variable Certificates amount and the denominator of which is the aggregate principal amount of Bonds for such Maturity, and (z) the excess, if any, of the sale price (not including accrued interest) over the Bond Base Price of such Maturity; and

(F) to such Holders of Related Inverse Certificates, the balance remaining.

Section 18. With respect to Series 2008 CDB 3-E, the reference to "10%" in each of Section 5.1(d), 6.2(b) and 11.1(a) of the Standard Terms is hereby deleted and replaced with "98%".

Section 19. Article VI of the Standard Terms is hereby amended as follows:

The reference to "fourteen (14) days" in Section 6.2(iv) of the Standard Terms is hereby deleted and replaced with "five (5) Business Days".

The following Section 6.3 is hereby added to the Standard Terms following Section 6.2 thereof:

Section 6.3: Increase or Decrease of Variable Certificate/Inverse Certificate Ratio.

(a) Any Holder of all the Outstanding Inverse Certificates of a particular Maturity and any Stated Amount of Variable Certificates may obtain, on any Variable Certificates Interest Payment Date or any Rate Determination Date, additional Inverse Certificates for such Maturity with a Stated Amount of Inverse Certificates equal to the Stated Amount of such Variable Certificates. In order to obtain such Inverse Certificates, the Inverse Certificates Holder shall deliver notice to the Trustee (with a copy to the Remarketing Agent and the Liquidity Provider) in the form of Exhibit C to the Series Trust Agreement at least five Business Days prior to such date of delivery. On the Business Day following receipt of such notice, the Trustee shall transmit a copy of such notice to the Securities Depositories for transmission to the Holders of Certificates. The Inverse Certificates Holder shall deliver such Variable Certificates free to the Trustee by book-entry transfer, and shall pay to the Trustee any tax or other governmental or Securities Depository charge that may be imposed in relation to the transfer.

(b) Upon satisfaction of the requirements of Section 6.3(a), the Trustee on behalf of the Trust shall, on the Variable Certificates Interest Payment Date or the Rate Determination Date specified in the notice delivered by such Holder, execute additional Inverse Certificates for such Maturity with a Stated Amount of Inverse Certificates equal to the Stated Amount of Variable Certificates, deliver the same to the Holder as specified in such notice and cancel the Variable Certificates so delivered.

(c) If a notice has been delivered to the Trustee pursuant to Section 6.3(a), then any Holder of all Outstanding Inverse Certificates of a particular Maturity may obtain, on any Variable Certificates Interest Payment Date or any Rate Determination Date, delivery of additional Variable Certificates of such Maturity by:

(i) causing the Securities Depository to deliver a specified Stated Amount of Inverse Certificates free to the Trustee by book-entry transfer into the Trustee's accounts at such Securities Depository;

(ii) delivering a notice to the Trustee in the form of Exhibit C at least 10 Business Days prior to such date of delivery, which notice shall specify the new Variable Certificate/Inverse Certificate ratio for such Maturity;

(iii) paying to the Trustee a sum sufficient to pay any tax or other governmental or Securities Depository charge or any other charges that may be imposed in relation thereto; and

(iv) delivering or causing to be delivered to the Trustee the written consent of the Liquidity Provider to such execution and delivery of additional Variable Certificates and evidence that the Amount Available under the Liquidity Agreement has been increased to reflect the issuance of the additional Variable Certificates in accordance with the terms of the Standard Terms and the Liquidity Agreement.

The Trustor shall also deliver to the Trustee a certificate of the Trustor demonstrating that the Variable Certificates Rate, following the delivery of the additional Variable Certificates, (y) if such delivery is on a Variable Certificates Interest Payment Date, will not exceed the Maximum Variable Certificates Rate or (z) if such delivery is on an Rate Determination Date, will not exceed the Maximum Variable Certificates Rate assuming that the issuance of the additional Variable Certificates had occurred as of the immediately preceding Bond Interest Payment Date.

On the Business Day following receipt of any notice pursuant to the foregoing clause (ii), the Trustee shall transmit a copy of such notice to the Remarketing Agent and to the Securities Depositories for transmission to the Holders of Certificates.

(d) Upon satisfaction of the requirements of Section 6.3(c), the Trustee on behalf of the Trust shall, on the Variable Certificates Interest Payment Date or the Rate Determination Date specified in the notice delivered by such Holder, execute additional Variable Certificates with a Stated Amount equal to the Stated Amount of the Inverse Certificates delivered to the Trustee by such Holder, deliver the same to such Holder as specified in such notice and cancel the Inverse Certificates so delivered.

Section 20. With respect to Series 2008 CDB 3-E, Article VI of the Standard Terms is hereby amended by adding the following new Section 6.4 and Section 6.5 at the end thereof:

“Section 6.4. Withdrawal of Bonds by Beneficial Owners of Variable Certificates.

(a) Upon receipt of a notice of redemption for all or a portion of the Bonds of a specified Maturity, on any Business Day that occurs thereafter and prior to either (x) the occurrence of a Tender Option Termination Event or (y) the sending of any notice of redemption pursuant to Section 11.3 for the Variable Certificates, a Beneficial Owner of Variable Certificates may submit a written request (a “Withdrawal Notice”) to the Trustor, a copy of which shall be delivered to the Trustee and the Remarketing Agent, setting forth a Stated Amount of Related Variable Certificates owned by such Beneficial Owner, less than or equal to the principal amount of Bonds of such specified Maturity that are designated by the trustee for such Bonds as being called for redemption, for which such Beneficial Owner requests that a corresponding principal amount of such Bonds of such specified Maturity be withdrawn from the Trust in accordance with the procedures set forth in this Section 6.4 for delivery, after a portion of such Bonds are sold to make the payments described in this Section 6.4, to such Beneficial Owner in redemption of such Variable Certificates. If Beneficial Owners submit Withdrawal Notices with respect to a principal amount of Bonds of a specified Maturity in excess of the principal amount of Bonds of such Maturity being called for redemption, each Beneficial Owner’s Withdrawal Notice shall be deemed to be submitted with respect to their pro rata share of the principal amount of Bonds of such Maturity being called for redemption.

(b) Not later than the first Business Day after the Withdrawal Notice is received by the Remarketing Agent, the Remarketing Agent shall obtain a Quotation of Bond Price. If the Quotation of Bond Price, expressed as a percentage of par, is not greater than or equal to 100%, the Withdrawal Notice shall be deemed withdrawn and cancelled by the Beneficial Owner, without any further action by any Person, and no delivery of Bonds shall occur under this Section 6.4.

(c) If the Quotation of Bond Price, expressed as a percentage of par, obtained by the Remarketing Agent pursuant to Section 6.4(b) is greater than or equal to 100%, then on the fifth Business Day after the date of the Withdrawal Notice (the “Bond Delivery Date”): (A) the Remarketing Agent shall cause the sale of a portion of such Bonds at the Quotation of Bond Price obtained pursuant to Section 6.4(b) sufficient to equal (1) the accrued and unpaid Trustee Fee and accrued and unpaid Remarketing and Liquidity Charges, in each case with respect to the Stated Amount of Variable Certificates identified in the Withdrawal Request and (2) an amount (the “Inverse Certificates Gain Amount”) equal to 2% of the excess, if any, of a hypothetical sale price of the principal amount of Bonds of the Maturity identified in the Withdrawal Request (based upon the Quotation of Bond Price obtained in Section 6.4(b) and not including accrued and unpaid interest) over the portion of the Bond Base Price of such Bonds that is allocable to such principal amount of Bonds (or, if the original Base Price for such Bonds is less than or equal to 100%, the principal amount of Bonds identified in the Withdrawal Request instead of such Bond Base Price), (B) the Trustee shall use the proceeds of such sale to pay (1) the parties entitled thereto the accrued and unpaid Trustee Fee and accrued and unpaid Remarketing and Liquidity Charges, in each case with respect to the Stated Amount of Variable Certificates identified in the Withdrawal Request and (2) the Beneficial Owner of Inverse Certificates the Inverse Certificates Gain Amount and (C) the remaining Bonds shall be distributed to the Beneficial Owner of Variable Certificates in accordance with Section 6.4(d).

(d) On the Bond Delivery Date: (i) the Beneficial Owner of the Variable Certificates shall cause the Securities Depository to deliver the Stated Amount of Variable Certificates identified in the Withdrawal Request free to the Trustee by book-entry transfer into the Trustee’s account at DTC and (ii) the Trustee shall deliver free from its account at DTC by book-entry transfer as specified in the Withdrawal Request the principal amount of Bonds identified in such Liquidation/Withdrawal Request, less any Bonds sold pursuant to Section 6.4(c).

(e) Upon the delivery of Bonds pursuant to this Section 6.4 to the Beneficial Owner of Variable Certificates identified in the Withdrawal Request, the applicable Variable Certificates shall be cancelled and interest on such Variable Certificates shall cease to accrue. The Trustee shall notify the Liquidity Provider of the Stated Amount of Variable Certificates so cancelled and the Amount Available under the related Liquidity Agreement shall be reduced accordingly.

(f) Notwithstanding anything herein to the contrary, with respect to any Maturity of Bonds that are custody receipts issued pursuant to a custodial agreement (with respect to such Bonds, the “Custodial Agreement”), which Bonds evidence beneficial ownership interests in certain underlying bonds (the “Underlying Bonds”) and certain rights under a credit enhancement related to such Underlying

Bonds (the “Credit Enhancement”):

(i) any Beneficial Owner of Variable Certificates submitting a Withdrawal Notice as described above shall specify a particular Maturity of Underlying Bonds, and the principal amount thereof, which such Beneficial Owner of Variable Certificates requests be withdrawn as described herein;

(ii) the Remarketing Agent will determine whether the Quotation of Bond Price as a percentage of par is greater than or equal to 100%, as of the Withdrawal Date, as applicable;

(iii) immediately upon a determination that the Quotation of Bond Price as a percentage of par is greater than or equal to 100% as set forth in clause (B), the Trustee, in its capacity under the Custodial Agreement as Holder of the Bonds related to such Underlying Bonds, will exercise its right, pursuant to the Custodial Agreement, to withdraw the specified principal amount of Underlying Bonds, without the benefit of the related Credit Enhancement, in order that such Underlying Bonds may be withdrawn as described herein.

Section 6.5. Liquidation of Bonds by Beneficial Owners of Variable Certificates.

(a) On any Business Day that occurs on or after May 11, 2009 and occurs prior to either (x) the occurrence of a Tender Option Termination Event or (y) the sending of any notice of redemption pursuant to Section 11.3 for the Variable Certificates, a Beneficial Owner of Variable Certificates may submit a written request (a “Liquidation Notice”) to the Trustor, a copy of which shall be delivered to the Trustee and the Remarketing Agent, setting forth a Stated Amount of Variable Certificates owned by such Beneficial Owner for which such Beneficial Owner requests that a principal amount of Bonds of a specified Maturity equal to such Stated Amount of Variable Certificates be sold in accordance with the procedures set forth in this Section 6.5 with the proceeds of such Bonds being used to make the payments described in this Section 6.5, including a payment in redemption of such Variable Certificates.

(b) Not later than the first Business Day after the Liquidation Notice is received by the Remarketing Agent, the Remarketing Agent shall obtain a Quotation of Bond Price. If the Quotation of Bond Price, expressed as a percentage of par, is not greater than or equal to 100%, the Liquidation Notice shall be deemed withdrawn and cancelled by the Beneficial Owner, without any further action by any Person, and no liquidation of Bonds shall occur under this Section 6.5.

(c) If the Quotation of Bond Price, expressed as a percentage of par, obtained by the Remarketing Agent pursuant to Section 6.5(b) is greater than or equal to 100%, then: (A) the Remarketing Agent shall cause the sale of such Bonds at the Quotation of Bond Price, plus accrued and unpaid interest, for settlement on a date specified in such the Liquidation Request (the “Liquidation Date”), which shall be a Business Day at least five Business Days after the date of the Liquidation Notice and (B) the proceeds therefrom shall be distributed pursuant to Section 6.5(d); provided, that the Beneficial Owner of Variable Certificates that has submitted a Liquidation Request and the Beneficial Owner of the Inverse Certificates Related to the Bonds to be sold shall each have a right of first refusal to purchase the Bonds to be sold on the Liquidation Date, at a price equal to the Quotation of Bond Price plus accrued and unpaid interest, which rights of first refusal shall be offered to such Beneficial Owners no later than 11:00 a.m. on the Business Day following the day on which the Remarketing Agent obtains the Quotation of Bond Price; provided further, that (1) such rights of first refusal shall only be effective if exercised by such Beneficial Owners no later than 12:00 noon on such Business Day, (2) if only one such Beneficial Owner has exercised its right of first refusal to purchase the Bonds to be sold on the Liquidation Date, such Beneficial Owner shall purchase the Bonds at a price equal to the Quotation of Bond Price with respect to such Bonds, plus accrued and unpaid interest, and (3) if both such Beneficial Owners have exercised their rights of first refusal to purchase the Bonds to be sold on the Liquidation Date, then the Beneficial Owner of Variable Certificates that has submitted the Liquidation Request and the Beneficial Owner of the Inverse Certificates Related to the Bonds to be sold shall each purchase half of the Bonds to be sold, at a price equal to the Quotation of Bond Price with respect to such Maturity, plus accrued and unpaid interest.

(d) On the Liquidation Date, the proceeds of the sale pursuant to Section 6.5(c) of the principal amount of Bonds of the Maturity identified in the Liquidation Request shall be distributed by the Trustee in the following order of priority, each priority being fully paid before proceeds are used to pay any lower priority and no payment being made on any priority if the proceeds have been exhausted in the payment of higher priorities:

(i) to the Trustee, the accrued and unpaid Trustee Fee allocable to the Variable Certificates identified in the Liquidation Request;

(ii) to the parties entitled thereto, the accrued and unpaid Remarketing and Liquidity Charges allocable to the Variable Certificates identified in the Liquidation Request;

(iii) to the Beneficial Owner of Variable Certificates identified in the Liquidation Request, an amount equal to the Stated Amount of such Variable Certificates;

(iv) to the Beneficial Owner of Variable Certificates identified in the Liquidation Request, an amount equal to 98% of the excess, if any, of the proceeds of the sale of the Bonds that were sold exclusive of accrued interest in excess of (x) if the original Base Price for such Bonds is less than or equal to 100%, the principal amount of such Bonds, or (y) if the original Base Price for such Bonds is greater than 100%, the Bonds Base Price for such Bonds allocable to the Bonds that were sold on the Liquidation Date; and

(v) to the Holder of Inverse Certificates Related to the Bonds that were sold, the balance remaining of such sale proceeds.

(e) Upon the payment of liquidation proceeds pursuant to this Section 6.5 to the Beneficial Owner of Variable Certificates

identified in the Liquidation Request, the applicable Variable Certificates shall be cancelled and interest on such Variable Certificates shall cease to accrue. The Trustee shall notify the Liquidity Provider of the Stated Amount of Variable Certificates so cancelled and the Amount Available under the related Liquidity Agreement shall be reduced accordingly.

(f) Notwithstanding anything herein to the contrary, with respect to any Maturity of Bonds that are custody receipts issued pursuant to a Custodial Agreement, which Bonds evidence beneficial ownership interests in certain Underlying Bonds and certain rights under a Credit Enhancement:

(i) any Beneficial Owner of Variable Certificates submitting a Liquidation Notice as described above shall specify a particular Maturity of Underlying Bonds, and the principal amount thereof, which such Beneficial Owner of Variable Certificates requests be liquidated as described herein;

(ii) the Remarketing Agent will determine whether the Quotation of Bond Price as a percentage of par is greater than or equal to 100%, as of the Liquidation Date, as applicable;

(iii) immediately upon a determination that the Quotation of Bond Price as a percentage of par is greater than or equal to 100% as set forth in clause (B), the Trustee, in its capacity under the Custodial Agreement as Holder of the Bonds related to such Underlying Bonds, will exercise its right, pursuant to the Custodial Agreement, to withdraw the specified principal amount of Underlying Bonds, without the benefit of the related Credit Enhancement, in order that such Underlying Bonds may be liquidated as described herein.

Section 21. Exhibit E to the Standard Terms is hereby replaced in its entirety by the Form of Purchaser's Letter in the form attached as Exhibit B hereto.

Section 22. Each of the following events constitute Additional Mandatory Tender Events under the Agreement:

(i) The Value Ratio is less than the Minimum Value Ratio, and the Liquidity Provider notifies the Trustee to establish a Mandatory Tender Date.

(ii) A termination event, a default or event of default occurs under any Reimbursement Agreement related to the Trust Agreement, and the Liquidity Provider provides notice to the Trustee to establish a Mandatory Tender Date.

(iii) Notice shall have been given to the Trustee by the Liquidity Provider that the financial condition of the Principal Credit Source has, in the reasonable opinion of the Liquidity Provider, deteriorated in a materially adverse manner since the Trust was established.

The Mandatory Tender Date for any Mandatory Tender Event set forth in Section 20 shall be the fifth Business Day following the day that the Trustee is notified to establish a Mandatory Tender Date.

Section 23. Upon presentation of Liquidity Variable Certificates on or before 11:00 a.m. on any Business Day, the Trustee shall direct the Remarketing Agent to obtain a Quotation of Bond Price and to determine the Accrued Market Discount, Accrued OID and Unamortized Premium, if any, separately with respect to each Maturity on the same Business Day as the day of presentation to the Trustee of the Liquidity Variable Certificates. On the same Business Day on which the Quotation of Bond Price is obtained, the Trustee shall instruct the Remarketing Agent to sell a portion of the Bonds of each Maturity sufficient in the aggregate to pay the accrued and unpaid Trustee Fees, the accrued and unpaid Remarketing and Liquidity Charges and the Stated Amount of such Liquidity Variable Certificates together with accrued and unpaid interest thereon as of such date and all other amounts due the Liquidity Provider, and distribute such proceeds to the Trustee, Remarketing Agent and Liquidity Provider as applicable with the balance of such proceeds being paid to the Beneficial Owner of the Inverse Certificates; provided that no more than the principal amount of the Bonds of a particular Maturity multiplied by a fraction the numerator of which is the Stated Amount of Liquidity Variable Certificates and the denominator of which is the Stated Amount of all Variable Certificates shall be sold for this purpose; provided, further, that, if no Variable Certificates other than Liquidity Variable Certificates are Outstanding, then any Maturity of Bonds may be sold for this purpose and in the event any proceeds remain after such sale and the payment of the amounts described above, then such excess shall be paid to the Beneficial Owner of the Inverse Certificates.

Section 24. Section 8.1 of the Standard Terms is hereby amended by adding following Section 8.1(c), the following Section 8.1(d):

(d) Any material amendment to the Liquidity Agreement shall require the prior written consent of the Inverse Certificates Holder.

Section 25. Section 10.1(b) is amended and restated in its entirety to read as follows:

(b) In the event of any action or consent requiring the vote of the owners of any Bonds, the Trustee shall, within three Business Days of its being informed of any such action or consent, deliver to the Holders of the Certificates such Holder's proxies for such vote, returnable to the Trustee, which shall vote solely in accordance with such proxies, weighted by the Stated Amount of the Variable Certificates and the Stated Amount of Inverse Certificates held by each Holder; provided, however, the Trustee shall not exercise its right to exchange Bonds for the underlying bonds pursuant to Section 9.10 of the Custody Agreement, unless the Trustee has been directed by 100% of the Beneficial Owners of the Certificates.

Section 26. Sections 11.1(a)(ii) and (iii) of the Standard Terms are hereby amended and restated in their entirety to read as follows:

“(ii) upon a redemption in whole, (A) principal of the Bonds so redeemed shall be applied first to the payment to the Holders of the Variable Certificates selected for redemption pursuant to Section 11.2 in an amount up to the Stated Amount thereof, then to the payment to the Holders of the Related Inverse Certificates, and (B) any remaining principal amount paid in redemption in whole of the Bonds and not applied due to the last sentence of Section 11.2 shall be paid into the Odd-Lot Subaccount pursuant to Section 11.8; provided that if the Certificates selected for redemption pursuant to Section 11.2 shall have been redeemed pursuant to this clause (iii) in an amount equal to the Stated Amount thereof, then any remaining principal amount paid in redemption of Bonds up to the Bond Base Price shall be paid to the Holders of the Related Inverse Certificates, and any remaining principal amount

paid in redemption of Bonds in excess of the Bond Base Price shall be applied as redemption premium;

(ii) upon a redemption in whole, (A) principal of the Bonds so redeemed shall be applied first to the payment to the Holders of the Variable Certificates selected for redemption pursuant to Section 11.2 in an amount up to the Stated Amount thereof, then to the payment to the Holders of the Related Inverse Certificates, and (B) any remaining principal amount paid in redemption in whole of the Bonds and not applied due to the last sentence of Section 11.2 shall be paid into the Odd-Lot Subaccount pursuant to Section 11.8; provided that if the Certificates selected for redemption pursuant to Section 11.2 shall have been redeemed pursuant to this clause (iii) in an amount equal to the Stated Amount thereof, then any remaining principal amount paid in redemption of Bonds up to the Bond Base Price shall be paid to the Holders of the Related Inverse Certificates, and any remaining principal amount paid in redemption of Bonds in excess of the Bond Base Price shall be applied as redemption premium;”

Section 27. Section 14.4(a) of the Standard Terms is hereby amended by adding the following as the second paragraph of Section 14.4(a):

The Trustor may and, at the direction of the Trustor, the Trustee shall, amend the terms of this Agreement, without the consent of any of the Holders or Beneficial Owners of Certificates, to the extent that any such amendment is, in the opinion of qualified tax counsel, necessary for the Trust to reduce a material risk of non-compliance with Revenue Procedure 2003-84 (including any amendment or successor thereto); *provided* that (1) the Trustee has received an Officer’s Certificate of the Trustor that such amendment will not adversely affect the interests of any Holders of Certificates or the Trustee, and (2) the Trustee has received an Opinion of Counsel of appropriate special tax and securities counsel to the effect that such amendment will not result in the withdrawal of, or modification of the conclusions of, any opinion previously delivered regarding tax and securities law treatment of the Certificates; and (3) notice of such amendment when given pursuant to Section 14.4(e) with respect to Certificates held by a regulated investment companies with respect to which an election is in place for a manager to be responsible collecting, retaining, and providing beneficial ownership information to the IRS, shall be given to the manager.

Section 28. Section 5.1(a) of the Standard Terms is hereby amended as follows:

Section 5.1 (a) (i) is hereby deleted and replaced in its entirety with the following:

“(i) Provided that the Bonds are not Prerefunded Bonds, (A) a Bankruptcy shall occur with respect to the Issuer or (B) if a Principal Credit Source shall be identified as such in the related Series Trust Agreement, a Bankruptcy shall occur with respect to both (1) the Principal Credit Source and (2) the Issuer of the Bonds; provided that, in the case of Bonds for which the payment of principal and interest constitutes a limited obligation of the Issuer of the Bonds, payable solely from amounts received from a third party for whose benefit the Bonds were issued, the reference to Issuer shall be deemed to refer to such third party for whose benefit those Bonds were issued;”

Section 29. Section 5.1 (a) (iii) is hereby deleted and replaced in its entirety with the following:

“(iii) the highest publicly available long-term rating on such Bonds shall have been downgraded by each Bond Rating Agency below the lowest rating of such Bond Rating Agency that is commonly regarded as “investment grade,” being BBB- in the case of S&P and Fitch and Baa3 in the case of Moody’s.

Section 30. For purposes of Section 11.1 of the Standard Terms, payments made by the Credit Enhancer with respect to the Enhanced Custody Receipts in connection with an Early Termination Date or the occurrence of a Termination Event (as such terms are defined in the Credit Enhancement) shall constitute proceeds of a redemption of the Bonds and shall result in redemption of the Certificates as provided in Section 11.1 of the Standard Terms.

IN WITNESS WHEREOF, the parties hereto have caused this Series Trust Agreement to be executed by their respective duly authorized officers as of the date first above written.

BANK OF AMERICA, NATIONAL ASSOCIATION as Trustor

By/s/ Laura Sheehan

Authorized Signatory

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and Tender Agent

By/s/ Safet Kalabovic

Authorized Signatory

SUPPLEMENTAL DESCRIPTION OF THE CERTIFICATES:

“Additional Mandatory Tender Event” shall mean the additional mandatory tender events specified as such herein.

“Authorized Denomination” shall mean (i) with respect to the Variable Certificates, \$25,000 or integral multiples of \$1,000 in excess thereof and (ii) with respect to the Inverse Certificates, \$5,000 or integral multiples of \$1,000 in excess thereof.

“Bond Interest Payment Dates” shall mean, with respect to each Bond, the following payment dates:

| | |
|--------------------|--|
| Series 2008 CDB-1E | April 1 and October 1 |
| Series 2008 CDB-2E | April 1 and October 1 |
| Series 2008 CDB-3E | April 1 and October 1 |
| Series 2008 CDB-4E | Monthly through October 1, 2008, and then semiannually on each April 1 and October 1, commencing April 1, 2009 |

“Certificates Rating Agency” shall mean Moody’s Investors Service Inc.

“Delivery Date” shall mean July 3, 2008.

“Initial Variable Certificates Interest Period” shall mean the initial Rate Period which is the Weekly Period.

“Liquidity Agreement Termination Date” shall mean July 2, 2009, as such date may be extended from time to time by the Liquidity Provider in accordance with the related Liquidity Agreement.

“Liquidity Provider” shall mean Bank of America, National Association or any Successor Liquidity Provider.

“Liquidity Fee Rate” shall mean 0.20% as such rate may be changed in accordance with the Liquidity Agreement and the Standard Terms.

