<u>NEW ISSUE</u> -- BOOK-ENTRY ONLY

Moody's Investors Service: "Aa1"
(See "Ratings" herein)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2021 Bonds is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that the Series 2021 Bonds, their transfer, and the income therefrom, including any profit made on the sale thereof, are free from taxation of every kind by the State of Maryland, and by the municipalities and all other political subdivisions of the State under existing law, except that Bond Counsel expresses no opinion as to such exemption from Maryland franchise taxes or estate or inheritance taxes or as to whether interest on the Series 2021 Bonds is an item of tax preference under Maryland income tax law. A discussion of the requirements for, the extent of, and exceptions to such exclusions is contained under "TAX MATTERS" herein.

$50,000,000
HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
(MONTGOMERY COUNTY, MARYLAND)
Limited Obligation Bonds
(Housing Production Fund)
Series 2021 (Federally Taxable)

Dated: Date of Initial Delivery **Due: As shown on inside front cover**

The Housing Opportunities Commission of Montgomery County, Maryland Limited Obligation Bonds (Housing Production Fund), Series 2021 (the "Series 2021 Bonds") are being issued by the Housing Opportunities Commission of Montgomery County, Maryland (the "Commission") in fully registered form in denominations of $5,000 each or any integral multiple thereof.

The Series 2021 Bonds are payable solely from and secured by (i) periodic payments (the "Contract Payments") deposited with Wilmington Trust, National Association (the "Trustee") by the County pursuant to a funding agreement (the "Funding Agreement") between the County and the Commission and (ii) amounts on deposit from time to time in the Sinking Fund established under the Master Resolution for the Series 2021 Bonds as provided thereunder (collectively, the "Pledged Revenues").

The Series 2021 Bonds are issued pursuant to a Master Resolution (the "Master Resolution") and a Series Resolution (the "Series 2021 Resolution" and together with the Master Resolution, the "Resolutions"), adopted by the Commission, pursuant to which the Commission has assigned to the Trustee for the benefit of the holders of the Series 2021 Bonds the Commission's right, under the Funding Agreement to receive the Contract Payments to be made by the County, and the other Pledged Revenues. The Series 2021 Bonds initially will be maintained under a book-entry only system under which The Depository Trust Company, New York ("DTC"), will act as securities depository. Purchases of the Series 2021 Bonds will be in book-entry only form. So long as the Series 2021 Bonds shall be maintained under a book-entry system, payments of the principal or redemption price of and interest on the Series 2021 Bonds will be made when due by the Trustee to DTC in accordance with the Resolutions, and the Trustee will have no obligation to make any payments to any beneficial owner of any Series 2021 Bonds.

Interest on the Series 2021 Bonds is payable on December 1, 2021, and semi-annually on each June 1 and December 1 thereafter until maturity or earlier redemption. The Series 2021 Bonds are subject to redemption prior to maturity as described herein under "The Series 2021 Bonds -- Redemption Provisions."

FOR AMOUNTS, MATURITIES, INTEREST RATES, YIELDS
AND CUSIPS, SEE INSIDE COVER

The Series 2021 Bonds, and the interest thereon, are limited obligations of the Commission. The principal or redemption price of and the interest on the Series 2021 Bonds shall be payable solely from the Contract Payments and other Pledged Revenues under the Resolutions. In no event shall the Series 2021 Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. All amounts payable by the County under the Funding Agreement, including the Contract Payments, are subject in each year to appropriation by the County Council of the County (the "County Council"). The County Council is under no obligation to make any appropriation with respect to the Funding Agreement. The Funding Agreement, and any amounts payable thereunder, are not general obligations of the County and shall never constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation or a charge against the general credit or taxing powers of the County. The County has not pledged its full faith and credit or its taxing powers to the payment of amounts due under the Funding Agreement. The issuance of the Series 2021 Bonds does not directly, or indirectly, or contingently obligate, morally, or otherwise, the County to levy or pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The Commission has no taxing power.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed decision.

The Series 2021 Bonds are offered by the Underwriters, when, as and if issued and received, subject to the approval as to their legality by Kutak Rock LLP, Washington, D.C., Bond Counsel and certain other conditions. Certain legal matters pertaining to the Commission and its authority to issue the Series 2021 Bonds will be passed upon by Aisha Memon, General Counsel to the Commission. Certain legal matters will be passed upon for the County by McKennon Shelton & Henn LLP, Baltimore, Maryland, Special Counsel to the County. Certain legal matters will be passed upon for the Underwriters by Chapman and Cutler LLP, Washington, D.C. It is anticipated that the Series 2021 Bonds in definitive form will be available for delivery through the facilities of DTC on or about August 17, 2021.

PNC Capital Markets LLC **Wells Fargo Securities**

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIPS

$50,000,000
HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
(MONTGOMERY COUNTY, MARYLAND)
Limited Obligation Bonds
(Housing Production Fund)
Series 2021 (Federally Taxable)

$39,705,000 Serial Bonds

Maturing June 1	Principal Amount	Interest Rate	CUSIP*	Maturing June 1	Principal Amount	Interest Rate	CUSIP*
2022	$2,395,000	0.160%	613344TR1	2030	$ 2,370,000	1.622%	613344TZ3
2023	2,220,000	0.322	613344TS9	2031	2,405,000	1.722	613344UA6
2024	2,225,000	0.516	613344TT7	2032	2,450,000	1.872	613344UB4
2025	2,235,000	0.779	613344TU4	2037	2,715,000	2.372	613344UC2
2026	2,255,000	0.969	613344TV2	2038	2,775,000	2.472	613344UD0
2027	2,275,000	1.164	613344TW0	2039	2,845,000	2.522	613344UE8
2028	2,300,000	1.344	613344TX8	2040	2,915,000	2.572	613344UF5
2029	2,335,000	1.522	613344TY6	2041	2,990,000	2.622	613344UG3

$ 10,295,000 2.122% Term Bonds due June 1, 2036 CUSIP* 613344UH1

Price of all Offered Bonds: 100%

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*The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by CUSIP Global Services, which is managed on behalf of the American Bankers Association ("ABA") by S&P Global Market Intelligence. These entities are not affiliated with the Commission or the County, and the Commission and the County are not responsible for the selection or use of the CUSIP numbers. CUSIP is a registered trademark of the ABA. The CUSIP numbers are included solely for the convenience of certificate holders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. The Commission and the County have not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth above. The use of CUSIP numbers in this Official Statement is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services

No dealer, broker, salesman or other person has been authorized by the Commission to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Commission or the County and other sources which are deemed to be reliable but is not guaranteed as to accuracy or completeness. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No quotations from or summaries or explanations of provisions of laws or documents herein purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Commission or the County and the purchasers or owners of any of the Series 2021 Bonds. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, the inside front cover and the appendices attached hereto are part of this Official Statement.

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE RESOLUTIONS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE SERIES 2021 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and are not representations of fact, and no representation is made that any of the estimates will be realized. The County disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained, herein to reflect any changes in the County's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

In making an investment decision, investors must rely on their own examination of the Commission and the County and the terms of the offering, including the merits and risks involved.

The order and placement of materials in this Official Statement, including the appendices hereto and the information incorporated herein by reference, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the appendices and the information incorporated herein by reference, must be considered in its entirety. The offering of the Series 2021 Bonds is made only by means of this entire Official Statement.

The Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute forward-looking statements, as such term is defined in section 21E of the Securities Exchange Act of 1934, as amended. In this respect, such forward-looking statements are identified by the use of the words estimate, project, anticipate, expect, forecast, intend or believe or the negative thereof or other variations thereon or comparable terminology. Such forward-looking information involves important risks and uncertainties that could result in the actual information being significantly different from that expressed in this Official Statement. Potential investors should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by such forward-looking statements. Such forward-looking statements speak only as of the date of this Official Statement. The Commission and the County disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, to reflect any changes in the Commission and the County's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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OFFICIAL STATEMENT

Relating to

$50,000,000
HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
(MONTGOMERY COUNTY, MARYLAND)
Limited Obligation Bonds
(Housing Production Fund)
Series 2021 (Federally Taxable)

INTRODUCTION

The purpose of this Official Statement, which includes the attached Appendices, is to provide certain information concerning the sale and delivery of the Housing Opportunities Commission of Montgomery County, Maryland Limited Obligation Bonds (Housing Production Fund), Series 2021 (Federally Taxable) (the "Series 2021 Bonds"). The Series 2021 Bonds are to be issued pursuant to a Master Resolution dated as of August 1, 2021 (the "Master Resolution") and a Series Resolution dated as of August 1, 2021 (the "Series 2021 Resolution" and together with the Master Resolution, the "Resolutions") adopted by the Housing Opportunities Commission of Montgomery County, Maryland (the "Commission"). Wilmington Trust, National Association, has been appointed as trustee (the "Trustee") under the Resolutions and has accepted such appointment. The Series 2021 Bonds are being issued to (i) deposit $49,500,0000 from the proceeds of the Series 2021 Bonds into the Bond Proceeds Fund to be used to make loans for the construction, rehabilitation and equipping of affordable residential rental housing, and (ii) pay the costs of issuing the Series 2021 Bonds. For more information regarding the Housing Production Fund Program (the "HPF Program") see "Housing Production Fund Program" herein.

The Commission and Montgomery County, Maryland (the "County") will enter into the funding agreement in Appendix B hereto (the "Funding Agreement") pursuant to which the County is required to make periodic payments (the "Contract Payments") in amounts sufficient to pay the scheduled debt service on the Series 2021 Bonds until the County shall have paid all the principal of and interest due on the Series 2021 Bonds. Payment by the County of amounts owed under the Funding Agreement, including the Contract Payments, is dependent on the appropriation in each year by the County Council of the County (the "County Council") of funds sufficient for such purpose. The County expects that amounts owed under the Funding Agreement, including the Contract Payments, will be appropriated and paid by the County; provided, however, that the issuance of the Series 2021 Bonds does not directly, or indirectly, or contingently obligate, morally, or otherwise, the County to levy or pledge any form of taxation whatsoever therefor or to make any appropriation for their payment.

The Series 2021 Bonds, and the interest on them, are limited obligations of the Commission. The principal or redemption price of and the interest on the Series 2021 Bonds shall be payable solely from the Contract Payments deposited with the Trustee and amounts on deposit from time to time in the Sinking Fund established under the Master Resolution, as provided thereunder. All Contract Payments payable by the County under the Funding Agreement are subject in each year to appropriation by the County Council. The County Council is under no obligation to make any appropriation with respect to the Funding Agreement.

The Funding Agreement is not a general obligation of the County and shall never constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation or a charge against the general credit or taxing powers of the County. The Funding Agreement does not create a contractual relationship between the County and the Bondholders, and the Bondholders have no right to bring enforcement action against the County for payment of the Contract Payments due under the Funding Agreement. The

Commission shall not be liable to Bondholders or to any other party for failure by the County to appropriate sufficient amounts to make the Contract Payments or for the County's breach of any term of the Funding Agreement.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2021 Bonds are expected to be applied as follows:

SOURCES OF FUNDS	
Principal amount of Series 2021 Bonds	$50,000,000
Total sources of funds	$50,000,000
USES OF FUNDS	
Deposit to Bond Proceeds Fund	$49,500,000
Costs of Issuance (1)	500,000
Total uses of funds	$50,000,000

(1) Includes the Underwriters' discount, certain fees and expenses of the financial advisor to the Commission, Bond Counsel, the financial advisor to the County, Special Counsel to the County, and fees of the rating agencies, as well as printing costs, fees and expenses of the Trustee and other miscellaneous expenses.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS

General

The Series 2021 Bonds are payable as to principal, redemption price and interest solely from Contract Payments to be paid by the County and deposited with the Trustee, pursuant to the Funding Agreement and Master Resolution, and other amounts from time to time on deposit in the Sinking Fund established by the Resolutions (collectively, the "Pledged Revenues"). Pursuant to the Master Resolution, the Commission has assigned to the Trustee all of its respective rights and interest in all amounts on deposit from time to time in the Sinking Fund for the benefit of the Holders of the Series 2021 Bonds and additional bonds issued under the Master Resolution. See Appendix C – "SUMMARY OF MASTER RESOLUTION."

THE SERIES 2021 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION, SHALL BE PAYABLE SOLELY FROM THE PLEDGED REVENUES, AND SHALL BE A VALID CLAIM OF THE HOLDERS ONLY AGAINST THE PLEDGED REVENUES.

CONTRACT PAYMENTS PAYABLE BY THE COUNTY UNDER THE FUNDING AGREEMENT ARE SUBJECT IN EACH YEAR TO APPROPRIATION BY THE COUNTY COUNCIL. THE COUNTY COUNCIL IS UNDER NO OBLIGATION TO MAKE ANY APPROPRIATIONS WITH RESPECT TO THE FUNDING AGREEMENT. THE AMOUNTS PAYABLE BY THE COUNTY UNDER THE FUNDING AGREEMENT ARE NOT GENERAL OBLIGATIONS OF THE COUNTY AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE COUNTY. THE COUNTY HAS NOT PLEDGED ITS FULL FAITH AND CREDIT OR ITS TAXING POWERS TO THE PAYMENT OF AMOUNTS DUE UNDER THE FUNDING AGREEMENT. THE FUNDING AGREEMENT DOES NOT CREATE ANY CONTRACTUAL RELATIONSHIP BETWEEN THE COUNTY AND THE BONDHOLDERS AND THE BONDHOLDERS HAVE NO RIGHT TO BRING ENFORCEMENT ACTION AGAINST THE COUNTY FOR PAYMENT OF THE CONTRACT PAYMENTS DUE UNDER THE FUNDING AGREEMENT. THE

COMMISSION SHALL NOT BE LIABLE TO BONDHOLDERS OR TO ANY OTHER PARTY FOR FAILURE BY THE COUNTY TO APPROPRIATE SUFFICIENT AMOUNTS TO MAKE THE CONTRACT PAYMENTS OR FOR THE COUNTY'S BREACH OF ANY TERM OF THE FUNDING AGREEMENT.

THE FUNDING AGREEMENT MAY BE TERMINATED UPON THE OCCURRENCE OF NON-APPROPRIATION OR AN EVENT OF DEFAULT. IN SUCH EVENT, ALL PAYMENT OBLIGATIONS UNDER THE FUNDING AGREEMENT WILL TERMINATE, AND THE SERIES 2021 BONDS AND THE INTEREST THEREON WILL BE PAYABLE ONLY FROM AMOUNTS PAYABLE UNDER THE FUNDING AGREEMENT THAT WERE PREVIOUSLY APPROPRIATED AND FROM UNEXPENDED PROCEEDS OF SUCH SERIES 2021 BONDS. THERE IS NO ASSURANCE THAT SUCH MONEYS WILL BE SUFFICIENT FOR THE PAYMENT OF THE SERIES 2021 BONDS OR THE INTEREST THEREON UPON THE OCCURRENCE OF A NONAPPROPRIATION OR AN EVENT OF DEFAULT UNDER THE FUNDING AGREEMENT.

THE COUNTY EXPECTS THAT ALL CONTRACT PAYMENTS WILL BE APPROPRIATED AND PAID BY THE COUNTY FROM AMOUNTS HELD IN CERTAIN FUNDS OR ACCOUNTS ESTABLISHED AND MAINTAINED BY THE COUNTY.

Funding Agreement

On March 23, 2021, the County Council adopted Resolution No. 19-774, that authorized the County and the Commission to enter into the Funding Agreement for a term which begins as of the date of issuance and delivery of the Series 2021 Bonds and such Funding Agreement shall remain in effect until the Series 2021 Bonds and all additional bonds issued under the Master Resolution have been paid or provision for such payment has been made, unless terminated earlier in accordance with the Funding Agreement. The Contract Payments due under the Funding Agreement are sufficient to pay the scheduled debt service on the Series 2021 Bonds and the fees and expenses of the Trustee. The Contract Payments relating to the Series 2021 Bonds are payable semi-annually on the second business day preceding June 1 and December 1 of each year so long as such Series 2021 Bonds are outstanding and will be paid directly to the Trustee, as the assignee for such payments.

The ability of the County to pay the Contract Payments is subject to the annual appropriation of sufficient funds for such purpose by the County Council. The County may terminate the Funding Agreement at the end of the last fiscal year or earlier date for which an appropriation is available if sufficient funds are not appropriated for any fiscal year. The County Executive has covenanted in the Funding Agreement, to the extent permitted by law and subject to applicable public policy, to use reasonable efforts to obtain the authorization and appropriation of such funds, including, without limitation, the inclusion of such funds in the budget of the County to be submitted to the County Council and a request for adequate funds to meet its obligations under the Funding Agreement in full in its next fiscal year budget.

The County has agreed, to the extent permitted by law and subject to applicable public policy, not to terminate the Funding Agreement if sufficient funds are appropriated to it for a particular fiscal year which are available for the payment of Contract Payments due in that fiscal year.

If the County fails to pay any of the Contract Payments, the Trustee, as assignee of the Commission has the right to seek certain remedies under the Funding Agreement, including the termination of the Funding Agreement.

The Funding Agreement does not create any contractual relationship between the County and the Bondholders. Further, upon the occurrence of an Event of Default under the Funding Agreement, including an Event of Default relating to the County's failure to make any Contract Payments owed pursuant to the Funding Agreement, the Bondholders shall have no right to exercise remedies against the County or take any enforcement action against the County. The Funding Agreement does, however, give the Commission the right to exercise remedies and take enforcement action against the County if the County breaches its obligations thereunder. The Commission has covenanted in the Funding Agreement to (i) enforce diligently its rights against the County's under the Funding Agreement, (ii) exercise remedies against the County in the event of a breach by the County of such obligations, and (iii) take direction from the owners of 50% or more of the aggregate principal amount of the Bonds then Outstanding as to the enforcement of such rights and remedies.

No Lien on Improvements

The payment of the Series 2021 Bonds is *not* secured by any lien on assets that may be constructed or renovated by the Commission with the loans made to the Commission with funds on deposit in the Bond Proceeds Fund or the Housing Production Fund.

THE SERIES 2021 BONDS

The Series 2021 Bonds will be dated their date of delivery and will mature (subject to the redemption provisions set forth below) on the dates and in the amounts and bear interest as set forth on the inside front cover hereof.

The Series 2021 Bonds will be executed and delivered in fully registered form, without coupons, in denominations of $5,000 each or any integral multiple thereof. Interest will be payable on the Series 2021 Bonds on each June 1 and December 1 (each an "Interest Payment Date"), beginning December 1, 2021. Interest paid on December 1, 2021 will accrue from the date of delivery of the Series 2021 Bonds. The principal or redemption price of and interest on the Series 2021 Bonds will be paid as described in Appendix D so long as the Book-Entry Only System is maintained. If the Book-Entry Only System is discontinued, then the Series 2021 Bonds will be payable at the corporate trust office of the Trustee in Richmond, Virginia and interest will be payable by check mailed by the Trustee to the registered Holders of Series 2021 Bonds as their names and addresses appear in the registration books maintained by the Trustee as of (i) the fifteenth calendar day of the month next preceding each Interest Payment Date or (ii) in the case of the payment of any defaulted interest, the tenth (10th) day before such payment. At the request of a Holder of Series 2021 Bonds in the aggregate principal amount of at least $1,000,000, any such payments may be made by wire transfer in accordance with written instructions filed by such Holder with the Trustee. Interest on the Series 2021 Bonds shall be calculated on the basis of a year consisting of 360 days divided into twelve 30-day months.

Authority for the Bonds

The Series 2021 Bonds are being issued pursuant to (a) Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, Chapter 41 of the Laws of Montgomery County, 1974, as amended, known as the Housing Opportunity Act, and a Memorandum of Understanding by and between the Commission and the County effective June 29, 2018 (collectively, the "Act") and (b) an authorizing resolution of the Commission adopted May 5, 2021.

Redemption Provisions

Sinking Fund Redemption. The Offered Bonds maturing on June 1, 2036 are subject to mandatory redemption in part by lot on June 1, 2033 and on each June 1 thereafter, to and including June 1, 2036, at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

Year	Principal Amount (June)	Year	Principal Amount (June)	
2033	$ 2,495,000	2035	$ 2,600,000	
2034	2,545,000	2036	2,655,000	(maturity)

Optional Redemption. The Series 2021 Bonds maturing on or after June 1, 2031, are subject to redemption at the option of the Commission, from any funds available to the Commission, in whole or in part, at any time on or after June 1, 2030, at a redemption price equal to the principal amount thereof plus accrued interest, if any, to the redemption date.

The Series 2021 Bonds are subject to redemption, at the option of the Commission, from any funds available to the Commission, in whole or in part, at any time prior to June 1, 2030, at a redemption price equal to the greater of (i) 100% of the principal amount thereof or (ii) the Discounted Value (as defined below) thereof, plus accrued interest, if any, to the date of redemption.

"Discounted Value" means, with respect to each outstanding maturity of the Series 2021 Bonds, or portion thereof, to be redeemed, the sum as determined by the Commission of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) of such maturity, or portion thereof, from their respective scheduled payment dates to the applicable redemption date, at a yield (computed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months) equal to the Discount Yield (as defined below).

"Discount Yield" means, with respect to each maturity of the Series 2021 Bonds, or portion thereof, to be redeemed on a particular date, the Blended Treasury Yield (as defined below) determined by the Commission with respect to such maturity of the Series 2021 Bonds (or portion thereof) to be redeemed, plus 0.15%. The Discount Yield will be calculated assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months.