“Minimum Value Ratio” shall not be applicable.

“Rating Threshold” shall mean Aa3 for Moody’s and AA- for S&P (or equivalent ratings if other rating agencies are the Bond Rating Agencies).

“Remarketing Agent Fee Rate” shall mean 0.10% as such rate may be changed in accordance with the Remarketing Agreement and the Standard Terms.

“Scheduled Termination Date” shall mean, with respect to each Maturity of Bond, the following dates:

| | |
|--------------------|-----------------|
| Series 2008 CDB-1E | April 1, 2023 |
| Series 2008 CDB-2E | April 1, 2019 |
| Series 2008 CDB-3E | October 1, 2017 |
| Series 2008 CDB-4E | October 1, 2022 |

“Seller” shall mean Banc of America Securities LLC, who is the seller of the Bonds to the Trustee.

“Semi-Annual Interest Payment Dates” shall mean April 1 and October 1 of each year.

“State Partnership Factors” The State Partnership Factors have not been adopted for the Certificates of the Series.

“Stated Amount” for the Certificates are as follows:

| | Stated Amount | CUSIP Number |
|---|---------------|--------------|
| Variable Certificates | \$34,086,000 | 05248P5S0 |
| | \$5,000 | 05248P5W1 |
| Inverse Certificates, Series 10000 CDB-1E | \$5,000 | 05248P5X9 |
| Inverse Certificates, Series 10000 CDB-2E | \$5,000 | 05248P5Y7 |
| Inverse Certificates, Series 10000 CDB-3E | \$5,000 | 05248P5Z4 |
| Inverse Certificates, Series 10000 CDB-4E | | |

“Trustee Fee Rate” shall mean 0.015% as such rate may be changed in accordance with the Standard Terms.

“Trustor's Required Interest” shall not be applicable.

I.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|---|
| Bonds: | \$5,431,500 Enhanced Custody Receipts, Series 2008 CDB-1E, relating to \$6,005,174 Unenhanced Custody Receipts, Series 2008 CDB-1U, evidencing an interest in Multifamily Housing Revenue Bonds (Bella Vista Apartments) Series 2006 ¹ |
| Issuer: | Texas Department of Housing and Community Affairs |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094316, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-1E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator. ² |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.15% |
| Bond Rating Agencies: | Moody's: Aaa |
| Accrued Interest on Underlying Bonds: | \$94,381.32 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 90.447% |
| Bond CUSIP Number: | 88275BNB0 |
| Bond Interest Payment Dates: | April 1 and October 1 |
| Bond Maturity Date: | April 1, 2046 |
| Deposit Yield: | 6.860% |

DESCRIPTION OF THE UNDERLYING BONDS:

| | |
|----------------------------------|--|
| Underlying Bonds: | \$6,785,000 Multifamily Housing Revenue Bonds (Bella Vista Apartments) Series 2006 |
| Underlying Bond Issuer: | Texas Department of Housing and Community Affairs |
| Underlying Bond Rate: | 6.15% |
| Underlying Bond Rating Agencies: | NR |

Underlying Bond Counsel:

Vinson & Elkins LLP

Federal and State Income Taxes:

Bond counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is excludable from gross income for federal income tax purposes under existing law, except with respect to interest on any Underlying Bond during any period while it held by a “substantial user” of the project or a “related person” within the meaning of Section 147(a) of the Code. No opinion, however, was expressed regarding the treatment of the interest on the Underlying Bonds under the tax laws of the State of Texas.

AMT:

The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is an item of tax preference that is includable in alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on individuals and corporations and the environmental tax imposed on corporations.

Underlying Bond CUSIP Number:

88275BNB0

Bond Interest Payment Dates:

April 1 and October 1

Underlying Bond Maturity Date:

April 1, 2046

First par call date listed in the
Official Statement:

The Underlying Bonds are subject to the following:

Optional redemption on or after April 1, 2016, in whole or in part at a price of 100%;

Sinking fund redemption in whole or in part on any April 1, at a price and schedule set forth in the Official Statement; and

Extraordinary redemption on April 1, 2023, at the direction of Significant Bondholder, with notice given to the Borrower on or before October 1, 2002, at a price of 100% plus any accrued interest.

Mandatory redemption as defined and set forth in the Official Statement.

¹ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

² A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

II.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|--|
| Bonds: | \$6,341,135 Enhanced Custody Receipts, Series 2008 CDB-2E, relating to \$6,804,815 Unenhanced Custody Receipts, Series 2008 CDB-2U, evidencing an interest in Multifamily Mortgage Revenue Refunding Bonds 2001 Series I (Fairmont Oaks Apartments) ³ |
| Issuer: | Florida Housing Finance Corporation |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094317, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-2E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator. ⁴ |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.30% |
| Bond Rating Agencies: | Moody's: Aaa |
| Accrued Interest on Underlying Bonds: | \$107,856.32 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 93.186% |
| Bond CUSIP Number: | 34073JHD4 |
| Bond Interest Payment Dates: | April 1 and October 1 |
| Bond Maturity Date: | April 1, 2033 |
| Deposit Yield: | 6.770% |

DESCRIPTION OF THE UNDERLYING BONDS:⁵

| | |
|-------------------------|---|
| Underlying Bonds: | \$7,745,000 Multifamily Mortgage Revenue Refunding Bonds 2001 Series I (Fairmont Oaks Apartments) |
| Underlying Bond Issuer: | Florida Housing Finance Corporation |
| Underlying Bond Rate: | 6.30% |

Underlying Bond Rating Agencies:

NR

Underlying Bond Counsel:

Bryant, Miller and Olive, P.A. and Law Offices of Steve
E. Bullock, P.A.

Bond Counsel Opinion:

Federal and State Income Taxes:

Bond Counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, under existing law interest on the Underlying Bonds is excludable from gross income for federal income tax purposes, except no opinion is expressed as to the exclusion of such interest from gross income for any period during which an Underlying Bond is held by a person who, within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended prior to 1986, is a "substantial user" of a development or a "related person" to a "substantial user". The Underlying Bonds are the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes imposed by Chapter 198, *Florida Statutes*, as amended, and net income and franchise taxes imposed by Chapter 220, *Florida Statutes*, as amended.

AMT:

The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds will not be treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals or corporations; however, interest is taken into account in determining adjusted, current earnings for purposes of alternative minimum tax imposed on corporations.

Underlying Bond CUSIP Number:

34073JHD4

Bond Interest Payment Dates:

April 1 and October 1

Underlying Bond Maturity Date:

April 1, 2033

First par call date listed in the
related Bond documents:

N/A

³ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

⁴ A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

⁵ There is no Official Statement or other offering document for the Underlying Bonds. Copies of the Underlying Bonds, bond indenture, Bond Counsel opinion and related documents (if any) are available from the Remarketing Agent upon request.

III.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|---|
| Bonds: | \$13,855,072 Enhanced Custody Receipts, Series 2008 CDB-3E relating to \$13,855,072 Unenhanced Custody Receipts, Series 2008 CDB-3U, evidencing an interest in Multi-Family Housing Revenue Refunding Bonds 2000 Series B (Iona Lakes Project) ⁶ |
| Issuer: | Florida Housing Finance Corporation |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094318, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-3E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator. ⁷ |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.90% |
| Bond Rating Agencies: | Moody's: Aaa |
| Accrued Interest on Underlying Bonds: | \$244,311.10 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 100% |
| Bond CUSIP Number: | 34073JAD1 |
| Bond Interest Payment Dates: | April 1 and October 1 |
| Bond Maturity Date: | April 1, 2030 |
| Deposit Yield: | 6.680% |

DESCRIPTION OF THE UNDERLYING BONDS:⁸

| | |
|-------------------------|--|
| Underlying Bonds: | \$16,280,000 Multi-Family Housing Revenue Refunding Bonds 2000 Series B (Iona Lakes Project) |
| Underlying Bond Issuer: | Florida Housing Finance Corporation |
| Underlying Bond Rate: | 6.90% |

Underlying Bond Rating Agencies:

NR

Underlying Bond Counsel:

Bryant, Miller and Olive, P.A. and Law Offices of Steve
E. Bullock, P.A.

Federal and State Income Taxes:

Bond Counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, under existing law interest on the Underlying Bonds is excluded from gross income for federal income tax purposes, except that no opinion is expressed as to the exclusion of such interest from gross income for any period during which an Underlying Bond is held by a person who, within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended prior to 1986, is a “substantial user” of the project or a “related person” to a “substantial user”. The Underlying Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes imposed by Chapter 198, *Florida Statutes*, as amended, and net income and franchise taxes imposed by Chapter 220, *Florida Statutes*, as amended.

AMT:

The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds will not be treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals or corporations; however, interest is taken into account in determining adjusted, current earnings for purposes of the alternative minimum tax imposed on corporations.

Underlying Bond CUSIP Number:

34073JAD1

Bond Interest Payment Dates:

April 1 and October 1

Underlying Bond Maturity Date:

April 1, 2030

First par call date listed in the
related Bond documents:

The Underlying Bonds are subject to the following:

Optional redemption, in whole or in part, on any date at a redemption price equal to the principal amount thereof, without premium, plus accrued but unpaid Base Interest to such redemption date.

Sinking fund redemption on each April 1 and October 1, following the amounts set forth in the Official Statement at a price equal to 100% of the principal amount redeemed plus accrued but unpaid Base Interest.

Extraordinary or mandatory redemption as set forth in the Official Statement.

⁶ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

⁷ A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

⁸ There is no Official Statement or other offering document for the Underlying Bonds. Copies of the Underlying Bonds, bond indenture, Bond Counsel opinion and related documents (if any) are available from the Remarketing Agent upon request.

IV.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|--|
| Bonds: | \$8,479,872 Enhanced Custody Receipts, Series 2008 CDB-4E relating to \$9,560,926 Unenhanced Custody Receipts, Series 2008 CDB-4U, evidencing an interest in Multifamily Housing Revenue Bonds (Runnymede Apartments Project) Series 2007A. ⁹ |
| Issuer: | Austin Housing Finance Corporation |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094319, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-4E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator. ¹⁰ |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.00% |
| Bond Rating Agencies: | Moody's Aaa |
| Accrued Interest on Underlying Bonds: | \$146,600.87 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 88.693% |
| Bond CUSIP Number: | 052425HJ7 |
| Bond Interest Payment Dates: | Monthly through October 1, 2008, and then semiannually on each April 1 and October 1, commencing April 1, 2009 |
| Bond Maturity Date: | October 1, 2042 |
| Deposit Yield: | 6.860% |

DESCRIPTION OF THE UNDERLYING BONDS:

| | |
|-------------------------|--|
| Underlying Bonds: | \$10,825,000 Multifamily Housing Revenue Bonds (Runnymede Apartments Project) Series 2007A |
| Underlying Bond Issuer: | Austin Housing Finance Corporation |
| Underlying Bond Rate: | 6.00% |

Underlying Bond Rating Agencies:

NR

Underlying Bond Counsel:

McCall, Parkhurst & Horton L.L.P.

Federal and State Income Taxes:

Bond Counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is for federal income tax purposes is excludable from the “gross income” of the holders thereof, except for any holder who is treated pursuant to section 147(a) of the Code as a “substantial user” of the project or, a “related person” to such user. No opinion, however, was expressed regarding the treatment of the interest on the Underlying Bonds under the tax laws of the State of Texas.

AMT:

The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is an item of tax preference as defined in Section 57(a)(5) of the Code, for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 59 of the Code.

Underlying Bond CUSIP Number:

052425HJ7

Bond Interest Payment Dates:

Monthly through October 1, 2008, and then semiannually on each April 1 and October 1, commencing April 1, 2009

Underlying Bond Maturity Date:

October 1, 2042

First par call date listed in the
Official Statement:

The Underlying Bonds are subject to the following:

Optional redemption on or after October 1, 2017 at 100%

Sinking fund redemption on any April 1 and October 1 in the amounts set forth in the Official Statement, at a price of 100% of the principal amount of Underlying Bonds to be redeemed plus accrued and unpaid interest thereon; and

Extraordinary or mandatory redemption as set forth in the Official Statement.

⁹ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

¹⁰ A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

SERIES TRUST AGREEMENT
for
AUSTIN TRUST, SERIES 10001

for
\$27,326,000 Variable Certificates, SERIES 10001
and
\$25,000 Inverse Certificates, SERIES 10001

Evidencing an Interest in

\$4,772,791
Enhanced Custody Receipt,
Series 2008 CDB-5E
Evidencing an Interest in
\$5,336,663
Unenhanced Custody Receipt,
Series 2008 CDB-5U
Relating to
\$6,054,167
Nebraska Educational Finance Authority Revenue
Bond, Series 2004 (Clarkson College Project)

\$3,600,665
Enhanced Custody Receipt,
Series 2008 CDB-6E
Evidencing an Interest in
\$4,074,764
Unenhanced Custody Receipt,
Series 2008 CDB-6U
Relating to
\$4,870,000
Northwest Central Texas Housing Finance
Corporation, Multifamily Housing Revenue Bonds
(Gardens of DeCordova Apartments) Series 2007

\$3,668,124
Enhanced Custody Receipt,
Series 2008 CDB-7E
Evidencing an Interest in
\$4,151,105
Unenhanced Custody Receipt,
Series 2008 CDB-7U
Relating to
\$4,702,000
Northwest Central Texas Housing Finance
Corporation, Multifamily Housing Revenue
Bonds (Gardens of Weatherford Apartments)
Series 2007

\$11,748,440
Enhanced Custody Receipt,
Series 2008 CDB-8E
Evidencing an Interest in
\$13,300,020
Unenhanced Custody Receipt,
Series 2008 CDB-8U
Relating to
\$15,065,000
Kansas Development Finance Authority,
Multifamily Housing Revenue Bonds (Woodland
Park Apartments) Series 2007G-1

\$3,563,879
Enhanced Custody Receipt,
Series 2008 CDB-9E
Evidencing an Interest in
\$4,018,446
Unenhanced Custody Receipt,
Series 2008 CDB-9U
Relating to
\$4,550,000
City of Maplewood, Minnesota, Multifamily
Housing Revenue Bonds (Woodlynn Village
Project) Series 2007

by and between

BANK OF AMERICA, NATIONAL ASSOCIATION,
as Trustor

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Trustee and Tender Agent

Dated as of July 3, 2008

SERIES TRUST AGREEMENT

This Series Trust Agreement of the Series set forth on the cover page hereof (this "Series Trust Agreement"), dated as of the date set forth on the cover page hereof, by and between BANK OF AMERICA, NATIONAL ASSOCIATION, as Trustor, and DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and Tender Agent, for the Variable Certificates (the "Variable Certificates") and the Inverse Certificates (the "Inverse Certificates") (collectively, the Variable Certificates and the Inverse Certificates, the "Certificates") described on the cover page hereof, incorporates by reference the Standard Terms and Provisions of Trust Agreement, dated as of October 1, 2002 (the "Standard Terms"), attached as Exhibit A hereto, and is governed by the Standard Terms as fully as if set forth herein. All capitalized terms used and not defined herein shall have the meanings set forth in the Standard Terms.

WITNESSETH:

Section 1. A Trust is hereby created under the laws of the State of New York and in the manner specified in Section 2.1 of the Standard Terms for the benefit of the Holders and Beneficial Owners of the Certificates. The assets of the Trust shall consist of the investment property (referred to herein and in the Standard Terms as the "Bonds") described in Schedule I hereto, all distributions thereon after the Delivery Date, all right, title and interest in and to the Bonds and such distributions thereon, and all other rights and privileges granted to the Holders and Beneficial Owners of Certificates by this Series Trust Agreement and the Standard Terms. Conveyance of the Bonds to the Trustee by the Seller is intended to be a sale and not a secured borrowing for all purposes, including without limitation accounting purposes.

Section 2. The name of the Trust is AUSTIN Trust of the Series set forth on the cover page hereof.

Section 3. The Variable Certificates and Inverse Certificates shall be issued in substantially the form set forth in Exhibits A and B to the Standard Terms and shall have the particular characteristics and terms set forth in Schedule I hereto and shall be limited obligations of the Trust payable solely from payments received by the Trustee attributable to the Bonds and the other rights and assets contained in the Trust. With respect to each Maturity of Bonds and subject only to the requirement to issue Certificates in Authorized Denominations, the sum of the Related Allocable Variable Certificates Amount and the Stated Amount of the Related Inverse Certificates on the Delivery Date shall equal the product of (a) the par amount of such Maturity of Bonds on the Delivery Date and (b) the lesser of (i) the Base Price of such Maturity of Bonds on the Delivery Date or (ii) 100%.

Section 4. The Trustee, the Tender Agent and the Trustor shall, simultaneously with the execution and effectiveness of this Series Trust Agreement, enter into a Remarketing Agreement, dated as of the date of this Series Trust Agreement, with Banc of America Securities LLC, which is hereby designated as the remarketing agent (together with any replacement or successor thereto, the "Remarketing Agent").

The Trustee and the Tender Agent shall, simultaneously with the execution and effectiveness of this Series Trust Agreement, enter into a Liquidity Agreement, dated as of the date of this Series Trust Agreement, with Bank of America, National Association, which is hereby designated as the liquidity provider (together with any Successor Liquidity Provider, the "Liquidity Provider").

Section 5. The Trustor hereby authorizes the Trustee and the Tender Agent to execute and deliver a letter of representations in the form customarily provided to the Securities Depository, dated the Delivery Date of the Certificates, by and among the Trustee, the Tender Agent, the Trustor, the Remarketing Agent and the Securities Depository.

Section 6. The Trustor shall create a Private Placement Memorandum and a Supplement to Private Placement Memorandum describing the Certificates for use in the sale of the Certificates. In addition, if deemed advisable, the Trustor shall create a Preliminary Supplement to Private Placement Memorandum describing the Certificates for use in the initial sale of the Certificates.

Section 7. Modifications to Section 1.1 of the Standard Terms:

The definition of "Bond Interest Payment Dates" is hereby amended and restated in its entirety to read as follows:

"Bond Interest Payment Dates" shall mean, with respect to any Maturity of Bonds, the date or dates in each year on which interest is payable on the Bonds of such Maturity and which shall be set forth as such in the related Series Trust Agreement. All the Maturities of Bonds underlying a Series are not required to have the same Bond Interest Payment Dates.

The definition of "Collection Account" is hereby included in Section 1.1 of the Standard Terms:

"Collection Account" shall mean a separate segregated account held by the Trustee for the deposit of interest payments on the Bonds (other than interest being paid in connection with a redemption of Bonds) prior to the related Semi-Annual Interest Payment Date.

The definition of "Election Letter" is hereby included in Section 1.1 of the Standard Terms:

"Election Letter" shall mean an election in the form of Exhibit D to this Series Trust Agreement executed by the Beneficial Owners of the Related Inverse Certificates. Any such election shall be irrevocable and shall bind all future Holders of such Inverse Certificates.

The definition of "Maximum Variable Certificates Rate" is hereby amended by adding, following clause (vi) thereof, the following clause (vii):

(vii) If a Calculation Period spans more than one calendar month, the Maximum Variable Certificates Rate shall be computed: (1) for a Variable Certificates Interest Period that is contained solely within a single calendar month, assuming that the Calculation Period begins no earlier than the first day of that calendar month and ends on the last day of that calendar month and (2) for Variable Certificates Interest Periods that span more than one calendar month, (a) separately for each portion of the Variable Certificates Interest Period that falls in any particular calendar month as if such portion were a separate Variable Certificates Interest Period and each calendar month were a separate Calculation Period (provided that no such hypothetical separate Calculation Period shall begin earlier than the beginning of, or end after the end of, the actual Calculation Period) and (b) the Maximum Variable Certificates Rate shall be the lowest Maximum Variable Certificates Rate for any such separate Variable Certificates Interest Period.

The definition of "Minimum Value Ratio" is hereby included in Section 1.1 of the Standard Terms:

"Minimum Value Ratio" means, with respect to a Series, the percentage defined as such in the Series Trust Agreement.

The definition of "Notice Parties" in Section 1.1 of the Standard Terms is hereby is amended and restated to read in its entirety as follows:

"Notice Parties" shall mean, with respect to any Series, the Trustor, the Liquidity Provider, the Trustee, the Tender Agent, the Remarketing Agent and the Beneficial Owner of Inverse Certificates.

The definition of "Reimbursement Agreement" is hereby included in Section 1.1 of the Standard Terms:

"Reimbursement Agreement" means any agreement a purpose of which is to provide reimbursement to the Liquidity Provider for amounts paid by the Liquidity Provider under the Liquidity Agreement and shall include any ISDA Master Agreement, Schedule, Confirmation and Credit Support Document between the Liquidity Provider and the Holder of the Inverse Certificates, or any reimbursement agreement substituted therefor.

The definition of "Semi-Annual Interest Payment Date" is hereby included in Section 1.1 of the Standard Terms:

"Semi-Annual Interest Payment Date" shall mean each semi-annual payment date set forth on Schedule I attached hereto.

The definition of "Value Ratio" is hereby included in Section 1.1 of the Standard Terms:

"Value Ratio" means, with respect to a Series, a percentage equal to the fair market value of the Bonds related to such Series of Variable Certificates as determined based on a Quotation of Bond Price, divided by the Stated Amount of Variable Certificates of such Series.

Section 8. A Reimbursement Agreement has been entered into with respect to the Series governed by this Series Trust Agreement.

Section 9. Section 2.3 of the Standard Terms is hereby replaced in its entirety with the following:

Section 2.3 Obligations of Trustee and the Trustor

- (a) With respect to each Series of Certificates, the Trustee has no obligation with respect to the Bonds or any Liquidity Agreement except as expressly provided in the Agreement.
- (b) If the State Partnership Factors shall have been adopted, the Trustor (but no other Holder of Certificates) shall be liable without limitation for all debts and obligations of, and claims against, the Trust (other than those referred to in Section 13 below); *provided* that the Trustor shall not be responsible for the payment to Holders of Certificates of any amount which represents, directly or indirectly, principal, interest or premium with respect to the Bonds or the Purchase Price.
- (c) If the State Partnership Factors shall not have been adopted, the Trustor shall not be liable for the debts and obligations of, or any claims against, the Trust, except that the Trustor shall be liable for penalties imposed on the Trust and other costs of the Trust arising from any failure to duly and timely file tax returns or information reports (including the abbreviated form 1065 referred to in Section 10 of the Series Trust Agreement).

Section 10. Election under Revenue Procedure 2003-84.

(1) The Election.

- (a) The Trust is making an election (the "Monthly Closing Election") under Revenue Procedure 2003-84, effective as of the later of the date the Trust has more than one owner for tax purposes and the date the Trust has more than a *de minimis* amount of assets (the "Start-Up Date"). This election is binding on all present and future Holders and Beneficial Owners of Certificates, and other persons treated as partners in the Trust for federal income tax purposes and each of their nominees (each, a "Partner" for this purpose) and each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to this election.
- (b) The Trust shall not have any income producing assets and shall not earn any income prior to its Start-Up Date. The Trust shall not file a tax return for the period prior to the Start-Up Date.
- (c) Notwithstanding Section 2.5(b) of the Standard Terms, the Trust shall not (and no person is authorized on behalf of the Trust to) elect to be an association taxable as a corporation for federal income tax purposes nor make an election under section 761(a) of the Code to be excluded from

subchapter K of chapter 1 of the Code.

(d) Section 2.5(e) of the Standard Terms is hereby replaced in its entirety with the following:

For purposes of maintaining capital accounts and all income tax purposes, including the Trust's deemed closing of its books at the end of each calendar month under Treasury Regulation § 1.706-1(c)(2) that is required by section 6 of Revenue Procedure 2003-84, the Trust's tax-exempt income, taxable income, gain, loss, deduction, and credit will be allocated as for federal income tax and applicable state and local franchise and income tax purposes as follows:

(i) Interest on the Bonds (including accrued original issue discount) for any period shall be allocated:

(1) first, to the Holders of Variable Certificates, an amount equal to accrued interest distributable for such period on the Variable Certificates at the Variable Certificates Rate, and

(2) second, to the Holders of the Related Inverse Certificates, the remaining interest on the Bonds;

(ii) Gain on the sale or redemption of the Bonds of any Maturity shall be allocated:

(1) to the extent any gain on the sale of such Bonds is treated as ordinary income under Section 1276 of the Code, 100% to the Holders of the Related Inverse Certificates,

(2) to the extent any gain on the sale or deemed sale of such Maturity of Bonds is required to be shared with the Holders of the Variable Certificates pursuant to this Agreement, to the Holders of the Variable Certificates that share in the distribution of such amounts, and

(3) to the extent of the balance of all other gain, to the Holders of the Related Inverse Certificates;

(iii) Loss recognized on the sale of the Bonds of any Maturity shall be allocated 100% to the Holders of the Related Inverse Certificates (except to the extent the loss is borne economically by other Partners in which case it will be allocated to that extent to such other Partners);

(iv) Unrecognized loss on any in-kind distribution of the Bonds of any Maturity shall be allocated to the Holders of Variable Certificates and Related Inverse Certificates in a manner that reflects their respective interests in the Trust and the Bonds, their shares of the Bonds distributed, and the effects on their respective interests of such distribution (taking account of all facts and circumstances); and

(v) All expenses of the Trust (including all Amortized Premium on the Bonds to the extent treated as a separate item of expense of the Trust) shall be allocated 100% to the Holders of the Related Inverse Certificates.