"Blended Treasury Yield" means, with respect to the Series 2021 Series Bonds of a particular maturity, the yield computed by the Commission as the linear interpolation of two Market Treasury Yields (as defined below) such that the theoretical maturity that corresponds to the interpolated Market Treasury Yield equals the date that corresponds to the remaining average life of the maturity of the Series 2021 Bonds, or portion thereof to be redeemed. The first Market Treasury Yield will be based on an actively traded U.S. Treasury security or U.S. Treasury index, the maturity of which is closest to, but no later than, the date corresponding to the remaining average life of the maturity of the Series 2021 Bonds, or portion thereof, to be redeemed; the second Market Treasury Yield will be based on an actively traded U.S. Treasury security or U.S. Treasury index the maturity of which is closest to but no earlier than the date corresponding to the remaining average life of the maturity of the Series 2021 Bonds, or portion thereof, to be redeemed.

"Market Treasury Yield" means that yield, as determined by the Commission, assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months, which is equal to:

(i) the yield for the applicable maturity of an actively traded U.S. Treasury security, reported, as of 11:00 a.m., New York City time, on the Valuation Date (as defined below) on the display designated as "Page PX1" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in U.S. Treasury securities); or

(ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the most recent yield data for the applicable U.S. Treasury maturity index from the federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date; or

(iii) if the yields described in (i) and (ii) above are not reported as of such time or the yields reported as of such time are not ascertainable, the yield for the applicable maturity of any actively traded U.S. Treasury security based upon the average of yield quotations for such security (after excluding the highest and lowest quotations) as of 3:30 p.m., New York City time, on the Valuation Date received from no less than five primary dealers in U.S. Government securities selected by the Commission.

Each yield quotation for each actively traded U.S. Treasury security required in (i) and (iii) above will be determined using the average of the bid and ask prices for that security.

"Valuation Date" means the third Business Day preceding the redemption date.

The Commission may designate a financial advisor or other agent to make the calculations described above.

Selection of Bonds to be Redeemed. If fewer than all of the outstanding Series 2021 Bonds are called for redemption, the Trustee will redeem maturities and amounts within a maturity as directed by the Commission, in its sole discretion. If less than all of the Series 2021 Bonds of a maturity are called for redemption, the particular Series 2021 Bonds to be redeemed are to be selected by lot using a method of selection as the Trustee deems proper; provided that the portion of any Series 2021 Bond to be redeemed will be in the principal amount of $5,000 or any integral multiple thereof. All Series 2021 Bonds called for redemption will cease to accrue interest on the specified redemption date and will no longer be considered outstanding, provided funds sufficient for redemption of such Series 2021 Bonds are deposited with the Trustee.

Notice of Redemption. As long as the Series 2021 Bonds are registered with Cede & Co., notice of redemption will be sent to DTC not less than 20 days and not more than 60 days prior to the date of redemption. Notice of redemption will be sent by the Trustee not less than 20 days prior to the redemption date to the registered owners of the Series 2021 Bonds of the maturity or maturities to be redeemed at their last addresses appearing on the registration books maintained by the Trustee, but such mailing is not a condition precedent to such redemption and failure to mail any such notice will not affect the validity of the proceedings for the redemption of Series 2021 Bonds. Notice having been given and sufficient moneys having been delivered to the Trustee, interest will cease to accrue on the Series 2021 Bonds to be redeemed on and after the redemption date. Any notice of redemption may indicate that such redemption is conditioned upon the deposit of sufficient moneys to affect such redemption on the redemption date.

Additional Bonds

The Commission may issue additional Bonds under the Master Resolution to provide additional funds for the HPF Program upon satisfaction of the conditions specified in the Master Resolution including that (i) the Commission and the County be in compliance with their obligations under the Funding Agreement and (ii) the Funding Agreement be amended to obligate the County to pay to the Trustee payments sufficient to pay the principal of and interest due on the Outstanding Bonds and the Additional Bonds.

The Series 2021 Bonds will be secured equally and ratably on parity with, or may be superior in lien position to, any Additional Bonds.

HOUSING PRODUCTION FUND PROGRAM

The County is committed to pursuing ways to produce and preserve quality housing for all of its residents and the County Council has determined that a sufficient stock of quality housing at all levels of affordability is critical to the quality of life, health of residents, and economic development that will bring increased employment opportunities. The County Council has set a goal of producing 1,000 housing units per year above the existing forecast and has undertaken and will continue to take efforts to analyze and find solutions for barriers to increasing housing production, particularly for housing affordable to low and middle income households. The County Council has determined to act as a catalyst for new cooperation and collaborations between government, the non-profit and for-profit housing development and construction community, financial partners, including banking and financial, and the community at large to achieve these critical goals.

In furtherance of these goals, the HPF Program established under the Resolutions will be used to provide the Commission with a source of construction bridge financing for mixed income multifamily housing developments so as to meet the goals of the County and the Commission for increased availability of affordable housing. The developments financed in the HPF Program are required to be owned by the Commission or an entity controlled by the Commission. At least 20% of the total dwelling units are required to be affordable to households earning 50% or less of the area median income adjusted for household size. An additional 10% of the total dwelling units are required to be affordable to households with incomes established by the County for moderate priced dwelling units. The initial loans will be funded with amounts in the Bond Proceeds Fund. Principal repayments on such loans will be deposited into the Housing Production Fund and be available to the Commission for additional loans for construction bridge financing of multifamily developments. Interest payments on loans made with funds in the Bond Proceeds Fund and Housing Production Fund will be paid to the County and deposited into the County's Housing Initiative Fund. The loans made with the funds in the Bond Proceeds Fund and the Housing Production Fund and the payments thereon are not pledged to or security for the Series 2021 Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each June 1: (i) the principal and interest due on the Series 2021 Bonds; and (ii) the debt service requirements of the Series 2021 Bonds.

Series 2021 Bonds

Fiscal Year	Principal	Interest	Total
2022	$ 2,395,000.00	$ 676,041.80	$ 3,071,041.80
2023	2,220,000.00	853,122.40	3,073,122.40
2024	2,225,000.00	845,974.00	3,070,974.00
2025	2,235,000.00	834,493.00	3,069,493.00
2026	2,255,000.00	817,082.35	3,072,082.35
2027	2,275,000.00	795,231.40	3,070,231.40
2028	2,300,000.00	768,750.40	3,068,750.40
2029	2,335,000.00	737,838.40	3,072,838.40
2030	2,370,000.00	702,299.70	3,072,299.70
2031	2,405,000.00	663,858.30	3,068,858.30
2032	2,450,000.00	622,444.20	3,072,444.20
2033	2,495,000.00	576,580.20	3,071,580.20
2034	2,545,000.00	523,636.30	3,068,636.30
2035	2,600,000.00	469,631.40	3,069,631.40
2036	2,655,000.00	414,459.40	3,069,459.40
2037	2,715,000.00	358,120.30	3,073,120.30
2038	2,775,000.00	293,720.50	3,068,720.50
2039	2,845,000.00	225,122.50	3,070,122.50
2040	2,915,000.00	153,371.60	3,068,371.60
2041	2,990,000.00	78,397.80	3,068,397.80
TOTAL	$50,000,000.00	$11,410,175.95	$61,410,175.95

THE COUNTY

General

Montgomery County, Maryland is a body politic and corporate and a political subdivision of the State of Maryland (the "State"). For more information, respecting the County, see the County's Annual Information Statement (the "AIS"), which is hereby incorporated by reference and can be found at:

https://www.montgomerycountymd.gov/BONDS/Resources/Files/AIS2020.pdf

Information respecting the County's Comprehensive Annual Financial Report, is herebyincorporated by reference and can be found at:

https://www.montgomerycountymd.gov/Finance/Resources/Files/data/financial/cafr/FY2020_CAFR.pdf

Selected Debt and Financial Schedules

The information (including Tables 1 through 7) presented on the following pages provides current information on the County's financial position as of June 30, 2020, and June 30, 2021, as applicable. The County's most current Fiscal Plan, approved in June 2021, contains updated information concerning the fiscal year 2021 results including estimates providing that (i) tax revenues for two major revenue categories, property tax and income tax, that comprise nearly 90% of total tax revenues are expected to exceed the estimates for the fiscal year 2021 Approved Budget and meet the County's revised estimate for fiscal year 2021, (ii) fiscal year 2021 revised tax revenues for real and personal property are estimated to increase by 0.01% from the fiscal year 2021 Approved Budget, and (iii) fiscal year 2021 revised income tax revenues are estimated to increase by 0.73% from the fiscal year 2021 Approved Budget. For more information on the County, and a complete overview of the County's debt and the County's Basic Financial Statements for the year ended June 30, 2020, please see the AIS.

Table 1
Statement of Direct and Overlapping Debt
As of June 30, 2021 (Projected Unaudited)[(1)]

Direct Debt as of June 30, 2021 (projected)		
General Obligation Bonds Outstanding	$3,189,410,000	
Short-Term BANs/Commercial Paper Outstanding	470,000,000	
Revenue Bonds Outstanding	138,310,940	
Total Direct Debt		$ 3,797,720,940
Overlapping Debt as of June 30, 2020		
Washington Suburban Sanitary Commission Applicable to Montgomery County	$2,415,741,953	
Housing Opportunities Commission	1,361,034,104	
Montgomery County Revenue Authority	67,419,826	
Maryland-National Capital Park and Planning Commission Applicable to Montgomery County	67,475,000	
Kingsview Village Center Development District	319,855	
West Germantown Development District	8,515,000	
Towns, Cities and Villages within Montgomery County	41,648,343	
Total Overlapping Debt		$ 3,962,154,081
Total Direct and Overlapping Debt		$ 7,759,875,021
Less Self-Supporting Debt as of June 30, 2020		
County Government Revenue Bonds (dated June 30, 2021, projected)	$ 138,310,940	
Washington Suburban Sanitary Commission Applicable to Montgomery County	2,415,741,953	
Housing Opportunities Commission	1,361,034,104	
Montgomery County Revenue Authority	67,419,826	
Maryland-National Capital Park and Planning Commission Applicable to Montgomery County	-	
Total Self-Supporting Debt		$ (3,982,506,823)
Net Direct and Overlapping Debt		$ 3,777,368,198
Ratio of Debt to Estimated June 30, 2021 Assessed Valuation of (100% Assessment):		$ 201,215,583,000
Direct Debt		1.89%
Net Direct Debt[(2)]		1.82%
Direct and Overlapping Debt		3.86%
Net Direct and Overlapping Debt		1.88%
Ratio of Debt to Estimated June 30, 2021 Market Value of:		$ 209,771,081,772
Direct Debt		1.81%
Net Direct Debt[(2)]		1.74%
Direct and Overlapping Debt		3.70%
Net Direct and Overlapping Debt		1.80%

(1) Projected unaudited numbers for the period ending June 30, 2021.
(2) Net Direct Debt of $3,659,410,000 is derived by subtracting direct self-supporting debt, which consists only of County Government Revenue Bonds in the amount of $138,310,940 from Total Direct Debt.

Table 2
Statement of Legal Debt Margin
As of June 30, 2021 (Projected Unaudited)

June 30, 2021 Assessed Valuation - Real Property (Estimated)		$ 197,017,000,000
Debt Limit (% of Assessed Valuation)		6.00%
Subtotal Limitation - Real Property		$ 11,821,020,000
June 30, 2021 Assessed Valuation - Personal Property (Estimated)		$ 4,198,583,000
Debt Limit (% of Assessed Valuation)		15.00%
Subtotal Limitation - Personal Property		$ 629,787,450
Total Assessed Valuation - Real and Personal Property (Estimated)		$ 201,215,583,000
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds		$ 12,450,807,450
Less Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds Outstanding	$3,189,410,000	
Short-Term BANs/Commercial Paper Outstanding	470,000,000	
Net Direct Debt		$ 3,659,410,000
Legal Debt Margin		$ 8,791,397,450

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Table 3
General Obligation Debt of the County
As of June 30, 2020 (Audited) and
June 30, 2021 (Projected Unaudited)

Issue	Dated Date	Original Issue Size	Original Coupon Rates	TIC (1)	Maturity	Principal Outstanding June 30,2020 (audited)	Principal Outstanding June 30, 2021 (unaudited)
GO Refunding Bonds	11/17/2009	$ 161,755,000	2.00-5.00	2.6487	2011-20	$ 23,160,000	-
GO Bonds	07/26/2010	195,000,000	2.00-5.00	2.2596	2011-22	16,250,000	-
GO Bonds	07/26/2010	130,000,000	4.75-5.40	5.0708	2023-30	130,000,000	-
GO Refunding Bonds	08/11/2011	237,655,000	2.00-5.00	1.9896	2012-22	80,080,000	$ 64,620,000
GO Bonds	10/24/2012	295,000,000	2.50-5.00	2.2599	2013-32	88,500,000	-
GO Bonds	11/26/2013	295,000,000	3.00-5.00	3.1270	2014-33	177,000,000	44,250,000
GO Refunding Bonds	11/26/2013	24,915,000	5.00	2.7745	2023-24	24,915,000	24,915,000
GO Bonds	11/19/2014	500,000,000	4.00-5.00	2.7745	2015-32	325,000,000	100,000,000
GO Refunding Bonds	11/19/2014	297,990,000	5.00	2.3437	2016-28	270,395,000	258,475,000
GO Refunding Bonds	04/09/2015	58,520,000	5.00	1.2264	2018-21	22,585,000	7,700,000
GO Bonds	12/01/2015	300,000,000	3.00-5.00	2.8036	2016-35	240,000,000	225,000,000
GO Bonds	12/13/2016	340,000,000	3.00-5.00	3.2816	2017-37	289,000,000	272,000,000
GO Bonds	11/15/2017	170,000,000	5.00	1.7265	2018-27	136,000,000	119,000,000
GO Refunding Bonds	11/15/2017	78,270,000	5.00	1.6316	2018-26	53,900,000	45,585,000
GO Refunding Bonds	11/15/2017	294,625,000	3.00-5.00	2.0707	2019-31	285,695,000	272,650,000
GO Refunding Bonds	11/15/2017	143,830,000	3.00-4.00	2.1002	2020-29	143,830,000	129,420,000
GO VRDO(2)	12/19/2017	170,000,000	Variable	Variable	2028-37	170,000,000	170,000,000
GO Bonds	11/08/2018	330,000,000	3.50-5.00	3.2797	2019-38	313,500,000	297,000,000
GO Bonds	11/07/2019	320,000,000	3.00-5.00	2.2108	2020-40	320,000,000	304,000,000
GO Bonds	08/05/2020	320,000,000	1.75-4.00	1.4217	2021-40	-	320,000,000
GO Refunding Bonds	08/05/2020	163,950,000	4.00	0.7391	2023-32	-	163,950,000
GO Refunding Bonds	08/05/2020	370,845,000	0.50-1.85	1.4768	2023-34	-	370,845,000
Total		$ 5,197,355,000				$3,109,810,000	$3,189,410,000

(1) True Interest Cost
(2) Variable Rate Demand Obligations

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Table 4
General Obligation Bonds Authorized - Unissued
As of June 30, 2021 (Projected Unaudited)

Purpose	Chapter	Act	Amount	Amount Unissued
General County, Parks, and Consolidated Fire Tax District	26	2013	$ 331,600,000	-
	31	2014	167,400,000	$127,015,353
	49	2015	148,100,000	148,100,000
	26	2018	28,100,000	28,100,000
	22	2019	5,600,000	5,600,000
			$ 680,800,000	$308,815,353
Road & Storm Drainage	49	2015	-	-
	26	2018	$ 37,900,000	-
	22	2019	88,600,000	$ 43,105,488
			$ 126,500,000	$ 43,105,488
Public Schools and Community College	49	2015	$ 267,200,000	-
	26	2018	38,400,000	-
	22	2019	245,000,000	$136,592,874
			$ 550,600,000	$136,592,874
Mass Transit	49	2015	$ 34,200,000	-
	26	2018	51,500,000	$ 39,189,285
			$ 85,700,000	$ 39,189,285
Public Housing	22	2009	$ 1,000,000	$ 1,000,000
	54	2010	46,400,000	46,400,000
			$ 47,400,000	$ 47,400,000
Easements				
Agricultural Easements	24	2011	$ 2,000,000	$ 2,000,000
Façade Easements	24	2011	1,100,000	1,100,000
	26	2013	2,200,000	2,200,000
			$ 5,300,000	$ 5,300,000
Total General Obligation Bonds			$1,496,300,000	$580,403,000

Note: In addition to the above noted authority, the County has authority under the provisions of section 56-13 of the Montgomery County Code, as amended, to issue County bonds, within statutory debt limits to finance approved urban renewal projects.

Table 5

Bond Anticipation Notes Outstanding
As of June 30, 2021 (Projected Unaudited)

Issue	Balance June 30, 2020	BANs Retired	BANs Issued	Total BANs Outstanding as of June 30, 2021[1]
BAN 2009-A	$100,000,000	$ 22,500,000	$ 7,500,000	$ 85,000,000
BAN 2009-B	100,000,000	22,500,000	7,500,000	85,000,000
BAN 2010-A	150,000,000	150,000,000	150,000,000	150,000,000
BAN 2010-B	150,000,000	150,000,000	150,000,000	150,000,000
Total	$500,000,000	$345,000,000	$315,000,000	$ 470,000,000

(1) Projected unaudited.

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Table 6
Montgomery County, Maryland
Schedule of General Fund Revenues, Expenditures, & Transfers In (Out)

	Fiscal Year Ending June 30[1][3]			Approved Budget [2][3][4]
	2018	2019	2020	2021
Revenues:				
Taxes:				
Property, including interest & penalty	$ 1,268,805,073	$ 1,292,155,658	$ 1,268,904,164	$ 1,246,241,020
Transfer tax and recordation tax	158,587,905	168,192,023	173,412,108	181,575,261
County income tax	1,469,251,059	1,531,219,289	1,700,584,075	1,695,360,735
Other taxes	274,215,416	273,354,916	259,686,972	273,568,383
Total Taxes	3,170,859,453	3,264,921,886	3,402,587,319	3,396,745,399
Licenses and permits	11,256,621	11,747,328	10,880,889	13,465,465
Intergovernmental revenue	64,287,818	66,502,144	75,407,920	75,671,630
Charges for services	12,494,474	30,198,205	24,159,285	13,162,131
Fines and forfeitures	29,660,682	31,495,317	29,516,285	45,155,800
Investment income	3,595,298	8,583,321	2,622,856	5,167,950
Miscellaneous	9,241,500	16,930,457	10,570,798	18,165,759
Total Revenues	3,301,395,846	3,430,378,658	3,555,745,352	3,567,534,134
Expenditures (including encumbrances):				
General County:				
General government	386,666,899	389,073,054	482,163,029	482,702,587
Public safety	392,519,611	402,853,522	423,392,675	420,095,375
Public works and transportation	70,864,322	60,922,654	48,151,831	46,518,227
Health and human services	249,913,897	254,956,656	262,278,944	251,454,732
Culture and recreation	47,205,792	50,137,324	50,308,512	47,632,812
Housing and community development	13,321,644	14,056,063	14,449,684	11,382,074
Environment	2,534,498	2,107,892	3,033,009	3,358,531
Education	1,850,884,306	1,885,648,526	1,910,678,276	1,920,965,816
Total Expenditures	3,013,910,969	3,059,825,691	3,194,455,960	3,184,110,154
Transfers In (Out):				
Transfers In:				
General Funds	-	-	-	-
Special Revenue Funds	44,511,302	28,757,130	29,757,250	26,055,305
Enterprise Funds	38,549,431	41,504,274	46,355,930	44,568,663
Internal Service Funds	27,359,360	11,537,012	-	3,713,312
Capital Projects Fund	-	5,500,000	5,500,000	-
Component Units	-	-	-	-
Total Transfers In	110,420,093	87,298,416	81,613,180	74,337,280
Transfers Out:				
General Funds	-	-	-	-
Special Reserve Funds	(24,494,654)	(42,135,619)	(27,133,885)	(21,603,055)
Debt Service Fund	(312,020,121)	(329,700,927)	(341,615,901)	(357,573,250)
Capital Projects Fund	(46,703,653)	(47,326,269)	(46,177,189)	(41,177,000)
Enterprise Funds	(25,000)	(25,800)	(25,000)	(25,000)
Internal Service Funds	(609,198)	(857,758)	(4,773,319)	-
Total Transfers Out	(383,852,626)	(420,045,573)	(419,725,294)	(420,378,305)
Net Transfers In (Out)	(273,432,533)	(332,747,157)	(338,112,114)	(346,041,025)
Other Financing Sources	367	8,655	359	-
Net Change in Fund Balance	14,052,711	37,814,465	23,177,637	37,382,955
Fund Balances, Beginning of Year	506,971,795	521,024,506	558,838,972	582,016,609
Fund Balance, End of the Year	$ 521,024,506	$ 558,838,971	$ 582,016,609	$ 619,399,564

(1) Source: County Comprehensive Annual Financial Reports. Audited.
(2) Source: County fiscal year 2021 Approved Budget.
(3) For financial reporting purposes, the amounts include the General Fund, Urban Districts, Economic Development and the Revenue Stabilization Fund.
(4) The County's most current Fiscal Plan for fiscal year 2021 projects Revenue Stabilization Fund and Unassigned General Fund balances of $403.8 million and $82.1 million respectively for a total estimated budgetary reserve of $485.9 million. The Fiscal Plan, approved on June 22, 2021, incorporates the most recent revenue and expenditure estimates.