(vi) All of the allocations set out above are intended to be made in accordance with section 704(b) of the Code. If allocation of the Trust's tax-exempt income, taxable income, gain, loss, deduction, and credits provided above would not be in accordance with section 704(b) of the Code, then allocations shall be made in a manner that is in accordance with section 704(b) of the Code. If the Trustor believes in its sole judgment that such other allocations are required it shall promptly give notice to Holders (or, in the case of Certificates held by a regulated investment company (as defined in Section 851(a) of the Code) (each, a "RIC") with respect to which an election is in place for a manager (the "Electing Manager") to be responsible for collecting, retaining, and providing beneficial ownership information to the Internal Revenue Service (the "IRS"), the Trustor shall promptly give notice to the Electing Manager).

(2) Limitations on Activities and Income and Expense of the Trust.

Notwithstanding anything herein or in the Standard Terms to the contrary:

(a) the Trust shall not acquire any asset unless the Trustee has received an Officer's Certificate of the Trustor that the acquisition of that asset will not cause less than 95 percent of the Trust's gross income (for this purpose, including the gross amount of interest income that is excluded from gross income) to be (or reasonably expected to be) from:

(i) interest on tax-exempt obligations as defined in section 1275(a)(3) of the Code and Treasury Regulation § 1.1275-1(e),

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Code that are paid by a RIC, and

(iii) gain from the sale, redemption, or other disposition of assets generating the income described in clauses (i) and (ii), above, and income from the temporary investment (for a period no greater than seven months) of the proceeds of the disposition, but only if the assets that are sold, redeemed, or disposed are original assets of the Trust. For this purpose, an asset is an original asset of the Trust if the asset is contributed to the Trust or is acquired with capital contributed to the Trust (and not with the proceeds of the sale, redemption, or other disposition of a Trust asset).

The Trust shall distribute (or make payments of expenses with) the proceeds of any of the assets that are sold, redeemed, or disposed of, and shall not reinvest such proceeds unless otherwise permitted and in any event shall not invest such proceeds other than (1) for a temporary period (not exceeding seven months) prior to distribution (or payment) in investments having a remaining maturity of less than seven months and maturing on or before the next Variable Certificates Interest Payment Date (or date when expenses are expected to be paid) or (2) reinvestment in a fund commonly known as a tax-exempt money market fund (very generally, a RIC that seeks to maintain a stable net asset value per share of \$1.00 and pay solely exempt-interest dividends as defined in section 852(b)(5) of the Code), but nothing in this sentence implies that any such right to

reinvest exists. The Trust may assume that amounts treated as interest for federal income tax purposes on fixed income investments for which an Opinion of Counsel was rendered satisfy the requirement of clause (i) of Section (2)(a) until it has received notice from its tax advisors or the Trustor or Remarketing Agent to the contrary.

- (b) The Trust shall not incur any liability or expense, if doing so would prevent substantially all of the Trust's expenses and deductions from being properly allocable to:
 - (i) producing, collecting, managing, protecting, and conserving the income described in Section (a)(i), (ii), or (iii), above,
 - (ii) acquiring, managing, conserving, maintaining, or disposing of property held for the production of the income described in Section 8(2)(a)(i), (ii), or (iii), above, and
 - (iii) servicing the equity in the Trust, and
 - (iv) Payments of Remarketing and Liquidity Charges and Trustee Fees comply with Section 8(2)(b). Furthermore, for purposes of Section 8(2)(b), the costs of collecting, managing, computing, and supplying the information required, under Revenue Procedure 2003-84, to be provided to the IRS and to the Partners, shall not be taken into account.

(3) Initial Filing.

- (a) In connection with its formation, the Trust shall obtain an employer identification number. The Trustor and, at the Trustor's direction, the Trustee, and each of their accountants, are each authorized to obtain such number and each of the foregoing is authorized to delegate such authority to its agents. Each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to the foregoing.
- (b) The Trust shall file an abbreviated Form 1065, "U.S. Return of Partnership Income," as required by, and in the format outlined in section 8.01 of, Revenue Procedure 2003-84, for its first taxable year as soon as reasonably possible after the Start-Up Date but in no event later than the date that the partnership's income tax return for that taxable year would ordinarily be due. The Trustor and, at the Trustor's direction, the Trustee, and each of their accountants, are each authorized to sign the abbreviated Form 1065, and each of the foregoing is authorized to delegate such authority to its agents. Each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to the foregoing and to authorize the filing of the abbreviated Form 1065 on behalf of the Trust and itself. Copies of the abbreviated Form 1065 will be made available to Partners upon request.

(4) Information Reporting and Record Retention.

- (a) The Trust shall, within 45 days of a request by the IRS or a Partner (or a Beneficial Owner or nominee of a Beneficial Owner of a Certificate), make available all the information necessary to compute a Partner's monthly tax-exempt income, taxable income, gain, loss, deduction, or credit, including sufficient information for a partner to determine the portion of the tax-exempt interest that may be subject to the alternative minimum tax and information regarding each Partner's share of any bond premium amortization under section 171 of the Code, any market or original issue discount, and capital gain or loss. The Trust shall not charge any fee to the IRS or a Partner for providing the information required to be provided by this paragraph. If any Partner specifically requests such information for any tax reporting reason, however, the Trustor may charge such Partner a reasonable fee (disclosed in advance) but not the IRS for providing any information required to be provided to or on behalf of such Partner by Section 8(4)(a).
- (b) Except in the case of a RIC with respect to which a manager or advisor (an "Electing Manager") has elected under section 8.04 of Revenue Procedure 2003-84 to be responsible for collecting, retaining and providing to the IRS the beneficial ownership information otherwise required to be collected, retained and provided to the IRS, each Holder, Beneficial Owner of a Certificate or Partner on whose behalf another person holds an interest in a Certificate as a nominee shall, and by its acceptance of its Certificate or any interest therein is deemed to agree to, notify the Trustor on behalf of the Trust of its beneficial ownership of a Certificate and provide the Trustor on behalf of Trust all information as required by section 8.04 of Revenue Procedure 2003-84 substantially contemporaneously with, or immediately following, the acquisition of any Certificate. No particular format is required of such notice; *provided*, however, such notice must be in writing, by fax, e-mail, or other similar electronic communication medium and in a format reasonably satisfactory to the Trust (or its designated agent).

Each Electing Manager shall, and by notifying the Trust of its election is deemed to agree to, collect, retain and provide to the IRS or the Trust the information required to be collected, retained and provided to the IRS or the Trust as required under Revenue Procedure 2003-84. In addition, each Electing Manager shall (or cause one of its agents to) notify the Trust (or its designated agent) of the names, CUSIP numbers or other identifying information and amounts of Certificates that are owned or have been owned by all of the regulated investment companies that it manages or advises (i) either (a) substantially contemporaneously with, or immediately following, the acquisition of any Certificate or (b) otherwise, at least quarterly and (ii) within 10 business days of a request for such information if the IRS (or a regulated investment company it manages) has requested such information from the Trust or the Sponsor. No particular format is required of such notice, *provided*, however, that such notice must be in writing, by fax, e-mail, or other similar electronic communication medium and in a format reasonable satisfactory to the Trust (or its designated agent).

- (c) The Trust shall retain sufficient records, including records regarding the legal and beneficial ownership of Certificates provided to it by Partners and by Electing Managers, to comply with its obligations under Revenue Procedure 2003-84.

Section 11. Intention of the Parties; Notification.

It is the intention of the parties hereto that Sections 10-12 of this Series Trust Agreement fulfill the requirements of making a Monthly Closing Election under Revenue Procedure 2003-84 and shall be interpreted consistently therewith.

The Trustor will notify the Holders or Beneficial Owners of the Certificates or their nominees (or, in the case of Certificates held by a regulated investment company with respect to which an election is in place for a manager to be responsible collecting, retaining, and providing beneficial ownership information to the IRS, the Trustor will notify the Electing Manager) and the Trustee if it becomes aware (in its sole but reasonable judgment) that there is a material risk that the Trust does not qualify for the Monthly Closing Election.

Section 12. Trustor's Obligations with respect to Revenue Procedure 2003-84.

- (1) Obligations of the Trustor. Notwithstanding anything herein or in the Standard Terms to the contrary, the Trustor (and not the Trustee) shall undertake, on behalf of the Trust, the Trust's obligations under Revenue Procedure 2003-84 (or successor guidance), including the obligations of the Trust under Section 11 of the Series Trust Agreement to:
- (a) obtain (or cause to be obtained) a taxpayer identification number for the Trust;
 - (b) file (or cause to be filed) an abbreviated Form 1065, "U.S. Return of Partnership Income," for the Trust's first taxable year;
 - (c) provide, within 45 days of a request by the Internal Revenue Service or a Partner, all the information necessary to compute a partner's income which is excluded from gross income for purposes of federal income taxes, taxable income, gain, loss, deduction, or credit, including sufficient information for a Partner to determine the portion of the interest which is excluded from gross income for purposes of federal income taxes that may be subject to the alternative minimum tax and information regarding each partner's share of any bond premium amortization under section 171 of the Code, any market or original issue discount, and capital gain or loss;
 - (d) retain sufficient records, including records regarding the beneficial ownership of Certificates provided to it by a Partner and by Electing Managers as required by Revenue Procedure 2003-84, to comply with its obligation to provide information for as long as the Trust is required to provide such information.; and
 - (e) at the request of the Trustee, confirm whether or not an expense or liability to be incurred by the Trust would prevent substantially all of the Trust's expenses and deductions from being properly allocable pursuant to the provisions of Section 8(2)(b) hereof.
- (2) Cooperation. The Trustee will cooperate with the Trustor and provide the Trustor with information available to it that may be reasonably necessary or helpful for the Trustor to comply with its obligations under Section 13 of the Series Trust Agreement.

Section 13. Section 3.2(a) of the Standard Terms is hereby amended and restated in its entirety to read as follows:

"(a) With respect to each Series, interest on the Bonds shall be distributed as provided in Section 3.2(b) on each Semi-Annual Interest Payment Date; *provided*, that if the Trustee on the Semi-Annual Interest Payment Date has not confirmed receipt of such interest in immediately available funds, notwithstanding any other provision hereof, such distribution may be delayed until the Business Day on which the Trustee confirms receipt of immediately available funds; and provided further that if the Semi-Annual Interest Payment Date is not a Business Day, then the interest distribution otherwise payable on such Semi-Annual Interest Payment Date shall be payable on the Business Day next succeeding such Semi-Annual Interest Payment Date or the Business Day succeeding such Semi-Annual Interest Payment Date on which the Trustee confirms receipt of interest in immediately available funds, whichever is later, as though paid on such Semi-Annual Interest Payment Date.

Interest payments on the Bonds received by the Trustee during each such semi-annual period prior to a Semi-Annual Interest Payment Date (other than interest being paid in connection with a redemption of Bonds) shall be deposited by the Trustee into the Collection Account and remain uninvested. Upon termination of the Trust and payment in full of all interest payable on the Variable Certificates, any amounts remaining in the Collection Account shall be distributed to the Holders of the Inverse Certificates.

Notwithstanding the foregoing provisions with respect to the semi-annual payment of interest on the Certificates, the Trustee will distribute payments identified to the Trust by the paying agent for the Bonds as payments of principal and premium on the Bonds not later than the Business Day following Trustee's receipt of such payments, as required by the Standard Terms.

The Trustor hereby grants to the Trustee a first-priority security interest in the Collection Account, the Bonds and other financial assets credited thereto, and all proceeds thereof."

A new Section 3.2(c) is hereby added to the Standard Terms immediately following Section 3.2(b) thereof, as follows:

"(c) With respect to each Series, amounts received by the Trustee with respect to the Related Bonds that have been identified to the Trustee as payments received from or on behalf of the applicable Issuer (rather than from the related Principal Credit Source), after reimbursement in full of the related Principal Credit Source for the amount of the related drawing(s) on the applicable Credit Enhancement, shall be distributed to Holders of the Inverse Certificates of such Series."

Section 14. Section 3.3 of the Standard Terms is hereby amended by adding, following clause (d) thereof, the following clause (e):

(e) Any change in the Remarketing Agent Fee Rate and the Liquidity Fee Rate and any material change in the Trustee Fee Rate shall require the consent of the Inverse Certificates Holder.

Section 15. Section 3.4 of the Standard Terms is hereby amended and restated in its entirety to read as follows:

"Section 3.4. Interest Distributable on Variable Certificates. Interest distributions on the Variable Certificates will be made on each Semi-Annual Interest Payment Date or other date on which interest is distributed pursuant to Section 3.2(a) (each, a "Variable Certificates Interest Payment Date"), in arrears for interest which shall have accrued in the Calculation Period ending on the day before the related Semi-Annual Interest

Payment Date and shall be the amount determined as the “Variable Certificates Interest Amount” by the Trustee. Such interest shall be payable to Holders of record as of the related Regular Record Date to the extent of interest on the Bonds, if any, received and distributed by the Trustee on or about such Variable Certificates Interest Payment Date pursuant to Section 3.2. The Variable Certificates Interest Amount in respect of each Calculation Period for each Variable Certificate shall be calculated on the Actual/Actual Basis by multiplying the Stated Amount of such Variable Certificates by the Variable Certificates Rate or Rates in effect from time to time for such Calculation Period.”

Section 16. Section 5.2(d)(vi) of the Standard Terms is amended and restated to read in its entirety as follows:

(vi) in the case of any other Mandatory Tender Event, a Business Day at least 5 days after the notice required by this subsection (d); provided, however, that such Mandatory Tender Date shall not be less than five days prior to the Liquidity Agreement Termination Date.

Section 17. Sections 5.2(h) and 5.2(i) are amended and restated in their entirety to read as follows, respectively:

(h) On the Mandatory Tender Date (other than with respect to a Mandatory Tender Event under Section 5.2(a)(xi) through (xiv)), the Trustee shall proceed to cause the sale of or deliver out the Bonds of each affected Maturity separately as follows:

(i) If the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in the Liquidity Provider receiving less than an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction on the Mandatory Tender Date:

(A) the Trustee shall instruct the Remarketing Agent to sell a principal amount of the Bonds of such Maturity sufficient to pay the accrued and unpaid Trustee Fee and Remarketing and Liquidity Charges with respect to the Certificates to the date of such delivery multiplied by the Related Allocation Fraction;

(B) the Trustee shall instruct DTC to transfer an amount of the Bonds of such Maturity as promptly as practicable through the facilities of DTC to the Liquidity Provider such that the Liquidity Provider receives a principal amount of the Bonds of such Maturity with a market value (based on such Quotation of Bond Price) equal to the Stated Amount of Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction; and

(C) any remaining Bonds and proceeds from the sale of Bonds pursuant to clause (A) shall be distributed to the Holders of Related Inverse Certificates.

(ii) If the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in the Liquidity Provider receiving at least an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction, the Remarketing Agent shall sell the Bonds of such Maturity in such manner as the Remarketing Agent deems advisable at the highest obtainable price under current market conditions, on the Mandatory Tender Date, any such sale to conform to the further requirements set forth herein.

(iii) If the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered) and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in either the Liquidity Provider receiving less than an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction or the Inverse Certificates receiving less than an amount equal to the Stated Amount thereof, on the Mandatory Tender Date:

(A) the Trustee shall instruct the Remarketing Agent to sell a principal amount of the Bonds of such Maturity sufficient to pay the accrued and unpaid Trustee Fee and Remarketing and Liquidity Charges with respect to the Certificates to the date of such delivery multiplied by the Related Allocation Fraction;

(B) the Trustee shall instruct DTC to transfer an amount of the Bonds of such Maturity as promptly as practicable through the facilities of DTC to the Liquidity Provider and Beneficial Owners Selected by Lot of Related Inverse Certificates, such that the Liquidity Provider and Beneficial Owners Selected by Lot of Related Inverse Certificates each receives a pro rata principal amount of the Bonds of such Maturity based on the aggregate Stated Amount of Variable Certificates and the aggregate Stated Amount of the Related Inverse Certificates, in each case multiplied by the Related Allocation Fraction; and

(C) any remaining Bonds and proceeds from the sale of Bonds pursuant to clause (A) shall be distributed to the Holders of Related Inverse Certificates.

(iv) If the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered) and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in

the Liquidity Provider receiving at least an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction and the Inverse Certificates receiving at least an amount equal to the Stated Amount thereof, the Remarketing Agent shall sell the Bonds of such Maturity in such manner as the Remarketing Agent deems advisable at the highest obtainable price under current market conditions, on the Mandatory Tender Date, any such sale to conform to the further requirements set forth herein.

(i) On the Mandatory Tender Date, the proceeds of the sale, if any, of each Maturity separately pursuant to Section 5.2(h)(ii) or (iv) shall be distributed in the following order of priority, each priority being fully paid before proceeds are used to pay any lower priority and no payment being made on any priority if the proceeds have been exhausted in the payment of higher priorities:

(A) to the Trustee, the accrued Trustee Fee multiplied by the Related Allocation Fraction;

(B)(1) if the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply, to the Liquidity Provider an amount equal to the Stated Amount of the Variable Certificates purchased with funds provided under the Liquidity Facility by the Liquidity Provider multiplied by the Related Allocation Fraction, and (2) if the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered), to the Liquidity Provider an amount equal to the Stated Amount of the Variable Certificates purchased with funds provided under the Liquidity Facility by the Liquidity Provider multiplied by the Related Allocation Fraction and to the Inverse Certificates an amount equal to the Stated Amount thereof on a *pari passu* basis;

(C) to the parties entitled thereto, an amount equal to the accrued Remarketing and Liquidity Charges multiplied by the Related Allocation Fraction;

(D) to the Holders of the Related Inverse Certificates, an amount up to but not exceeding the aggregate amount of any Accrued Market Discount, Accrued OID and Unamortized Premium on the Bonds of such Maturity;

(E) to the Holders of Variable Certificates tendered on the Mandatory Tender Date and, except in the case of a Mandatory Tender Event under Section 5.2(a)(i) or (v) with respect to less than all the Maturities, to Liquidity Variable Certificates outstanding at the opening of business on the Mandatory Tender Date, an amount equal to the product of (x) 10%, (y) a fraction the numerator of which is the Related Variable Certificates amount and the denominator of which is the aggregate principal amount of Bonds for such Maturity, and (z) the excess, if any, of the sale price (not including accrued interest) over the Bond Base Price of such Maturity; and

(F) to such Holders of Related Inverse Certificates, the balance remaining.

Section 18. Article VI of the Standard Terms is hereby amended as follows:

The reference to "fourteen (14) days" in Section 6.2(iv) of the Standard Terms is hereby deleted and replaced with "five (5) Business Days".

The following Section 6.3 is hereby added to the Standard Terms following Section 6.2 thereof:

Section 6.3: Increase or Decrease of Variable Certificate/Inverse Certificate Ratio.

(a) Any Holder of all the Outstanding Inverse Certificates of a particular Maturity and any Stated Amount of Variable Certificates may obtain, on any Variable Certificates Interest Payment Date or any Rate Determination Date, additional Inverse Certificates for such Maturity with a Stated Amount of Inverse Certificates equal to the Stated Amount of such Variable Certificates. In order to obtain such Inverse Certificates, the Inverse Certificates Holder shall deliver notice to the Trustee (with a copy to the Remarketing Agent and the Liquidity Provider) in the form of Exhibit C to the Series Trust Agreement at least five Business Days prior to such date of delivery. On the Business Day following receipt of such notice, the Trustee shall transmit a copy of such notice to the Securities Depositories for transmission to the Holders of Certificates. The Inverse Certificates Holder shall deliver such Variable Certificates free to the Trustee by book-entry transfer, and shall pay to the Trustee any tax or other governmental or Securities Depository charge that may be imposed in relation to the transfer.

(b) Upon satisfaction of the requirements of Section 6.3(a), the Trustee on behalf of the Trust shall, on the Variable Certificates Interest Payment Date or the Rate Determination Date specified in the notice delivered by such Holder, execute additional Inverse Certificates for such Maturity with a Stated Amount of Inverse Certificates equal to the Stated Amount of Variable Certificates, deliver the same to the Holder as specified in such notice and cancel the Variable Certificates so delivered.

(c) If a notice has been delivered to the Trustee pursuant to Section 6.3(a), then any Holder of all Outstanding Inverse Certificates of a particular Maturity may obtain, on any Variable Certificates Interest Payment Date or any Rate Determination Date, delivery of additional Variable Certificates of such Maturity by:

(i) causing the Securities Depository to deliver a specified Stated Amount of Inverse Certificates free to the Trustee by book-entry transfer into the Trustee's accounts at such Securities Depository;

(ii) delivering a notice to the Trustee in the form of Exhibit C at least 10 Business Days prior to such date of delivery, which notice shall specify the new Variable Certificate/Inverse Certificate ratio for such Maturity;

(iii) paying to the Trustee a sum sufficient to pay any tax or other governmental or Securities Depository charge or any other charges that may be imposed in relation thereto; and

(iv) delivering or causing to be delivered to the Trustee the written consent of the Liquidity Provider to such execution and

delivery of additional Variable Certificates and evidence that the Amount Available under the Liquidity Agreement has been increased to reflect the issuance of the additional Variable Certificates in accordance with the terms of the Standard Terms and the Liquidity Agreement.

The Trustor shall also deliver to the Trustee a certificate of the Trustor demonstrating that the Variable Certificates Rate, following the delivery of the additional Variable Certificates, (y) if such delivery is on a Variable Certificates Interest Payment Date, will not exceed the Maximum Variable Certificates Rate or (z) if such delivery is on an Rate Determination Date, will not exceed the Maximum Variable Certificates Rate assuming that the issuance of the additional Variable Certificates had occurred as of the immediately preceding Bond Interest Payment Date.

On the Business Day following receipt of any notice pursuant to the foregoing clause (ii), the Trustee shall transmit a copy of such notice to the Remarketing Agent and to the Securities Depositories for transmission to the Holders of Certificates.

(d) Upon satisfaction of the requirements of Section 6.3(c), the Trustee on behalf of the Trust shall, on the Variable Certificates Interest Payment Date or the Rate Determination Date specified in the notice delivered by such Holder, execute additional Variable Certificates with a Stated Amount equal to the Stated Amount of the Inverse Certificates delivered to the Trustee by such Holder, deliver the same to such Holder as specified in such notice and cancel the Inverse Certificates so delivered.

Section 19. Exhibit E to the Standard Terms is hereby replaced in its entirety by the Form of Purchaser's Letter in the form attached as Exhibit B hereto.

Section 20. Each of the following events constitute Additional Mandatory Tender Events under the Agreement:

(i) The Value Ratio is less than the Minimum Value Ratio, and the Liquidity Provider notifies the Trustee to establish a Mandatory Tender Date.

(ii) A termination event, a default or event of default occurs under any Reimbursement Agreement related to the Trust Agreement, and the Liquidity Provider provides notice to the Trustee to establish a Mandatory Tender Date.

(iii) Notice shall have been given to the Trustee by the Liquidity Provider that the financial condition of the Principal Credit Source has, in the reasonable opinion of the Liquidity Provider, deteriorated in a materially adverse manner since the Trust was established.

The Mandatory Tender Date for any Mandatory Tender Event set forth in Section 20 shall be the fifth Business Day following the day that the Trustee is notified to establish a Mandatory Tender Date.

Section 21. Upon presentation of Liquidity Variable Certificates on or before 11:00 a.m. on any Business Day, the Trustee shall direct the Remarketing Agent to obtain a Quotation of Bond Price and to determine the Accrued Market Discount, Accrued OID and Unamortized Premium, if any, separately with respect to each Maturity on the same Business Day as the day of presentation to the Trustee of the Liquidity Variable Certificates. On the same Business Day on which the Quotation of Bond Price is obtained, the Trustee shall instruct the Remarketing Agent to sell a portion of the Bonds of each Maturity sufficient in the aggregate to pay the accrued and unpaid Trustee Fees, the accrued and unpaid Remarketing and Liquidity Charges and the Stated Amount of such Liquidity Variable Certificates together with accrued and unpaid interest thereon as of such date and all other amounts due the Liquidity Provider, and distribute such proceeds to the Trustee, Remarketing Agent and Liquidity Provider as applicable with the balance of such proceeds being paid to the Beneficial Owner of the Inverse Certificates; provided that no more than the principal amount of the Bonds of a particular Maturity multiplied by a fraction the numerator of which is the Stated Amount of Liquidity Variable Certificates and the denominator of which is the Stated Amount of all Variable Certificates shall be sold for this purpose; provided, further, that, if no Variable Certificates other than Liquidity Variable Certificates are Outstanding, then any Maturity of Bonds may be sold for this purpose and in the event any proceeds remain after such sale and the payment of the amounts described above, then such excess shall be paid to the Beneficial Owner of the Inverse Certificates.

Section 22. Section 8.1 of the Standard Terms is hereby amended by adding following Section 8.1(c), the following Section 8.1(d):

(d) Any material amendment to the Liquidity Agreement shall require the prior written consent of the Inverse Certificates Holder.

Section 23. Section 10.1(b) is amended and restated in its entirety to read as follows:

(b) In the event of any action or consent requiring the vote of the owners of any Bonds, the Trustee shall, within three Business Days of its being informed of any such action or consent, deliver to the Holders of the Certificates such Holder's proxies for such vote, returnable to the Trustee, which shall vote solely in accordance with such proxies, weighted by the Stated Amount of the Variable Certificates and the Stated Amount of Inverse Certificates held by each Holder; provided, however, the Trustee shall not exercise its right to exchange Bonds for the underlying bonds pursuant to Section 9.10 of the Custody Agreement, unless the Trustee has been directed by 100% of the Beneficial Owners of the Certificates.

Section 24. Sections 11.1(a)(ii) and (iii) of the Standard Terms are hereby amended and restated in their entirety to read as follows:

"(ii) upon a redemption in whole, (A) principal of the Bonds so redeemed shall be applied first to the payment to the Holders of the Variable Certificates selected for redemption pursuant to Section 11.2 in an amount up to the Stated Amount thereof, then to the payment to the Holders of the Related Inverse Certificates, and (B) any remaining principal amount paid in redemption in whole of the Bonds and not applied due to the last sentence of Section 11.2 shall be paid into the Odd-Lot Subaccount pursuant to Section 11.8; provided that if the Certificates selected for redemption pursuant to Section 11.2 shall have been redeemed pursuant to this clause (iii) in an amount equal to the Stated Amount thereof, then any remaining principal amount paid in redemption of Bonds up to the Bond Base Price shall be paid to the Holders of the Related Inverse Certificates, and any remaining principal amount paid in redemption of Bonds in excess of the Bond Base Price shall be applied as redemption premium;

(ii) upon a redemption in whole, (A) principal of the Bonds so redeemed shall be applied first to the payment to the Holders of the Variable Certificates selected for redemption pursuant to Section 11.2 in an amount up to the Stated Amount thereof, then to the payment to the Holders of the Related Inverse Certificates, and (B) any remaining principal amount paid in redemption in whole of the Bonds and not applied due to the last sentence of

Section 11.2 shall be paid into the Odd-Lot Subaccount pursuant to Section 11.8; provided that if the Certificates selected for redemption pursuant to Section 11.2 shall have been redeemed pursuant to this clause (iii) in an amount equal to the Stated Amount thereof, then any remaining principal amount paid in redemption of Bonds up to the Bond Base Price shall be paid to the Holders of the Related Inverse Certificates, and any remaining principal amount paid in redemption of Bonds in excess of the Bond Base Price shall be applied as redemption premium;"

Section 25. Section 14.4(a) of the Standard Terms is hereby amended by adding the following as the second paragraph of Section 14.4(a):

The Trustor may and, at the direction of the Trustor, the Trustee shall, amend the terms of this Agreement, without the consent of any of the Holders or Beneficial Owners of Certificates, to the extent that any such amendment is, in the opinion of qualified tax counsel, necessary for the Trust to reduce a material risk of non-compliance with Revenue Procedure 2003-84 (including any amendment or successor thereto); *provided* that (1) the Trustee has received an Officer's Certificate of the Trustor that such amendment will not adversely affect the interests of any Holders of Certificates or the Trustee, and (2) the Trustee has received an Opinion of Counsel of appropriate special tax and securities counsel to the effect that such amendment will not result in the withdrawal of, or modification of the conclusions of, any opinion previously delivered regarding tax and securities law treatment of the Certificates; and (3) notice of such amendment when given pursuant to Section 14.4(e) with respect to Certificates held by a regulated investment companies with respect to which an election is in place for a manager to be responsible collecting, retaining, and providing beneficial ownership information to the IRS, shall be given to the manager.

Section 26. Section 5.1(a) of the Standard Terms is hereby amended as follows:

Section 5.1 (a) (i) is hereby deleted and replaced in its entirety with the following:

"(i) Provided that the Bonds are not Prerefunded Bonds, (A) a Bankruptcy shall occur with respect to the Issuer or (B) if a Principal Credit Source shall be identified as such in the related Series Trust Agreement, a Bankruptcy shall occur with respect to both (1) the Principal Credit Source and (2) the Issuer of the Bonds; provided that, in the case of Bonds for which the payment of principal and interest constitutes a limited obligation of the Issuer of the Bonds, payable solely from amounts received from a third party for whose benefit the Bonds were issued, the reference to Issuer shall be deemed to refer to such third party for whose benefit those Bonds were issued;"

Section 27. Section 5.1 (a) (iii) is hereby deleted and replaced in its entirety with the following:

"(iii) the highest publicly available long-term rating on such Bonds shall have been downgraded by each Bond Rating Agency below the lowest rating of such Bond Rating Agency that is commonly regarded as "investment grade," being BBB- in the case of S&P and Fitch and Baa3 in the case of Moody's.

Section 28. For purposes of Section 11.1 of the Standard Terms, payments made by the Credit Enhancer with respect to the Enhanced Custody Receipts in connection with an Early Termination Date or the occurrence of a Termination Event (as such terms are defined in the Credit Enhancement) shall constitute proceeds of a redemption of the Bonds and shall result in redemption of the Certificates as provided in Section 11.1 of the Standard Terms.

IN WITNESS WHEREOF, the parties hereto have caused this Series Trust Agreement to be executed by their respective duly authorized officers as of the date first above written.

BANK OF AMERICA, NATIONAL ASSOCIATION as Trustor

By/s/ Laura Sheehan

Authorized Signatory

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and Tender Agent

By/s/ Safet Kalabovic

Authorized Signatory

SUPPLEMENTAL DESCRIPTION OF THE CERTIFICATES:

“Additional Mandatory Tender Event” shall mean the additional mandatory tender events specified as such herein.

“Authorized Denomination” shall mean (i) with respect to the Variable Certificates, \$25,000 or integral multiples of \$1,000 in excess thereof and (ii) with respect to the Inverse Certificates, \$5,000 or integral multiples of \$1,000 in excess thereof.

“Bond Interest Payment Dates” shall mean, with respect to each Bond, the following payment dates:

| | |
|--------------------|--|
| Series 2008 CDB-5E | 1 st day of each month |
| Series 2008 CDB-6E | May 1 and November 1 |
| Series 2008 CDB-7E | May 1 and November 1 |
| Series 2008 CDB-8E | Monthly through May 1, 2009, and then semiannually on each May 1 and November 1, commencing November 1, 2009 |
| Series 2008 CDB-9E | May 1 and November 1 |

“Certificates Rating Agency” shall mean Moody’s Investors Service Inc.

“Delivery Date” shall mean July 3, 2008.

“Initial Variable Certificates Interest Period” shall mean the initial Rate Period which is the Weekly Period.

“Liquidity Agreement Termination Date” shall mean July 2, 2009, as such date may be extended from time to time by the Liquidity Provider in accordance with the related Liquidity Agreement.

“Liquidity Provider” shall mean Bank of America, National Association or any Successor Liquidity Provider.

“Liquidity Fee Rate” shall mean 0.20% as such rate may be changed in accordance with the Liquidity Agreement and the Standard Terms.

“Minimum Value Ratio” shall not be applicable.

“Rating Threshold” shall mean Aa3 for Moody’s and AA- for S&P (or equivalent ratings if other rating agencies are the Bond Rating Agencies).

“Remarketing Agent Fee Rate” shall mean 0.10% as such rate may be changed in accordance with the Remarketing Agreement and the Standard Terms.

“Scheduled Termination Date” shall mean, with respect to each Maturity Bond, the following dates:

| | |
|--------------------|------------------|
| Series 2008 CDB-5E | November 1, 2020 |
| Series 2008 CDB-6E | November 1, 2030 |
| Series 2008 CDB-7E | November 1, 2030 |
| Series 2008 CDB-8E | November 1, 2023 |
| Series 2008 CDB-9E | November 1, 2023 |

“Seller” shall mean Banc of America Securities LLC, who is the seller of the Bonds to the Trustee.

“Semi-Annual Interest Payment Dates” shall mean May 1 and November 1 of each year.

“State Partnership Factors” The State Partnership Factors have not been adopted for the Certificates of the Series.

“Stated Amount” for the Certificates are as follows:

| | Stated Amount | CUSIP Number |
|---|---------------|--------------|
| Variable Certificates, Series 10001 | \$27,326,000 | 05248P5T8 |
| Inverse Certificates, Series 10001 CDB-5E | \$5,000 | 05248P6A8 |
| Inverse Certificates, Series 10001 CDB-6E | \$5,000 | 05248P6B6 |
| Inverse Certificates, Series 10001 CDB-7E | \$5,000 | 05248P6C4 |
| Inverse Certificates, Series 10001 CDB-8E | \$5,000 | 05248P6D2 |
| Inverse Certificates, Series 10001 CDB-9E | \$5,000 | 05248P6E0 |

“Trustee Fee Rate” shall mean 0.015% as such rate may be changed in accordance with the Standard Terms.

“Trustor's Required Interest” shall not be applicable.

I.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|---|
| Bonds: | \$4,772,791 Enhanced Custody Receipts, Series 2008 CDB-5E, relating to \$5,336,663 Unenhanced Custody Receipts, Series 2008 CDB-5U, evidencing an interest in Revenue Bond, Series 2004 (Clarkson College Project). ¹ |
| Issuer: | Nebraska Educational Finance Authority |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094320, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-5E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator. ² |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.00% |
| Bond Rating Agencies: | Moody's: Aaa |
| Accrued Interest on Underlying Bonds: | \$1,778.89 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 89.434% |
| Bond CUSIP Number: | 63966PQW7 |
| Bond Interest Payment Dates: | 1 st day of each month |
| Bond Maturity Date: | November 1, 2035 |
| Deposit Yield: | 6.860% |

DESCRIPTION OF THE UNDERLYING BONDS:³

| | |
|-------------------------|--|
| Underlying Bonds: | \$6,054,167 Revenue Bond, Series 2004 (Clarkson College Project) |
| Underlying Bond Issuer: | Nebraska Educational Finance Authority |

Underlying Bond Rate: 6.00%

Underlying Bond Rating Agencies: NR

Underlying Bond Counsel: Kutak Rock, LLP

Bond Counsel Opinion:

Federal and State Income Taxes:

AMT:

Bond Counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is excluded from gross income for federal tax purposes and exempt from taxation in the State of Nebraska for all purposes except the State of Nebraska inheritance tax. The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum tax.

Underlying Bond CUSIP Number: 63966PQW7

Bond Interest Payment Dates: 1st day of each month

Underlying Bond Maturity Date: November 1, 2035

First par call date listed in the Official Statement:

The Underlying Bonds are subject to the following:

Optional redemption at any time in whole or in part at the option and direction of the College at the redemption price of 100% of the principal amount thereof plus accrued but unpaid Base Interest to the redemption date;

Sinking fund, extraordinary and mandatory redemptions as set forth in the Indenture.

¹ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

² A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

³ There is no Official Statement or other offering document for the Underlying Bonds. Copies of the Underlying Bonds, bond indenture, Bond Counsel opinion and related documents (if any) are available from the Remarketing Agent upon request.

II.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|---|
| Bonds: | \$3,600,665 Enhanced Custody Receipts, Series 2008 CDB-6E, relating to \$4,074,764 Unenhanced Custody Receipts, Series 2008 CDB-6U, evidencing an interest in Multifamily Housing Revenue Bonds (Gardens of DeCordova Apartments) Series 2007. ⁴ |
| Issuer: | Northwest Central Texas Housing Finance Corporation |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094321, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-6E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator. ⁵ |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.00% |
| Bond Rating Agencies: | Moody's: Aaa |
| Accrued Interest on Underlying Bonds: | \$42,105.89 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 88.365% |
| Bond CUSIP Number: | 667411AE2 |
| Bond Interest Payment Dates: | May 1 and November 1 |
| Bond Maturity Date: | May 1, 2047 |
| Deposit Yield: | 6.860% |

DESCRIPTION OF THE UNDERLYING BONDS:

| | |
|----------------------------------|---|
| Underlying Bonds: | \$4,870,000 Multifamily Housing Revenue Bonds (Gardens of DeCordova Apartments) Series 2007 |
| Underlying Bond Issuer: | Northwest Central Texas Housing Finance Corporation |
| Underlying Bond Rate: | 6.00% |
| Underlying Bond Rating Agencies: | NR |

Underlying Bond Counsel:

McCall, Parkhurst & Horton L.L.P.

Bond Counsel Opinion:

Federal and State Income Taxes:

Bond Counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof, except for any holder who is treated pursuant to section 147(a) of the Code as a “substantial user” of the project or, a “related person” to such user. No opinion, however, was expressed regarding the treatment of the interest on the Underlying Bonds under the tax laws of the State of Texas.

AMT:

The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is an item of tax preference as defined in Section 57(a)95 of the Code, for purposes of determining the alternative minimum tax imposed on individuals and corporations Section 59 of the Code.

Underlying Bond CUSIP Number:

667411AE2

Bond Interest Payment Dates:

May 1 and November 1

Underlying Bond Maturity Date:

May 1 ,2047

First par call date listed in the
Official Statement:

The Underlying Bonds are subject to the following:

Optional redemption on or after May 1, 2017 at 100%;

Sinking fund redemption on each May 1 and November 1 in the amounts set forth in the Official Statement, and at a redemption price of 100% of the principal amount, plus accrued interest; and

Extraordinary or mandatory redemption as set forth in the Official Statement.

⁴ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

⁵ A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

III.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|---|
| Bonds: | \$3,668,124 Enhanced Custody Receipts, Series 2008 CDB-7E, relating to \$4,151,105 Unenhanced Custody Receipts, Series 2008 CDB-7U, evidencing an interest in Multifamily Housing Revenue Bonds (Gardens of Weatherford Apartments) Series 2007. ⁶ |
| Issuer: | Northwest Central Texas Housing Finance Corporation |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094322, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-7E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator. ⁷ |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.00% |
| Bond Rating Agencies: | Moody's: Aaa |
| Accrued Interest on Underlying Bonds: | \$42,894.75 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 88.365% |
| Bond CUSIP Number: | 667411AF9 |
| Bond Interest Payment Dates: | May 1 and November 1 |
| Bond Maturity Date: | May 1, 2047 |
| Deposit Yield: | 6.860% |

DESCRIPTION OF THE UNDERLYING BONDS:

| | |
|----------------------------------|---|
| Underlying Bonds: | \$4,702,000 Multifamily Housing Revenue Bonds (Gardens of Weatherford Apartments) Series 2007 |
| Underlying Bond Issuer: | Northwest Central Texas Housing Finance Corporation |
| Underlying Bond Rate: | 6.00% |
| Underlying Bond Rating Agencies: | NR |

Underlying Bond Counsel:

McCall, Parkhurst & Horton L.L.P.

Bond Counsel Opinion:

Federal and State Income Taxes:

Bond Counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is for federal income tax purposes is excludable from the “gross income” of the holders thereof, except for any holder who is treated pursuant to section 147(a) of the Code as a “substantial user” of the project or, a “related person” to such user. No opinion, however, was expressed regarding the treatment of the interest on the Underlying Bonds under the tax laws of the State of Texas.

AMT:

The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is an item of tax preference as defined in Section 57(a)(5) of the Code, for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 59 of the Code.

Underlying Bond CUSIP Number:

667411AF9

Bond Interest Payment Dates:

May 1 and November 1

Underlying Bond Maturity Date:

May 1 ,2047

First par call date listed in the
Official Statement:

The Underlying Bonds are subject to the following:

Optional redemption on or after May 1, 2017 at 100%;

Sinking fund redemption on each May 1 and November 1 in the amounts set forth in the Official Statement, and at a redemption price of 100% of the principal amount, plus accrued interest; and

Extraordinary or mandatory redemption as set forth in the Official Statement.

⁶ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

⁷ A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

IV.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|---|
| Bonds: | \$11,748,440 Enhanced Custody Receipts, Series 2008 CDB-8E, relating to \$13,300,020 Unenhanced Custody Receipts, Series 2008 CDB-8U, evidencing an interest in Multifamily Housing Revenue Bonds (Woodland Park Apartments) Series 2007G-1. ⁸ |
| Issuer: | Kansas Development Finance Authority |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094323, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-8E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator. ⁹ |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.00% |
| Bond Rating Agencies: | Moody's: Aaa |
| Accrued Interest on Underlying Bonds: | \$4,433.34 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 88.334% |
| Bond CUSIP Number: | 48542TAF7 |
| Bond Interest Payment Dates: | Monthly through May 1, 2009, and then semiannually on each May 1 and November 1, commencing November 1, 2009 |
| Bond Maturity Date: | November 1 ,2047 |
| Deposit Yield: | 6.860% |

DESCRIPTION OF THE UNDERLYING BONDS:

| | |
|----------------------------------|--|
| Underlying Bonds: | \$15,065,000 Multifamily Housing Revenue Bonds (Woodland Park Apartments) Series 2007G-1 |
| Underlying Bond Issuer: | Kansas Development Finance Authority |
| Underlying Bond Rate: | 6.00% |
| Underlying Bond Rating Agencies: | NR |

Underlying Bond Counsel:

Gilmore & Bell, P.C.

Bond Counsel Opinion:

Federal and State Income Taxes:

Bond Counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is excludable from gross income for federal income tax purposes, except during any period while an Underlying Bond is held by a “substantial user” of the project or a “related person” within the meaning of Section 147(a) of the Internal Revenue of 1986, as amended (the “Code”). No opinion, however, was expressed regarding the treatment of the interest on the Underlying Bonds under the tax laws of the State of Kansas.

AMT:

The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

Underlying Bond CUSIP Number:

48542TAF7

Bond Interest Payment Dates:

Monthly through May 1, 2009, and then semiannually on each May 1 and November 1, commencing November 1, 2009

Underlying Bond Maturity Date:

November 1, 2047

First par call date listed in the
Official Statement:

The Underlying Bonds are subject to the following:

Optional redemption on or after May 1, 2017 at 100%;

Sinking fund redemption in whole or in part on any date and price set forth in the Official Statement, at a redemption price of 100% of the principal amount of the Bonds or portions thereof so redeemed, plus accrued and unpaid interest; and

Extraordinary or mandatory redemption as set forth in the Official Statement.

⁸ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

⁹ A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

V.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|---|
| Bonds: | \$3,563,879 Enhanced Custody Receipts, Series 2008 CDB-9E, relating to \$4,018,446 Unenhanced Custody Receipts, Series 2008 CDB-9U, evidencing an interest in Multifamily Housing Revenue Bonds (Woodlynn Village Project) Series 2007. ^{10} |
| Issuer: | City of Maplewood, Minnesota |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094324, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-9E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator. ^{11} |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.00% |
| Bond Rating Agencies: | Moody's: Aaa |
| Accrued Interest on Underlying Bonds: | \$111,177.01 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 88.688% |
| Bond CUSIP Number: | 565577HF3 |
| Bond Interest Payment Dates: | May 1 and November 1 |
| Bond Maturity Date: | November 1 ,2042 |
| Deposit Yield: | 6.860% |

DESCRIPTION OF THE UNDERLYING BONDS:

| | |
|-------------------------|--|
| Underlying Bonds: | \$4,550,000 Multifamily Housing Revenue Bonds (Woodlynn Village Project) Series 2007 |
| Underlying Bond Issuer: | City of Maplewood, Minnesota |
| Underlying Bond Rate: | 6.00% |

Underlying Bond Rating Agencies:

NR

Underlying Bond Counsel:

Briggs and Morgan, P.A.

Bond Counsel Opinion:

Federal and State Income Taxes:

Bond Counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, the Underlying Bonds, as of their date of issuance, bear interest, unless the bondholder is a “substantial user” of the project or a “related person” to the “substantial user”, which is excludable from the gross income of the owner for purposes of federal income taxation and is excludable to the same extent from gross income and taxable net income of individuals, estates or trusts for purposes of State of Minnesota income taxation (but is subject to Minnesota franchise taxes imposed on corporations and financial institutions).

AMT:

The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is includable as a specific “tax preference” for individual taxpayers or corporations in computing the alternative minimum tax applicable to individuals, estates and trusts and is included in adjusted net book income or adjusted current earnings of corporations for purposes of the corporate alternative minimum tax.

Underlying Bond CUSIP Number:

565577HF3

Bond Interest Payment Dates:

May 1 and November 1

Underlying Bond Maturity Date:

November 1 ,2042

First par call date listed in the
Official Statement:

The Underlying Bonds are subject to the following:

Optional redemption on or after November 1, 2017 at 100%;

Sinking fund redemption in whole or in part on any May 1 and November 1 at a price of 100% of the principal amount of Underlying Bonds to be redeemed plus accrued and unpaid interest thereon; and

Extraordinary or mandatory redemption as set forth in the Official Statement.

¹⁰ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

¹¹ A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

SERIES TRUST AGREEMENT
for
AUSTIN TRUST, SERIES 10002

for
\$6,169,000 Variable Certificates, SERIES 10002
and
\$5,000 Inverse Certificates, SERIES 10002

Evidencing an Interest in

\$6,174,665
Enhanced Custody Receipt, Series 2008 CDB-10E

Evidencing an Interest in

\$6,962,625
Unenhanced Custody Receipt, Series 2008 CDB-10U

Relating to

\$7,885,000
South Carolina State Housing Finance and Development Authority
Multifamily Rental Housing Revenue Bonds
(Bridle Ridge Apartments) Series 2008

by and between

BANK OF AMERICA, NATIONAL ASSOCIATION,
as Trustor

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Trustee and Tender Agent

Dated as of July 3, 2008

SERIES TRUST AGREEMENT

This Series Trust Agreement of the Series set forth on the cover page hereof (this "Series Trust Agreement"), dated as of the date set forth on the cover page hereof, by and between BANK OF AMERICA, NATIONAL ASSOCIATION, as Trustor, and DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and Tender Agent, for the Variable Certificates (the "Variable Certificates") and the Inverse Certificates (the "Inverse Certificates") (collectively, the Variable Certificates and the Inverse Certificates, the "Certificates") described on the cover page hereof, incorporates by reference the Standard Terms and Provisions of Trust Agreement, dated as of October 1, 2002 (the "Standard Terms"), attached as Exhibit A hereto, and is governed by the Standard Terms as fully as if set forth herein. All capitalized terms used and not defined herein shall have the meanings set forth in the Standard Terms.

WITNESSETH:

Section 1. A Trust is hereby created under the laws of the State of New York and in the manner specified in Section 2.1 of the Standard Terms for the benefit of the Holders and Beneficial Owners of the Certificates. The assets of the Trust shall consist of the investment property (referred to herein and in the Standard Terms as the "Bonds") described in Schedule I hereto, all distributions thereon after the Delivery Date, all right, title and interest in and to the Bonds and such distributions thereon, and all other rights and privileges granted to the Holders and Beneficial Owners of Certificates by this Series Trust Agreement and the Standard Terms. Conveyance of the Bonds to the Trustee by the Seller is intended to be a sale and not a secured borrowing for all purposes, including without limitation accounting purposes.

Section 2. The name of the Trust is AUSTIN Trust of the Series set forth on the cover page hereof.

Section 3. The Variable Certificates and Inverse Certificates shall be issued in substantially the form set forth in Exhibits A and B to the Standard Terms and shall have the particular characteristics and terms set forth in Schedule I hereto and shall be limited obligations of the Trust payable solely from payments received by the Trustee attributable to the Bonds and the other rights and assets contained in the Trust. With respect to each Maturity of Bonds and subject only to the requirement to issue Certificates in Authorized Denominations, the sum of the Related Allocable Variable Certificates Amount and the Stated Amount of the Related Inverse Certificates on the Delivery Date shall equal the product of (a) the par amount of such Maturity of Bonds on the Delivery Date and (b) the lesser of (i) the Base Price of such Maturity of Bonds on the Delivery Date or (ii) 100%.

Section 4. The Trustee, the Tender Agent and the Trustor shall, simultaneously with the execution and effectiveness of this Series Trust Agreement, enter into a Remarketing Agreement, dated as of the date of this Series Trust Agreement, with Banc of America Securities LLC, which is hereby designated as the remarketing agent (together with any replacement or successor thereto, the "Remarketing Agent").

The Trustee and the Tender Agent shall, simultaneously with the execution and effectiveness of this Series Trust Agreement, enter into a Liquidity Agreement, dated as of the date of this Series Trust Agreement, with Bank of America, National Association, which is hereby designated as the liquidity provider (together with any Successor Liquidity Provider, the "Liquidity Provider").

Section 5. The Trustor hereby authorizes the Trustee and the Tender Agent to execute and deliver a letter of representations in the form customarily provided to the Securities Depository, dated the Delivery Date of the Certificates, by and among the Trustee, the Tender Agent, the Trustor, the Remarketing Agent and the Securities Depository.

Section 6. The Trustor shall create a Private Placement Memorandum and a Supplement to Private Placement Memorandum describing the Certificates for use in the sale of the Certificates. In addition, if deemed advisable, the Trustor shall create a Preliminary Supplement to Private Placement Memorandum describing the Certificates for use in the initial sale of the Certificates.

Section 7. Modifications to Section 1.1 of the Standard Terms:

The definition of "Election Letter" is hereby included in Section 1.1 of the Standard Terms:

"Election Letter" shall mean an election in the form of Exhibit D to this Series Trust Agreement executed by the Beneficial Owners of the Related Inverse Certificates. Any such election shall be irrevocable and shall bind all future Holders of such Inverse Certificates.

The definition of "Maximum Variable Certificates Rate" is hereby amended by adding, following clause (vi) thereof, the following clause (vii):

(vii) If a Calculation Period spans more than one calendar month, the Maximum Variable Certificates Rate shall be computed: (1) for a Variable Certificates Interest Period that is contained solely within a single calendar month, assuming that the Calculation Period begins no earlier than the first day of that calendar month and ends on the last day of that calendar month and (2) for Variable Certificates Interest Periods that span more than one calendar month, (a) separately for each portion of the Variable Certificates Interest Period that falls in any particular calendar month as if such portion were a separate Variable Certificates Interest Period and each calendar month were a separate Calculation Period (provided that no such hypothetical separate Calculation Period shall begin earlier than the beginning of, or end after the end of, the actual Calculation Period) and (b) the Maximum Variable Certificates Rate shall be the lowest Maximum Variable Certificates Rate for any such separate Variable Certificates Interest Period.