Table 7
General Fund

Schedule of Actual and Estimated GAAP Fund Balances

	Fiscal Year Ending June 30[1]				Approved Budget[2][4][5]
	2017	2018	2019	2020	2021
Restricted - Revenue Stabilization Fund [3]	$ 280,660,259	$ 308,695,745	$ 341,545,046	$ 376,281,822	$ 384,865,242
Components of General Fund Reported Fund Balance (Net of RSF) [1][3]					
Nonspendable	$ 8,797,529	$ 6,755,806	$ 12,137,808	$ 10,198,747	$ 9,472,473
Restricted - Other	11,784,991	13,639,668	10,219,326	6,861,399	10,626,346
Committed	60,445,573	62,163,634	59,837,927	42,854,105	56,325,310
Assigned	26,916,962	27,071,892	31,782,165	48,141,465	33,478,121
Unassigned[4]	118,366,481	102,697,761	103,316,699	97,679,071	124,632,072
Subtotal	226,311,536[1]	212,328,761	217,293,925	205,734,787	234,534,322
Total Reported General Fund	$ 506,971,795[2]	$ 521,024,506	$ 558,838,971	$ 582,016,609	$ 619,399,564

(1) Source: County Comprehensive Annual Financial Reports. Audited.
(2) Source: County fiscal year 2021 Approved Budget.
(3) Per Section 20-64 through 20-72, inclusive of the County Code, use of the resources in the Revenue Stabilization Fund is restricted. For financial reporting purposes, the fund is reported as part of the General Fund.
(4) For GAAP financial reporting purposes, the Economic Development Fund and Urban District Funds are required to be reported as part of the General Fund.
(5) The County's most current Fiscal Plan for fiscal year 2021 projects Revenue Stabilization Fund and Unassigned General Fund balances of $403.8 million and $82.1 million, respectively, for total estimated budgetary reserves of $485.9 million. The Fiscal Plan, approved on June 22, 2021, incorporates the most recent revenue and expenditure estimates.

Upcoming Debt Issuances

The County expects to issue general obligation bonds and revenue bonds in late summer or early fall of 2021. The County also expects that in the fall of 2021 it will issue approximately $60 million in taxable limited obligation certificates of participation to provide funds for the County’s department of housing to construct, purchase and rehabilitate affordable housing units. Those certificates of participation will be payable from funds in the County’s Housing Initiative Fund and subject to annual appropriation by the County Council.

Revenue Stabilization Fund

The State enacted legislation in 1992 authorizing political subdivisions in the State to establish “rainy day” or reserve funds to accommodate future funding shortfalls. Pursuant to this State law, the County, under Section 20-64 of Article XII of the County Code, established a Revenue Stabilization Fund (the “Fund”) effective July 1, 1994. The Fund supplements the reserve or operating margin the County annually sets aside, and provides a mechanism to level out the revenue stream by adjusting for year-to- year fluctuations beyond a certain baseline level.

Effective fiscal year 2011, the mandatory annual contribution to the Fund must equal the greater of 50 percent of any excess revenue or an annual amount equal to the lesser of 0.5 percent of the Adjusted Governmental Revenues (“AGR”) or the amount needed to obtain a total reserve of 10 percentof the Adjusted Governmental Revenues. Excess revenue is the amount, if positive, by which total revenues from the income tax, real property transfer tax, recordation tax, and investment income for the General Fund for the fiscal year exceed the original projections for these amounts. Adjusted Governmental Revenues means tax-supported County Governmental Funds revenues, plus revenues ofthe County Grants Fund, County Capital Projects Fund, tax-supported funds of the Montgomery County Public Schools, not including the County’s local contribution, tax-supported funds of Montgomery College, not including the County’s local tax contribution, and tax-supported funds of the County portion of the Maryland-National Capital Park and Planning Commission.

In fiscal year 2014, the fund balance in the Fund was combined with the General Fund in the Comprehensive Annual Financial Report. This amount is reported as restricted fund balance in the General Fund. The County's reserve policy target is 10 percent of AGR and the fiscal year 2020 and fiscal year 2021 approved budgets planned a reserve at 10 percent of AGR. Due to the County's response to the COVID-19 pandemic, fiscal year 2020 reserves were at 8.9% of AGR and fiscal year 2021-fiscal year 2023 reserves are estimated to be lower than the 10 percent policy target. When emergencies require reserves to dip below the 10 percent policy target, it is the County's policy to ensure that reserves achieve the policy target within three fiscal years. The County's Fiscal Plan shows reserves increasing to 9.0 percent in fiscal year 2021, 9.6 percent in fiscal year 2022, 9.8 percent in Fiscal year 2023 and 10.0 percent in fiscal year 2024.

Table 8
Revenue Stabilization Fund
Transfers In and Fund Balance
(in Millions)

Fiscal Year(1)	Transfers	Fund Balance
2021	$27.1	$ 403.8
2020	26.8	376.3
2019	25.6	341.5
2018	24.9	308.7
2017	24.7	280.7
2016	23.2	254.4

(1) Amounts for fiscal year 2016-fiscal year 2020 are audited. Amounts for fiscal year 2021 are Fiscal Plan estimates.

Financial Impact of COVID-19

Introduction

The information in this section provides an overview of the County's actions taken in responding to the public health crisis caused by the new strain of coronavirus and associated illness called COVID-19 ("COVID-19"). Following the initial events of the 2020 when (i) on January 31, 2020 the United States Department of Health and Human Services declared a public health emergency for the United States, (ii) the World Health Organization ("WHO") and the Centers for Disease Control and Prevention declaring COVID-19 to be a "public health emergency of international concern", (iii) on March 11, 2020 the WHO declared the COVID-19 outbreak to be a global pandemic and (iv) on March 13, 2020, the President of the United States declared a national state of emergency; both the State of Maryland and Montgomery County each took various actions to mitigate the spread of COVID-19. In the period of time (15 months) following these events, various executive orders have been issued by federal, state, and local entities focusing on mitigating COVID-19 and then transitioning to reopening the economy.

The County on May 28, 2021, moved to the next phase of reopening from the COVID-19 health crisis now that more than 60 percent of County residents have received at least one vaccine, and more than 50 percent have been fully vaccinated. Montgomery County now follows State of Maryland and Maryland Department of Health COVID-19 requirements. Businesses and workplaces may set their own additional requirements. See website for further details. Reopening Montgomery - Montgomery County, MD (montgomerycountymd.gov)

Over the past year, the County made many difficult financial decisions to adjust to unprecedented times. Federal and State partners have provided some much-needed assistance, and the County's revenue forecasts have greatly improved compared to initial projections. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided the County with $183.3 million in flexible aid to help address many of the most pressing expenditure challenges. In addition, the County received funds in the amount of $30.2 million to help maintain our transit system that experienced record lows in ridership due to stay-at-home orders, business shutdowns, physical distancing requirements, and other societal shifts brought on by the virus. The State provided the County with funds to help its restaurants when the pandemic was in its most extreme phase. Most recently, the enactment of President Biden's American Rescue Plan Act (ARPA) will provide the County government with $204.1 million in Federal aid that will be used over the coming months and years to replace revenue losses that occurred during the pandemic and provide economic assistance to the County's residents and businesses. In addition, this funding will ensure that the County government recovers from the pandemic stronger and more resilient. On May 10, 2021, the U.S. Department of the Treasury issued interim guidance on the usage of funds the County will receive under the Coronavirus State and Local Fiscal Recovery Funds included in ARPA. Under ARPA, the County will receive $204.1 million in fiscal recovery funds. On June 1, the County received the first tranche of ARPA funding.

The County Executive recommended, and the County Council approved two fiscal year 2021 operating budget mid-year Savings Plans totaling $44.4 million for Montgomery County Government. The two fiscal year 2021 mid-year Savings Plans also included reductions in the CIP including a reduction to PAYGO of $32 million. The fiscal year 2022 budget and Fiscal Plan presents a plan to restore the reserves which were reduced below the policy level in fiscal year 2020, to our policy level of ten percent within three fiscal years (fiscal year 2024).

On May 27, the Montgomery County Council formally approved a $6 billion fiscal year 2022 Operating Budget that greatly reflects the recommended budget of County Executive Marc Elrich focusing on "response, recovery, and resilience" following the COVID-19 health crisis. During the budget review and approval process, the Council agreed to 99.85 percent of all spending proposals the County Executive had in his recommended budget. Additionally, the Federal Emergency Management Agency (FEMA) also provided the County with $31.8 million in reimbursements for eligible expenditures.

The fiscal year 2022 total approved operating budget is $6 billion - a 2.3 percent increase over fiscal year 2021. The fiscal year 2022 tax supported budget is $5.1 billion and is a 1.0 percent increase over fiscal year 2021. The approved budget does not include an increase to the property tax rate and is consistent with the amended Charter Limit.

As a result of the Pandemic, the County has and will continue to experience an increase in expenses for emergency preparedness, public health and personnel costs. The County cannot determine atthis time the full extent of the expenses it will incur as a result of the Pandemic. The County has the ability to modify its fiscal year 2022 operating budget (i.e., additional Savings Plan) and adjust its cash spending in the Capital Improvement Program to help the operating budget. Moreover, the County maintains an unrestricted General Fund reserve to pay for unanticipated increased expenses and, if necessary, can access the Revenue Stabilization Fund in the event that current year appropriations become unfunded and can utilize lines of credit for short-tern borrowing in response to the delayed payment of taxes and other anticipated revenues.

The ongoing Pandemic may cause additional economic and health challenges that cannot be anticipated at this time. The County will continue to act proactively to manage its affairs through these uncertain times.

THE COMMISSION

In 1939, the Housing Authorities Law established the Housing Authority of Montgomery County (the "Authority"), a public body corporate and politic, and authorized the Authority to issue bonds in order to fulfill its public purposes as defined therein. In 1974, the General Assembly of the State of Maryland reconstituted the Authority, changing its name to the Housing Opportunities Commission of Montgomery

County, and granted it additional powers for the purpose of providing housing for persons and families who lack sufficient income or assets, as determined by the Montgomery County Executive, to enable them, without financial assistance, to live in decent, safe and sanitary dwellings without overcrowding. The additional powers included the making of mortgage loans to persons of eligible income and the purchasing of mortgage loans secured by housing for persons of eligible income.

Commissioners

The powers of the Commission are vested in seven Commissioners appointed by the Montgomery County Executive and confirmed by the County Council for terms of five years. The Chair, Vice Chair and Chair pro tem are selected by the Commission from among its members. The Commission is authorized to employ a secretary who is the Executive Director, technical experts and other officers, agents and employees, permanent and temporary, and to determine their qualifications, duties and compensation. The Commission's Chair, Vice Chair, Chair pro tem, Commissioners and Executive Director and Secretary-Treasurer are

Name	Position	Term Expires
Roy Priest	Commissioner and Chair	August 2024
Frances Kelleher	Commissioner and Vice Chair	August 2024
Richard Y. Nelson, Jr.	Commissioner and Chair Pro Tem	August 2023
Pamela C. Byrd	Commissioner	August 2023
Linda Croon	Commissioner	August 2022
Jeffrey Merkowitz	Commissioner	August 2021
Jackie Simon	Commissioner	August 2020[1]
Kayrine V. Brown	Interim Executive Director and Secretary Treasurer	

[1] Continues to serve until successor is appointed

Organization and Staff

The Commission is organized into eight functions reporting to the Executive Director: (1) the Executive Division, (2) the Real Estate Division, (3) the Finance Division, (4) the Mortgage Finance Division, (5) the Property Management Division, including Asset Management, (6) the Maintenance Division, (7) the Resident Services Division, and (8) the Housing Resources Division. As of December 31, 2020, the staff of the Commission consisted of approximately 335 active career and term personnel. Approximately 230 staff members are represented by the MCGEO (Municipal and County Government Employees Organization) for purposes of collective bargaining. The Executive Director of the Commission, the Deputy Executive Director, the General Counsel, the Chief Financial Officer, the Chief Development Funds Officer, the Assistant Director of Mortgage Finance, and the Assistant Director of Bond Management are listed below.

Name	Position
Kayrine V. Brown	Interim Executive Director
Aisha Memon	General Counsel to the Commission
Cornelia M. Kent	Chief Financial Officer
Timothy Goetzinger	Chief Development Funds Officer
Vivian Benjamin	Assistant Director of Mortgage Finance
Jennifer H. Arrington	Assistant Director of Bond Management

The office of the Commission is located at 10400 Detrick Avenue, Kensington, Maryland 20895, and the telephone number is (240) 627-9400. The Commission’s offices have been closed to the public during the continuation of the COVID-19 Pandemic.

Affordable Housing Mission

The mission of the Commission's Mortgage Finance Division, the division which operates its bond financing programs, is "to raise capital by utilizing traditional and innovative methods, to preserve and create decent, safe and affordable rental and home ownership housing in the County, to assure continued availability of such housing and to generate revenue to benefit HOC programs". The Commission raises funds in the capital markets through the issuance of tax-exempt bonds for its single family and multifamily programs. It also provides taxable bond financing in transactions where a tax-exempt structure is not appropriate. Through its financing activities, the Mortgage Finance Division enables the Commission to provide below market interest rate mortgages for homeownership, finances the Commission's acquisition and development activities, finances the acquisition and development of private projects that include an affordable housing component, and provides mortgage insurance.

Among the responsibilities of the Mortgage Finance Division are: (i) underwriting and preparing multifamily developments for bond or conventional financing; (ii) administering the FHA Risk Sharing Insurance Program, (iii) identifying lenders to provide financing for affordable housing through the issuance of taxable GNMA securities; (iv) managing and overseeing the Commission's multifamily loan portfolio including the fiscal and physical health of its assets; (v) administering the single family mortgage purchase program, which extends and affords homeownership opportunities to first time homebuyers in the County by generating below market financing (through the direct purchase of mortgage loans or the purchase of GNMA securities financing mortgage loans) and administering various programs which provide special assistance to eligible buyers; (vi) administering the HOC Home Ownership Program, a program designed to assist renters in the Commission's multifamily housing become first-time homebuyers; and (vii) administering the Montgomery County Homeownership Assistance Fund, which provides down payments and closing cost assistance loans to qualified purchasers of single-family loans. The Chief Development Funds Manager of the Mortgage Finance Division will be responsible for implementing and carrying out the goals of the HPF Program.

The Real Estate Division of the Commission supports the Commission's Mortgage Finance Division in preserving and creating decent, safe and affordable rental and home ownership housing in the County. The Real Estate Division also works to expand the number of mixed income rental and for-sale homes in the County. The Real Estate Division works through partnerships with non-profit and for-profit developers, tax credit partners and local government agencies to create and preserve affordable housing. Through these partnerships, the Commission both acquires existing multifamily housing and develops new multifamily rental housing. Multifamily housing acquired by the Commission is managed by the Commission or third party management companies. The Real Estate Division monitors existing multifamily housing financed or managed by the Commission to identify redevelopment opportunities, new sources of funding and alternative sources of equity. A major focus of the Real Estate Division is the development (and sustained operation) of mixed-income housing that are environmentally and financially stable while promoting racial equity, diversity and inclusion in our communities.

The Housing Resources Division of the Commission provides access to affordable housing opportunities available through the involvement of the Mortgage Finance Division and Real Estate Division. The Housing Resources Division works with citizens of the County who are seeking affordable housing via subsidies and specialized housing programs for the elderly and the disabled. The Housing Resources Division administers the Federal Housing Choice Voucher program and is responsible for determining eligibility and compliance for the Federal Government's rental assistance programs, certifying and recertifying program participants.

The Commission has issued revenue bonds to provide financing for multifamily developments containing 7,534 units of which 5,098 units were located in developments owned by the Commission or by corporations or limited partnerships affiliated with the Commission. Approximately 8,046 mixed income housing units currently owned by the Commission or corporations affiliated with the Commission were developed and financed through bonds issued by the Commission or through state and local grants or conventional taxable financing. The Commission manages 5,184 of such units. The Commission also manages 266 units for non-profit organizations. The Commission administers 8,232 units in various HUD Section 8 housing programs and 654 units under various federal, State and local transitional housing programs. The Commission no longer owns public housing units acquired through HUD grants. The Commission participates in the FHA Risk Sharing Program which provides mortgage insurance for some of the mortgages financing developments owned by the Commission or by corporations or partnerships affiliated with the Commission.

Upcoming Debt Issuances

The Commission expects to issue revenue bonds in the fourth calendar quarter of 2021. Such bonds will be secured separately from the Series 2021 Bonds.

Operations Disruption due to COVID-19

Since the outbreak, the Commission has closely monitored and continues to assess the impact of COVID-19 as well as actions taken by Federal and State governments to address the effects of COVID-19 on its operations and financial position. The Commission also continues to work with the County in its efforts to address the impact of COVID-19. In response to the outbreak, the Commission has adhered and continues to adhere to all local, State, and federal state-of-emergency mandates and has adapted its business accordingly. To that end, the Commission has adapted accordingly to monitor its business lines and operations so as to carry out its essential functions and serve the participants in its programs while minimizing potential disruptions. No assurances can be given that COVID-19 or another event will not cause disruptions to the Commission's operations; however, the Commission has not experienced any significant disruptions due to COVID-19 and is now evaluating a reentry strategy.

TAX MATTERS

The Series 2021 Bonds

General Matters. Bond Counsel is of the opinion that interest on the Series 2021 Bonds is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that the Series 2021 Bonds, their transfer, and the income therefrom, including any profit made on the sale thereof, are free from taxation of every kind by the State of Maryland, and by the municipalities and all other political subdivisions of the State under existing law, except that Bond Counsel expresses no opinion as to such exemption from Maryland franchise taxes or estate or inheritance taxes or as to whether interest on the Series 2021 Bonds is an item of tax preference under Maryland income tax law. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2021 Bonds under the laws of the State of Maryland or any other state or jurisdiction.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2021 Bonds under the Internal Revenue Code of 1986 (the "Code") and the regulations promulgated thereunder (the "Regulations"), and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Series 2021 Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2021 Bonds.

In general, interest paid on the Series 2021 Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2021 Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium. An investor that acquires a Series 2021 Bond for a cost greater than its remaining stated redemption price at maturity and holds such instrument as a capital asset will be considered to have purchased such instrument at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the instrument's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Series 2021 Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Original Issue Discount. If the Series 2021 Bonds are issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified *de minimis* amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument's yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest allocable to the period. The aggregate original issue discount allocable to an accrual period is allocated to each day included in such period. As a general rule, the owner of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days the owner owned the instrument. Owners of Series 2021 Bonds purchased at a discount should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income (notwithstanding the general rule described above in this paragraph) and with respect to the state and local tax consequences of owning such Series 2021 Bonds.

Market Discount. An investor that acquires a Series 2021 Bond for a price less than the adjusted issue price of such instrument may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Series 2021 Bond originally issued at a discount, the amount by which the issue price of such instrument, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Series 2021 Bond not originally issued at a discount, the amount by which the stated redemption price of such instrument at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2021 Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the instrument, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such an instrument or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Series 2021 Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2021 Bond that acquired such instrument at a market discount also may be required to defer, until the maturity date of such instrument or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such instrument in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such instrument. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2021 Bond for the days during the taxable year on which the owner held such instrument and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2021 Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Unearned Income Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Series 2021 Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Series 2021 Bonds and to gain on the sale of a Bond.

Sales or Other Dispositions. If an owner of a Series 2021 Bond sells the instrument, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such instrument. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Series 2021 Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Series 2021 Bond should consult its own tax advisor concerning the circumstances in which such instrument would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance. The legal defeasance of a Series 2021 Bond may result in a deemed sale or exchange of such instrument under certain circumstances. The Owner of such a Series 2021 Bond should consult its tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding. An owner of a Series 2021 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2021 Bonds, if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors. An owner of a Series 2021 Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2021 Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2021 Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax may apply to interest paid and original issue discount accruing on Series 2021 Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2021 Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2021 Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2021 Bond.

Tax-Exempt Investors. In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. Unrelated business taxable income generally means the gross income derived by an organization from any unrelated trade or business as defined in Section 513 of the Code. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Series 2021 Bond incurs acquisition indebtedness with respect to such instrument, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Series 2021 Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities whose underlying assets are considered to include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3 (as modified by Section 3(42) of ERISA), such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans," and together with arrangements that are subject to Section 4975 of the Code or similar provisions under any other federal, state, local, non-United States or other laws or regulations or similar law, as applicable, "Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series 2021 Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Series 2021 Bonds, could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the issuer or conduit borrower, if any, of the Series 2021 Series 2021 Bonds or any dealer of the Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 2021 Bonds are acquired by such plans or arrangements with respect to which the issuer or any conduit borrower of the Series 2021 Bonds or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2021 Bonds. The sale of the Series 2021 Bonds to a Plan is in no respect a representation by the issuer or conduit borrower, if any, of the Series 2021 Bonds or any dealer that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular Plan. Any plan proposing to invest in the Series 2021 Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Neither the issuer or conduit borrower, if any, of the Series 2021 Bonds nor the Underwriters are acting as a fiduciary, or undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, to such purchaser or transferee with respect to the decision to purchase or hold the Series 2021 Bonds or an interest in the Series 2021 Bonds.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed on persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Bonds on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the Series 2021 Bonds.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2021 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2021 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

LITIGATION

There is no litigation of any nature now pending or, to the best knowledge of the Commission, threatened restraining or enjoining the execution or delivery of the Series 2021 Bonds or in any way contesting or affecting the existence or powers of the Commission, the validity of the Series 2021 Bonds or any proceedings of the Commission taken with respect to the issuance or sale thereof, the implementation and operation of the HPF Program, or the pledge or application of any moneys or security provided for the payment of the Series 2021 Bonds.