The definition of "Minimum Value Ratio" is hereby included in Section 1.1 of the Standard Terms:

“Minimum Value Ratio” means, with respect to a Series, the percentage defined as such in the Series Trust Agreement.

The definition of “Notice Parties” in Section 1.1 of the Standard Terms is hereby amended and restated to read in its entirety as follows:

“Notice Parties” shall mean, with respect to any Series, the Trustor, the Liquidity Provider, the Trustee, the Tender Agent, the Remarketing Agent and the Beneficial Owner of Inverse Certificates.

The definition of “Reimbursement Agreement” is hereby included in Section 1.1 of the Standard Terms:

“Reimbursement Agreement” means any agreement a purpose of which is to provide reimbursement to the Liquidity Provider for amounts paid by the Liquidity Provider under the Liquidity Agreement and shall include any ISDA Master Agreement, Schedule, Confirmation and Credit Support Document between the Liquidity Provider and the Holder of the Inverse Certificates, or any reimbursement agreement substituted therefor.

The definition of “Value Ratio” is hereby included in Section 1.1 of the Standard Terms:

“Value Ratio” means, with respect to a Series, a percentage equal to the fair market value of the Bonds related to such Series of Variable Certificates as determined based on a Quotation of Bond Price, divided by the Stated Amount of Variable Certificates of such Series.

Section 8. A Reimbursement Agreement has been entered into with respect to the Series governed by this Series Trust Agreement.

Section 9. Section 2.3 of the Standard Terms is hereby replaced in its entirety with the following:

Section 2.3 Obligations of Trustee and the Trustor

- (a) With respect to each Series of Certificates, the Trustee has no obligation with respect to the Bonds or any Liquidity Agreement except as expressly provided in the Agreement.
- (b) If the State Partnership Factors shall have been adopted, the Trustor (but no other Holder of Certificates) shall be liable without limitation for all debts and obligations of, and claims against, the Trust (other than those referred to in Section 13 below); *provided* that the Trustor shall not be responsible for the payment to Holders of Certificates of any amount which represents, directly or indirectly, principal, interest or premium with respect to the Bonds or the Purchase Price.
- (c) If the State Partnership Factors shall not have been adopted, the Trustor shall not be liable for the debts and obligations of, or any claims against, the Trust, except that the Trustor shall be liable for penalties imposed on the Trust and other costs of the Trust arising from any failure to duly and timely file tax returns or information reports (including the abbreviated form 1065 referred to in Section 10 of the Series Trust Agreement).

Section 10. Election under Revenue Procedure 2003-84.

(1) The Election.

- (a) The Trust is making an election (the “Monthly Closing Election”) under Revenue Procedure 2003-84, effective as of the later of the date the Trust has more than one owner for tax purposes and the date the Trust has more than a *de minimis* amount of assets (the “Start-Up Date”). This election is binding on all present and future Holders and Beneficial Owners of Certificates, and other persons treated as partners in the Trust for federal income tax purposes and each of their nominees (each, a “Partner” for this purpose) and each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to this election.
- (b) The Trust shall not have any income producing assets and shall not earn any income prior to its Start-Up Date. The Trust shall not file a tax return for the period prior to the Start-Up Date.
- (c) Notwithstanding Section 2.5(b) of the Standard Terms, the Trust shall not (and no person is authorized on behalf of the Trust to) elect to be an association taxable as a corporation for federal income tax purposes nor make an election under section 761(a) of the Code to be excluded from subchapter K of chapter 1 of the Code.
- (d) Section 2.5(e) of the Standard Terms is hereby replaced in its entirety with the following:

For purposes of maintaining capital accounts and all income tax purposes, including the Trust’s deemed closing of its books at the end of each calendar month under Treasury Regulation § 1.706-1(c)(2) that is required by section 6 of Revenue Procedure 2003-84, the Trust’s tax-exempt income, taxable income, gain, loss, deduction, and credit will be allocated as for federal income tax and applicable state and local franchise and income tax purposes as follows:

- (i) Interest on the Bonds (including accrued original issue discount) for any period shall be allocated:

- (1) first, to the Holders of Variable Certificates, an amount equal to accrued interest distributable for such period on the Variable Certificates at the Variable Certificates Rate, and

(2) second, to the Holders of the Related Inverse Certificates, the remaining interest on the Bonds;

(ii) Gain on the sale or redemption of the Bonds of any Maturity shall be allocated:

(1) to the extent any gain on the sale of such Bonds is treated as ordinary income under Section 1276 of the Code, 100% to the Holders of the Related Inverse Certificates,

(2) to the extent any gain on the sale or deemed sale of such Maturity of Bonds is required to be shared with the Holders of the Variable Certificates pursuant to this Agreement, to the Holders of the Variable Certificates that share in the distribution of such amounts, and

(3) to the extent of the balance of all other gain, to the Holders of the Related Inverse Certificates;

(iii) Loss recognized on the sale of the Bonds of any Maturity shall be allocated 100% to the Holders of the Related Inverse Certificates (except to the extent the loss is borne economically by other Partners in which case it will be allocated to that extent to such other Partners);

(iv) Unrecognized loss on any in-kind distribution of the Bonds of any Maturity shall be allocated to the Holders of Variable Certificates and Related Inverse Certificates in a manner that reflects their respective interests in the Trust and the Bonds, their shares of the Bonds distributed, and the effects on their respective interests of such distribution (taking account of all facts and circumstances); and

(v) All expenses of the Trust (including all Amortized Premium on the Bonds to the extent treated as a separate item of expense of the Trust) shall be allocated 100% to the Holders of the Related Inverse Certificates.

(vi) All of the allocations set out above are intended to be made in accordance with section 704(b) of the Code. If allocation of the Trust's tax-exempt income, taxable income, gain, loss, deduction, and credits provided above would not be in accordance with section 704(b) of the Code, then allocations shall be made in a manner that is in accordance with section 704(b) of the Code. If the Trustor believes in its sole judgment that such other allocations are required it shall promptly give notice to Holders (or, in the case of Certificates held by a regulated investment company (as defined in Section 851(a) of the Code) (each, a "RIC") with respect to which an election is in place for a manager (the "Electing Manager") to be responsible for collecting, retaining, and providing beneficial ownership information to the Internal Revenue Service (the "IRS"), the Trustor shall promptly give notice to the Electing Manager).

(2) Limitations on Activities and Income and Expense of the Trust.

Notwithstanding anything herein or in the Standard Terms to the contrary:

(a) the Trust shall not acquire any asset unless the Trustee has received an Officer's Certificate of the Trustor that the acquisition of that asset will not cause less than 95 percent of the Trust's gross income (for this purpose, including the gross amount of interest income that is excluded from gross income) to be (or reasonably expected to be) from:

(i) interest on tax-exempt obligations as defined in section 1275(a)(3) of the Code and Treasury Regulation § 1.1275-1(e),

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Code that are paid by a RIC, and

(iii) gain from the sale, redemption, or other disposition of assets generating the income described in clauses (i) and (ii), above, and income from the temporary investment (for a period no greater than seven months) of the proceeds of the disposition, but only if the assets that are sold, redeemed, or disposed are original assets of the Trust. For this purpose, an asset is an original asset of the Trust if the asset is contributed to the Trust or is acquired with capital contributed to the Trust (and not with the proceeds of the sale, redemption, or other disposition of a Trust asset).

The Trust shall distribute (or make payments of expenses with) the proceeds of any of the assets that are sold, redeemed, or disposed of, and shall not reinvest such proceeds unless otherwise permitted and in any event shall not invest such proceeds other than (1) for a temporary period (not exceeding seven months) prior to distribution (or payment) in investments having a remaining maturity of less than seven months and maturing on or before the next Variable Certificates Interest Payment Date (or date when expenses are expected to be paid) or (2) reinvestment in a fund commonly known as a tax-exempt money market fund (very generally, a RIC that seeks to maintain a stable net asset value per share of \$1.00 and pay solely exempt-interest dividends as defined in section 852(b)(5) of the Code), but nothing in this sentence implies that any such right to reinvest exists. The Trust may assume that amounts treated as interest for federal income tax purposes on fixed income investments for which an Opinion of Counsel was rendered satisfy the requirement of clause (i) of Section (2)(a) until it has received notice from its tax advisors or the Trustor or Remarketing Agent to the contrary.

(b) The Trust shall not incur any liability or expense, if doing so would prevent substantially all of the Trust's expenses and deductions from being properly allocable to:

(i) producing, collecting, managing, protecting, and conserving the income described in Section (a)(i), (ii), or (iii), above,

(ii) acquiring, managing, conserving, maintaining, or disposing of property held for the production of the income described in Section 8(2)(a)(i), (ii), or (iii), above, and

(iii) servicing the equity in the Trust, and

(iv) Payments of Remarketing and Liquidity Charges and Trustee Fees comply with Section 8(2)(b). Furthermore, for purposes of Section 8(2)(b),

the costs of collecting, managing, computing, and supplying the information required, under Revenue Procedure 2003-84, to be provided to the IRS and to the Partners, shall not be taken into account.

(3) Initial Filing.

- (a) In connection with its formation, the Trust shall obtain an employer identification number. The Trustor and, at the Trustor's direction, the Trustee, and each of their accountants, are each authorized to obtain such number and each of the foregoing is authorized to delegate such authority to its agents. Each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to the foregoing.
- (b) The Trust shall file an abbreviated Form 1065, "U.S. Return of Partnership Income," as required by, and in the format outlined in section 8.01 of, Revenue Procedure 2003-84, for its first taxable year as soon as reasonably possible after the Start-Up Date but in no event later than the date that the partnership's income tax return for that taxable year would ordinarily be due. The Trustor and, at the Trustor's direction, the Trustee, and each of their accountants, are each authorized to sign the abbreviated Form 1065, and each of the foregoing is authorized to delegate such authority to its agents. Each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to the foregoing and to authorize the filing of the abbreviated Form 1065 on behalf of the Trust and itself. Copies of the abbreviated Form 1065 will be made available to Partners upon request.

(4) Information Reporting and Record Retention.

- (a) The Trust shall, within 45 days of a request by the IRS or a Partner (or a Beneficial Owner or nominee of a Beneficial Owner of a Certificate), make available all the information necessary to compute a Partner's monthly tax-exempt income, taxable income, gain, loss, deduction, or credit, including sufficient information for a partner to determine the portion of the tax-exempt interest that may be subject to the alternative minimum tax and information regarding each Partner's share of any bond premium amortization under section 171 of the Code, any market or original issue discount, and capital gain or loss. The Trust shall not charge any fee to the IRS or a Partner for providing the information required to be provided by this paragraph. If any Partner specifically requests such information for any tax reporting reason, however, the Trustor may charge such Partner a reasonable fee (disclosed in advance) but not the IRS) for providing any information required to be provided to or on behalf of such Partner by Section 8(4)(a).
- (b) Except in the case of a RIC with respect to which a manager or advisor (an "Electing Manager") has elected under section 8.04 of Revenue Procedure 2003-84 to be responsible for collecting, retaining and providing to the IRS the beneficial ownership information otherwise required to be collected, retained and provided to the IRS, each Holder, Beneficial Owner of a Certificate or Partner on whose behalf another person holds an interest in a Certificate as a nominee shall, and by its acceptance of its Certificate or any interest therein is deemed to agree to, notify the Trustor on behalf of the Trust of its beneficial ownership of a Certificate and provide the Trustor on behalf of Trust all information as required by section 8.04 of Revenue Procedure 2003-84 substantially contemporaneously with, or immediately following, the acquisition of any Certificate. No particular format is required of such notice; *provided*, however, such notice must be in writing, by fax, e-mail, or other similar electronic communication medium and in a format reasonably satisfactory to the Trust (or its designated agent).

Each Electing Manager shall, and by notifying the Trust of its election is deemed to agree to, collect, retain and provide to the IRS or the Trust the information required to be collected, retained and provided to the IRS or the Trust as required under Revenue Procedure 2003-84. In addition, each Electing Manager shall (or cause one of its agents to) notify the Trust (or its designated agent) of the names, CUSIP numbers or other identifying information and amounts of Certificates that are owned or have been owned by all of the regulated investment companies that it manages or advises (i) either (a) substantially contemporaneously with, or immediately following, the acquisition of any Certificate or (b) otherwise, at least quarterly and (ii) within 10 business days of a request for such information if the IRS (or a regulated investment company it manages) has requested such information from the Trust or the Sponsor. No particular format is required of such notice, *provided*, however, that such notice must be in writing, by fax, e-mail, or other similar electronic communication medium and in a format reasonable satisfactory to the Trust (or its designated agent).

- (c) The Trust shall retain sufficient records, including records regarding the legal and beneficial ownership of Certificates provided to it by Partners and by Electing Managers, to comply with its obligations under Revenue Procedure 2003-84.

Section 11. Intention of the Parties; Notification.

It is the intention of the parties hereto that Sections 10-12 of this Series Trust Agreement fulfill the requirements of making a Monthly Closing Election under Revenue Procedure 2003-84 and shall be interpreted consistently therewith.

The Trustor will notify the Holders or Beneficial Owners of the Certificates or their nominees (or, in the case of Certificates held by a regulated investment company with respect to which an election is in place for a manager to be responsible collecting, retaining, and providing beneficial ownership information to the IRS, the Trustor will notify the Electing Manager) and the Trustee if it becomes aware (in its sole but reasonable judgment) that there is a material risk that the Trust does not qualify for the Monthly Closing Election.

Section 12. Trustor's Obligations with respect to Revenue Procedure 2003-84.

- (1) Obligations of the Trustor. Notwithstanding anything herein or in the Standard Terms to the contrary, the Trustor (and not the Trustee) shall undertake, on behalf of the Trust, the Trust's obligations under Revenue Procedure 2003-84 (or successor guidance), including the obligations of the Trust under Section 11 of the Series Trust Agreement to:

- (a) obtain (or cause to be obtained) a taxpayer identification number for the Trust;
- (b) file (or cause to be filed) an abbreviated Form 1065, "U.S. Return of Partnership Income," for the Trust's first taxable year;
- (c) provide, within 45 days of a request by the Internal Revenue Service or a Partner, all the information necessary to compute a partner's income

which is excluded from gross income for purposes of federal income taxes, taxable income, gain, loss, deduction, or credit, including sufficient information for a Partner to determine the portion of the interest which is excluded from gross income for purposes of federal income taxes that may be subject to the alternative minimum tax and information regarding each partner's share of any bond premium amortization under section 171 of the Code, any market or original issue discount, and capital gain or loss;

- (d) retain sufficient records, including records regarding the beneficial ownership of Certificates provided to it by a Partner and by Electing Managers as required by Revenue Procedure 2003-84, to comply with its obligation to provide information for as long as the Trust is required to provide such information.; and
 - (e) at the request of the Trustee, confirm whether or not an expense or liability to be incurred by the Trust would prevent substantially all of the Trust's expenses and deductions from being properly allocable pursuant to the provisions of Section 8(2)(b) hereof.
- (2) Cooperation. The Trustee will cooperate with the Trustor and provide the Trustor with information available to it that may be reasonably necessary or helpful for the Trustor to comply with its obligations under Section 13 of the Series Trust Agreement.

Section 13. A new Section 3.2(c) is hereby added to the Standard Terms immediately following Section 3.2(b) thereof, as follows:

“(c) With respect to each Series, amounts received by the Trustee with respect to the Related Bonds that have been identified to the Trustee as payments received from or on behalf of the applicable Issuer (rather than from the related Principal Credit Source), after reimbursement in full of the related Principal Credit Source for the amount of the related drawing(s) on the applicable Credit Enhancement, shall be distributed to Holders of the Inverse Certificates of such Series on the immediately following Bond Interest Payment Date.”

Section 14. Section 3.3 of the Standard Terms is hereby amended by adding, following clause (d) thereof, the following clause (e):

(e) Any change in the Remarketing Agent Fee Rate and the Liquidity Fee Rate and any material change in the Trustee Fee Rate shall require the consent of the Inverse Certificates Holder.

Section 15. Section 5.2(d)(vi) of the Standard Terms is amended and restated to read in its entirety as follows:

(vi) in the case of any other Mandatory Tender Event, a Business Day at least 5 days after the notice required by this subsection (d); provided, however, that such Mandatory Tender Date shall not be less than five days prior to the Liquidity Agreement Termination Date.

Section 16. Sections 5.2(h) and 5.2(i) are amended and restated in their entirety to read as follows, respectively:

(h) On the Mandatory Tender Date (other than with respect to a Mandatory Tender Event under Section 5.2(a)(xi) through (xiv)), the Trustee shall proceed to cause the sale of or deliver out the Bonds of each affected Maturity separately as follows:

(i) If the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in the Liquidity Provider receiving less than an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction on the Mandatory Tender Date:

(A) the Trustee shall instruct the Remarketing Agent to sell a principal amount of the Bonds of such Maturity sufficient to pay the accrued and unpaid Trustee Fee and Remarketing and Liquidity Charges with respect to the Certificates to the date of such delivery multiplied by the Related Allocation Fraction;

(B) the Trustee shall instruct DTC to transfer an amount of the Bonds of such Maturity as promptly as practicable through the facilities of DTC to the Liquidity Provider such that the Liquidity Provider receives a principal amount of the Bonds of such Maturity with a market value (based on such Quotation of Bond Price) equal to the Stated Amount of Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction; and

(C) any remaining Bonds and proceeds from the sale of Bonds pursuant to clause (A) shall be distributed to the Holders of Related Inverse Certificates.

(ii) If the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in the Liquidity Provider receiving at least an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction, the Remarketing Agent shall sell the Bonds of such Maturity in such manner as the Remarketing Agent deems advisable at the highest obtainable price under current market conditions, on the Mandatory Tender Date, any such sale to conform to the further requirements set forth herein.

(iii) If the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered) and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in either the Liquidity Provider receiving less than an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such

Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction or the Inverse Certificates receiving less than an amount equal to the Stated Amount thereof, on the Mandatory Tender Date:

(A) the Trustee shall instruct the Remarketing Agent to sell a principal amount of the Bonds of such Maturity sufficient to pay the accrued and unpaid Trustee Fee and Remarketing and Liquidity Charges with respect to the Certificates to the date of such delivery multiplied by the Related Allocation Fraction;

(B) the Trustee shall instruct DTC to transfer an amount of the Bonds of such Maturity as promptly as practicable through the facilities of DTC to the Liquidity Provider and Beneficial Owners Selected by Lot of Related Inverse Certificates, such that the Liquidity Provider and Beneficial Owners Selected by Lot of Related Inverse Certificates each receives a pro rata principal amount of the Bonds of such Maturity based on the aggregate Stated Amount of Variable Certificates and the aggregate Stated Amount of the Related Inverse Certificates, in each case multiplied by the Related Allocation Fraction; and

(C) any remaining Bonds and proceeds from the sale of Bonds pursuant to clause (A) shall be distributed to the Holders of Related Inverse Certificates.

(iv) If the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered) and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in the Liquidity Provider receiving at least an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction and the Inverse Certificates receiving at least an amount equal to the Stated Amount thereof, the Remarketing Agent shall sell the Bonds of such Maturity in such manner as the Remarketing Agent deems advisable at the highest obtainable price under current market conditions, on the Mandatory Tender Date, any such sale to conform to the further requirements set forth herein.

(i) On the Mandatory Tender Date, the proceeds of the sale, if any, of each Maturity separately pursuant to Section 5.2(h)(ii) or (iv) shall be distributed in the following order of priority, each priority being fully paid before proceeds are used to pay any lower priority and no payment being made on any priority if the proceeds have been exhausted in the payment of higher priorities:

(A) to the Trustee, the accrued Trustee Fee multiplied by the Related Allocation Fraction;

(B)(1) if the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply, to the Liquidity Provider an amount equal to the Stated Amount of the Variable Certificates purchased with funds provided under the Liquidity Facility by the Liquidity Provider multiplied by the Related Allocation Fraction, and (2) if the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered), to the Liquidity Provider an amount equal to the Stated Amount of the Variable Certificates purchased with funds provided under the Liquidity Facility by the Liquidity Provider multiplied by the Related Allocation Fraction and to the Inverse Certificates an amount equal to the Stated Amount thereof on a *pari passu* basis;

(C) to the parties entitled thereto, an amount equal to the accrued Remarketing and Liquidity Charges multiplied by the Related Allocation Fraction;

(D) to the Holders of the Related Inverse Certificates, an amount up to but not exceeding the aggregate amount of any Accrued Market Discount, Accrued OID and Unamortized Premium on the Bonds of such Maturity;

(E) to the Holders of Variable Certificates tendered on the Mandatory Tender Date and, except in the case of a Mandatory Tender Event under Section 5.2(a)(i) or (v) with respect to less than all the Maturities, to Liquidity Variable Certificates outstanding at the opening of business on the Mandatory Tender Date, an amount equal to the product of (x) 10%, (y) a fraction the numerator of which is the Related Variable Certificates amount and the denominator of which is the aggregate principal amount of Bonds for such Maturity, and (z) the excess, if any, of the sale price (not including accrued interest) over the Bond Base Price of such Maturity; and

(F) to such Holders of Related Inverse Certificates, the balance remaining.

Section 17. Article VI of the Standard Terms is hereby amended as follows:

The reference to "fourteen (14) days" in Section 6.2(iv) of the Standard Terms is hereby deleted and replaced with "five (5) Business Days".

The following Section 6.3 is hereby added to the Standard Terms following Section 6.2 thereof:

Section 6.3: Increase or Decrease of Variable Certificate/Inverse Certificate Ratio.

(a) Any Holder of all the Outstanding Inverse Certificates of a particular Maturity and any Stated Amount of Variable Certificates may obtain, on any Variable Certificates Interest Payment Date or any Rate Determination Date, additional Inverse Certificates for such Maturity with a Stated Amount of Inverse Certificates equal to the Stated Amount of such Variable Certificates. In order to obtain such Inverse Certificates, the Inverse Certificates Holder shall deliver notice to the Trustee (with a copy to the Remarketing Agent and the Liquidity Provider) in the form of Exhibit C to the Series Trust Agreement at least five Business Days prior to such date of delivery. On the Business Day following receipt of such notice, the Trustee shall transmit a copy of such notice to the Securities Depositories for transmission to the Holders of Certificates. The Inverse Certificates Holder shall deliver such Variable Certificates free to the Trustee by book-entry transfer, and shall pay to the Trustee any tax or other governmental or Securities Depository charge that may be imposed in relation to the transfer.

(b) Upon satisfaction of the requirements of Section 6.3(a), the Trustee on behalf of the Trust shall, on the Variable Certificates Interest Payment Date or the Rate Determination Date specified in the notice delivered by such Holder, execute additional Inverse Certificates for such Maturity with a Stated Amount of Inverse Certificates equal to the Stated Amount of Variable Certificates, deliver the same to the Holder as specified in such notice and cancel the Variable Certificates so delivered.

(c) If a notice has been delivered to the Trustee pursuant to Section 6.3(a), then any Holder of all Outstanding Inverse Certificates of a particular Maturity may obtain, on any Variable Certificates Interest Payment Date or any Rate Determination Date, delivery of additional Variable Certificates of such Maturity by:

(i) causing the Securities Depository to deliver a specified Stated Amount of Inverse Certificates free to the Trustee by book-entry transfer into the Trustee's accounts at such Securities Depository;

(ii) delivering a notice to the Trustee in the form of Exhibit C at least 10 Business Days prior to such date of delivery, which notice shall specify the new Variable Certificate/Inverse Certificate ratio for such Maturity;

(iii) paying to the Trustee a sum sufficient to pay any tax or other governmental or Securities Depository charge or any other charges that may be imposed in relation thereto; and

(iv) delivering or causing to be delivered to the Trustee the written consent of the Liquidity Provider to such execution and delivery of additional Variable Certificates and evidence that the Amount Available under the Liquidity Agreement has been increased to reflect the issuance of the additional Variable Certificates in accordance with the terms of the Standard Terms and the Liquidity Agreement.

The Trustor shall also deliver to the Trustee a certificate of the Trustor demonstrating that the Variable Certificates Rate, following the delivery of the additional Variable Certificates, (y) if such delivery is on a Variable Certificates Interest Payment Date, will not exceed the Maximum Variable Certificates Rate or (z) if such delivery is on an Rate Determination Date, will not exceed the Maximum Variable Certificates Rate assuming that the issuance of the additional Variable Certificates had occurred as of the immediately preceding Bond Interest Payment Date.

On the Business Day following receipt of any notice pursuant to the foregoing clause (ii), the Trustee shall transmit a copy of such notice to the Remarketing Agent and to the Securities Depositories for transmission to the Holders of Certificates.

(d) Upon satisfaction of the requirements of Section 6.3(c), the Trustee on behalf of the Trust shall, on the Variable Certificates Interest Payment Date or the Rate Determination Date specified in the notice delivered by such Holder, execute additional Variable Certificates with a Stated Amount equal to the Stated Amount of the Inverse Certificates delivered to the Trustee by such Holder, deliver the same to such Holder as specified in such notice and cancel the Inverse Certificates so delivered.

Section 18. Exhibit E to the Standard Terms is hereby replaced in its entirety by the Form of Purchaser's Letter in the form attached as Exhibit B hereto.

Section 19. Each of the following events constitute Additional Mandatory Tender Events under the Agreement:

(i) The Value Ratio is less than the Minimum Value Ratio, and the Liquidity Provider notifies the Trustee to establish a Mandatory Tender Date.