In the opinion of the Commission's General Counsel, there is no litigation pending which, if concluded unfavorably to the Commission, is not covered by insurance or would have a materially adverse effect upon the ability of the Commission to meet its obligations with respect to the Series 2021 Bonds or the operation of the HPF Program.

The County is currently processing numerous claims for damages and is also a defendant in a number of lawsuits which are expected to be paid, when applicable, through its self-insurance program. In addition to those suits in which claims for liability are adequately covered by insurance, the County is a defendant in various suits involving tort claims, violations of civil rights, breach of contract, inverse condemnation, and other suits and actions arising in the normal course of business. In the opinion of the County Attorney, the possible liability of the County in the resolution of these cases will not materially affect the County's ability to perform its obligations under the Funding Agreement.

INDEPENDENT PUBLIC ACCOUNTANTS

The audited basic financial statements of the County are linked within the County's AIS, which have been audited by SB & Company, LLC ("SB & Company"), independent public accountants, as indicated in their report with respect thereto. The audited basic financial statements have been included in reliance upon the qualification of said firm to issue said report. In the report, SB & Company states that with respect to certain of the County's component units, its opinion is based on the reports of other independent public accountants. The report of SB & Company also contains an explanatory paragraph which states that SB & Company did not audit certain identified supplementary information and expressed no opinion thereon.

FINANCIAL ADVISOR

In connection with the sale of Series 2021 Bonds, Caine Mitter & Associates Incorporated has acted as financial advisor to the Commission and PFM Financial Advisors LLC has acted as financial advisor to the County. Neither financial advisor has undertaken to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

RATINGS

The rating reviews for this issue on the front cover of this Official Statement have been received from Moody's Investors Service, Inc. A rating reflects only the view of the rating organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the marketability or market price of the Series 2021 Bonds.

CONTINUING DISCLOSURE UNDERTAKING

In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities Exchange Act of 1934 ("Rule 15c2-12") to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the Commission and the County will execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") on or before the date of issuance and delivery of the Series 2021 Bonds, the form of which is attached to this Official Statement as Appendix A. Potential purchasers of the Series 2021 Bonds should note that the definition of Listed Events in Appendix A is intended to completely restate the events specified in Rule 15c2-12. It is noted that certain Listed Events are expected to haveno applicability to the Series 2021 Bonds, such as the possibility of unscheduled draws on debt servicereserves and matters affecting collateral for the Series 2021 Bonds.

Although the Commission has been in material compliance with its continuing disclosure obligations over the past five years, (i) certain annual audit and operational data required by related continuing disclosure agreements were filed late, (ii) certain audit and operational data were filed on time but without being linked to certain related CUSIPs, (iii) certain reserve balances and operational data were filed on time through inclusion in official statements, footnotes to financial statements or other filings without clear direction to investors as to the location of that information on EMMA (e.g., headings that did not match those contained in the related continuing disclosure agreements or updated financial or other information included in offering documents or financial statements without the related filings noting the incorporation by reference therein of information to fulfill other continuing disclosure obligations), and (iv) listed events relating to rating changes for banks providing letters of credit on certain variable rate bonds and one bond redemption notice were filed late. The Commission has put in place several measures to improve the completeness and timeliness of its information filings, including, appointing a senior staff member to be responsible for establishing procedures to satisfy its continuing disclosure requirements under its bond programs and monitoring on an ongoing basis compliance by the Commission and the dissemination agents with those requirements.

With the exception of the following, the County has complied in all material respects with its continuing disclosure undertakings pursuant to Rule 15c2-12 during the last five years.

The County failed to file notices of ratings changes in connection with: (i) the upgrade by Standard & Poor's Rating Group in January 2016 of the County's Revenue Bonds (Water Quality Protection Charge), Series 2012, (ii) the upgrade by Fitch Ratings in April 2016 of the County's Taxable Limited Obligation Certificates (Facility and Residential Development Projects), and (iii) the upgrade by Fitch Ratings in April 2016 of the County's Lease Revenue Project and Refunding Bonds (Metrorail Garage Projects). The County subsequently filed notices of such upgrades on EMMA. The County has established procedures to ensure that the County will fulfill the requirements of its continuing disclosure obligations for its bonds.

UNDERWRITING FOR THE SERIES 2021 BONDS

The Series 2021 Bonds are being purchased by PNC Capital Markets LLC and Wells Fargo Bank, National Association (the "Underwriters"). The Underwriters have agreed to purchase the Series 2021 Bonds at a price equal to $49,787,500 (comprised of the principal of the Bonds, less Underwriters' discount of $212,500). The Contract of Purchase for the Series 2021 Bonds provides that the Underwriters will purchase all the Series 2021 Bonds, if any such Series 2021 Bonds are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Contract of Purchase, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Series 2021 Bonds to certain dealers and certain dealer banks and banks acting as agents at prices lower than the public offering prices stated on the inside cover page hereof.

PNC Capital Markets LLC ("PNCCM") may offer to sell to its affiliate, PNC Investments, LLC ("PNCI"), securities in PNCCM's inventory for resale to PNCI's customers, including securities such as those to be offered by the Commission.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Series 2021 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2021 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2021 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2021 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Each of the Underwriters and its affiliates are a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage activities. Each Underwriter and its affiliates may have, from time to time, performed and may in the future perform, various services for the Commission or the County, for which they may have received or will receive customary fees and expenses.

Each of the Underwriters and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

PNCCM and PNC Bank are both wholly owned subsidiaries of the PNC Financial Service Group, Inc. PNCCM is not a bank, and is a distinct legal entity from PNC Bank. PNC Bank has other banking and financial relationships with the Commission and the County. Among such relationships, PNC Bank provides the Commission with three lines of credit, and PNC Bank also provides various credit facilities to the County. Conflicts of interest could arise by reason of the different capacities in which PNC Financial

Service Group, Inc. and its affiliates act in connection with the Commission or the County. Chapman and Cutler LLP is serving as counsel to the Underwriters with respect to the Series 2021 Bonds, and also acts as counsel to PNC Capital Markets LLC and PNC Bank from time to time on unrelated matters.

LEGALITY OF THE SERIES 2021 BONDS

The authorization, issuance and delivery of the Series 2021 Bonds are subject to receipt of the opinion of Kutak Rock LLP, Washington, D.C., Bond Counsel, which will be in substantially the form set forth in Appendix F. Certain legal matters pertaining to the County will be passed upon by McKennon Shelton & Henn LLP, Special Counsel to the County, and certain legal matters pertaining to the Commission and its authority to issue the Series 2021 Bonds will be passed upon by Aisha Memon, General Counsel to the Commission. Certain legal matters will be passed upon for the Underwriters by Chapman and Cutler LLP, Washington, D.C. Each of the foregoing counsel has advised its client in connection with legal statements contained in this Official Statement; however, none has passed upon or assumed responsibility for the accuracy of the statistical data, financial statements or economic data contained herein.

INFORMATION IN OFFICIAL STATEMENT

All quotations, summaries and explanations in this Official Statement of State and County laws and the Montgomery County Charter do not purport to be complete and reference is made to pertinent provisions of the same for complete statements. Any estimates or opinions herein, whether or not expressly so stated, are intended as such and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which such information is stated or the date hereof. This Official Statement shall not be construed as part of any contract between the County and the purchasers or Holders of its Series 2021 Bonds.

Any questions regarding the information relating to the County of its obligations under the Funding Agreement in this Official Statement should be directed to the County's Director of Finance, Department of Finance, Montgomery County, Maryland, 101 Monroe Street, 15th floor, Rockville, Maryland 20850, telephone: (240) 777-8860.

Any questions regarding the information relating to the Commission in this Official Statement should be directed to the Commission's Director of Mortgage Finance, Housing Opportunities Commission of Montgomery County, 10400 Detrick Avenue, Kensington, Maryland 20895, telephone: (240) 627-9400.

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been duly authorized by the Commission.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

By: /s/ Roy Priest
Chair

August 4, 2021

APPENDIX A

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this *"Disclosure Agreement"*) is executed and delivered by the Housing Opportunities Commission of Montgomery County (the *"Commission"*), Montgomery County, Maryland (the *"County"*) and Wilmington Trust, National Association, solely as dissemination agent for the Commission (in such capacity, the *"Dissemination Agent"),* in connection with the issuance of $50,000,000 Limited Obligation Bonds (Housing Production Fund), Series 2021 (the *"Bonds"*). The Bonds are being issued pursuant to the Master Resolution of the Commission dated as of August 1, 2021 (as amended and supplemented from time to time, the *"Master Resolution"*), the Series Resolution with respect to the Commission's $50,000,000 Limited Obligation Bonds (Housing Production Fund), Series 2021 (the *"Series Resolution"*; with the Master Resolution, the *"Resolutions"*). The Commission, the County and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Commission, the County and the Dissemination Agent for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters of the Bonds in complying with the Rule (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Beneficial Owner*" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or dispose of ownership of, any Bond including persons holding Bonds through nominees or depositories.

"CAFR" shall mean the County's Comprehensive Annual Financial Report.

"*Disclosure Representative*" shall mean shall mean (i) in the case of the Commission, the Executive Director of the Commission or his or her designee, or such other officer or employee as the Commission shall designate in writing to the Dissemination Agent from time to time and (ii) in the case of the County, the Director of Finance of the County or his or her designee, or such other officer or employee as the County shall designate in writing to the Dissemination Agent from time to time.

"*Dissemination Agent"* shall mean Wilmington Trust, National Association, acting in such capacity on behalf of the Commission and the County or such successor dissemination agent as the Commission or the County, as applicable, may appoint.

"*Listed Events*" shall mean any of the events listed in Section 5(a) or (b) or Section 6(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"*Official Statement*" shall mean the Commission's Official Statement dated August 4, 2021, relating to the Bonds.

"*Participating Underwriter*" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. County's Provision of Annual Financial Information, Operating Data and Audited Information.

(a) The County shall provide its CAFR to the Commission within 275 days after the end of the County's fiscal year, commencing with the fiscal year ended June 30, 2021, for inclusion in the Commission's annual filing with the Dissemination Agent and the MSRB pursuant to Section 4 hereof. The annual filing of financial information and operating data shall identify the Bonds by name and CUSIP numbers.

(b) In the event the County's CAFR is not available within 275 days after the end of the County's fiscal year, commencing with the fiscal year ended June 30, 2021, the CAFR will be provided promptly when and if available. In the event that the CAFR is not available within 275 days after the end of the County's fiscal year (commencing with the fiscal year ended June 30, 2021), the County will provide the Commission with unaudited financial statements within such time period.

. (c) The presentation of the financial information referred to in subsection (a) and in subsection (b) of this Section shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the Official Statement.

(d) If the County is unable to provide the annual financial information and operating data with the applicable periods specified in (a) and (b) above, the County shall send in a timely manner a notice of such failure to the MSRB., *Section 4. Commission's Provision of Annual Financial Information.*

(a) Not later than five (5) Business Days after receipt of the County's financial information and operating data specified in Section 3(a) or (b), the Commission shall deliver to the Dissemination Agent the County's information so received.

(b) Not later than five (5) Business Days after each delivery by the Commission specified in subsection (a) above, the Dissemination Agent shall deliver to the MSRB the information so delivered.

(c) The Dissemination Agent shall have no obligation to examine the content of any information delivered to it pursuant to this Section 4 except to determine that each such information appears on its face to be what it purports to be.

Section 5. Commission's Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, not later than ten Business Days after the occurrence of the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or the failure of the provider of either to perform;

5. adverse tax opinions or issuance by the Internal Revenue Service of a proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Bonds;

6. tender offers;

7. defeasances;

8. rating changes;

9. bankruptcy, insolvency, receivership or similar event of the Commission; or

10. default, event of acceleration, termination event, modification of terms or other similar events under the terms of any financial obligation of the Commission, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events, not later than ten Business Days after the occurrence of the event, if material:

1. non-payment related defaults;

2. other notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax-exempt status of any series of the Bonds (if applicable);

3. modifications to rights of the holders and Beneficial Owners of the Bonds;

4. Bond calls (other than sinking fund redemptions);

5. release, substitution or sale of property securing repayment of the Bonds;

6. appointment of a successor or additional trustee or change in the name of the trustee for the Bonds; or

7. incurrence of a financial obligation of the Commission or agreement by the Commission to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any which affect Bondholders.

(c) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events specified in this Section 5, contact the Commission's Disclosure Representative, inform such person of the event, and, in the cause of an event specified in subsection (b), request that the Commission promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (g).

(d) Whenever the Commission obtains knowledge of the occurrence of a Listed Event specified in subsection (b), whether because of a notice from the Dissemination Agent pursuant to subsection (c) or otherwise, the Commission shall as soon as possible determine if such event would be material under applicable federal securities laws.

(e) If the Commission has determined that the occurrence of a Listed Event specified in subsection (b) would be material under applicable federal securities laws, the Commission shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (g).

(f) If the Commission has determined that the occurrence of a Listed Event specified in subsection (b) would not be material under applicable federal securities laws, the Commission shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (g).

(g) If the Dissemination Agent has (i) knowledge of the occurrence of a Listed Event specified in subsection (a) or (ii) been instructed by the Commission to report the occurrence of a Listed Event specified in subsection (b) of this Section 5, the Dissemination Agent shall file a notice of such occurrence in electronic format with the MSRB, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of a Listed Event relating to Bond calls or tender offers need not be given under this subsection any earlier than is required in the Resolutions.

Section 6. County's Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 6, the County shall give, or cause to be given, notice of the occurrence of any of the following events:

1. bankruptcy, insolvency, receivership or similar event of the County;

2. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

3. incurrence of a financial obligation of the County or agreement by the County to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any which affect holders and Beneficial Owners of the Bonds; or

4. default, event of acceleration, termination event, modification of terms or other similar events under the terms of any financial obligation of the County, any of which reflect financial difficulties.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event specified in subsection (a) of this Section 6, the County shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (c).

(c) If the Dissemination Agent has knowledge or notice of the occurrence of a Listed Event specified in subsection (a), the Dissemination Agent shall file a notice of such occurrence in electronic format with the MSRB, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Disclosure Representation. Each of the Commission and the County represents and warrants that it is in material compliance with its undertakings in the continuing disclosure agreements previously entered into by it in connection with its bond financing programs.

Section 8. Termination of Reporting Obligation. The obligations of the Commission and the County under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Commission and the Dissemination Agent shall give notices of such termination in the same manner as for a Listed Event under Section 4. In addition, the County may terminate its obligations under this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Commission, the County and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment which does not adversely affect the Dissemination Agent), and any provision of this Disclosure Agreement may be waived as follows:

(a) if the amendment or waiver relates to the provisions of Section 3, 4, 5 or 6, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds;

(b) if this Disclosure Agreement, as amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) if the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders and Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Commission shall describe such amendment in a Listed Events filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver. In the event any amendment of this Disclosure Agreement relates to a change in the annual financial information information being provided by the County pursuant to Section 3, the County shall describe such amendment in its next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County.

Section 10 Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Commission or the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including disclaimers or any other information in any disclosure made pursuant to Section 3(a) or (b) or Section 4 hereof or notice of a Listed Event pursuant to Section 5 or Section

6 hereof, in addition to that which is required by this Disclosure Agreement. If the Commission or the County chooses to include any information in any disclosure made pursuant to Section 3(a) or (b) or Section 4 or notice of the occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, neither the Commission nor the County, as applicable, shall have any obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 3(a) or (b) or Section 4 hereof or notice of the occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Commission, the County or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any holder or Beneficial Owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Commission, the County or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. Notwithstanding the foregoing, the Dissemination Agent shall be required to take any such action if so requested by the holders or Beneficial Owners of at least 25% aggregate principal amount of Outstanding Bonds.

A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolutions, and the sole remedy under this Disclosure Agreement in the event of any failure of the Commission, the County or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Limitation on Remedies and Forum.

(a) The County shall be given written notice at the address set forth blow of any claimed failure by the County to perform its obligations under this Disclosure Agreement and the County shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to an such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action.

(b) Any such proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Montgomery County, Maryland.

Section 13. Relationship to Bonds. This Disclosure Agreement constitutes an undertaking by the County that is independent of the County's obligations with respect to making the Contract Payments used to pay the Bonds.

Section 14. Scope of Agreement.

(a) The disclosure obligations under this Disclosure Agreement relate solely to the Bonds. Such disclosure obligations are not applicable to any other securities issued or to be issued by the Commission or the County.

(b) The Dissemination Agent shall have no obligation to make disclosure about the Bonds or any other matter except as expressly provided herein. The fact that Wilmington Trust, National

Association, acting in a separate capacity, or any affiliate of the Dissemination Agent may have any fiduciary, banking or other relationship with the Commission or the County or any person with whom the Commission o the County contracts in connection with the Bonds, apart from the relationship created by the Resolutions or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except in its capacity as Dissemination Agent hereunder or except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

(c) Neither this Disclosure Agreement nor the performance by the Dissemination Agent, the Commission or the County of its obligations hereunder, creates any third party beneficiary rights other than the rights of the holders or Beneficial Owners from time to time of the Bonds. This Disclosure Agreement may not be enforced by any third party other than the holders or Beneficial Owners from time to time of the Bonds and shall not constitute a basis for a claim by any person except as expressly provided herein.

(d) Nothing in this Disclosure Agreement shall be construed to mean or imply that the Dissemination Agent is an "obligated person" with respect to the Bonds pursuant to the provisions of the Rule.

Section 15. *Dissemination Agent.* Each of the Commission and the County may, from time to time, appoint or engage another dissemination agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

Section 16. *Duties, Immunities and Liabilities of Dissemination Agent; Disclaimer.*

(a) Article V of the Master Resolution is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Master Resolution.

(b) The Dissemination Agent shall be entitled to add to, or include in, any reports or notices made public by it under this Disclosure Agreement, a disclaimer with respect to the source of the information contained in, the identity of the party responsible for compiling or preparing, such reports or notices and that the Dissemination Agent, has made no investigation and makes no representation as to the accuracy, completeness or need to disclose this information.

(c) The Dissemination Agent has no power to enforce performance or non-performance on the part of the Commission or the County. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Commission or the County pursuant to this Disclosure Agreement.

Section 17. *Compensation of Dissemination Agent.* The Dissemination Agent shall be compensated for services rendered and expenses incurred by it in accordance with this Disclosure Agreement as determined between the Commission and the Dissemination Agent.

Section 18. *Severability.* In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or actions, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality , invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Disclosure Agreement, or any other covenant stipulation, obligation, agreement, act or actions, or part thereof, made, assumed, entered into, or taken under this Disclosure Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

Section 19. *Entire Agreement.* This Disclosure Agreement contains the entire agreement of the Commission, the County and the Dissemination Agent with respect to the subject matter hereof and supersedes all prior arrangements and understanding with respect thereto, provided, however, that this Disclosure Agreement shall be interpreted and construed with reference to and in *pari materia* with the Rule.

Section 20. *Notices*. Any notices or communications to or between either of the parties to this Disclosure Agreement may be given as follows:

To the Commission:	Housing Opportunities Commission of Montgomery County 10400 Detrick Avenue Kensington, MD 20895 Attention: Executive Director Telephone: (240) 627-9400 Facsimile: (301) 949-1274
To the County:	Montgomery County, Maryland 15th Floor, Executive Office Building 101 Monroe Street Rockville, MD 20850 Attention: Director of Finance Telephone: (240) 777-8860
To the Dissemination Agent:	Wilmington Trust, National Association Rodney Square North 1100 North Market Street Wilmington, DE 19890 Attention: Telephone:

Section 21. *Governing Law.* This Disclosure Agreement and any claim made with respect to the Commission, the County or the Dissemination Agent of their respective obligations hereunder shall be governed by, and subject to and construed in accordance with the federal securities laws, where applicable, and the laws of the State of Maryland, without further reference to the choice of law principles thereof.

Section 22. Binding Effect; Beneficiaries. This Disclosure Agreement shall be binding upon the Commission, the County and the Dissemination Agent and their respective successors and assigns and shall inure solely to the benefit of the Commission, the Dissemination Agent and the Holders and the Beneficial Owners from time to time of the Bonds and their respective successors and assigns, and shall create no rights in any other person or entity.

Section 23. Captions. The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit, or describe the scope or intent of any provisions or sections hereof.