(ii) A termination event, a default or event of default occurs under any Reimbursement Agreement related to the Trust Agreement, and the Liquidity Provider provides notice to the Trustee to establish a Mandatory Tender Date.

(iii) Notice shall have been given to the Trustee by the Liquidity Provider that the financial condition of the Principal Credit Source has, in the reasonable opinion of the Liquidity Provider, deteriorated in a materially adverse manner since the Trust was established.

The Mandatory Tender Date for any Mandatory Tender Event set forth in Section 20 shall be the fifth Business Day following the day that the Trustee is notified to establish a Mandatory Tender Date.

Section 20. Upon presentation of Liquidity Variable Certificates on or before 11:00 a.m. on any Business Day, the Trustee shall direct the Remarketing Agent to obtain a Quotation of Bond Price and to determine the Accrued Market Discount, Accrued OID and Unamortized Premium, if any, separately with respect to each Maturity on the same Business Day as the day of presentation to the Trustee of the Liquidity Variable Certificates. On the same Business Day on which the Quotation of Bond Price is obtained, the Trustee shall instruct the Remarketing Agent to sell a portion of the Bonds of each Maturity sufficient in the aggregate to pay the accrued and unpaid Trustee Fees, the accrued and unpaid Remarketing and Liquidity Charges and the Stated Amount of such Liquidity Variable Certificates together with accrued and unpaid interest thereon as of such date and all other amounts due the Liquidity Provider, and distribute such proceeds to the Trustee, Remarketing Agent and Liquidity Provider as applicable with the balance of such proceeds being paid to the Beneficial Owner of the Inverse Certificates; provided that no more than the principal amount of the Bonds of a particular Maturity multiplied by a fraction the numerator of which is the Stated Amount of Liquidity Variable Certificates and the denominator of which is the Stated Amount of all Variable Certificates shall be sold for this purpose; provided, further, that, if no Variable Certificates other than Liquidity Variable Certificates are Outstanding, then any Maturity of Bonds may be sold for this purpose and in the event any proceeds remain after such sale and the payment of the amounts described above, then such excess shall be paid to the Beneficial Owner of the Inverse Certificates.

Section 21. Section 8.1 of the Standard Terms is hereby amended by adding following Section 8.1(c), the following Section 8.1(d):

(d) Any material amendment to the Liquidity Agreement shall require the prior written consent of the Inverse Certificates Holder.

Section 22.

Section 10.1(b) is amended and restated in its entirety to read as follows:

(b) In the event of any action or consent requiring the vote of the owners of any Bonds, the Trustee shall, within three Business Days of its being informed of any such action or consent, deliver to the Holders of the Certificates such Holder's proxies for such vote, returnable to the Trustee, which shall vote solely in accordance with such proxies, weighted by the Stated Amount of the Variable Certificates and the Stated Amount of Inverse Certificates held by each Holder; provided, however, the Trustee shall not exercise its right to exchange Bonds for the underlying bonds pursuant to Section 9.10 of the Custody Agreement, unless the Trustee has been directed by 100% of the Beneficial Owners of the Certificates.

Section 23. Sections 11.1(a)(ii) and (iii) of the Standard Terms are hereby amended and restated in their entirety to read as follows:

“(ii) upon a redemption in whole, (A) principal of the Bonds so redeemed shall be applied first to the payment to the Holders of the Variable Certificates selected for redemption pursuant to Section 11.2 in an amount up to the Stated Amount thereof, then to the payment to the Holders of the Related Inverse Certificates, and (B) any remaining principal amount paid in redemption in whole of the Bonds and not applied due to the last sentence of Section 11.2 shall be paid into the Odd-Lot Subaccount pursuant to Section 11.8; provided that if the Certificates selected for redemption pursuant to Section 11.2 shall have been redeemed pursuant to this clause (iii) in an amount equal to the Stated Amount thereof, then any remaining principal amount paid in redemption of Bonds up to the Bond Base Price shall be paid to the Holders of the Related Inverse Certificates, and any remaining principal amount paid in redemption of Bonds in excess of the Bond Base Price shall be applied as redemption premium;

(ii) upon a redemption in whole, (A) principal of the Bonds so redeemed shall be applied first to the payment to the Holders of the Variable Certificates - selected for redemption pursuant to Section 11.2 in an amount up to the Stated Amount thereof, then to the payment to the Holders of the Related Inverse Certificates, and (B) any remaining principal amount paid in redemption in whole of the Bonds and not applied due to the last sentence of Section 11.2 shall be paid into the Odd-Lot Subaccount pursuant to Section 11.8; provided that if the Certificates selected for redemption pursuant to Section 11.2 shall have been redeemed pursuant to this clause (iii) in an amount equal to the Stated Amount thereof, then any remaining principal amount paid in redemption of Bonds up to the Bond Base Price shall be paid to the Holders of the Related Inverse Certificates, and any remaining principal amount paid in redemption of Bonds in excess of the Bond Base Price shall be applied as redemption premium;”

Section 24. Section 14.4(a) of the Standard Terms is hereby amended by adding the following as the second paragraph of Section 14.4(a):

The Trustor may and, at the direction of the Trustor, the Trustee shall, amend the terms of this Agreement, without the consent of any of the Holders or Beneficial Owners of Certificates, to the extent that any such amendment is, in the opinion of qualified tax counsel, necessary for the Trust to reduce a material risk of non-compliance with Revenue Procedure 2003-84 (including any amendment or successor thereto); *provided* that (1) the Trustee has received an Officer's Certificate of the Trustor that such amendment will not adversely affect the interests of any Holders of Certificates or the Trustee, and (2) the Trustee has received an Opinion of Counsel of appropriate special tax and securities counsel to the effect that such amendment will not result in the withdrawal of, or modification of the conclusions of, any opinion previously delivered regarding tax and securities law treatment of the Certificates; and (3) notice of such amendment when given pursuant to Section 14.4(e) with respect to Certificates held by a regulated investment companies with respect to which an election is in place for a manager to be responsible collecting, retaining, and providing beneficial ownership information to the IRS, shall be given to the manager.

Section 25. Section 5.1(a) of the Standard Terms is hereby amended as follows:

Section 5.1 (a) (i) is hereby deleted and replaced in its entirety with the following:

“(i) Provided that the Bonds are not Prerefunded Bonds, (A) a Bankruptcy shall occur with respect to the Issuer or (B) if a Principal Credit Source shall be identified as such in the related Series Trust Agreement, a Bankruptcy shall occur with respect to both (1) the Principal Credit Source and (2) the Issuer of the Bonds; provided that, in the case of Bonds for which the payment of principal and interest constitutes a limited obligation of the Issuer of the Bonds, payable solely from amounts received from a third party for whose benefit the Bonds were issued, the reference to Issuer shall be deemed to refer to such third party for whose benefit those Bonds were issued;”

Section 26. Section 5.1 (a) (iii) is hereby deleted and replaced in its entirety with the following:

“(iii) the highest publicly available long-term rating on such Bonds shall have been downgraded by each Bond Rating Agency below the lowest rating of such Bond Rating Agency that is commonly regarded as “investment grade,” being BBB- in the case of S&P and Fitch and Baa3 in the case of Moody's.

Section 27. For purposes of Section 11.1 of the Standard Terms, payments made by the Credit Enhancer with respect to the Enhanced Custody Receipts in connection with an Early Termination Date or the occurrence of a Termination Event (as such terms are defined in the Credit Enhancement) shall constitute proceeds of a redemption of the Bonds and shall result in redemption of the Certificates as provided in Section 11.1 of the Standard Terms.

IN WITNESS WHEREOF, the parties hereto have caused this Series Trust Agreement to be executed by their respective duly authorized officers as of the date first above written.

BANK OF AMERICA, NATIONAL ASSOCIATION as Trustor

By/s/ Laura Sheehan

Authorized Signatory

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and Tender Agent

By/s/ Safet Kalabovic

Authorized Signatory

SUPPLEMENTAL DESCRIPTION OF THE CERTIFICATES:

“**Additional Mandatory Tender Event**” shall mean the additional mandatory tender events specified as such herein.

“**Authorized Denomination**” shall mean (i) with respect to the Variable Certificates, \$25,000 or integral multiples of \$1,000 in excess thereof and (ii) with respect to the Inverse Certificates, \$5,000 or integral multiples of \$1,000 in excess thereof.

“**Bond Interest Payment Dates**” shall mean, with respect to the Bond, the following payment dates:

Series 2008 CDB-10E

Monthly through July 1, 2008, and then semiannually on each January 1 and July 1 thereafter

“**Certificates Rating Agency**” shall mean Moody’s Investors Service Inc.

“**Delivery Date**” shall mean July 3, 2008.

“**Initial Variable Certificates Interest Period**” shall mean the initial Rate Period which is the Weekly Period.

“**Liquidity Agreement Termination Date**” shall mean July 2, 2009, as such date may be extended from time to time by the Liquidity Provider in accordance with the related Liquidity Agreement.

“**Liquidity Provider**” shall mean Bank of America, National Association or any Successor Liquidity Provider.

“**Liquidity Fee Rate**” shall mean 0.20% as such rate may be changed in accordance with the Liquidity Agreement and the Standard Terms.

“**Minimum Value Ratio**” shall not be applicable.

“**Rating Threshold**” shall mean Aa3 for Moody’s and AA- for S&P (or equivalent ratings if other rating agencies are the Bond Rating Agencies).

“**Remarketing Agent Fee Rate**” shall mean 0.10% as such rate may be changed in accordance with the Remarketing Agreement and the Standard Terms.

“**Scheduled Termination Date**” shall mean January 1, 2020.

“**Seller**” shall mean Banc of America Securities LLC, who is the seller of the Bonds to the Trustee.

“**State Partnership Factors**” The State Partnership Factors have not been adopted for the Certificates of the Series.

“**Stated Amount**” for the Certificates are as follows:

| | Stated Amount | CUSIP Number |
|-----------------------|---------------|--------------|
| Variable Certificates | \$6,169,000 | 05248P5U5 |
| Inverse Certificates | \$ 5,000 | 05248P6F7 |

“**Trustee Fee Rate**” shall mean 0.015% as such rate may be changed in accordance with the Standard Terms.

“**Trustor's Required Interest**” shall not be applicable.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|--|
| Bonds: | \$6,174,665 Enhanced Custody Receipts, Series 2008 CDB-10E, relating to \$6,962,625 Unenhanced Custody Receipts, Series 2008 CDB-10U, evidencing an interest in Multifamily Rental Housing Revenue Bonds (Bridle Ridge Apartments) Series 2008. ¹ |
| Issuer: | South Carolina State Housing Finance and Development Authority |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094325, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-10E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator ² |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.00% |
| Bond Rating Agencies: | Moody's: Aaa |
| Accrued Interest on Underlying Bonds: | \$2,320.88 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 88.683% |
| Bond CUSIP Number: | 83712EFH2 |
| Bond Interest Payment Dates: | The first day of each month through July 1, 2008, and then on each January 1 and July 1 thereafter |
| Bond Maturity Date: | January 1, 2043 |
| Deposit Yield: | 6.860% |

¹ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

² A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

DESCRIPTION OF THE UNDERLYING BONDS:

Underlying Bonds: \$7,885,000 Multifamily Rental Housing Revenue Bonds (Bridle Ridge Apartments) Series 2008

Underlying Bond Issuer: South Carolina State Housing Finance and Development Authority

Underlying Bond Rate: 6.00%

Underlying Bond Rating Agencies: NR

Underlying Bond Counsel: Parker Poe Adams & Bernstein LLP

Bond Counsel Opinion:

Federal and State Income Taxes: Bond Counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is excludable from gross income for federal income tax purposes. Under existing law, the Underlying Bonds and interest payments thereon are exempt from all taxation of the State of South Carolina except estate or other transfer taxes and certain franchise taxes.

AMT: The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

Underlying Bond CUSIP Number: 83712EFH2

Bond Interest Payment Dates: Monthly through July 1, 2008, and then semiannually on each January 1 and July 1 thereafter

Underlying Bond Maturity Date: January 1, 2043

Optional Redemption: On or after January 1, 2018 at 100%

SERIES TRUST AGREEMENT
for
AUSTIN TRUST, SERIES 10003

for
\$9,104,000 Variable Certificates, SERIES 10003
and
\$5,000 Inverse Certificates, SERIES 10003

Evidencing an Interest in

\$9,109,094
Enhanced Custody Receipt, Series 2008 CDB-11E

Evidencing an Interest in

\$9,109,094
Unenhanced Custody Receipt, Series 2008 CDB-11U

Relating to

\$10,200,000
Florida Housing Finance Corporation
Multi-Family Housing Revenue Refunding Bonds
2001 Series G (Lake Forest Apartments)

by and between

BANK OF AMERICA, NATIONAL ASSOCIATION,
as Trustor

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Trustee and Tender Agent

Dated as of July 3, 2008

SERIES TRUST AGREEMENT

This Series Trust Agreement of the Series set forth on the cover page hereof (this "Series Trust Agreement"), dated as of the date set forth on the cover page hereof, by and between BANK OF AMERICA, NATIONAL ASSOCIATION, as Trustor, and DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and Tender Agent, for the Variable Certificates (the "Variable Certificates") and the Inverse Certificates (the "Inverse Certificates") (collectively, the Variable Certificates and the Inverse Certificates, the "Certificates") described on the cover page hereof, incorporates by reference the Standard Terms and Provisions of Trust Agreement, dated as of October 1, 2002 (the "Standard Terms"), attached as Exhibit A hereto, and is governed by the Standard Terms as fully as if set forth herein. All capitalized terms used and not defined herein shall have the meanings set forth in the Standard Terms.

WITNESSETH:

Section 1. A Trust is hereby created under the laws of the State of New York and in the manner specified in Section 2.1 of the Standard Terms for the benefit of the Holders and Beneficial Owners of the Certificates. The assets of the Trust shall consist of the investment property (referred to herein and in the Standard Terms as the "Bonds") described in Schedule I hereto, all distributions thereon after the Delivery Date, all right, title and interest in and to the Bonds and such distributions thereon, and all other rights and privileges granted to the Holders and Beneficial Owners of Certificates by this Series Trust Agreement and the Standard Terms. Conveyance of the Bonds to the Trustee by the Seller is intended to be a sale and not a secured borrowing for all purposes, including without limitation accounting purposes.

Section 2. The name of the Trust is AUSTIN Trust of the Series set forth on the cover page hereof.

Section 3. The Variable Certificates and Inverse Certificates shall be issued in substantially the form set forth in Exhibits A and B to the Standard Terms and shall have the particular characteristics and terms set forth in Schedule I hereto and shall be limited obligations of the Trust payable solely from payments received by the Trustee attributable to the Bonds and the other rights and assets contained in the Trust. With respect to each Maturity of Bonds and subject only to the requirement to issue Certificates in Authorized Denominations, the sum of the Related Allocable Variable Certificates Amount and the Stated Amount of the Related Inverse Certificates on the Delivery Date shall equal the product of (a) the par amount of such Maturity of Bonds on the Delivery Date and (b) the lesser of (i) the Base Price of such Maturity of Bonds on the Delivery Date or (ii) 100%.

Section 4. The Trustee, the Tender Agent and the Trustor shall, simultaneously with the execution and effectiveness of this Series Trust Agreement, enter into a Remarketing Agreement, dated as of the date of this Series Trust Agreement, with Banc of America Securities LLC, which is hereby designated as the remarketing agent (together with any replacement or successor thereto, the "Remarketing Agent").

The Trustee and the Tender Agent shall, simultaneously with the execution and effectiveness of this Series Trust Agreement, enter into a Liquidity Agreement, dated as of the date of this Series Trust Agreement, with Bank of America, National Association, which is hereby designated as the liquidity provider (together with any Successor Liquidity Provider, the "Liquidity Provider").

Section 5. The Trustor hereby authorizes the Trustee and the Tender Agent to execute and deliver a letter of representations in the form customarily provided to the Securities Depository, dated the Delivery Date of the Certificates, by and among the Trustee, the Tender Agent, the Trustor, the Remarketing Agent and the Securities Depository.

Section 6. The Trustor shall create a Private Placement Memorandum and a Supplement to Private Placement Memorandum describing the Certificates for use in the sale of the Certificates. In addition, if deemed advisable, the Trustor shall create a Preliminary Supplement to Private Placement Memorandum describing the Certificates for use in the initial sale of the Certificates.

Section 7. Modifications to Section 1.1 of the Standard Terms:

The definition of "Election Letter" is hereby included in Section 1.1 of the Standard Terms:

"Election Letter" shall mean an election in the form of Exhibit D to this Series Trust Agreement executed by the Beneficial Owners of the Related Inverse Certificates. Any such election shall be irrevocable and shall bind all future Holders of such Inverse Certificates.

The definition of "Maximum Variable Certificates Rate" is hereby amended by adding, following clause (vi) thereof, the following clause (vii):

(vii) If a Calculation Period spans more than one calendar month, the Maximum Variable Certificates Rate shall be computed: (1) for a Variable Certificates Interest Period that is contained solely within a single calendar month, assuming that the Calculation Period begins no earlier than the first day of that calendar month and ends on the last day of that calendar month and (2) for Variable Certificates Interest Periods that span more than one calendar month, (a) separately for each portion of the Variable Certificates Interest Period that falls in any particular calendar month as if such portion were a separate Variable Certificates Interest Period and each calendar month were a separate Calculation Period (provided that no such hypothetical separate Calculation Period shall begin earlier than the beginning of, or end after the end of, the actual Calculation Period) and (b) the Maximum Variable Certificates Rate shall be the lowest Maximum Variable Certificates Rate for any such separate Variable Certificates Interest Period.

The definition of "Minimum Value Ratio" is hereby included in Section 1.1 of the Standard Terms:

“Minimum Value Ratio” means, with respect to a Series, the percentage defined as such in the Series Trust Agreement.

The definition of “Notice Parties” in Section 1.1 of the Standard Terms is hereby amended and restated to read in its entirety as follows:

“Notice Parties” shall mean, with respect to any Series, the Trustor, the Liquidity Provider, the Trustee, the Tender Agent, the Remarketing Agent and the Beneficial Owner of Inverse Certificates.

The definition of “Reimbursement Agreement” is hereby included in Section 1.1 of the Standard Terms:

“Reimbursement Agreement” means any agreement a purpose of which is to provide reimbursement to the Liquidity Provider for amounts paid by the Liquidity Provider under the Liquidity Agreement and shall include any ISDA Master Agreement, Schedule, Confirmation and Credit Support Document between the Liquidity Provider and the Holder of the Inverse Certificates, or any reimbursement agreement substituted therefor.

The definition of “Value Ratio” is hereby included in Section 1.1 of the Standard Terms:

“Value Ratio” means, with respect to a Series, a percentage equal to the fair market value of the Bonds related to such Series of Variable Certificates as determined based on a Quotation of Bond Price, divided by the Stated Amount of Variable Certificates of such Series.

Section 8. A Reimbursement Agreement has been entered into with respect to the Series governed by this Series Trust Agreement.

Section 9. Section 2.3 of the Standard Terms is hereby replaced in its entirety with the following:

Section 2.3 Obligations of Trustee and the Trustor

- (a) With respect to each Series of Certificates, the Trustee has no obligation with respect to the Bonds or any Liquidity Agreement except as expressly provided in the Agreement.
- (b) If the State Partnership Factors shall have been adopted, the Trustor (but no other Holder of Certificates) shall be liable without limitation for all debts and obligations of, and claims against, the Trust (other than those referred to in Section 13 below); *provided* that the Trustor shall not be responsible for the payment to Holders of Certificates of any amount which represents, directly or indirectly, principal, interest or premium with respect to the Bonds or the Purchase Price.
- (c) If the State Partnership Factors shall not have been adopted, the Trustor shall not be liable for the debts and obligations of, or any claims against, the Trust, except that the Trustor shall be liable for penalties imposed on the Trust and other costs of the Trust arising from any failure to duly and timely file tax returns or information reports (including the abbreviated form 1065 referred to in Section 10 of the Series Trust Agreement).

Section 10. Election under Revenue Procedure 2003-84.

(1) The Election.

- (a) The Trust is making an election (the “Monthly Closing Election”) under Revenue Procedure 2003-84, effective as of the later of the date the Trust has more than one owner for tax purposes and the date the Trust has more than a *de minimis* amount of assets (the “Start-Up Date”). This election is binding on all present and future Holders and Beneficial Owners of Certificates, and other persons treated as partners in the Trust for federal income tax purposes and each of their nominees (each, a “Partner” for this purpose) and each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to this election.
- (b) The Trust shall not have any income producing assets and shall not earn any income prior to its Start-Up Date. The Trust shall not file a tax return for the period prior to the Start-Up Date.
- (c) Notwithstanding Section 2.5(b) of the Standard Terms, the Trust shall not (and no person is authorized on behalf of the Trust to) elect to be an association taxable as a corporation for federal income tax purposes nor make an election under section 761(a) of the Code to be excluded from subchapter K of chapter 1 of the Code.
- (d) Section 2.5(e) of the Standard Terms is hereby replaced in its entirety with the following:

For purposes of maintaining capital accounts and all income tax purposes, including the Trust’s deemed closing of its books at the end of each calendar month under Treasury Regulation § 1.706-1(c)(2) that is required by section 6 of Revenue Procedure 2003-84, the Trust’s tax-exempt income, taxable income, gain, loss, deduction, and credit will be allocated as for federal income tax and applicable state and local franchise and income tax purposes as follows:

- (i) Interest on the Bonds (including accrued original issue discount) for any period shall be allocated:

- (1) first, to the Holders of Variable Certificates, an amount equal to accrued interest distributable for such period on the Variable Certificates at the Variable Certificates Rate, and

(2) second, to the Holders of the Related Inverse Certificates, the remaining interest on the Bonds;

(ii) Gain on the sale or redemption of the Bonds of any Maturity shall be allocated:

(1) to the extent any gain on the sale of such Bonds is treated as ordinary income under Section 1276 of the Code, 100% to the Holders of the Related Inverse Certificates,

(2) to the extent any gain on the sale or deemed sale of such Maturity of Bonds is required to be shared with the Holders of the Variable Certificates pursuant to this Agreement, to the Holders of the Variable Certificates that share in the distribution of such amounts, and

(3) to the extent of the balance of all other gain, to the Holders of the Related Inverse Certificates;

(iii) Loss recognized on the sale of the Bonds of any Maturity shall be allocated 100% to the Holders of the Related Inverse Certificates (except to the extent the loss is borne economically by other Partners in which case it will be allocated to that extent to such other Partners);

(iv) Unrecognized loss on any in-kind distribution of the Bonds of any Maturity shall be allocated to the Holders of Variable Certificates and Related Inverse Certificates in a manner that reflects their respective interests in the Trust and the Bonds, their shares of the Bonds distributed, and the effects on their respective interests of such distribution (taking account of all facts and circumstances); and

(v) All expenses of the Trust (including all Amortized Premium on the Bonds to the extent treated as a separate item of expense of the Trust) shall be allocated 100% to the Holders of the Related Inverse Certificates.

(vi) All of the allocations set out above are intended to be made in accordance with section 704(b) of the Code. If allocation of the Trust's tax-exempt income, taxable income, gain, loss, deduction, and credits provided above would not be in accordance with section 704(b) of the Code, then allocations shall be made in a manner that is in accordance with section 704(b) of the Code. If the Trustor believes in its sole judgment that such other allocations are required it shall promptly give notice to Holders (or, in the case of Certificates held by a regulated investment company (as defined in Section 851(a) of the Code) (each, a "RIC") with respect to which an election is in place for a manager (the "Electing Manager") to be responsible for collecting, retaining, and providing beneficial ownership information to the Internal Revenue Service (the "IRS"), the Trustor shall promptly give notice to the Electing Manager).

(2) Limitations on Activities and Income and Expense of the Trust.

Notwithstanding anything herein or in the Standard Terms to the contrary:

(a) the Trust shall not acquire any asset unless the Trustee has received an Officer's Certificate of the Trustor that the acquisition of that asset will not cause less than 95 percent of the Trust's gross income (for this purpose, including the gross amount of interest income that is excluded from gross income) to be (or reasonably expected to be) from:

(i) interest on tax-exempt obligations as defined in section 1275(a)(3) of the Code and Treasury Regulation § 1.1275-1(e),

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Code that are paid by a RIC, and

(iii) gain from the sale, redemption, or other disposition of assets generating the income described in clauses (i) and (ii), above, and income from the temporary investment (for a period no greater than seven months) of the proceeds of the disposition, but only if the assets that are sold, redeemed, or disposed are original assets of the Trust. For this purpose, an asset is an original asset of the Trust if the asset is contributed to the Trust or is acquired with capital contributed to the Trust (and not with the proceeds of the sale, redemption, or other disposition of a Trust asset).

The Trust shall distribute (or make payments of expenses with) the proceeds of any of the assets that are sold, redeemed, or disposed of, and shall not reinvest such proceeds unless otherwise permitted and in any event shall not invest such proceeds other than (1) for a temporary period (not exceeding seven months) prior to distribution (or payment) in investments having a remaining maturity of less than seven months and maturing on or before the next Variable Certificates Interest Payment Date (or date when expenses are expected to be paid) or (2) reinvestment in a fund commonly known as a tax-exempt money market fund (very generally, a RIC that seeks to maintain a stable net asset value per share of \$1.00 and pay solely exempt-interest dividends as defined in section 852(b)(5) of the Code), but nothing in this sentence implies that any such right to reinvest exists. The Trust may assume that amounts treated as interest for federal income tax purposes on fixed income investments for which an Opinion of Counsel was rendered satisfy the requirement of clause (i) of Section (2)(a) until it has received notice from its tax advisors or the Trustor or Remarketing Agent to the contrary.

(b) The Trust shall not incur any liability or expense, if doing so would prevent substantially all of the Trust's expenses and deductions from being properly allocable to:

(i) producing, collecting, managing, protecting, and conserving the income described in Section (a)(i), (ii), or (iii), above,

(ii) acquiring, managing, conserving, maintaining, or disposing of property held for the production of the income described in Section 8(2)(a)(i), (ii), or (iii), above, and

(iii) servicing the equity in the Trust, and

(iv) Payments of Remarketing and Liquidity Charges and Trustee Fees comply with Section 8(2)(b). Furthermore, for purposes of Section 8(2)(b),

the costs of collecting, managing, computing, and supplying the information required, under Revenue Procedure 2003-84, to be provided to the IRS and to the Partners, shall not be taken into account.

(3) Initial Filing.

- (a) In connection with its formation, the Trust shall obtain an employer identification number. The Trustor and, at the Trustor's direction, the Trustee, and each of their accountants, are each authorized to obtain such number and each of the foregoing is authorized to delegate such authority to its agents. Each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to the foregoing.
- (b) The Trust shall file an abbreviated Form 1065, "U.S. Return of Partnership Income," as required by, and in the format outlined in section 8.01 of, Revenue Procedure 2003-84, for its first taxable year as soon as reasonably possible after the Start-Up Date but in no event later than the date that the partnership's income tax return for that taxable year would ordinarily be due. The Trustor and, at the Trustor's direction, the Trustee, and each of their accountants, are each authorized to sign the abbreviated Form 1065, and each of the foregoing is authorized to delegate such authority to its agents. Each Partner, by acceptance of its Certificate or interest therein, is deemed to consent to the foregoing and to authorize the filing of the abbreviated Form 1065 on behalf of the Trust and itself. Copies of the abbreviated Form 1065 will be made available to Partners upon request.

(4) Information Reporting and Record Retention.

- (a) The Trust shall, within 45 days of a request by the IRS or a Partner (or a Beneficial Owner or nominee of a Beneficial Owner of a Certificate), make available all the information necessary to compute a Partner's monthly tax-exempt income, taxable income, gain, loss, deduction, or credit, including sufficient information for a partner to determine the portion of the tax-exempt interest that may be subject to the alternative minimum tax and information regarding each Partner's share of any bond premium amortization under section 171 of the Code, any market or original issue discount, and capital gain or loss. The Trust shall not charge any fee to the IRS or a Partner for providing the information required to be provided by this paragraph. If any Partner specifically requests such information for any tax reporting reason, however, the Trustor may charge such Partner a reasonable fee (disclosed in advance) but not the IRS) for providing any information required to be provided to or on behalf of such Partner by Section 8(4)(a).
- (b) Except in the case of a RIC with respect to which a manager or advisor (an "Electing Manager") has elected under section 8.04 of Revenue Procedure 2003-84 to be responsible for collecting, retaining and providing to the IRS the beneficial ownership information otherwise required to be collected, retained and provided to the IRS, each Holder, Beneficial Owner of a Certificate or Partner on whose behalf another person holds an interest in a Certificate as a nominee shall, and by its acceptance of its Certificate or any interest therein is deemed to agree to, notify the Trustor on behalf of the Trust of its beneficial ownership of a Certificate and provide the Trustor on behalf of Trust all information as required by section 8.04 of Revenue Procedure 2003-84 substantially contemporaneously with, or immediately following, the acquisition of any Certificate. No particular format is required of such notice; *provided*, however, such notice must be in writing, by fax, e-mail, or other similar electronic communication medium and in a format reasonably satisfactory to the Trust (or its designated agent).

Each Electing Manager shall, and by notifying the Trust of its election is deemed to agree to, collect, retain and provide to the IRS or the Trust the information required to be collected, retained and provided to the IRS or the Trust as required under Revenue Procedure 2003-84. In addition, each Electing Manager shall (or cause one of its agents to) notify the Trust (or its designated agent) of the names, CUSIP numbers or other identifying information and amounts of Certificates that are owned or have been owned by all of the regulated investment companies that it manages or advises (i) either (a) substantially contemporaneously with, or immediately following, the acquisition of any Certificate or (b) otherwise, at least quarterly and (ii) within 10 business days of a request for such information if the IRS (or a regulated investment company it manages) has requested such information from the Trust or the Sponsor. No particular format is required of such notice, *provided*, however, that such notice must be in writing, by fax, e-mail, or other similar electronic communication medium and in a format reasonable satisfactory to the Trust (or its designated agent).

- (c) The Trust shall retain sufficient records, including records regarding the legal and beneficial ownership of Certificates provided to it by Partners and by Electing Managers, to comply with its obligations under Revenue Procedure 2003-84.

Section 11. Intention of the Parties; Notification.

It is the intention of the parties hereto that Sections 10-12 of this Series Trust Agreement fulfill the requirements of making a Monthly Closing Election under Revenue Procedure 2003-84 and shall be interpreted consistently therewith.

The Trustor will notify the Holders or Beneficial Owners of the Certificates or their nominees (or, in the case of Certificates held by a regulated investment company with respect to which an election is in place for a manager to be responsible collecting, retaining, and providing beneficial ownership information to the IRS, the Trustor will notify the Electing Manager) and the Trustee if it becomes aware (in its sole but reasonable judgment) that there is a material risk that the Trust does not qualify for the Monthly Closing Election.

Section 12. Trustor's Obligations with respect to Revenue Procedure 2003-84.

- (1) Obligations of the Trustor. Notwithstanding anything herein or in the Standard Terms to the contrary, the Trustor (and not the Trustee) shall undertake, on behalf of the Trust, the Trust's obligations under Revenue Procedure 2003-84 (or successor guidance), including the obligations of the Trust under Section 11 of the Series Trust Agreement to:

- (a) obtain (or cause to be obtained) a taxpayer identification number for the Trust;
- (b) file (or cause to be filed) an abbreviated Form 1065, "U.S. Return of Partnership Income," for the Trust's first taxable year;
- (c) provide, within 45 days of a request by the Internal Revenue Service or a Partner, all the information necessary to compute a partner's income

which is excluded from gross income for purposes of federal income taxes, taxable income, gain, loss, deduction, or credit, including sufficient information for a Partner to determine the portion of the interest which is excluded from gross income for purposes of federal income taxes that may be subject to the alternative minimum tax and information regarding each partner's share of any bond premium amortization under section 171 of the Code, any market or original issue discount, and capital gain or loss;

- (d) retain sufficient records, including records regarding the beneficial ownership of Certificates provided to it by a Partner and by Electing Managers as required by Revenue Procedure 2003-84, to comply with its obligation to provide information for as long as the Trust is required to provide such information.; and
 - (e) at the request of the Trustee, confirm whether or not an expense or liability to be incurred by the Trust would prevent substantially all of the Trust's expenses and deductions from being properly allocable pursuant to the provisions of Section 8(2)(b) hereof.
- (2) Cooperation. The Trustee will cooperate with the Trustor and provide the Trustor with information available to it that may be reasonably necessary or helpful for the Trustor to comply with its obligations under Section 13 of the Series Trust Agreement.

Section 13. A new Section 3.2(c) is hereby added to the Standard Terms immediately following Section 3.2(b) thereof, as follows:

“(c) With respect to each Series, amounts received by the Trustee with respect to the Related Bonds that have been identified to the Trustee as payments received from or on behalf of the applicable Issuer (rather than from the related Principal Credit Source), after reimbursement in full of the related Principal Credit Source for the amount of the related drawing(s) on the applicable Credit Enhancement, shall be distributed to Holders of the Inverse Certificates of such Series on the immediately following Bond Interest Payment Date.”

Section 14. Section 3.3 of the Standard Terms is hereby amended by adding, following clause (d) thereof, the following clause (e):

(e) Any change in the Remarketing Agent Fee Rate and the Liquidity Fee Rate and any material change in the Trustee Fee Rate shall require the consent of the Inverse Certificates Holder.

Section 15. Section 5.2(d)(vi) of the Standard Terms is amended and restated to read in its entirety as follows:

(vi) in the case of any other Mandatory Tender Event, a Business Day at least 5 days after the notice required by this subsection (d); provided, however, that such Mandatory Tender Date shall not be less than five days prior to the Liquidity Agreement Termination Date.

Section 16. Sections 5.2(h) and 5.2(i) are amended and restated in their entirety to read as follows, respectively:

(h) On the Mandatory Tender Date (other than with respect to a Mandatory Tender Event under Section 5.2(a)(xi) through (xiv)), the Trustee shall proceed to cause the sale of or deliver out the Bonds of each affected Maturity separately as follows:

(i) If the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in the Liquidity Provider receiving less than an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction on the Mandatory Tender Date:

(A) the Trustee shall instruct the Remarketing Agent to sell a principal amount of the Bonds of such Maturity sufficient to pay the accrued and unpaid Trustee Fee and Remarketing and Liquidity Charges with respect to the Certificates to the date of such delivery multiplied by the Related Allocation Fraction;

(B) the Trustee shall instruct DTC to transfer an amount of the Bonds of such Maturity as promptly as practicable through the facilities of DTC to the Liquidity Provider such that the Liquidity Provider receives a principal amount of the Bonds of such Maturity with a market value (based on such Quotation of Bond Price) equal to the Stated Amount of Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction; and

(C) any remaining Bonds and proceeds from the sale of Bonds pursuant to clause (A) shall be distributed to the Holders of Related Inverse Certificates.

(ii) If the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in the Liquidity Provider receiving at least an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction, the Remarketing Agent shall sell the Bonds of such Maturity in such manner as the Remarketing Agent deems advisable at the highest obtainable price under current market conditions, on the Mandatory Tender Date, any such sale to conform to the further requirements set forth herein.

(iii) If the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered) and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in either the Liquidity Provider receiving less than an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such

Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction or the Inverse Certificates receiving less than an amount equal to the Stated Amount thereof, on the Mandatory Tender Date:

(A) the Trustee shall instruct the Remarketing Agent to sell a principal amount of the Bonds of such Maturity sufficient to pay the accrued and unpaid Trustee Fee and Remarketing and Liquidity Charges with respect to the Certificates to the date of such delivery multiplied by the Related Allocation Fraction;

(B) the Trustee shall instruct DTC to transfer an amount of the Bonds of such Maturity as promptly as practicable through the facilities of DTC to the Liquidity Provider and Beneficial Owners Selected by Lot of Related Inverse Certificates, such that the Liquidity Provider and Beneficial Owners Selected by Lot of Related Inverse Certificates each receives a pro rata principal amount of the Bonds of such Maturity based on the aggregate Stated Amount of Variable Certificates and the aggregate Stated Amount of the Related Inverse Certificates, in each case multiplied by the Related Allocation Fraction; and

(C) any remaining Bonds and proceeds from the sale of Bonds pursuant to clause (A) shall be distributed to the Holders of Related Inverse Certificates.

(iv) If the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered) and the Quotation of Bond Price, including accrued interest, with respect to such Maturity required by Section 5.2(e) is such that, if all the Bonds of such Maturity were sold at such Quotation of Bond Price, the total proceeds would result, if distributed in accordance with Section 5.2(i), in the Liquidity Provider receiving at least an amount equal to the Stated Amount of the Variable Certificates subject to mandatory tender on such Mandatory Tender Date plus accrued interest thereon at the Variable Certificates Rate multiplied by the Related Allocation Fraction and the Inverse Certificates receiving at least an amount equal to the Stated Amount thereof, the Remarketing Agent shall sell the Bonds of such Maturity in such manner as the Remarketing Agent deems advisable at the highest obtainable price under current market conditions, on the Mandatory Tender Date, any such sale to conform to the further requirements set forth herein.

(i) On the Mandatory Tender Date, the proceeds of the sale, if any, of each Maturity separately pursuant to Section 5.2(h)(ii) or (iv) shall be distributed in the following order of priority, each priority being fully paid before proceeds are used to pay any lower priority and no payment being made on any priority if the proceeds have been exhausted in the payment of higher priorities:

(A) to the Trustee, the accrued Trustee Fee multiplied by the Related Allocation Fraction;

(B)(1) if the Election Letter states that the provisions of clause (i) of Section 5.2(h) shall apply, to the Liquidity Provider an amount equal to the Stated Amount of the Variable Certificates purchased with funds provided under the Liquidity Facility by the Liquidity Provider multiplied by the Related Allocation Fraction, and (2) if the Election Letter states that the provisions of clause (iii) of Section 5.2(h) shall apply (or no Election Letter is delivered), to the Liquidity Provider an amount equal to the Stated Amount of the Variable Certificates purchased with funds provided under the Liquidity Facility by the Liquidity Provider multiplied by the Related Allocation Fraction and to the Inverse Certificates an amount equal to the Stated Amount thereof on a *pari passu* basis;

(C) to the parties entitled thereto, an amount equal to the accrued Remarketing and Liquidity Charges multiplied by the Related Allocation Fraction;

(D) to the Holders of the Related Inverse Certificates, an amount up to but not exceeding the aggregate amount of any Accrued Market Discount, Accrued OID and Unamortized Premium on the Bonds of such Maturity;

(E) to the Holders of Variable Certificates tendered on the Mandatory Tender Date and, except in the case of a Mandatory Tender Event under Section 5.2(a)(i) or (v) with respect to less than all the Maturities, to Liquidity Variable Certificates outstanding at the opening of business on the Mandatory Tender Date, an amount equal to the product of (x) 10%, (y) a fraction the numerator of which is the Related Variable Certificates amount and the denominator of which is the aggregate principal amount of Bonds for such Maturity, and (z) the excess, if any, of the sale price (not including accrued interest) over the Bond Base Price of such Maturity; and

(F) to such Holders of Related Inverse Certificates, the balance remaining.

Section 17. The reference to "10%" in each of Section 5.1(d), 6.2(b) and 11.1(a) of the Standard Terms is hereby deleted and replaced with "98%".

Section 18. Article VI of the Standard Terms is hereby amended as follows:

The reference to "fourteen (14) days" in Section 6.2(iv) of the Standard Terms is hereby deleted and replaced with "five (5) Business Days".

The following Section 6.3 is hereby added to the Standard Terms following Section 6.2 thereof:

Section 6.3: Increase or Decrease of Variable Certificate/Inverse Certificate Ratio.

(a) Any Holder of all the Outstanding Inverse Certificates of a particular Maturity and any Stated Amount of Variable Certificates may obtain, on any Variable Certificates Interest Payment Date or any Rate Determination Date, additional Inverse Certificates for such Maturity with a Stated Amount of Inverse Certificates equal to the Stated Amount of such Variable Certificates. In order to obtain such Inverse Certificates, the Inverse Certificates Holder shall deliver notice to the Trustee (with a copy to the Remarketing Agent and the Liquidity Provider) in the form of Exhibit C to the Series Trust Agreement at least five Business Days prior to such date of delivery. On the Business Day following receipt of such notice, the Trustee shall transmit a copy of such notice to the Securities Depositories for transmission to the Holders of Certificates. The Inverse Certificates Holder shall deliver such Variable Certificates

free to the Trustee by book-entry transfer, and shall pay to the Trustee any tax or other governmental or Securities Depository charge that may be imposed in relation to the transfer.

(b) Upon satisfaction of the requirements of Section 6.3(a), the Trustee on behalf of the Trust shall, on the Variable Certificates Interest Payment Date or the Rate Determination Date specified in the notice delivered by such Holder, execute additional Inverse Certificates for such Maturity with a Stated Amount of Inverse Certificates equal to the Stated Amount of Variable Certificates, deliver the same to the Holder as specified in such notice and cancel the Variable Certificates so delivered.

(c) If a notice has been delivered to the Trustee pursuant to Section 6.3(a), then any Holder of all Outstanding Inverse Certificates of a particular Maturity may obtain, on any Variable Certificates Interest Payment Date or any Rate Determination Date, delivery of additional Variable Certificates of such Maturity by:

(i) causing the Securities Depository to deliver a specified Stated Amount of Inverse Certificates free to the Trustee by book-entry transfer into the Trustee's accounts at such Securities Depository;

(ii) delivering a notice to the Trustee in the form of Exhibit C at least 10 Business Days prior to such date of delivery, which notice shall specify the new Variable Certificate/Inverse Certificate ratio for such Maturity;

(iii) paying to the Trustee a sum sufficient to pay any tax or other governmental or Securities Depository charge or any other charges that may be imposed in relation thereto; and

(iv) delivering or causing to be delivered to the Trustee the written consent of the Liquidity Provider to such execution and delivery of additional Variable Certificates and evidence that the Amount Available under the Liquidity Agreement has been increased to reflect the issuance of the additional Variable Certificates in accordance with the terms of the Standard Terms and the Liquidity Agreement.

The Trustor shall also deliver to the Trustee a certificate of the Trustor demonstrating that the Variable Certificates Rate, following the delivery of the additional Variable Certificates, (y) if such delivery is on a Variable Certificates Interest Payment Date, will not exceed the Maximum Variable Certificates Rate or (z) if such delivery is on an Rate Determination Date, will not exceed the Maximum Variable Certificates Rate assuming that the issuance of the additional Variable Certificates had occurred as of the immediately preceding Bond Interest Payment Date.

On the Business Day following receipt of any notice pursuant to the foregoing clause (ii), the Trustee shall transmit a copy of such notice to the Remarketing Agent and to the Securities Depositories for transmission to the Holders of Certificates.

(d) Upon satisfaction of the requirements of Section 6.3(c), the Trustee on behalf of the Trust shall, on the Variable Certificates Interest Payment Date or the Rate Determination Date specified in the notice delivered by such Holder, execute additional Variable Certificates with a Stated Amount equal to the Stated Amount of the Inverse Certificates delivered to the Trustee by such Holder, deliver the same to such Holder as specified in such notice and cancel the Inverse Certificates so delivered.

Section 19. Article VI of the Standard Terms is hereby amended by adding the following new Section 6.4 and Section 6.5 at the end thereof:

"Section 6.4. Withdrawal of Bonds by Beneficial Owners of Variable Certificates.

(a) Upon receipt of a notice of redemption for all or a portion of the Bonds of a specified Maturity, on any Business Day that occurs thereafter and prior to either (x) the occurrence of a Tender Option Termination Event or (y) the sending of any notice of redemption pursuant to Section 11.3 for the Variable Certificates, a Beneficial Owner of Variable Certificates may submit a written request (a "Withdrawal Notice") to the Trustor, a copy of which shall be delivered to the Trustee and the Remarketing Agent, setting forth a Stated Amount of Related Variable Certificates owned by such Beneficial Owner, less than or equal to the principal amount of Bonds of such specified Maturity that are designated by the trustee for such Bonds as being called for redemption, for which such Beneficial Owner requests that a corresponding principal amount of such Bonds of such specified Maturity be withdrawn from the Trust in accordance with the procedures set forth in this Section 6.4 for delivery, after a portion of such Bonds are sold to make the payments described in this Section 6.4, to such Beneficial Owner in redemption of such Variable Certificates. If Beneficial Owners submit Withdrawal Notices with respect to a principal amount of Bonds of a specified Maturity in excess of the principal amount of Bonds of such Maturity being called for redemption, each Beneficial Owner's Withdrawal Notice shall be deemed to be submitted with respect to their pro rata share of the principal amount of Bonds of such Maturity being called for redemption.

(b) Not later than the first Business Day after the Withdrawal Notice is received by the Remarketing Agent, the Remarketing Agent shall obtain a Quotation of Bond Price. If the Quotation of Bond Price, expressed as a percentage of par, is not greater than or equal to 100%, the Withdrawal Notice shall be deemed withdrawn and cancelled by the Beneficial Owner, without any further action by any Person, and no delivery of Bonds shall occur under this Section 6.4.

(c) If the Quotation of Bond Price, expressed as a percentage of par, obtained by the Remarketing Agent pursuant to Section 6.4(b) is greater than or equal to 100%, then on the fifth Business Day after the date of the Withdrawal Notice (the "Bond Delivery Date"): (A) the Remarketing Agent shall cause the sale of a portion of such Bonds at the Quotation of Bond Price obtained pursuant to Section 6.4 (b) sufficient to equal (1) the accrued and unpaid Trustee Fee and accrued and unpaid Remarketing and Liquidity Charges, in each case with respect to the Stated Amount of Variable Certificates identified in the Withdrawal Request and (2) an amount (the "Inverse Certificates Gain Amount") equal to 2% of the excess, if any, of a hypothetical sale price of the principal amount of Bonds of the Maturity identified in the Withdrawal Request (based upon the Quotation of Bond Price obtained in Section 6.4(b) and not including accrued and unpaid interest) over the portion of the Bond Base Price of such Bonds that is allocable to such principal amount of Bonds (or, if the original Base Price for such Bonds is less than or equal to 100%, the principal amount of Bonds identified in the Withdrawal Request instead of such Bond Base Price), (B) the Trustee shall use the proceeds of such sale to pay (1) the parties entitled thereto the accrued and unpaid Trustee Fee and

accrued and unpaid Remarketing and Liquidity Charges, in each case with respect to the Stated Amount of Variable Certificates identified in the Withdrawal Request and (2) the Beneficial Owner of Inverse Certificates the Inverse Certificates Gain Amount and (C) the remaining Bonds shall be distributed to the Beneficial Owner of Variable Certificates in accordance with Section 6.4(d).

(d) On the Bond Delivery Date: (i) the Beneficial Owner of the Variable Certificates shall cause the Securities Depository to deliver the Stated Amount of Variable Certificates identified in the Withdrawal Request free to the Trustee by book-entry transfer into the Trustee's account at DTC and (ii) the Trustee shall deliver free from its account at DTC by book-entry transfer as specified in the Withdrawal Request the principal amount of Bonds identified in such Liquidation/Withdrawal Request, less any Bonds sold pursuant to Section 6.4(c).

(e) Upon the delivery of Bonds pursuant to this Section 6.4 to the Beneficial Owner of Variable Certificates identified in the Withdrawal Request, the applicable Variable Certificates shall be cancelled and interest on such Variable Certificates shall cease to accrue. The Trustee shall notify the Liquidity Provider of the Stated Amount of Variable Certificates so cancelled and the Amount Available under the related Liquidity Agreement shall be reduced accordingly.

(f) Notwithstanding anything herein to the contrary, with respect to any Maturity of Bonds that are custody receipts issued pursuant to a custodial agreement (with respect to such Bonds, the "Custodial Agreement"), which Bonds evidence beneficial ownership interests in certain underlying bonds (the "Underlying Bonds") and certain rights under a credit enhancement related to such Underlying Bonds (the "Credit Enhancement"):

(i) any Beneficial Owner of Variable Certificates submitting a Withdrawal Notice as described above shall specify a particular Maturity of Underlying Bonds, and the principal amount thereof, which such Beneficial Owner of Variable Certificates requests be withdrawn as described herein;

(ii) the Remarketing Agent will determine whether the Quotation of Bond Price as a percentage of par is greater than or equal to 100%, as of the Withdrawal Date, as applicable;

(iii) immediately upon a determination that the Quotation of Bond Price as a percentage of par is greater than or equal to 100% as set forth in clause (B), the Trustee, in its capacity under the Custodial Agreement as Holder of the Bonds related to such Underlying Bonds, will exercise its right, pursuant to the Custodial Agreement, to withdraw the specified principal amount of Underlying Bonds, without the benefit of the related Credit Enhancement, in order that such Underlying Bonds may be withdrawn as described herein.

Section 6.5. Liquidation of Bonds by Beneficial Owners of Variable Certificates.

(a) On any Business Day that occurs on or after May 11, 2009 and occurs prior to either (x) the occurrence of a Tender Option Termination Event or (y) the sending of any notice of redemption pursuant to Section 11.3 for the Variable Certificates, a Beneficial Owner of Variable Certificates may submit a written request (a "Liquidation Notice") to the Trustor, a copy of which shall be delivered to the Trustee and the Remarketing Agent, setting forth a Stated Amount of Variable Certificates owned by such Beneficial Owner for which such Beneficial Owner requests that a principal amount of Bonds of a specified Maturity equal to such Stated Amount of Variable Certificates be sold in accordance with the procedures set forth in this Section 6.5 with the proceeds of such Bonds being used to make the payments described in this Section 6.5, including a payment in redemption of such Variable Certificates.

(b) Not later than the first Business Day after the Liquidation Notice is received by the Remarketing Agent, the Remarketing Agent shall obtain a Quotation of Bond Price. If the Quotation of Bond Price, expressed as a percentage of par, is not greater than or equal to 100%, the Liquidation Notice shall be deemed withdrawn and cancelled by the Beneficial Owner, without any further action by any Person, and no liquidation of Bonds shall occur under this Section 6.5.