Section 24. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: August 17, 2021

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

By: ____________________________________
Executive Director

MONTGOMERY COUNTY, MARYLAND

By: ____________________________________
Director of Finance

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Dissemination Agent

By: ____________________________________
Authorized Officer

APPENDIX B

FORM OF FUNDING AGREEMENT

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HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
(a public body corporate and politic created
and existing under the laws of the State of Maryland)

and

MONTGOMERY COUNTY, MARYLAND
(a public body corporate and politic created and existing
under the laws of the State of Maryland)

FUNDING AGREEMENT

Dated as of August 1, 2021

FUNDING AGREEMENT

This **FUNDING AGREEMENT,** dated as of August 1, 2021 (this "Contract"), by and between the Housing Opportunities Commission of Montgomery County (the "Commission"), a public body corporate and politic created and existing under the laws of the State of Maryland, and Montgomery County, Maryland (the "County"), a public body corporate and politic created and existing under the laws of the State of Maryland;

W I T N E S S E T H:

WHEREAS, the Commission and the County are authorized under the Constitution and laws of the State of Maryland to enter into this Contract for the purposes set forth herein;

WHEREAS, to meet the County's goals for increased housing and increased availability of affordable housing, the County has determined that new creative and dynamic tools are needed including new tools for financing the production of new mixed-income housing developments with housing units affordable to households earning less than 50% of area median income;

WHEREAS, the Commission is authorized under the Act (as defined herein) to issue its notes and bonds from time to time to fulfill its corporate purposes, which include the construction, financing and operation of housing projects for persons of eligible income;

WHEREAS, to further the County's housing goals, the County has determined, pursuant to the County Resolution (as defined herein), to cooperate with the Commission in the establishment of a revolving housing production trust fund to be used for construction bridge financing for residential rental projects which will be funded with the proceeds of notes, bonds, certificates or other evidences of indebtedness of the Commission;

WHEREAS, the County has agreed to provide amounts sufficient, but that are expected not to exceed $3.4 million annually, to repay principal of and interest on such bonds, notes, certificates or other evidences of indebtedness issued by the Commission in an aggregate principal amount not to exceed $50,000,000, with a final maturity not to exceed 20 years from their date of issuance, subject to annual appropriation as provided herein;

NOW, THEREFORE, for and in consideration of the promises and covenants hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1. <u>Definitions</u>. Certain words and terms used in this Contract are defined herein. When used herein, such words and terms shall have the meanings given to them by the language employed in this Article I defining such words and terms, unless the context clearly indicates otherwise. In addition to the words and terms defined elsewhere herein, the following words and terms are defined terms under this Contract.

"Act" means Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Article VI of Chapter 56 of the Montgomery County Code, as amended, known as the Housing Opportunity Act, as the same may be from time to time additionally supplemented and amended.

"Additional Bonds" means additional parity bonds or other evidences of indebtedness issued under the Trust Agreement to provide additional funds to finance the Projects, as permitted under the Trust Agreement and, to the extent applicable, this Contract.

"Authorized Commission Representative" means the person at the time designated to act on behalf of the Commission by written certificate furnished to the County and the Trustee, containing the specimen signature of such person and signed on behalf of the Commission by the Chairman or Vice Chairman of its Governing Body. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Authorized County Representative" means the person at the time designated to act on behalf of the County by written certificate furnished to the Commission and the Trustee, containing the specimen signature of such person and signed on behalf of the County by the County Executive of the County. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Bond Counsel" means Kutak Rock LLP or any other firm of nationally recognized bond counsel experienced in matters relating to the tax-exempt nature of interest on municipal bonds, appointed by the County or the Commission.

"Bond Proceeds Fund" means the Bond Proceeds Fund created pursuant to Section 4.03 of the Master Resolution and referred to herein.

"Bond Registrar" means the commercial bank appointed by the Commission to maintain, in accordance with the provisions of the Master Resolution, the registration books of the Commission for any series of Bonds. Wilmington Trust, National Association is the initial Bond Registrar for the Bonds.

"Bond Resolution" means the Bond Resolution adopted by the Governing Body of the Commission on May 5, 2021 authorizing the issuance and sale of the Bonds and the security therefor.

"Bondholders" means the Persons in whose names any of the Bonds are registered on the registration books of the Commission.

"Bonds" means the Housing Opportunities Commission of Montgomery County Limited Obligation Bonds (Housing Production Fund).

"Commission" means the Housing Opportunities Commission of Montgomery County, a public corporate and politic created and existing under the laws of the State, and its successors and assigns.

"Contract" means this Funding Agreement between the Commission and the County, as the same may be amended from time to time in accordance with the provisions hereof.

"Contract Payments" means periodic payments made by the County pursuant to this Contract and as authorized in the County Resolution, in amounts sufficient to pay the scheduled debt service on the Bonds until the County shall pay the principal of and interest on the Bonds, in full.

"County" means the Montgomery County, Maryland, a public body corporate and politic created and existing under the laws of the State, and its successors and assigns.

"**County Council"** means the Montgomery County Council.

"**County Executive**" means the County Executive of the County.

"**County Resolution"** means Resolution No. 19-774, adopted by the County Council on March 23, 2021, as amended, supplemented or otherwise updated from time to time.

"Disclosure Agreement" means an undertaking to provide continuing disclosure for the Bonds delivered by the County and the Commission in accordance with Rule 15c2-12, adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

"Event of Default" means any event specified in Section 8.1 of this Contract.

"Fiscal Year" means any period of twelve consecutive months adopted by the County as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending on June 30 of the succeeding calendar year.

"Fitch" means Fitch Ratings or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the County. The notice address of Fitch shall be One State Street Plaza, New York, New York 10004.

"Governing Body" means, in the case of the Commission, the Board of Commissioners of the Commission and, in the case of the County, the County Council.

"**HIF**" has the meaning assigned in Section 3.1 hereof.

"**HPF**" means the Housing Production Fund created pursuant to Section 4.03 of the Master Resolution and referred to herein.

"Master Resolution" means the Master Resolution dated of August 1, 2021 adopted by the Commission and related to the Commission's Housing Production Fund.

"Moody's" means Moody's Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the County. The notice address of Moody's shall be 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

"Paying Agent" means the commercial bank or banks appointed by the Commission to serve as paying agent in accordance with the terms of the Master Resolution for the Bonds, and their successors and assigns. Wilmington Trust, National Association is the initial Paying Agent for the Bonds.

"Permitted Investments" means obligations in which the Commission is permitted to invest moneys of the Commission pursuant to applicable law that have (or are collateralized by obligations that have) a Rating by any Rating Agency which is equal to or greater than the third highest long term Rating of such Rating Agency, or that bears (or are collateralized by obligations that bear) the second highest short-term Rating of such Rating Agency.

"Person" means natural persons, firms, joint ventures, associations, trusts, partnerships, corporations, and public bodies.

"**Project Loan**" means a loan financed with the proceeds of the Bonds or with proceeds on deposit in the HPF, in each case for the construction, rehabilitation and/or equipping of a Project.

"Projects" means the residential rental projects of the nature described in the County Resolution.

"Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

"Rating Agencies" or **"Rating Agency"** means Fitch, Moody's and Standard & Poor's or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Bonds at the request of the County. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies shall not include such Rating Agency.

"Reserved Rights" means all of the rights of the Commission to receive reimbursements, to give or withhold approvals, consents and waivers and to receive documentation and notices, and the right to enforce any of the foregoing.

"Schedule of Contract Payments" means the schedule attached hereto as Exhibit A, which may be updated from time to time in connection with the issuance of Additional Bonds.

"Series Resolution" has the meaning assigned in the Master Resolution.

"Sinking Fund" means the Sinking Fund created in Section 4.02(a) of the Master Resolution and referred to herein.

"Standard and Poor's" or **"S&P"** means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the County. The notice address of Standard & Poor's shall be 55 Water Street, New York, New York 10041.

"State" means the State of Maryland.

"Trust Agreement" means, collectively, the Master Resolution and each Series Resolution.

"Trust Estate" means all amounts pledged by the Commission to the Bondholders pursuant to Section 4.01 of the Master Resolution.

"Trustee" means initially Wilmington Trust, National Association, and its successors and assigns, or any successor trustee hereafter appointed by the Commission with the consent of the County; provided, however, the Trustee shall at all times be a commercial bank.

Section 1.2. Construction of Certain Terms. For all purposes of this Contract, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

(a) The use of the masculine, feminine, or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine, or neuter gender, as appropriate.

(b) "This Contract" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more agreements of sale supplemental hereto entered into pursuant to the applicable provisions hereof.

(c) All references in this instrument to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this instrument. The words "herein," "hereof," and "hereunder" and other words of similar import refer to this Contract as a whole and not to any particular Article, Section, or other subdivision.

(d) The terms defined in this Article shall have the meaning assigned to them in this Article and include the plural as well as the singular.

(e) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as promulgated by the American Institute of Certified Public Accountants, on and as of the date of this instrument.

Section 1.3. Table of Contents; Titles and Headings. The table of contents, the titles of the articles, and the headings of the sections of this Contract are solely for convenience of reference, are not a part of this Contract, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 1.4. Contents of Certificates or Opinions. Every certificate or opinion with respect to the compliance with a condition or covenant provided for in this Contract shall include: (i) a statement that the person or persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto, (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as they deemed appropriate to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with, and (iv) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by an official of the Commission or the County may be based, insofar as it relates to legal or accounting matters, upon a certificate or an opinion of counsel or an accountant, which certificate or opinion has been given only after due inquiry of the relevant facts and circumstances, unless such official knows that the certificate or opinion with respect to the matters upon which his certificate or opinion may be based as aforesaid is erroneous or in the exercise of reasonable care should have known that the same was erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based (insofar as it relates to factual matters with respect to information that is in the possession of an official of the Commission or the County or any third party) upon the certificate or opinion of or representations by an official of the Commission or the County or any third party on whom counsel or an accountant could reasonably rely unless such counsel or such accountant knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous or in the exercise of reasonable care should have known that the same were erroneous. The same official of the Commission or the County, or the same counsel or accountant, as the case may be, need not certify or opine to all of the matters required to be certified or opined under any provision of this Contract, but different officials, counsel, or accountants may certify or opine to different matters, respectively.

[End of Article I]

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

Section 2.1. Representations by the Commission. The Commission makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Creation and Authority. The Commission is a public body corporate and politic duly created and validly existing under the laws of the State, including the provisions of the Act. The Commission has all requisite power and authority under the Act and the laws of the State (1) to issue the Bonds to finance the costs of constructing, rehabilitating and/or equipping the Projects and (2) to enter into, perform its obligations under, and exercise its rights under this Contract, the Bond Resolution and the Trust Agreement. The Act authorizes the Commission to issue bonds to finance the undertaking of any "project" under the Act.

(b) Pending Litigation. There are no actions, suits, proceedings, inquiries, or investigations pending or, to the knowledge of the Commission, after making due inquiry with respect thereto, threatened against or affecting the Commission in any court or by or before any governmental authority or arbitration board or tribunal, which would materially and adversely affect the transactions contemplated by this Contract or which, in any way, would adversely affect the validity or enforceability of the Bonds, the Trust Agreement, this Contract, or any agreement or instrument to which the Commission is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Commission aware of any facts or circumstances presently existing that would form the basis for any such actions, suits, or proceedings.

(c) Agreements Are Legal and Authorized. The execution and delivery by the Commission of this Contract, the Bonds, and the Trust Agreement and the compliance by the Commission with all of the provisions of each thereof (i) are within the purposes, powers, and authority of the Commission, (ii) have been done in full compliance with the provisions of the Act and are legal, (iii) will not conflict with or constitute on the part of the Commission a violation of or a breach of or a default under any indenture, mortgage, security deed, pledge, note, lease, loan, or installment sale agreement, contract, or other agreement or instrument to which the Commission is a party or by which the Commission or its properties are otherwise subject or bound, or any license, judgment, decree, law, statute, order, writ, injunction, demand, rule, or regulation of any court or governmental agency or body having jurisdiction over the Commission or any of its activities or properties, and (iv) have been duly authorized by all necessary action on the part of the Commission.

(d) Governmental Consents. Neither the nature of the Commission nor any of its activities or properties in connection with the offer, issue, sale, or delivery of the Bonds is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the Commission in connection with the execution, delivery, and performance of this Contract and the Trust Agreement or the consummation of any transaction therein contemplated, or the offer, issue, sale, or delivery of the Bonds, except as shall have been obtained or made and as are in full force and effect.

(e) No Defaults. To the knowledge of the Commission, after making due inquiry with respect thereto, no event has occurred and no condition exists that would constitute an event of default under the Trust Agreement or this Contract or that, with the lapse of time or with the giving of notice or both, would become such an event of default. To the knowledge of the Commission, after making due inquiry with respect thereto, the Commission is not in default or violation in any material respect under the Act or under any document or other agreement or instrument to which it is a party or by which it may be bound.

(f) No Prior Pledge. Neither this Contract nor any of the payments or amounts to be received by the Commission hereunder have been or will be assigned, pledged, or hypothecated in any manner or for any purpose or have been or will be the subject of a grant of a security interest by the Commission other than as provided in the Master Resolution.

(g) Disclosure. The representations of the Commission contained in this Contract do not contain any untrue statement of a material fact relating to the Commission and do not omit to state a material fact relating to the Commission necessary in order to make the statements contained herein relating to the Commission not misleading. Nothing has come to the attention of the Commission that would materially and adversely affect or in the future may (so far as the Commission can now reasonably foresee) materially and adversely affect the construction, rehabilitation and/or equipping of the Projects by the Commission or any other transactions contemplated by this Contract and the Trust Agreement that has not been set forth in the Official Statement relating to the Bonds.

(h) Compliance with Conditions Precedent to the Issuance of the Bonds. All acts, conditions, and things required to exist, happen, and be performed precedent to and in the execution and delivery by the Commission of the Bonds do exist, have happened, and have been performed in due time, form, and manner as required by law; the issuance of the Bonds, together with all other obligations of the Commission, do not exceed or violate any constitutional or statutory limitation, and the revenues, funds, property, and amounts pledged to the payment of the principal of, premium, if any, and interest on the Bonds, as the same become due, have been calculated to be sufficient in amount for that purpose.

Section 2.2. Representations by the County. The County makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Creation and Authority. The County is a public body corporate and politic duly created and validly existing under the laws of the State. The County has all requisite power and authority under the laws of the State to enter into, perform its obligations under, and exercise its rights under this Contract.

(b) Pending Litigation. There are no actions, suits, proceedings, inquiries, or investigations pending or, to the knowledge of the County, after making due inquiry with respect thereto, threatened against or affecting the County in any court or by or before any governmental authority or arbitration board or tribunal, which would materially and adversely affect the ability of the County to perform its obligations under this Contract, or the transactions contemplated by this Contract or which, in any way, would adversely affect the validity or enforceability of this Contract or any agreement or instrument to which the County is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the County aware of any facts or circumstances presently existing that would form the basis for any such actions, suits, or proceedings. The County is not in default with respect to any judgment, order, writ, injunction, decree, demand, rule, or regulation of any court, governmental authority, or arbitration board or tribunal that would materially and adversely affect the ability of the County to perform its obligations under this Contract.

(c) Agreement Is Legal and Authorized. The execution and delivery by the County of this Contract, the consummation of the transactions herein contemplated that are the responsibility of the County, and the fulfillment of or the compliance with all of such provisions hereof (i) are within the power, legal right, and authority of the County, (ii) are legal and will not conflict with or constitute on the part of the County a violation of or a breach of or a default under, any indenture, mortgage, security deed, pledge, note, lease, loan, or installment sale agreement, contract, or other agreement or instrument to which the County is a party or by which the County or its properties are otherwise subject or bound, or any license, law, statute, rule, regulation, judgment, order, writ, injunction, decree, or demand of any court or governmental agency or body having jurisdiction over the County or any of its activities or properties, and

(iii) have been duly authorized by all necessary and appropriate official action on the part of the Governing Body of the County. This Contract is the valid, legal, binding, and enforceable obligation of the County. The officials of the County executing this Contract are duly and properly in office and are fully authorized and empowered to execute the same for and on behalf of the County.

(d) Governmental Consents. Neither the County nor any of its activities or properties, nor any relationship between the County and any other Person, nor any circumstances in connection with the execution, delivery, and performance by the County of its obligations under this Contract , is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the County in connection with the execution, delivery, and performance of this Contract or the consummation of any transaction herein contemplated except as shall have been obtained or made and as are in full force and effect and except as are not presently obtainable and except the annual appropriation of the County Council of funds to perform the payment obligations hereunder. To the knowledge of the County, after making due inquiry with respect thereto, the County will be able to obtain all such additional consents, approvals, permissions, orders, licenses, or authorizations of governmental authorities as may be required on or prior to the date the County is legally required to obtain the same to execute this Contract.

(e) No Defaults. No event has occurred and no condition exists that would constitute an Event of Default or that, with the lapse of time or with the giving of notice or both, would become an Event of Default. To the knowledge of the County, after making due inquiry with respect thereto, the County is not in default or violation in any material respect under any agreement or instrument to which it is a party that would materially and adversely affect the ability of the County to perform its obligations under this Contract.

(f) Compliance with Law. To the knowledge of the County, after making due inquiry with respect thereto, the County is not in material violation of any laws, ordinances, or governmental rules or regulations that would materially and adversely affect the ability of the County to perform its obligations under this Contract.

(g) Restrictions on the County. The County is not a party to or bound by any contract, instrument, or agreement, or subject to any other restriction, that materially and adversely affects its activities, properties, assets, operations, or condition (financial or otherwise) relating to the County's obligations under this Contract. The County is not a party to any contract or agreement that restricts the right or ability of the County to enter into this Contract.

(h) Disclosure. The representations of the County contained in this Contract do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein or therein not misleading.

(i) Financial Statements. The County will provide its Comprehensive Annual Financial Report ("CAFR") dated December 31, 2021 and will provide a CAFR within 275 days after the end of each fiscal year while the Bonds are outstanding by posting on EMMA.

Section 2.3. Reliance by Bondholders; Covenant to Enforce. (a) The Commission and the County acknowledge and agree that these representations and warranties may be considered by the Bondholders in their decision to purchase the Bonds, and that such representations and warranties and any other representations and warranties made by the Commission in this Contract are made for the benefit of the Bondholders and that the representations of the Commission and the County may be relied upon by the Bondholders, provided that the County's representations and warranties do not create any contractual relationship between the County and the Bondholders, nor create any obligation of the County to the

Bondholders to update these representations and warranties; provided, further, that the lack of contractual relationship between the County and the Bondholders shall not result in any liability on the part of the Commission.

(b) The Commission hereby covenants to enforce diligently, on its own behalf and on behalf of the Bondholders, the County's performance of its obligation under this Contract and to exercise diligently its rights against the County upon the occurrence of an Event of Default by the County hereunder.

[End of Article II]

ARTICLE III

SECURITY; TITLE

Section 3.1. <u>Security for Payments under this Contract</u>. Contract Payments under this Contract shall constitute currently appropriated expenditures of the County and shall be paid solely from any moneys in the housing production fund subaccount of The Montgomery County Housing Initiative (MHI) Fund (the "HIF") and solely in accordance with the County Resolution. All obligations of the County under this Contract shall be subject to the action of the County Council in annually making moneys available for payments hereunder. The obligations of the County to pay Contract Payments and all other payment obligations under this Contract are subject to annual appropriation by the County Council in its sole discretion and shall not be deemed or construed as creating an indebtedness of the County within the meaning of any provision of the County Charter or the laws of the State or County concerning or limiting the creation of indebtedness of the County. The County agrees, to the extent permitted by law and subject to applicable public policy that it will not terminate this Contract for non-appropriation of funds in any fiscal year for which sufficient funds for the payment of Contract Payments due in that fiscal year are appropriated for such Contract Payments. The County Executive covenants, to use reasonable efforts to obtain the authorization and appropriation of such funds, including, without limitation, the inclusion of such funds in the budget of the County to be submitted to the County Council and a request for adequate funds to meet the County's obligations under this Contract in full in its next Fiscal Year budget.

The Commission represents that the Bonds evidence the right of the Bondholders to receive payments solely from the Trust Estate established under the Master Resolution. The County and the Commission hereby agree that no provision of this Contract or any other document or instrument shall be construed or interpreted (i) to directly or indirectly obligate the County to make any payment in any Fiscal Year in excess of amounts appropriated by the County for the Contract Payments for such Fiscal Year; (ii) as a delegation of governmental powers by the County; (iii) as a loan or pledge of the credit or faith of the County or as creating any responsibility by the County for any debt or liability of any person, company or corporation; (iv) to create a contractual relationship between the County and Bondholders; or (v) to create or result in liability on the part of the Commission for failure of the County not to appropriate amounts for Contract Payments or for an Event of Default caused by the County.

Section 3.2. <u>Security for the Bonds</u>. As security for the payment of the Bonds, the Commission has entered into the Trust Agreement. The County hereby assents to the assignment and pledge made in the Trust Agreement of the Contract Payments and hereby agrees that its obligations to make all payments under this Contract shall be absolute and shall not be subject to any defense, except payment, or to any right of setoff, counterclaim, or recoupment arising out of any breach by the Commission of any obligation to the County, whether hereunder or otherwise, or arising out of any indebtedness or liability at any time owing to the County by the Commission. The County further agrees that all Contract Payments required to be made under this Contract, except for those arising out of Reserved Rights, shall be paid directly to the Trustee for the account of the Commission. The Bondholders have no interest in or lien on any money in the funds or accounts of the County and the security interest of the Bondholders, if any, will be solely on the Trust Estate established under the Master Resolution. The Bondholders shall have all rights and remedies herein accorded to the Commission to receive the Contract Payments through the assignment to the Trustee, subject to Section 3.4 hereof; provided that the County has no contractual relationship with the Bondholders.