(c) If the Quotation of Bond Price, expressed as a percentage of par, obtained by the Remarketing Agent pursuant to Section 6.5(b) is greater than or equal to 100%, then: (A) the Remarketing Agent shall cause the sale of such Bonds at the Quotation of Bond Price, plus accrued and unpaid interest, for settlement on a date specified in such the Liquidation Request (the "Liquidation Date"), which shall be a Business Day at least five Business Days after the date of the Liquidation Notice and (B) the proceeds therefrom shall be distributed pursuant to Section 6.5(d); provided, that the Beneficial Owner of Variable Certificates that has submitted a Liquidation Request and the Beneficial Owner of the Inverse Certificates Related to the Bonds to be sold shall each have a right of first refusal to purchase the Bonds to be sold on the Liquidation Date, at a price equal to the Quotation of Bond Price plus accrued and unpaid interest, which rights of first refusal shall be offered to such Beneficial Owners no later than 11:00 a.m. on the Business Day following the day on which the Remarketing Agent obtains the Quotation of Bond Price; provided further, that (1) such rights of first refusal shall only be effective if exercised by such Beneficial Owners no later than 12:00 noon on such Business Day, (2) if only one such Beneficial Owner has exercised its right of first refusal to purchase the Bonds to be sold on the Liquidation Date, such Beneficial Owner shall purchase the Bonds at a price equal to the Quotation of Bond Price with respect to such Bonds, plus accrued and unpaid interest, and (3) if both such Beneficial Owners have exercised their rights of first refusal to purchase the Bonds to be sold on the Liquidation Date, then the Beneficial Owner of Variable Certificates that has submitted the Liquidation Request and the Beneficial Owner of the Inverse Certificates Related to the Bonds to be sold shall each purchase half of the Bonds to be sold, at a price equal to the Quotation of Bond Price with respect to such Maturity, plus accrued and unpaid interest.

(d) On the Liquidation Date, the proceeds of the sale pursuant to Section 6.5(c) of the principal amount of Bonds of the Maturity identified in the Liquidation Request shall be distributed by the Trustee in the following order of priority, each priority being fully paid before proceeds are used to pay any lower priority and no payment being made on any priority if the proceeds have been exhausted in the payment of higher priorities:

(i) to the Trustee, the accrued and unpaid Trustee Fee allocable to the Variable Certificates identified in the Liquidation Request;

(ii) to the parties entitled thereto, the accrued and unpaid Remarketing and Liquidity Charges allocable to the Variable Certificates identified in the Liquidation Request;

(iii) to the Beneficial Owner of Variable Certificates identified in the Liquidation Request, an amount equal to the Stated Amount of such Variable Certificates;

(iv) to the Beneficial Owner of Variable Certificates identified in the Liquidation Request, an amount equal to 98% of the excess, if any, of the proceeds of the sale of the Bonds that were sold exclusive of accrued interest in excess of (x) if the original Base Price for such Bonds is less than or equal to 100%, the principal amount of such Bonds, or (y) if the original Base Price for such Bonds is greater than 100%, the Bonds Base Price for such Bonds allocable to the Bonds that were sold on the Liquidation Date; and

(v) to the Holder of Inverse Certificates Related to the Bonds that were sold, the balance remaining of such sale proceeds.

(e) Upon the payment of liquidation proceeds pursuant to this Section 6.5 to the Beneficial Owner of Variable Certificates identified in the Liquidation Request, the applicable Variable Certificates shall be cancelled and interest on such Variable Certificates shall cease to accrue. The Trustee shall notify the Liquidity Provider of the Stated Amount of Variable Certificates so cancelled and the Amount Available under the related Liquidity Agreement shall be reduced accordingly.

(f) Notwithstanding anything herein to the contrary, with respect to any Maturity of Bonds that are custody receipts issued pursuant to a Custodial Agreement, which Bonds evidence beneficial ownership interests in certain Underlying Bonds and certain rights under a Credit Enhancement:

(i) any Beneficial Owner of Variable Certificates submitting a Liquidation Notice as described above shall specify a particular Maturity of Underlying Bonds, and the principal amount thereof, which such Beneficial Owner of Variable Certificates requests be liquidated as described herein;

(ii) the Remarketing Agent will determine whether the Quotation of Bond Price as a percentage of par is greater than or equal to 100%, as of the Liquidation Date, as applicable;

(iii) immediately upon a determination that the Quotation of Bond Price as a percentage of par is greater than or equal to 100% as set forth in clause (B), the Trustee, in its capacity under the Custodial Agreement as Holder of the Bonds related to such Underlying Bonds, will exercise its right, pursuant to the Custodial Agreement, to withdraw the specified principal amount of Underlying Bonds, without the benefit of the related Credit Enhancement, in order that such Underlying Bonds may be liquidated as described herein.

Section 20. Exhibit E to the Standard Terms is hereby replaced in its entirety by the Form of Purchaser's Letter in the form attached as Exhibit B hereto.

Section 21. Each of the following events constitute Additional Mandatory Tender Events under the Agreement:

(i) The Value Ratio is less than the Minimum Value Ratio, and the Liquidity Provider notifies the Trustee to establish a Mandatory Tender Date.

(ii) A termination event, a default or event of default occurs under any Reimbursement Agreement related to the Trust Agreement, and the Liquidity Provider provides notice to the Trustee to establish a Mandatory Tender Date.

(iii) Notice shall have been given to the Trustee by the Liquidity Provider that the financial condition of the Principal Credit Source has, in the reasonable opinion of the Liquidity Provider, deteriorated in a materially adverse manner since the Trust was established.

The Mandatory Tender Date for any Mandatory Tender Event set forth in Section 20 shall be the fifth Business Day following the day that the Trustee is notified to establish a Mandatory Tender Date.

Section 22. Upon presentation of Liquidity Variable Certificates on or before 11:00 a.m. on any Business Day, the Trustee shall direct the Remarketing Agent to obtain a Quotation of Bond Price and to determine the Accrued Market Discount, Accrued OID and Unamortized Premium, if any, separately with respect to each Maturity on the same Business Day as the day of presentation to the Trustee of the Liquidity Variable Certificates. On the same Business Day on which the Quotation of Bond Price is obtained, the Trustee shall instruct the Remarketing Agent to sell a portion of the Bonds of each Maturity sufficient in the aggregate to pay the accrued and unpaid Trustee Fees, the accrued and unpaid Remarketing and Liquidity Charges and the Stated Amount of such Liquidity Variable Certificates together with accrued and unpaid interest thereon as of such date and all other amounts due the Liquidity Provider, and distribute such proceeds to the Trustee, Remarketing Agent and Liquidity Provider as applicable with the balance of such proceeds being paid to the Beneficial Owner of the Inverse Certificates; provided that no more than the principal amount of the Bonds of a particular Maturity multiplied by a fraction the numerator of which is the Stated Amount of Liquidity Variable Certificates and the denominator of which is the Stated Amount of all Variable Certificates shall be sold for this purpose; provided, further, that, if no Variable Certificates other than Liquidity Variable Certificates are Outstanding, then any Maturity of Bonds may be sold for this purpose and in the event any proceeds remain after such sale and the payment of the amounts described above, then such excess shall be paid to the Beneficial Owner of the Inverse Certificates.

Section 23. Section 8.1 of the Standard Terms is hereby amended by adding following Section 8.1(c), the following Section 8.1(d):

(d) Any material amendment to the Liquidity Agreement shall require the prior written consent of the Inverse Certificates Holder.

Section 24.

Section 10.1(b) is amended and restated in its entirety to read as follows:

(b) In the event of any action or consent requiring the vote of the owners of any Bonds, the Trustee shall, within three Business Days of its being informed of any such action or consent, deliver to the Holders of the Certificates such Holder's proxies for such vote, returnable to the Trustee, which shall vote solely in accordance with such proxies, weighted by the Stated Amount of the Variable Certificates and the Stated Amount of Inverse Certificates held by each Holder; provided, however, the Trustee shall not exercise its right to exchange Bonds for the underlying bonds pursuant to Section 9.10 of the Custody Agreement, unless the Trustee has been directed by 100% of the Beneficial Owners of the Certificates.

Section 25. Sections 11.1(a)(ii) and (iii) of the Standard Terms are hereby amended and restated in their entirety to read as follows:

“(ii) upon a redemption in whole, (A) principal of the Bonds so redeemed shall be applied first to the payment to the Holders of the Variable Certificates selected for redemption pursuant to Section 11.2 in an amount up to the Stated Amount thereof, then to the payment to the Holders of the Related Inverse Certificates, and (B) any remaining principal amount paid in redemption in whole of the Bonds and not applied due to the last sentence of Section 11.2 shall be paid into the Odd-Lot Subaccount pursuant to Section 11.8; provided that if the Certificates selected for redemption pursuant to Section 11.2 shall have been redeemed pursuant to this clause (iii) in an amount equal to the Stated Amount thereof, then any remaining principal amount paid in redemption of Bonds up to the Bond Base Price shall be paid to the Holders of the Related Inverse Certificates, and any remaining principal amount paid in redemption of Bonds in excess of the Bond Base Price shall be applied as redemption premium;

(ii) upon a redemption in whole, (A) principal of the Bonds so redeemed shall be applied first to the payment to the Holders of the Variable Certificates - selected for redemption pursuant to Section 11.2 in an amount up to the Stated Amount thereof, then to the payment to the Holders of the Related Inverse Certificates, and (B) any remaining principal amount paid in redemption in whole of the Bonds and not applied due to the last sentence of Section 11.2 shall be paid into the Odd-Lot Subaccount pursuant to Section 11.8; provided that if the Certificates selected for redemption pursuant to Section 11.2 shall have been redeemed pursuant to this clause (iii) in an amount equal to the Stated Amount thereof, then any remaining principal amount paid in redemption of Bonds up to the Bond Base Price shall be paid to the Holders of the Related Inverse Certificates, and any remaining principal amount paid in redemption of Bonds in excess of the Bond Base Price shall be applied as redemption premium;”

Section 26. Section 14.4(a) of the Standard Terms is hereby amended by adding the following as the second paragraph of Section 14.4(a):

The Trustor may and, at the direction of the Trustor, the Trustee shall, amend the terms of this Agreement, without the consent of any of the Holders or Beneficial Owners of Certificates, to the extent that any such amendment is, in the opinion of qualified tax counsel, necessary for the Trust to reduce a material risk of non-compliance with Revenue Procedure 2003-84 (including any amendment or successor thereto); *provided* that (1) the Trustee has received an Officer's Certificate of the Trustor that such amendment will not adversely affect the interests of any Holders of Certificates or the Trustee, and (2) the Trustee has received an Opinion of Counsel of appropriate special tax and securities counsel to the effect that such amendment will not result in the withdrawal of, or modification of the conclusions of, any opinion previously delivered regarding tax and securities law treatment of the Certificates; and (3) notice of such amendment when given pursuant to Section 14.4(e) with respect to Certificates held by a regulated investment companies with respect to which an election is in place for a manager to be responsible collecting, retaining, and providing beneficial ownership information to the IRS, shall be given to the manager.

Section 27. Section 5.1(a) of the Standard Terms is hereby amended as follows:

Section 5.1 (a) (i) is hereby deleted and replaced in its entirety with the following:

“(i) Provided that the Bonds are not Prerefunded Bonds, (A) a Bankruptcy shall occur with respect to the Issuer or (B) if a Principal Credit Source shall be identified as such in the related Series Trust Agreement, a Bankruptcy shall occur with respect to both (1) the Principal Credit Source and (2) the Issuer of the Bonds; provided that, in the case of Bonds for which the payment of principal and interest constitutes a limited obligation of the Issuer of the Bonds, payable solely from amounts received from a third party for whose benefit the Bonds were issued, the reference to Issuer shall be deemed to refer to such third party for whose benefit those Bonds were issued;”

Section 28. Section 5.1 (a) (iii) is hereby deleted and replaced in its entirety with the following:

“(iii) the highest publicly available long-term rating on such Bonds shall have been downgraded by each Bond Rating Agency below the lowest rating of such Bond Rating Agency that is commonly regarded as “investment grade,” being BBB- in the case of S&P and Fitch and Baa3 in the case of Moody's.

Section 29. For purposes of Section 11.1 of the Standard Terms, payments made by the Credit Enhancer with respect to the Enhanced Custody Receipts in connection with an Early Termination Date or the occurrence of a Termination Event (as such terms are defined in the Credit Enhancement) shall constitute proceeds of a redemption of the Bonds and shall result in redemption of the Certificates as provided in Section 11.1 of the Standard Terms.

IN WITNESS WHEREOF, the parties hereto have caused this Series Trust Agreement to be executed by their respective duly authorized officers as of the date first above written.

BANK OF AMERICA, NATIONAL ASSOCIATION as Trustor

By/s/ Laura Sheehan

Authorized Signatory

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and Tender Agent

By/s/ Safet Kalabovic

Authorized Signatory

SUPPLEMENTAL DESCRIPTION OF THE CERTIFICATES:

“Additional Mandatory Tender Event” shall mean the additional mandatory tender events specified as such herein.

“Authorized Denomination” shall mean (i) with respect to the Variable Certificates, \$25,000 or integral multiples of \$1,000 in excess thereof and (ii) with respect to the Inverse Certificates, \$5,000 or integral multiples of \$1,000 in excess thereof.

“Bond Interest Payment Dates” shall mean, with respect to the Bond, the following payment dates:

Series 2008 CDB-11E

June 1 and December 1

“Certificates Rating Agency” shall mean Moody’s Investors Service Inc.

“Delivery Date” shall mean July 3, 2008.

“Initial Variable Certificates Interest Period” shall mean the initial Rate Period which is the Weekly Period.

“Liquidity Agreement Termination Date” shall mean July 2, 2009, as such date may be extended from time to time by the Liquidity Provider in accordance with the related Liquidity Agreement.

“Liquidity Provider” shall mean Bank of America, National Association or any Successor Liquidity Provider.

“Liquidity Fee Rate” shall mean 0.20% as such rate may be changed in accordance with the Liquidity Agreement and the Standard Terms.

“Minimum Value Ratio” shall not be applicable.

“Rating Threshold” shall mean Aa3 for Moody’s and AA- for S&P (or equivalent ratings if other rating agencies are the Bond Rating Agencies).

“Remarketing Agent Fee Rate” shall mean 0.10% as such rate may be changed in accordance with the Remarketing Agreement and the Standard Terms.

“Scheduled Termination Date” shall mean June 1, 2018.

“Seller” shall mean Banc of America Securities LLC, who is the seller of the Bonds to the Trustee.

“State Partnership Factors” The State Partnership Factors have not been adopted for the Certificates of the Series.

“Stated Amount” for the Certificates are as follows:

| | Stated Amount | CUSIP Number |
|-------------------------------------|---------------|--------------|
| Variable Certificates, Series 10003 | \$9,104,000 | 05248P5V3 |
| Inverse Certificates, CDB-11E | \$ 5,000 | 05248P6G5 |

“Trustee Fee Rate” shall mean 0.015% as such rate may be changed in accordance with the Standard Terms.

“Trustor's Required Interest” shall not be applicable.

DESCRIPTION OF THE BONDS:

| | |
|---------------------------------------|---|
| Bonds: | \$9,109,094 Enhanced Custody Receipts, Series 2008 CDB-11E, relating to \$9,109,094 Unenhanced Custody Receipts, Series 2008 CDB-11U, evidencing an interest in Multi-Family Housing Revenue Refunding Bonds 2001 Series G (Lake Forest Apartments). ¹ |
| Issuer: | Florida Housing Finance Corporation |
| (Principal Credit Source): | Credit Enhancer Bank of America, N.A. |
| Credit Enhancement: | Irrevocable Direct Pay Letter of Credit No. 3094326, dated July 3, 2008. |
| Custody Agreement: | Enhancement Custodial Agreement, dated as of July 3, 2008, with respect to the Enhanced Custody Receipts, Series 2008 CDB-11E, among Deutsche Bank Trust Company Americas, as custodian, Bank of America, N.A., as administrator. ² |
| Principal Coverage Factor: | 100% |
| Expiration Date: | Credit Enhancement Stated July 2, 2009 (subject to extension) |
| Early Termination: | The Credit Enhancer can terminate the Credit Enhancement on five days notice resulting in a mandatory tender of the Enhanced Custody Receipts and a redemption of the Certificates. |
| Bond Rate: | 6.90% |
| Bond Rating Agencies: | Moody's: Aaa |
| Accrued Interest on Underlying Bonds: | \$55,869.11 payable to Holders of Inverse Certificates in accordance with Section 10.8 of the Agreement. |
| Alternate Deposit Yield: | N/A |
| Base Price: | 100.00% |
| Bond CUSIP Number: | 34073JAP4 |
| Bond Interest Payment Dates: | June 1 and December 1 |
| Bond Maturity Date: | December 1, 2031 |
| Deposit Yield: | 6.90% |

¹ The Underlying Bond is represented by a custody receipt evidencing a partial interest in such Underlying Bond. A copy of the custodial agreement creating such partial interest is available from the Remarketing Agent upon request.

² A copy of the Enhancement Custodial Agreement is available from the Remarketing Agent upon request.

DESCRIPTION OF THE UNDERLYING BONDS³:

| | |
|---|---|
| Underlying Bonds: | \$10,200,000 Multi-Family Housing Revenue Refunding Bonds 2001 Series G (Lake Forest Apartments) |
| Underlying Bond Issuer: | Florida Housing Finance Corporation |
| Underlying Bond Rate: | 6.90% |
| Underlying Bond Rating Agencies: | NR |
| Underlying Bond Counsel: Bond Counsel Opinion: | Bryant, Miller and Olive, P.A. and Law Offices of Steve E. Bullock, P.A. |
| Federal and State Income Taxes: | Bond Counsel rendered its opinion at the time of original issuance of the Underlying Bonds generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, under existing law interest on the Underlying Bonds is excluded from gross income for federal income tax purposes, except that no opinion is expressed as to the exclusion of such interest from gross income for any period during which an Underlying Bond is held by a person who, within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended prior to 1986, is a “substantial user” of the project or a “related person” to a “substantial user”. The Underlying Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes imposed by Chapter 198, <i>Florida Statutes</i> , as amended, and net income and franchise taxes imposed by Chapter 220, <i>Florida Statutes</i> , as amended. |
| AMT: | The opinion of Bond Counsel, rendered as described above, also was generally to the effect that, based on then existing laws, regulations and decisions and subject to certain conditions, interest on the Underlying Bonds will not be treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals or corporations; however, interest is taken into account in determining adjusted, current earnings for purposes of the alternative minimum tax imposed on corporations. |
| Underlying Bond CUSIP Number: | 34073JAP4 |
| Bond Interest Payment Dates: | June 1 and December 1 |
| Underlying Bond Maturity Date: | December 1, 2031 |
| Optional Redemption: | In whole or in part on any date at a redemption price equal to the principal amount thereof, without premium, plus accrued but unpaid Base Interest to such redemption date. |

³ There is no Official Statement or other offering document for the Underlying Bonds. Copies of the Underlying Bonds, bond indenture, Bond Counsel opinion and related documents (if any) are available from the Remarketing Agent upon request.



July 8, 2008

America First Tax Exempt Investors, L.P.
 Attn: Andrew Grier
 One Burlington Place
 1004 Farnam Street Ste 400
 Omaha, NE 68102
 Ph: 402-930-3076
 Fax: 1-402-930-3047

Ladies/Gentlemen:

1. U.S. Bank National Association ("Party A") is pleased to confirm the Transaction entered into on the Trade Date with America First Tax Exempt Investors, L.P. ("Party B") under the circumstances described below. This Confirmation incorporates the definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swap Dealers Association, Inc.). In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

If Party A and Party B are parties to an ISDA Master Agreement (the "Agreement") that sets forth the general terms and conditions applicable to transactions between said parties, this Confirmation supplements, forms a part, and will be subject to, provisions contained or incorporated by reference in such Agreement. All provisions contained or incorporated by reference in such Agreement shall govern this Confirmation, except as modified below. If Party A and Party B are not parties to an ISDA Master Agreement, this Confirmation itself will evidence a complete, binding agreement between Party A and Party B as to the terms and conditions of the Transaction to which this Confirmation relates.

2. The terms of the Transaction to which this Confirmation relates are as follows:

| | |
|----------------------|---|
| Type of Transaction: | Interest Rate Cap |
| Notional Amount: | USD 60,000,000.00 |
| Trade Date: | July 7, 2008 |
| Effective Date: | July 9, 2008 |
| Termination Date: | July 9, 2011, subject to adjustment in accordance with the Modified Following Business Day Convention |

| | |
|----------------------------------|----------------|
| Fixed Rate Payer (Buyer): | Party B |
|----------------------------------|----------------|

| | |
|---------------|----------------|
| Fixed Amount: | USD 985,000.00 |
|---------------|----------------|

| | |
|--------------------------------|--------------|
| Fixed Rate Payer Payment Date: | July 9, 2008 |
|--------------------------------|--------------|

| | |
|--------------------------------------|----------------|
| Floating Rate Payer (Seller): | Party A |
|--------------------------------------|----------------|

| | |
|-----------|-------|
| Cap Rate: | 2.50% |
|-----------|-------|

| | |
|-----------------------|------------------------------|
| Floating Rate Option: | USD-BMA Municipal Swap Index |
|-----------------------|------------------------------|

| | |
|----------------------|--------|
| Designated Maturity: | Weekly |
|----------------------|--------|

| | |
|-------------------|----------|
| Averaging Method: | Weighted |
|-------------------|----------|

| | |
|-----------------------------------|---------|
| Floating Rate Day Count Fraction: | ACT/ACT |
|-----------------------------------|---------|

| | |
|---------------------------|--|
| Floating Rate for initial | |
|---------------------------|--|

Calculation Period:

TBD

Floating Rate Payer Payment Dates:

Beginning August 1, 2008 and thereafter on the 1st day of each month, to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

Floating Rate Period End Dates:

The 1st day of each month subject to adjustment in accordance with the Modified Following Business Day Convention.

Floating Rate Reset Dates:

Each Thursday based on previous day's fixing. If such a day is not a New York Business Day, then the next succeeding New York Business Day during the Calculation Period.

Reset Business Days:

New York

Payment Business Days:

New York

Calculation Agent:

U.S. Bank National Association

3. On each Payment Date, the Floating Rate Payer will pay the Fixed Rate Payer the Floating Amount, if any, as calculated by the product of:

- (a) the Notional Amount
- (b) the excess, if any, of the Floating Rate, as determined on the Rate Reset Date for the Calculation Period, over the Cap Rate, and
- (c) the Floating Rate Day Count Fraction

4. All payments hereunder shall be made in immediately available U.S. Dollar funds.

Payments to Party A:

Wire to DDA #*****0020

Payments to Party B:

Credit DDA #*****0615

5. In connection with this Confirmation, each party represents and acknowledges to the other party that:

- i. it has no recourse and is not relying upon any legal, tax, regulatory, accounting or other advice, statements or recommendations (whether written or oral) of the other party regarding such transaction, other than the written representations expressly made by that other party in the Agreement and in the Confirmation in respect of such Transaction;
- ii. it has the capacity to evaluate (internally or through independent professional advice) such Transaction (including decisions regarding the appropriateness or suitability of such Transaction) and has made its own decision to enter into such Transaction;
- iii. it understands the terms, conditions and risks of such Transaction and is willing to accept those terms and conditions and to assume (financially and otherwise) those risks;
- iv. it is entering into such Transaction as principal and not as agent for any other party;
- v. it acknowledges and agrees that the other party is not acting as a fiduciary or advisor to it in connection with such Transaction.
- vi. it acknowledges that U.S. Bank National Association has advised counterparty to consult its own tax, accounting and legal advisors in connection with this Transaction evidenced by this Confirmation and that it has done so; and
- vii. it is entering into such Transaction for the purpose of managing its borrowings or investments, hedging its underlying assets or liabilities or in connection with a line of business, and not for purposes of speculation.

6. The Confirmation and Agreement shall be governed by and construed in accordance with the laws of the State of New York.

7. Each party may assign its rights or obligations hereunder to any other party only with the express consent of the other party hereto. This consent will not be unreasonably withheld or delayed.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation enclosed for that purpose and returning a copy via fax to:

**U.S. Bank Deriv Products Group
Attention: Capital Market Derivatives
Fax # 312-325-8971**

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Christopher D. Thornton

Title: Assistant Vice President

Accepted and confirmed as of the date first above written:

America First Tax Exempt Investors, L.P.

By: /s/ Andy Grier

Title: Analyst

Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Lisa Y. Roskens, certify that:

1. I have reviewed this quarterly report on Form 10-Q of America First Tax Exempt Investors, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods represented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2008

/s/ Lisa Y. Roskens

Lisa Y. Roskens

Chief Executive Officer

Burlington Capital Group LLC, acting in its capacity as general partner of the General Partner of America First Tax Exempt Investors, L.P.

Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael J. Draper, certify that:

1. I have reviewed this quarterly report on Form 10-Q of America First Tax Exempt Investors, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods represented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2008

/s/ Michael J. Draper
Michael J. Draper
Chief Financial Officer
Burlington Capital Group LLC, acting in its capacity as general partner of the General Partner of America First Tax
Exempt Investors, L.P.

Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Lisa Y. Roskens, Chief Executive Officer of the general partner of the General Partner of America First Tax Exempt Investors, L.P. (the "Company"), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Quarterly Report on Form 10-Q of the Company for the three and six months ended June 30, 2008 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2008

/s/ Lisa Y. Roskens

Lisa Y. Roskens

Chief Executive Officer

Burlington Capital Group LLC, acting in its capacity as general partner of the General Partner of America First Tax Exempt Investors, L.P.

A signed original of this written statement required by Section 906 has been provided to America First Tax Exempt Investors, L.P. and will be retained by America First Tax Exempt Investors, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Michael J. Draper, Chief Financial Officer of the general partner of the General Partner of America First Tax Exempt Investors, L.P. (the "Company"), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Quarterly Report on Form 10-Q of the Company for the three and six months ended June 30, 2008 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2008

/s/ Michael J. Draper

Michael J. Draper

Chief Financial Officer

Burlington Capital Group LLC, acting in its capacity as general partner of the General Partner of America First Tax Exempt Investors, L.P.

A signed original of this written statement required by Section 906 has been provided to America First Tax Exempt Investors, L.P. and will be retained by America First Tax Exempt Investors, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.