Section 3.3. <u>Contract Payments to be Unconditional</u>. The obligation of the County to make payment of the Contract Payments required under this Funding Agreement and to perform and observe the other covenants and agreements contained herein is absolute and unconditional in all events except as provided in Section 3.4 hereof and otherwise as expressly provided herein. Notwithstanding any dispute between the County and the Commission or any other person, the County agrees to pay all Contract Payments when due and not to withhold any part of any Contract Payments pending final resolution of the dispute. The County agrees that it will not assert any right of set-off, cross-claim, recoupment, or counterclaim against its obligation to make the Contract Payments required under this Funding Agreement.

Section 3.4. Obligation of the County. ALL AMOUNTS PAYABLE BY THE COUNTY UNDER THIS CONTRACT, INCLUDING BUT NOT LIMITED TO THE CONTRACT PAYMENTS AND ANY PAYMENTS RESULTING FOR AN EVENT OF DEFAULT, ARE SUBJECT IN EACH YEAR TO APPROPRIATION BY THE COUNTY COUNCIL. THE COUNTY COUNCIL IS UNDER NO OBLIGATION TO MAKE ANY APPROPRIATIONS WITH RESPECT TO THE CONTRACT PAYMENTS. THE AMOUNTS PAYABLE BY THE COUNTY UNDER THIS FUNDING AGREEMENT ARE NOT GENERAL OBLIGATIONS OF THE COUNTY AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE COUNTY. THE COUNTY HAS NOT PLEDGED ITS FULL FAITH AND CREDIT OR ITS TAXING POWERS TO THE PAYMENT OF AMOUNTS DUE UNDER THIS CONTRACT. **THE ISSUANCE OF THE BONDS DOES NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE, MORALLY OR OTHERWISE, THE COUNTY TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE USE OF CONTRACT PAYMENTS TO PAY BONDHOLDERS DOES NOT CREATE A CONTRACTUAL RELATIONSHIP BETWEEN THE COUNTY AND BONDHOLDERS.**

THE FUNDS FROM WHICH AMOUNTS ARE APPROPRIATED TO PAY CONTRACT PAYMENTS ARE LIMITED TO MONEY APPROPRIATED BY THE COUNTY AND DEPSOITED IN THE HIF OR SUCH OTHER SOURCE OF COUNTY REVENUES THAT THE COUNTY MAY DECIDE IN ITS SOLE DISCRETION TO APPROPRIATE, PROVIDED THE COUNTY WILL NOT BE OBLIGATED TO USE ANY OTHER SOURCE. THE COUNTY EXPECTS THAT ALL CONTRACT PAYMENTS WILL BE APPROPRIATED AND PAID BY THE COUNTY FROM AMOUNTS HELD IN CERTAIN FUNDS OR ACCOUNTS ESTABLISHED AND MAINTAINED BY THE COUNTY.

Section 3.5. Non-Appropriation. In the event that sufficient funds are not appropriated for the payment of the Contract Payments, the County may terminate this Contract at the end of the last Fiscal Year or earlier date for which an appropriation is available and the County will not be obligated to make payment of the Contract Payments or any other payments that may be due hereunder beyond the last date for which an appropriation is available. The County agrees to deliver written notice to the Commission of such termination no later than seven days after the County has knowledge that an appropriation will not be available. The failure to give the notice will not extend this Contract beyond such Fiscal Year or affect the termination of this Contract. Upon termination of this Contract as provided herein, the County will pay any amounts previously appropriated for Contract Payments to the Trustee. Upon the payment of such proceeds to the Trustee, all future obligations of the County under this Contract requiring the expenditure of money will cease.

Section 3.6. No Liability of the Commission. The Commission shall not be liable to Bondholders or to any other party for failure by the County to appropriate sufficient amounts to make the Contract Payments or for County's breach of any term of this Agreement.

[End of Article III]

ARTICLE IV

THE PROJECTS; ISSUANCE OF THE BONDS; PROJECT FUND; ADDITIONAL BONDS

Section 4.1. Agreement to Construct and Install the Projects.

(a) The Commission shall construct, rehabilitate and/or equip, or cause to be constructed, rehabilitated and/or equipped, the Projects. The Commission shall use its best efforts to cause the construction, rehabilitation and/or equipping to be completed as soon as may be practical, delays incident to strikes, riots, acts of God or the public enemy beyond the reasonable control of the Commission excepted; but if for any reason such construction, rehabilitation and/or equipping is not completed by any specified date there shall be no resulting liability on the part of the County.

(b) All payments from the Bond Proceeds Fund and the HPF shall be made upon the terms and conditions set forth in the Trust Agreement.

(c) Projects funded with Project Loans must have at least 20% of total dwelling units priced to be affordable to households earning 50% or less of the area median income, adjusted for household size and an additional 10% of all units affordable to households with incomes eligible for a Moderately Priced Dwelling Unit (as governed by Executive Regulation 11-18AM of the County).

Section 4.2. Agreement to Issue the Bonds; Application of Proceeds. In order to provide funds to pay the costs of constructing, rehabilitating and/or equipping the Projects, the Commission agrees that it will sell and cause to be delivered the Bonds, in one or more series, in an aggregate principal amount not to exceed $50,000,000 pursuant to the Bond Resolution and the Trust Agreement. The Commission hereby covenants and agrees that it will apply the proceeds derived from the sale of the Bonds as provided in the Trust Agreement and this Contract, and will use the moneys deposited in the Bond Proceeds Fund to pay the costs of constructing, rehabilitating and/or equipping the Projects and to pay the costs of issuing the Bonds.

Section 4.3. Reserved.

Section 4.4. Authorized County and Commission Representatives and Successors. The County and the Commission, respectively, shall designate, in the manner prescribed in Section 1.1 hereof, the Authorized County Representative and the Authorized Commission Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Contract, a successor shall be appointed in the same manner.

Section 4.5. Investment of Funds and Accounts. Any moneys held as a part of the Sinking Fund, the Bond Proceeds Fund, the HPF or any other special trust account shall be invested or reinvested by the Trustee, as the case may be, at the written direction of the Authorized Commission Representative in Permitted Investments. The County has no responsibility for the investment of any such moneys nor shall it provide for any deficiency that may occur due to such investments. Investment earnings on amounts on deposit in the Bond Proceeds Fund and the Sinking Fund shall be used to pay principal of and interest on the Bonds. Investment earnings on amounts on deposit in the HPF shall disbursed to the County as provided in the Trust Agreement.

Section 4.6. Issuance of Additional Bonds. So long as this Funding Agreement is in effect and no Event of Default shall have occurred and be continuing hereunder or under the Trust Agreement, with the consent of the County one or more series of additional bonds which may cause the original principal amount of obligations outstanding under the Trust Agreement to exceed $50,000,000 (the “Additional Bonds”) may be issued for the purpose of providing additional funds necessary to fund the Bond Proceeds Fund. Additional Bonds may be issued on parity with or subordinate to other series of Bonds issued under the Master Resolution. Each series of Additional Bonds shall be issued in such principal amount, mature on such dates, bear interest at such rates and have such provisions for redemption and other terms and conditions not inconsistent with the Trust Agreement as shall be specified in a supplemental trust agreement authorizing such Additional Bonds which, in the case of supplemental trust agreements governing Additional Bonds that are to be secured by fund appropriated by the County, will be subject to review and approval by the County, which approval will not be unreasonably withheld. Prior to the issuance of a series of Additional Bonds that are to be secured by funds appropriated by the County, the Commission shall request the County to enter into an amendment to this Funding Agreement which shall provide among other things that, with the consent of the County, the Contract Payments will be increased and computed so as to amortize in full the principal of and interest on such Additional Bonds and any other costs incurred in connection therewith. The decision to enter into such amendment to this Funding Agreement or to enter into a new Funding Agreement shall be at the sole discretion of the County, and the County makes no commitment at this time to the issuance of Additional Bonds or the related to the appropriation of funds to pay debt service on any Additional Bonds.

[End of Article IV]

ARTICLE V

OWNERSHIP OF PROJECTS; PAYMENT PROVISIONS; NATURE OF OBLIGATIONS OF COUNTY

Section 5.1. Term of Contract. This Contract shall become effective upon its delivery and shall be in full force and effect until midnight, June 1, 2041, subject to the provisions of this Contract permitting earlier termination (including particularly Article VIII hereof), or if all the Bonds have not been paid or retired (or provision for such payment has not been made as provided in the Trust Agreement), until such date as such payment or provision shall have been made; *provided, however,* that the covenants and obligations expressed herein to so survive shall survive the termination of this Contract.

Section 5.2. Commission Ownership of Projects; Project Loan Repayments. The Commission agrees that so long as a Project Loan is outstanding and has not been repaid, title to the related Project shall be vested in and shall be owned or controlled by the Commission or an affiliate of the Commission, subject to permitted liens and encumbrances required or allowed under the documents and agreements relating to the Projects. The Commission hereby acknowledges and agrees so long as a Project Loan is outstanding, principal and interest payments thereon shall be deposited into the Loan Repayments Fund of the Trust Agreement. Project Loan principal repayments on deposit in the Loan Repayments Fund shall be immediately transferred to the HPF and used as provided in the Trust Agreement. Project Loan interest payments on deposit in the Loan Repayments Fund shall be disbursed to the County for deposit into the HIF as provided in the Trust Agreement and the County Resolution and in the event of a conflict between the County Resolution and the Trust Agreement related to such interest payments, the County Resolution shall control. The County agrees that upon the repayment of a Project Loan, the Commission shall have the right to sell, convey, or otherwise dispose of its interest in the related Project. The Commission hereby agrees to provide to the County a copy of the report provided to the County Council with respect to the HPF required in accordance with the County Resolution.

Section 5.3. County's Payment Obligations. Until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Trust Agreement, the County shall pay to the Trustee, solely from any moneys in the housing production fund subaccount of the HIF and solely in accordance with the County Resolution, for the account of the Commission as payment for the services rendered hereunder, the following amounts:

(i) beginning on November 29, 2021, and on the second Business Day before each December 1 and June 1 thereafter, a sum equal to the amount payable on such date as interest on the Bonds, at the rate or rates of interest and in the amounts set forth in the Schedule of Contract Payments, and

(ii) beginning May 30, 2022, and on the second Business Day before each June 1 thereafter, a sum equal to the principal of the Bonds due on such date, in the amounts set forth in the Schedule of Contract Payments.

Each payment under this Section, which shall be paid until the Bonds are fully paid or payment is provided therefor in accordance with the Trust Agreement, shall in all events be sufficient, without giving credit for funds held in the Sinking Fund available for such purpose, to pay the total amount of interest and principal payable on the Bonds on the next succeeding principal or interest payment date, as applicable, for Bonds. There shall also be a credit against remaining payments for Bonds purchased, redeemed, or cancelled, as provided in Article II of the Trust Agreement. Any payment not received by the Trustee when due shall continue as an obligation of the County until paid, subject to Sections 3.4 and 3.5 hereof. The Commission hereby acknowledges that the Trustee shall be required to disburse excess funds on deposit in the Sinking Fund to the County not later than 90 days following the payment of principal of and interest on the Bonds on each June 1.

(a) In the event the County shall fail to make any of the payments required in this Section 5.3, the item or installment so in default shall continue as an obligation of the County until the amount in default shall have been fully paid, subject to Section 3.4 and 3.5 hereof.

The County shall have no obligation to accelerate or increase its Contract Payments to the Trustee in the event the Commission determines to exercise any right of optional redemption under the Trust Agreement.

Section 5.4. Place of Payments. The payments provided for in Section 5.3(a) hereof shall be paid in lawful money of the United States of America directly to the Trustee for the account of the Commission and shall be deposited in the Sinking Fund.

Section 5.5. Nature of Obligations of County Hereunder. (a) The obligations of the County to make the payments required in Section 5.3 hereof and other sections hereof and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be a limited obligation of the County as further described in Section 3.4 hereof. The County agrees that it shall not (i) suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in Section 5.3 hereof, (ii) fail to observe any of its other agreements contained in this Contract, or (iii) except as provided in Article VIII hereof, terminate its obligations under this Contract for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, failure of the Commission to construct and install the Projects as contemplated in this Contract or otherwise, any change or delay in the time of availability of the Projects, any acts or circumstances that may impair or preclude the use or possession of the Projects, any defect in the title, design, operation, merchantability, fitness, or condition of the Projects or in the suitability of the Projects for the County's purposes or needs, failure of consideration, any declaration or finding that any of the Bonds are unenforceable or invalid, the invalidity of any provision of this Contract, any acts or circumstances that may constitute an eviction or constructive eviction, destruction of or damage to the Projects, the taking by eminent domain of title to or the use of all or any part of the Projects, failure of the Commission's title to the Projects or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or in the rules or regulations of any governmental authority, or any failure of the Commission to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Contract.

Nothing contained in this Section 5.5 shall be construed to release the Commission from the performance of any of the agreements on its part herein contained. In the event the Commission should fail to perform any such agreement on its part, the County may institute such action against the Commission as the County may deem necessary to compel performance so long as such action does not abrogate the County's obligations hereunder. The Commission hereby agrees that it shall not take or omit to take any action that would cause this Contract to be terminated. The County may, however, at its own cost and expense and in its own name or in the name of the Commission, prosecute or defend any action or proceeding or take any other action involving third persons that the County deems reasonably necessary in order to secure or protect its right of possession, occupancy, and use hereunder, and in such event the Commission hereby agrees to cooperate fully with the County and to take all action necessary to effect the substitution of the County for the Commission in any such action or proceeding if the County shall so request.

[End of Article V]

ARTICLE VI

CONTINUING DISCLOSURE

The County and the Commission hereby covenant and agree that each will comply with and carry out all of the applicable provisions of the Disclosure Agreement. Notwithstanding any other provision of this Contract, failure of the County or the Commission to comply with the Disclosure Agreement shall not be considered an Event of Default; however, any beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the County and the Commission to comply with their respective obligations under this Article VI and in the Disclosure Agreement.

[End of Article VI]

ARTICLE VII

ASSIGNMENT; REDEMPTIONS

Section 7.1. No Assignment by County or Commission. This Contract may not be sold, assigned, delegated, or encumbered by the County or the Commission except the payment of the Contract Payments to the Trustee.

Section 7.2. Redemption of Bonds. The Commission, if there are funds available therefor, may forthwith take all steps that may be desirable or necessary under the applicable redemption or purchase provisions of the Trust Agreement to effect redemption or purchase of all or part of the then outstanding Bonds on the earliest date on which such redemption or purchase may be made under such applicable provisions. The Commission shall have no right to take steps to redeem or purchase the Bonds if such redemption would result in an extension of the original maturity date of such Bonds. The County shall have no obligation to increase the amount of the Contract Payments or to make such payments on a schedule different from the Schedule of Contract Payments.

[End of Article VII]

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following shall be "Events of Default" under this Contract, and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Contract, any one or more of the following events:

(a) The County's failure to pay the amounts required to be paid under Section 5.3 of this Contract at the times specified therein, except as provided in Section 3.4 hereof.

(b) The County's breach in any material respect of any representation or warranty contained in this Contract or the County's failure in any material respect to observe, perform, or comply with any covenant, condition, or agreement in this Contract on the part of the County to be observed or performed, other than as referred to in subsection (a) of this Section 8.1 and in Article VI hereof, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the County by the Commission, unless the Commission shall agree in writing to an extension of such time prior to its expiration. In the case of any such breach or default that cannot with due diligence be cured within such thirty (30) day period but can be wholly cured within a period of time not materially detrimental to the rights of the Commission and the Bondholders, to be determined conclusively by the Commission, it shall not constitute an Event of Default if corrective action is instituted by the County within the applicable period and diligently pursued until the breach or default is corrected in accordance with and subject to any directions or limitations of time established in writing by the Commission.

(c) The County shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of it or of all or a substantial part of its property, (ii) enter into an agreement of composition with its creditors, (iii) admit in writing its inability to pay its debts as such debts become due, (iv) make a general assignment for the benefit of its creditors, (v) commence a voluntary case under the federal bankruptcy law (as now or hereafter in effect), (vi) file a petition or answer seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts, (vii) fail to controvert in a timely or appropriate manner or acquiesce in writing to any petition filed against it in an involuntary case under such federal bankruptcy law, or (viii) take any action for the purpose of effecting any of the foregoing.

(d) A proceeding or case shall be commenced, without the application of the County, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding up, or composition or adjustment of debts of the County, (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of the County or of all or any substantial part of the assets of it, or (iii) similar relief in respect of the County under any law relating to bankruptcy, insolvency, reorganization, winding up, or composition and adjustment of debts, and such proceeding or case shall continue undismissed or an order, judgment, or decree approving or ordering any of the foregoing shall be entered and shall continue unvacated and unstayed and in effect for a period of sixty (60) days, whether consecutive or not.

(e) Subject to Section 8.5 hereof, default in the performance or breach by the Commission of Sections 4.1(c), 4.2, 5.2, 7.1 or 7.2 of this Contract and the continuance of such default or breach for a period of 30 days after there has been given written notice to the Commission specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Section 8.1(e); provided that, so long as the Commission has commenced to cure such failure to observe or perform within the thirty (30) day cure period and the Commission is diligently pursuing such cure to the County's satisfaction, the Commission shall have an additional period of time as reasonably necessary within which to cure such default.

Section 8.2. Remedies on Default.

(a) Whenever any Event of Default referred to in Section 8.1(a), (b), (c) and (d) hereof shall have happened and be continuing, the Commission, in its discretion, may exercise any one or more of the following remedies: (i) the Commission may have access to and inspect, examine, and make copies of the books and records related to the housing production fund subaccount of the HIF; (ii) the Commission may, from time to time take whatever action at law or in equity or under the terms of this Contract may appear necessary or desirable to collect the amounts payable by the County hereunder then due or thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the County under this Contract and (iii) the Commission shall take any action directed by the owners of more than 50% of the aggregate principal amount of Bonds outstanding, enforce the County's obligations, agreements and covenants under this Agreement, including, but limited to the County's obligation to make Contract Payments. The County may take any legal actions and seek any available remedies in law or equity in defense against such action.

(b) Whenever any Event of Default referred to in Section 8.1(e) hereof shall have happened and be continuing, the County, in its discretion, shall have the option but not obligation to (i) have access to inspect, examine, and make copies of the books and records of the Commission related to the Projects, and (ii) take legal actions to seek any available remedies in law or equity.

(c) No action taken pursuant to this Section 8.2 shall relieve the County from its obligations pursuant to Section 5.3 hereof, all of which shall survive any such action, and the Commission may, and shall, if so directed by more than 50% of the aggregate principal amount of Bonds outstanding, take whatever action at law or in equity as may appear necessary and desirable to collect the amounts then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement, or covenant of the County hereunder.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Commission or the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Contract or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Commission or the County to exercise any remedy reserved to it in this Article VIII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 8.4. Agreement to Pay Fees and Expenses. In the event the either party should default under any of the provisions of this Contract and the non- defaulting party should employ attorneys, accountants, or other experts or incur other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the party in default agrees that it shall on demand therefor pay to the other party the reasonable fees of such attorneys, accountants, or other experts and such other expenses so incurred by the non-defaulting party. Any attorneys' fees required to be paid by the County or the Commission under this Contract shall include attorneys' and paralegals' fees through all proceedings, including, but not limited to, negotiations, administrative hearings, trials, and appeals. Notwithstanding the foregoing, this provision does not create a full faith and credit obligation of the County, or a waiver of any statutory limitations on the County's possible liability or of Section 3.4 hereof. Furthermore, neither the Commission nor the County waives any of its respective defenses or rights to bring counter claims and cross claims.

Section 8.5. Waiver of Events of Default; Restoration. The Commission and the County may waive any Event of Default hereunder and its consequences, except consequences resulting from the remedies exercised by Trustee under the Trust Agreement on behalf of the Bondholders. In case of any such waiver, or in case any proceeding taken by the Commission or the County on account of any such Event of Default by the other party hereto shall be discontinued or abandoned or determined adversely to the Commission or the County, then and in every such case, the parties hereto shall be restored to their former positions and rights hereunder, but no such waiver or rescission shall extend to or affect any subsequent or other Event of Default or impair or exhaust any right, power, or remedy consequent thereon.

[End of Article VIII]

ARTICLE IX

MISCELLANEOUS

Section 9.1. Notices. All notices, certificates, and other communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent to any party hereto at the following addresses or to such other address as any party hereto shall have specified in writing to the other party:

If to the Commission:	Housing Opportunities Commission of Montgomery County 10400 Detrick Avenue Kensington, MD 20895 Attention: Executive Director Phone: (240) 627-2400 Fax: (301) 942-3817
If to the County:	Montgomery County, Maryland 101 Monroe Street, 15th floor Rockville, MD 20850 Attention: Director of Finance Phone 240-777-8860

Notices under this Section 9.1 will be deemed given only when actually received.

Section 9.2. Construction and Binding Effect. This Contract constitutes the entire agreement of the parties concerning the subject matter hereof and supersedes any prior agreements with respect thereto. This Contract shall inure to the benefit of and shall be binding upon the Commission, the County, and their respective successors and assigns subject, however, to the limitations contained in Section 7.1 hereof.

Section 9.3. Severability. In the event any provision of this Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.4. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Sinking Fund, the Bond Proceeds Fund, or other funds provided for herein upon expiration or sooner termination of this Contract, as provided in this Contract, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Trust Agreement), the fees, charges, and expenses of the Commission, in accordance with the terms hereof, and all sums due and owing to the Commission, shall belong to and be paid to the County by the Commission as overpayment of amounts payable by the County hereunder.

Section 9.5. Amendments, Changes, and Modifications. This Contract may not be amended, changed, modified, altered, or terminated, and the observance of any term hereof may not be waived, except as provided in the Trust Agreement.

Section 9.6. Execution of Counterparts. This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.7. Law Governing Construction of this Contract. This Contract is prepared and entered into with the intention that the law of the State of Maryland, exclusive of such state's rules governing choice of law, shall govern its construction.

Section 9.8. Immunity of Officials, Officers, and Employees of Commission and County. No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Commission or the County contained in this Contract or for any claim based hereon or otherwise in respect hereof against any member of a Governing Body, officer, or employee, as such, in his individual capacity, past, present, or future, of the Commission, the County, or any successor body, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Contract is solely a corporate obligation of the County and the Commission payable only from the funds and assets of the County and the Commission herein specifically provided to be subject to such obligation and that no personal liability whatsoever shall attach to, or be incurred by, any member of a Governing Body, officer, or employee, as such, past, present, or future, of the County or the Commission, or of any successor corporation, either directly or through the County, the Commission, or any successor corporation, under or by reason of any of the obligations, covenants, promises, or agreements entered into between the Commission and the County whether contained in this Contract or in the Trust Agreement or to be implied herefrom or therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member of a Governing Body, officer, and employee is, by the execution of this Contract and as a condition of and as part of the consideration for the execution of this Contract, expressly waived and released. The immunity of members of a Governing Body, officers, and employees of the Commission and the County under the provisions contained in this Section 9.8 shall survive the completion of the Projects and the termination of this Contract.

[End of Article IX]

SIGNATURES AND SEALS

IN WITNESS WHEREOF, the Commission has executed this Contract by causing its name to be hereunto subscribed by its Chairman and by causing the official seal of the Commission to be impressed hereon and attested by its Secretary; and the County has executed this Contract by causing its name to be hereunto subscribed by all being done as of the day and year first above written.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

By: ____________________________________
Chair

(SEAL)

Attest:

____
Secretary-Treasurer

[SIGNATURES CONTINUING ON FOLLOWING PAGE]

[COUNTERPART SIGNATURE PAGE TO FUNDING AGREEMENT]

MONTGOMERY COUNTY, MARYLAND

By: ____
County Executive

EXHIBIT A

SCHEDULE OF CONTRACT PAYMENTS

Payment Date	Semi-Annual Payment	Annual Payment
29-Nov-21	247,564.60	
27-May-22	2,823,477.20	3,071,041.80
29-Nov-22	426,561.20	
30-May-23	2,646,561.20	3,073,122.40
29-Nov-23	422,987.00	
30-May-24	2,647,987.00	3,070,974.00
27-Nov-24	417,246.50	
29-May-25	2,652,246.50	3,069,493.00
26-Nov-25	408,541.18	
28-May-26	2,663,541.18	3,072,082.35
27-Nov-26	397,615.70	
27-May-27	2,672,615.70	3,070,231.40
29-Nov-27	384,375.20	
30-May-28	2,684,375.20	3,068,750.40
29-Nov-28	368,919.20	
30-May-29	2,703,919.20	3,072,838.40
29-Nov-29	351,149.85	
30-May-30	2,721,149.85	3,072,299.70
27-Nov-30	331,929.15	
29-May-31	2,736,929.15	3,068,858.30
26-Nov-31	311,222.10	
27-May-32	2,761,222.10	3,072,444.20
29-Nov-32	288,290.10	
27-May-33	2,783,29010	3,071,580.20
29-Nov-33	261,818.15	
30-May-34	2,806,818.15	3,068,636.30
29-Nov-34	234,815.70	
30-May-35	2,834,815.70	3,069,631.40
29-Nov-35	207,229.70	
29-May-36	2,862,229.70	3,069,459.40
26-Nov-36	179,060.15	
28-May-37	2,894,060.15	3,073,120.30
27-Nov-37	146,86025	
27-May-38	2,921,860.25	3,068,720.50
29-Nov-38	112,561.25	
27-May-39	2,957,561.25	3,070,122.50
29-Nov-39	76,685.80	
30-May-40	2,991,685.80	3,068,371.60
29-Nov-40	39,198.90	
30-May-41	3,029,198.90	3,068,397.80
	$61,410,175.95	$61,410,175.95

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APPENDIX C

SUMMARY OF MASTER RESOLUTION

The following is a summary of certain provisions of the Master Resolution which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive, and reference should be made to the Master Resolution for a full and complete statement of its provisions.

Definitions.

Terms used in this Appendix and not defined in this Appendix or elsewhere in this Official Statement have the following meanings:

"Additional Bonds" means the additional parity Bonds authorized to be issued by the Commission pursuant to the terms and conditions of the Master Resolution.

"Authorized Commission Representative" means the person at the time designated to act on behalf of the Commission by written certificate furnished to the County and the Trustee, containing the specimen signature of such person and signed on behalf of the Commission by the Chairman or Vice Chairman of its Governing Body. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

"Bond Registrar" means the commercial bank appointed by the Commission to maintain, in accordance with the provisions of the Master Resolution, the registration books of the Commission for any series of Bonds. Wilmington Trust, National Association is the initial Bond Registrar for the Bonds.

"Governing Body" means the Board of Commissioners of the Commission or the County Council of the County, as the case may be.

"Government Obligations" means direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) or obligations the payment of the principal of and interest on which when due are fully and unconditionally guaranteed by the United States of America.

"Holders" means the Persons in whose names any of the Bonds are registered on the books kept and maintained by the Bond Registrar.

"Initial Bonds" means the Commission's Limited Obligation Bonds (Housing Production Fund)" in an aggregate principal amount of not to exceed $50,000,000 to be issued from time to time in one or more series pursuant to and in accordance with the terms of the Master Resolution and the related Series Resolution.

"Interest Payment Date" means the date or dates on which interest is paid on a series of Bonds as set forth in the applicable Series Resolution.

"Outstanding Bonds" or "Bonds Outstanding" or "Outstanding" means all Bonds which have been duly authenticated and delivered by the Bond Registrar under the Master Resolution, except:

(a) Bonds theretofore cancelled or required to be cancelled by the Bond Registrar;

(b) Bonds which are deemed to have been paid in accordance with the Master Resolution; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered under the Master Resolution.

If the Master Resolution shall be discharged pursuant to the terms thereof, no Bonds shall be deemed to be outstanding within the meaning described under the Master Resolution.

"Paying Agent" means the commercial bank or banks appointed by the Commission to serve as paying agent in accordance with the terms of the Master Resolution for any series of Bonds, and their successors and assigns. Wilmington Trust, National Association, is the initial Paying Agent for the Bonds.

"Permitted Investments" means any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein:

(i) Government Obligations;

(ii) Direct and general obligations of any state within the United States of America or of any political subdivision of such a state, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency then rating the Bonds at the request of the Commission;

(iii) Bonds, debentures, participation certificates, notes or other obligations issued or unconditionally guaranteed by any of the following: Federal Home Loan Banks, Farm Credit System (including the Bank for Cooperatives, Federal Land Banks, Federal Farm Credit Banks and Federal Intermediate Credit Banks), Fannie Mae, Farmer's Home Administration (or its successor, the Rural Housing and Community Development Service), Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Small Business Administration, Resolution Funding Corporation, or any other Commission or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an Commission or instrumentality thereof or sponsored thereby;

(iv) Repurchase agreements, provided that such obligation is (1) rated in one of the three highest rating categories by any Rating Agency then rating the Bonds or (2) continuously and fully collateralized by such securities as are described above in clauses (i) through (iii), inclusive, which shall have a market value at all times equal to at least the principal amount of such obligation;

(v) Certificates of deposit, time deposits or demand deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit, time deposits or demand deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully collateralized by such securities as are described above in clauses (i) through (iii), inclusive, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit, time deposits or demand deposits;

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

(vii) Stripped securities: principal-only strips and interest-only strips of noncallable obligations issued by the U.S. Treasury, and REFCORP securities stripped by the Federal Reserve Bank of New York; and

(viii) Guaranteed investment contracts or similar deposit agreements with insurance companies, banks or other financial institutions, unless such contract or agreement would adversely affect the then current rating on the Bonds by each Rating Agency then rating the Bonds at the request of the Commission.

Notwithstanding the foregoing, it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Master Resolution, thus permitting investments with different characteristics from those permitted which an Authorized Commission Representative deems from time to time to be in the interest of the Commission, as reflected in a written certificate of an Authorized Commission Representative or in a Supplemental Resolution, if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then current rating on the Bonds by each Rating Agency then rating the Bonds at the request of the Commission, as certified in such written certificate of an Authorized Commission Representative or Supplemental Resolution.

"Reserved Rights" means the rights of the Commission to give or withhold approvals, consents and waivers and to receive documentation and notices, and the right to enforce any of the foregoing.

"Series Resolution" means a bond resolution or bond resolutions (which may be supplemented by one or more bond resolutions) to be adopted prior to the delivery of any series of Bonds. Each such bond resolution shall establish the date or dates of the pertinent series of Bonds, the schedule of maturities thereof, the name of the purchaser or purchasers thereof, the purchase price thereof, the rate or rates of interest to be borne thereby, and the terms and conditions, if any, under which such Bonds may be made subject to redemption prior to maturity, and such other details as the Commission may determine.

"Supplemental Resolution" means (i) any Series Resolution and (ii) any modification, amendment, or supplement to the Master Resolution other than a Series Resolution.

"Term Bonds" means Bonds which mature on one date, yet a significant portion of which are required to be redeemed prior to maturity under a schedule of mandatory redemptions to be established by the Series Resolution authorizing the issuance of such Bonds.

Term of Bonds.

No series of the Initial Bonds or any Bonds that may be issued to refund the Initial Bonds will mature more than twenty (20) years after the initial date of issuance of the Initial Bonds.

Each Bond authenticated prior to the first Interest Payment Date thereon will bear interest from its dated date. Each Bond authenticated on or after the first Interest Payment Date thereon will bear interest from the Interest Payment Date thereon next preceding the date of authentication thereof, unless such date of authentication will be an Interest Payment Date to which interest on such Bond has been paid in full or duly provided for, in which case from such date of authentication; provided that if, as shown by the records of the Paying Agent, interest on such Bond will be in default, such Bond will bear interest from the date to which interest has been paid in full on such Bond or, if no interest has been paid on such Bond, its dated date. Each Bond will bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rate borne by such Bond.

Proof of Ownership.

The Person in whose name any Bond will be registered will be deemed and regarded as the absolute owner thereof for all purposes and the payment of the principal of, redemption premium, if any, and interest on each Bond will be made only to or upon the order of the registered owner thereof. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond, including redemption premium, if any, and the interest thereon to the extent of the sums so paid.

Bond Registrar; Transfer and Exchange.

The Bond Registrar will keep the Bond Register for the registration of the Bonds and for the registration of transfers of the Bonds as therein provided. The transfer of any Bond will be registered upon the Bond Register upon the surrender and presentation of such Bond at the principal corporate trust office of the Bond Registrar duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or the registered owner's attorney duly authorized in writing in such form as will be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar will authenticate and deliver in exchange for such Bond or Bonds so surrendered, a new Bond or Bonds registered in the name of the transferee of the same series, maturity, interest rate, aggregate principal amount, and tenor, of any authorized denomination or denominations, and bearing numbers not then contemporaneously outstanding.

Any Bond, upon presentation and surrender thereof at the principal corporate trust office of the Bond Registrar, may be exchanged for an aggregate principal amount of Bonds of other authorized denominations of the same series, maturity, and interest rate, and bearing numbers not then contemporaneously outstanding. The Commission will cause to be executed and the Bond Registrar will authenticate and deliver Bonds which the Holder making the exchange is entitled to receive.

The Bond Registrar may make a charge for every exchange or registration of transfer of the Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge will be made to the owner for the privilege of exchanging or registering the transfer of Bonds under the Resolution.

Mutilated, Lost, Stolen, or Destroyed Bonds.

If any Bond is mutilated, lost, stolen, or destroyed, the Commission may execute and the Bond Registrar will authenticate and deliver a new Bond of the same series, maturity, interest rate, aggregate principal amount, and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen, or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond will first be surrendered to the Bond Registrar, and in the case of any lost, stolen, or destroyed Bond, there will be first furnished to the Bond Registrar evidence satisfactory to it of the ownership of such Bond and of such loss, theft, or destruction, together with indemnity to the Commission and the Bond Registrar, satisfactory to each of them. If any such Bond will have matured or a redemption date pertaining thereto will have passed, instead of issuing a new Bond, the Commission may pay or cause the Paying Agent to pay the same. The Commission, the Bond Registrar, and the Paying Agent may charge the owner of such Bond with their reasonable fees and expenses in this connection.

In executing a new Bond and in furnishing the Bond Registrar with the written authorization to authenticate and deliver a new Bond as described herein, the Commission may rely conclusively on a representation of the Bond Registrar that the Bond Registrar is satisfied with the adequacy of the evidence presented concerning the mutilation, loss, theft, or destruction of any Bond.

Additional Bonds.

No other revenue bonds or other obligations may be issued which are payable from or enjoy a lien on the Pledged Revenues prior to the lien created for the payment of the Initial Bonds and, respect to Bonds the principal and interest for which will be appropriated by the County, without the approval of the County.

Additional Bonds may be issued by the Commission, however, from time to time, ranking as to lien on the Pledged Revenues on a parity with the Initial Bonds, provided all of the following conditions are met:

(a) None of the Outstanding Bonds are in default as to payment of principal or interest.

(b) The Commission is in compliance with the terms and conditions of the Master Resolution and the County is in compliance with the terms and conditions of the Funding Agreement.

(c) The payments to be made into the Sinking Fund have been made in the full amounts required.

(d) The Commission and the County will amend the Funding Agreement and reaffirm all applicable provisions of the Funding Agreement, under the terms of which amendment the County must obligate itself to pay to the Trustee payments sufficient to pay the principal of, premium, if any, and interest on the Outstanding Bonds and the Additional Bonds proposed to be issued as the same become due and payable, either at maturity or by proceedings for mandatory redemption. Provided however that any obligation of the County to make payments under the Funding Agreement as amended by the County will be subject to annual appropriation.

(e) The Commission will pass proper proceedings reciting that all of the above requirements have been met, will authorize the issuance of the Additional Bonds, and will provide in such proceedings, among other things, the date or dates of such Additional Bonds, the payment date or dates of such Additional Bonds, the rate or rates of interest which such Additional Bonds will bear, the maturity dates of such Additional Bonds, redemption provisions for such Additional Bonds, and provisions for registration of such Additional Bonds. The proceedings for such Additional Bonds may contain additional restrictions on the issuance of Additional Bonds, which restrictions will, so long as, but only so long as, such Additional Bonds remain Outstanding be for the benefit of any other Bonds secured by the Resolution. Any such proceeding or proceedings will ratify and reaffirm, by reference, all of the applicable terms, conditions, and provisions of the Resolution.

(f) The Commission will furnish the County with a duly certified copy of the Series Resolution and a resolution of the Commission authorizing the issuance of such Additional Bonds, and the County, will acknowledge receipt of the certified copy of such Series Resolution, retain such Series Resolution in its permanent records,.

(g) The requirements of the Funding Agreement will have been satisfied.

(h) The Additional Bonds and all proceedings relative thereto, and the security therefor, will be validated as prescribed by law.

Redemption Among Series.

The Commission may redeem the Bonds of any series, or a portion of the Bonds of any such series, before it redeems the Bonds of any other series. Within any particular series, any redemption of Bonds will be in the manner provided in the related Series Resolution.

Pledge of Revenues and Assignment of Funding Agreement.

All Pledged Revenues are pledged by the Commission to the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. Such moneys will immediately be subject to the lien of this pledge for the benefit of the Holders without any physical delivery thereof or further act, and the lien of this pledge will be valid and binding against the Commission and against all other persons having claims against the Commission, whether such claims will have arisen in tort, contract, or otherwise and irrespective of whether such parties have notice thereof. This pledge will rank superior to all other pledges, which may hereafter be made of any of the funds and accounts pledged in the Resolution.

In order to secure the Commission's obligations under the Bonds, the Commission collaterally assigns in the Master Resolution, for the benefit of the Holders, all of the right, title, and interest of the Commission in and to all moneys from time to time held in the Sinking Fund (including, without limitation, the Contracts Payments made by the County pursuant to the Funding Agreement) under the terms of the Master Resolution, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and make receipt for payments and other sums of money payable, receivable, or held by the Trustee in the Sinking Fund, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things which the Commission is or may become entitled to do under the Resolution, provided that the assignment made by this sentence will not (i) include the Reserved Rights, (ii) impair or diminish any obligation of the Commission under the provisions of the Funding Agreement or (iii) impair or diminish the right of the Commission to enforce compliance with the obligations of the County under the Funding Agreement. **Notwithstanding anything to the contrary therein, the obligations of the County to pay make payments under the Funding Agreement are subject to annual appropriation by the County Council of the County in its sole discretion and will not be deemed or construed as creating an indebtedness of the County within the meaning of any provision of the County Charter or the laws of the State or County concerning or limiting the creation of indebtedness of the County. The issuance of the Bonds does not directly or indirectly or contingently obligate, morally or otherwise, the County to levy or pledge any form of taxation whatsoever therefor or to make any appropriation for their payment**

So long as any of the Bonds remain Outstanding, and for such longer period when required by the Funding Agreement, the Commission will faithfully and punctually perform and observe all obligations and undertakings on its part to be performed and observed under the Funding Agreement and will enforce diligently the County's performance of its obligation under this Funding Agreement. The Commission covenants to maintain, at all times, the validity and effectiveness of the Funding Agreement and (except as expressly permitted by the Funding Agreement) will take no action, will permit no action to be taken by others, and will not omit to take any action or permit others to omit to take any action, which action or omission might release the County from its liabilities or obligations under the Funding Agreement or result in the surrender, termination, amendment, or modification of, or impair the validity of, the Funding Agreement.

The Commission will not be liable for breach by the County of, or default by the County under, the Funding Agreement. The Commission will retain possession of an executed original or counterpart of the Funding Agreement and will release the same only in accordance with the provisions thereof. The Funding

Agreement will be available for inspection at reasonable times and under reasonable conditions by any Holder.

Funds; Application of Bond Proceeds.

The following funds are established in the Master Resolution, and the moneys deposited in such funds will be held in trust for the purposes set forth in the Master Resolution:

(a) Housing Opportunities Commission of Montgomery County – Bond Proceeds Fund;

(b) Housing Opportunities Commission of Montgomery County – Sinking Fund;

(c) Housing Opportunities Commission of Montgomery County - Loan Repayments Fund;

(d) Housing Opportunities Commission of Montgomery County – Housing Production Fund; and

(e) Housing Opportunities Commission of Montgomery County - Costs of Issuance Fund.

The funds established as described herein (including any accounts or subaccounts created therein) will be maintained by the Trustee. The Commission will have the right to deposit funds into, and withdraw funds from, as applicable, the foregoing Funds, subject to the requirements of the Master Resolution.

The Commission will apply the proceeds from the sale of each series of Bonds as set forth in the related Series Resolution, the Master Resolution and the Funding Agreement.

Bond Proceeds Fund.

The proceeds of the Bonds will be deposited into the Bond Proceeds Fund. The Bond Proceeds Fund will be used to fund Project Loans to provide construction bridge financing for multifamily residential rental housing in accordance with the Program guidelines and as set forth in the Funding Agreement.

Moneys in the Bond Proceeds Fund not currently needed for the purposes provided therein may be invested in Permitted Investments at the direction of the Commission. Any such investments will be held by the Trustee, in trust, for the account of the Bond Proceeds Fund until maturity or until sold, and at maturity or upon such sale the proceeds received therefrom including accrued interest and premium, if any, will be transferred to the Sinking Fund.

The Commission will cause the Trustee to maintain records of all deposits to, investments of, and withdrawals from the Bond Proceeds Fund, which records will be retained for at least five years by the Trustee subject at all times to inspection by any official of the Commission, the County and the Holders.

Sinking Fund.

The Sinking Fund will be used to pay the principal of, premium, if any, and interest on the Bonds when due as provided in each Series Resolution. Moneys in the Sinking Fund will be used solely as a fund for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of the Bonds at or prior to maturity, and to purchase Bonds in the open market pursuant to the Resolution.

All Contract Payments will be deposited in the Sinking Fund from time to time as received by the Commission or the Trustee on behalf of the Commission. Pursuant to the Funding Agreement, the payments by the County as provided therein are to be remitted directly to the Trustee for deposit in the Sinking Fund. In addition, certain investment earnings from funds in the Bond Proceeds Fund and the Costs of Issuance Fund will also be deposited into the Sinking Fund.

The Sinking Fund will be in the custody of the Trustee, and the Commission authorizes and directs the Trustee to withdraw sufficient funds from the Sinking Fund to pay principal of and interest and premium, if any, on the Bonds as the same become due and payable and to make such funds so withdrawn available to the Paying Agent for the purpose of paying such principal, interest, and premium, if any.

Not later than 90 days after each June 1, commencing June 1, 2022, the Trustee will transfer excess amounts on deposit in the Sinking Fund to the County pursuant to wiring instructions provided by the County.

Loan Repayments Fund.

Principal repayments and interest payments on Project Loans will be deposited in the Loan Repayments Fund from time to time as received by the Commission or the Trustee. Not later than 90 days after each June 1, the Trustee will transfer Project Loan interest payments on deposit in the Loan Repayments Fund to the County pursuant to wiring instructions provided by the County. Project Loan principal repayments deposited into the Loan Repayments Fund will be immediately transferred to the Housing Production Fund.

The Commission will not cause or permit to be paid from the Loan Repayments Fund any sums except in accordance with such provisions and restrictions. Any such investments will be held by the Trustee, in trust, for the account of the Loan Repayments Fund until maturity or until sold, and at maturity or upon such sale the proceeds received therefrom including accrued interest and premium, if any, will be immediately deposited by the Trustee in the Loan Repayments Fund and applied in the manner and for the purposes provided therein.

The Commission will cause the Trustee to maintain records of all deposits to, investments of, and withdrawals from the Loan Repayments Fund, which records will be retained for at least five years by the Trustee subject at all times to inspection by any official of the Commission, the County and the Holders.

Housing Production Fund.

Amounts transferred or deposited into the Housing Production Fund from the Loan Repayments Fund will be used to fund Project Loans to provide construction bridge financing for multifamily residential rental housing in accordance with the Program guidelines and as set forth in the Funding Agreement, as applicable. Moneys in the Housing Production Fund not currently needed for the purposes provided therein may be invested in Permitted Investments at the direction of the Commission. Any such investments will be held by the Trustee, in trust, for the account of the Housing Production Fund until maturity or until sold, and at maturity or upon such sale the proceeds received therefrom including accrued interest and premium, if any, will remain on deposit in the Housing Production Fund and be used to fund Project Loans. The Commission will cause the Trustee to maintain records of all deposits to, investments of, and withdrawals from the Housing Production Fund, which records will be retained for at least five years by the Trustee subject at all times to inspection by any official of the Commission, the County and the Holders.

Costs of Issuance Fund.

The Commission may direct the deposit of amounts to the Costs of Issuance Fund for the payment of costs incurred in connection with the issuance of the related series of Bonds. Moneys in the Costs of Issuance Fund will be applied by the Trustee to pay such costs upon receipt of a written requisition from the Commission. Any moneys remaining in the Costs of Issuance Fund after the payment of all costs of issuance, and in any event not later than 60 days following the date of issuance of the related series of Bonds, will be transferred to the Bond Proceeds Fund or the Sinking Fund as directed by the Commission.

Investment of Funds.

Moneys in the Bond Proceeds Fund, the Loan Repayments Fund, the Sinking Fund, the Housing Production Fund and the Costs of Issuance Fund will be invested in Permitted Investments at the direction of the Commission. Moneys in each such Fund will be accounted for as a separate and special fund apart from all other Commission funds.

Moneys in the Sinking Fund may be invested in Permitted Investments maturing or redeemable at the option of the holder thereof prior to the next succeeding Interest Payment Date, but whenever prior to any Interest Payment Date the aggregate of the moneys in the Sinking Fund exceeds the amount necessary to pay interest and principal falling due on such Interest Payment Date, such excess may be invested in Permitted Investments maturing or redeemable at the option of the holder prior to the next following Interest Payment Date. Investment earnings in each fund will be applied as directed pursuant to the provisions thereof applicable to such fund.

Disposition of Moneys After Payment of Bonds.

Any amounts remaining in the Sinking Fund or the Bond Proceeds Fund after payment in full of the principal of and interest on the Bonds will be disbursed to the County. Any amounts remaining in any fund established under the Master Resolution other than the Sinking Fund after payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision for payment thereof has been made), the fees, charges, and expenses of the Paying Agent, the Bond Registrar, and all other amounts required to be paid under the Resolution, and upon discharge of the Resolution, will be disbursed by the Trustee to or at the direction of the Commission.

The Trustee.

All moneys deposited in the Bond Proceeds Fund, Loan Repayments Fund, Sinking Fund, the Housing Production Fund and the Costs of Issuance Fund under the provisions thereof will be deposited with the Trustee. In the event the Trustee and the Paying Agent for all Bonds then Outstanding is the same bank acting in both capacities, then the Trustee will, without any further direction on the part of or any further authorization from the Commission, use and disburse the moneys in the Sinking Fund as provided in the Resolution.

Successor Trustee.

From time to time, the Commission may designate a successor Trustee. Every successor Trustee appointed pursuant to the provisions of the Master Resolution will be an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws and the applicable laws of the State to exercise corporate trust powers, having a combined capital and surplus of at least $100,000,000, and subject to supervision or examination by Federal or state authority. If such association or corporation is not a commercial bank or trust company, it will also have a rating by

Moody's (if the Bonds are then rated by Moody's) of "Baa 3/P-3" or higher, or by S&P (if the Bonds are then rated by S&P) of "BBB/A3" or higher or will otherwise be approved in writing by Moody's or S&P, as the case may be. Upon appointment of a successor Trustee, the resigning Trustee will assign all of its right, title and interest in the Resolution and the Pledged Revenues to the successor Trustee.

Events of Default.

Each of the following events is declared an "Event of Default" under the Master Resolution:

(a) payment of the principal of and redemption premium, if any, on any of the Bonds will not be made when the same will become due and payable, either at maturity or by proceedings for redemption;

(b) payment of any installment of interest on any Bond will not be made when the same becomes due and payable;

(c) the Commission will, for any reason, be rendered incapable of fulfilling its obligations thereunder;

(d) the Commission will default in the due and punctual performance of any other of the covenants, conditions, agreements, or provisions contained in the Bonds or the Master Resolution to be performed, and such default will continue for thirty (30) days after written notice, specifying such default and requiring the same to be remedied, will have been given to the Commission by any Holder; or

(e) an event of default will have occurred and be continuing under the Funding Agreement, subject to any cure provisions provided therein.

Remedies.

Upon the happening and continuance of any Event of Default, then and in every such case any Holder may proceed, subject to the provisions of the Master Resolution, to protect and enforce the rights of the Holders thereunder by a suit, action, or special proceedings in equity, or at law, for the specific performance by the Commission of any covenant or agreement contained therein or in the Funding Agreement. The holders of more than 50% of outstanding principal amount of the Bonds may direct the Trustee or Commission to diligently pursue and enforce all covenants, undertakings, and obligations of the County under the Funding Agreement and any and all remedies of the Bondholders thereunder.

Restoration.

In case any proceeding taken by any Holder on account of any Event of Default will have been discontinued or abandoned for any reason, or will have been determined adversely to such Holder, then and in every such case the Commission, the County and the Holders will be restored to their former positions and rights thereunder and under the Funding Agreement, respectively, and all rights, remedies, and powers of the Holders will continue as though no such proceedings had been taken. The Commission will have the right to be reimbursed from available amounts under the Master Resolution for fees and expenses of counsel incurred in connection with any such proceeding.

Equal Benefit.

No one or more owners of the Bonds secured by the Master Resolution will have any right in any manner whatever by its or their action to affect, disturb, or prejudice the security granted and provided for therein, or to enforce any right thereunder, except in the manner therein provided, and all proceedings at law or in equity will be instituted, had, and maintained for the equal benefit of all owners of such outstanding Bonds.

Nonexclusivity of Remedies.

No remedy in the Master Resolution conferred upon the Holders is intended to be exclusive of any other remedy, or remedies, and each and every such remedy will be cumulative, and will be in addition to every other remedy given thereunder or now or hereafter existing at law or in equity or by statute.

No Waiver.

No delay or omission of any Holder to exercise any right, power, or remedy accruing upon any Event of Default will impair any such right or power or be construed as an acquiescence in such Event of Default, and every right, power, and remedy given by the Master Resolution to the owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Supplemental Resolutions Not Requiring Consent of Holders.

The Commission, from time to time and at any time, subject to the conditions and restrictions in the Master Resolution, may adopt one or more resolutions which thereafter will form a part of the Master Resolution, for any one or more or all of the following purposes:

(a) to add to the covenants and agreements of the Commission in the Master Resolution other covenants and agreements thereafter to be observed or to surrender, restrict, or limit any right or power reserved in the Master Resolution to or conferred upon the Commission (including but not limited to the right to issue Additional Bonds);

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting, or supplementing any defective provision contained in the Resolution, or in regard to matters or questions arising under the Master Resolution, as the Commission may deem necessary or desirable and not inconsistent with the Master Resolution and which will not have a material adverse effect on the interests of the Holders;

(c) to provide for the issuance of a series of the Initial Bonds or the issuance of Additional Bonds, in accordance with the provisions of the Resolution;

(d) to grant to or confer any additional rights, remedies, powers, or authorities that may be lawfully granted to or conferred upon the owners of the Bonds;

(e) to subject to the lien and pledge of the Master Resolution additional revenues, receipts, properties, or other collateral;

(f) to evidence the appointment of successors to the Trustee, the Paying Agent, or the Bond Registrar;

(g) to amend, modify or supplement the Master Resolution or any proceedings supplemental to the Master Resolution in such manner as to permit the qualification of the Resolution under the Trust Indenture Act of 1939 or any federal statute thereinafter in effect, and similarly to add to the Resolution, or to any proceedings supplemental to the Master Resolution, such other terms, conditions, and provisions as may be permitted or required by the Trust Indenture Act of 1939 or any similar federal statute; or

(h) to make changes and modifications, and to add such provisions, as will be necessary to obtain or maintain an investment grade rating for the Bonds.

Any Supplemental Resolution authorized by the provisions of the Master Resolution may be adopted by the Commission without the consent of or notice to any of the owners of the Bonds at the time Outstanding, notwithstanding any of the provisions of the Master Resolution. A copy of all such Supplemental Resolutions will be promptly furnished to the County and to each rating agency then rating the Bonds, and the Paying Agent and the Bond Registrar will be promptly advised of any modifications of their rights, duties and obligations thereunder.

Supplemental Resolutions Requiring Consent of Holders.

Exclusive of Supplemental Resolutions authorized by the Master Resolution, with the consent of the Holders (evidenced as provided in the Master Resolution), the Commission may from time to time and at any time adopt a Supplemental Resolution for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Master Resolution; provided, however, that no such Supplemental Resolution will (i) extend the maturity date of any Bond or the due date of any mandatory sinking fund redemption with respect to any Bond, (ii) reduce or extend the time of payment of the principal of, redemption premium, if any, or interest on any Bond, (iii) reduce any premium payable upon the redemption of any Bond or advance the date upon which any Bond may first be called for redemption prior to its stated maturity date, (iv) give to any Bond or Bonds a preference over any other Bond or Bonds, (v) reduce the percentage of owners of the Bonds required to approve any such Supplemental Resolution, or (vi) deprive the owners of the Bonds (except as aforesaid) of the right to payment of the Bonds from the Pledged Revenues, in each case without the consent of the owners of all the Bonds then Outstanding.

Notice.

After any Supplemental Resolution requiring the consent of the Holders will have been adopted, the Commission will cause a notice of the adoption of such Supplemental Resolution to be mailed, postage prepaid, to all registered owners of Bonds appearing on the Bond Register, and a copy of such Supplemental Resolution will be mailed, postage prepaid, to the designated representatives of the original purchasers of any Bonds and to the County.

Required Approval.

No Supplemental Resolution requiring the consent of the Holders will become effective unless the owners of at least sixty-five percent (65%) of the aggregate principal amount of the Bonds then Outstanding (or one hundred percent (100%) in the case of a Supplemental Resolution described in the Master Resolution) will have filed with the Commission within three months after the date of adoption of such Supplemental Resolution properly executed instruments approving the adoption of such Supplemental Resolution, each such Holder instrument to be accompanied by proof of ownership of the Bonds to which such instrument refers, which proof will be such as is permitted by the provisions of the Master Resolution.

Legal Action.

Any action or proceeding in any court objecting to such Supplemental Resolution or to any of the terms and provisions therein contained or the operation thereof, or in any manner questioning the propriety of the adoption thereof or the execution by any Holder of any instrument purporting to approve the adoption of such Supplemental Resolution, or to enjoin or restrain the Commission from taking any action pursuant to the provisions thereof, must be commenced within thirty (30) days after the Commission will have determined that the adoption of such Supplemental Resolution has been duly approved.

Upon the expiration of such thirty (30) day period, or, if any such action or proceedings will be commenced, upon any judgment or decree sustaining such Supplemental Resolution becoming final, the Resolution will be, and be deemed to be, modified and amended in accordance with such Supplemental Resolution, and the respective rights, duties, and obligations under the Resolution will thereafter be determined, exercised, and enforced thereunder, subject, in all respects, to such modifications and amendments.

Incorporation.

Any Supplemental Resolution adopted and becoming effective in accordance with the provisions of the Master Resolution will thereafter form a part of the Master Resolution and all conditions of the Master Resolution for any and all purposes, and will be effective as to all owners of Bonds, and no notation or legend of such modifications and amendments will be required to be made thereon.

Amendments to Funding Agreement Not Requiring Consent of Holders.

The Commission may, without the consent of or notice to the Holders or the Trustee (but only with notice to the Trustee), subject to the approval of the County amend, modify or supplement the Funding Agreement for any purpose, including, without limitation:

(a) to cure any ambiguity, or cure, correct, or supplement any defective provision contained in the Funding Agreement, or in regard to matters or questions arising under Funding Agreement, as the Commission may deem necessary or desirable and not inconsistent with the Master Resolution and which will not have a material adverse effect on the interests of the Holders;

(b) to make such changes and modifications, and to add such provisions, as will be necessary to obtain or maintain an investment grade rating for the Bonds; or

(c) to conform the Funding Agreement to any changes made to the Master Resolution by a Supplemental Resolution permitted by the Master Resolution.

Amendments to Funding Agreement Requiring Consent of Holders.

Except for the amendments, modifications or supplements described in the preceding paragraph, the Commission will not amend, change, or modify the provisions of the Funding Agreement governing appropriation of funds unless the owners of at least sixty-five percent (65%) of the aggregate principal amount of the Bonds then Outstanding will have filed with the Commission within three months after the date of adoption of resolutions approving such amendment, modification or supplement properly executed instruments approving the execution of such amendment, change, or modification, each such Holder instrument to be accompanied by proof of ownership of Bonds to which such instrument refers, which proof will be such as is permitted by the provisions of the Master Resolution. Provided however that notwithstanding approval by the Holders, no assurance can be given that the County will agree to any particular recommended or requested amendment to the Funding Agreement.

Provision for Payment.

Bonds for the payment or redemption of which sufficient moneys or sufficient Government Obligations will have been deposited with or for the account of the Paying Agent (whether upon or prior to the maturity or the redemption date of such Bonds) will be deemed to be paid and no longer Outstanding under the Master Resolution; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been duly given as provided in the Master Resolution or firm and irrevocable arrangements will have been made for the giving thereof. Government Obligations will be considered sufficient for purposes of the Master Resolution only if (i) such Government Obligations are not callable by the issuer of the Government Obligations prior to their stated maturity, (ii) such Government Obligations fall due and bear interest in such amounts and at such times as will assure sufficient cash (whether or not such Government Obligations are redeemed by the Commission pursuant to any right of redemption) to pay currently maturing interest and to pay principal of and redemption premiums, if any, on the Bonds when due and (iii) the sufficiency of such Government Obligations to defease the Bonds as provided in the Master Resolution is confirmed by a certificate of an independent public accountant.

The Commission may at any time surrender to the Bond Registrar for cancellation by it any Bonds previously authenticated and delivered under the Resolution which the Commission may have acquired in any manner whatsoever. All such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Contract with Holders.

The provisions of the Master Resolution will constitute a contract by and between the Commission and the owners of the Bonds, and after the issuance of the Bonds the Master Resolution will not be repealed or amended in any respect which will adversely affect the rights and interests of the owners of the Bonds, nor will the Commission pass any proceedings in any way adversely affecting the rights of such owners, so long as any of the Bonds authorized by the Master Resolution, or the interest thereon, will remain unpaid; provided, however, that this covenant will not be construed as prohibiting modifications thereof or amendments hereto by Supplemental Resolutions to the extent and in the manner as provided in the Master Resolution.

APPENDIX D

COUNTY RESOLUTION

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Resolution No.: 19-774
Introduced: March 9, 2021
Adopted: March 23, 2021

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: County Council

SUBJECT: Special Appropriation to the Fiscal Year 2021 Operating Budget
Montgomery County Government
Department of Housing and Community Affairs
Montgomery Housing Initiative (Housing Initiative Fund)
Housing Opportunities Commission (HOC) Housing Production Fund
$500,000 (Source of Funds: General Fund Designated Reserve for Affordable Housing)

Background

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than six Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.

2. Montgomery County has had a decades long commitment of providing affordable housing to its residents. The County was one of the first jurisdictions in the nation to use inclusionary zoning to provide moderately price dwelling units. The County has committed local funding to provide housing stabilization, rent supports, rapid re-housing, and permanent supportive housing. The County provides loans and grants to affordable housing partners through the Montgomery Housing Initiative (known as the Housing Initiative Fund) and provides tax relief for affordable housing through the payment in lieu of taxes program. Public land is leveraged to support developments with higher percentages of affordable units, and the Council has included provisions in master plans and sector plans to incentivize affordable housing and promote strategies that result in redevelopment of specific parcels so there is no net loss of affordable units.

3. The County's investments have not been enough to meet the current need for all housing and for affordable housing. The Housing Needs Assessment recently completed for the Montgomery County Planning Board estimates that between years 2020 and 2040, Montgomery County will add over 63,000 new households. In 2018, there was a gap of almost 48,000 units affordable to households with incomes at or below 50% of area median

income. The projections show that higher income households will remain the largest group, but the percent of households with incomes below $50,000 will increase. The study estimates over half of new housing units will be multi-family rental.

4. On November 5, 2019, the Council adopted Resolution 19-284, Resolution to Support Metropolitan Washington Council of Governments' Regional Housing Targets for Montgomery County. The Council's actions stated that, "A sufficient stock of quality housing at all levels of affordability is critical to quality of life, health of residents, and the economic development that will bring increased employment opportunities." The Council committed to goals of producing 10,000 housing units above the current forecast and having 75% of new housing in Activity Centers or near high-capacity transit. Housing is one of the four pillars in the Council Economic Development Platform for Montgomery County, adopted on November 19, 2019, in Resolution 19-300.

5. On June 16, 2020, the Council adopted Resolution 19-493, Declaration of Racism as a Public Health Crisis. The resolution says, "Racism causes persistent discrimination and disparate outcomes in many areas of life, including housing, education, employment and criminal justice, and an emerging body of research demonstrates that racism itself is a social determinant of health. The Health Affairs Policy Brief, "Housing and Health: An Overview of the Literature," says, "Housing is one of the best-researched social determinants of health and selected housing interventions for low-income people have been found to improve health outcomes and decrease health care costs." It further notes that residential instability (moving frequently, falling behind on rent, couch surfing) increases a person's likelihood of experiencing poor health compared to stably housed peers.

6. To meet the County's goals for increased housing and increased availability of affordable housing, new creative and dynamic tools are needed including new tools for financing the production of new mixed-income housing developments with housing units affordable to household earning less than 50% of area median income.

7. The Housing Opportunities Commission (HOC) is the County's public housing agency with a mission to provide affordable housing and supportive services that enhance the lives of low and moderate- income families and individuals so that no one is living in substandard housing. HOC has a development and redevelopment pipeline from properties in its own portfolio and from properties acquired through partnerships with private developers. HOC can accelerate developments in its mixed-income housing pipeline with availability of construction period bridge financing.

8. The Council agreed to hold $6.8 million recommended for the Housing Initiative Fund operating budget in a Designated General Fund Reserve to allow further consideration of new models that leverage County funds to create larger pools of financing.

9. The Joint Planning, Housing, and Economic Development Committee and Government Operations and Fiscal Police Committee met on July 27, 2020 and reviewed the proposal for the HOC Housing Production Fund that will among other actions create a pool of construction-bridge financing. The Joint Committee agreed that even as the County responds to the pandemic, it must continue to take big steps forward in meeting housing

goals. The pandemic has shown a spotlight on the impacts of crowded housing and the need for more affordable housing. The Joint Committee recommended the creation of a $50 million fund in FY21. The Council will continue to look at new options for financing affordable housing production and preservation.

10. Public notice of this special appropriation was provided by news release.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

A special appropriation to the FY21 Operating Budget of the Montgomery County Government, in the amount of $2,800,000 is approved as follows:

	Personnel Expense	Operating Expense	TOTAL	Source of Funds
Department of Housing and Community Affairs: Montgomery Housing Initiative	$0	$500,000	$500,000	General Fund Designated Reserve for Affordable Housing
TOTAL	$0	$500,000	$500,000	

The County Executive is authorized to enter into an agreement to establish a $50 million revolving HOC Housing Production Fund with terms and provisions deemed appropriate by the County Executive to achieve the purposes of this Resolution (the "Agreement"). Under the agreement, the County may agree to provide the funding necessary for debt service for HOC-issued bonds in an aggregate par amount not to exceed $50 Million Dollars (the "HOC Bonds") for use by the HOC Housing Production Fund. The proceeds of the HOC Bonds including any premium will be made available solely for the uses of the HOC Housing Production Fund.

Any additional funds made available by the County Government for debt service on the HOC Bonds shall be subject to annual appropriation by the Council. The funds made available from the County Government are not expected to exceed $3.4 Million Dollars as appropriated annually while the HOC Bonds are outstanding. If the County Executive enters into the Agreement, such Agreement must state that the payments from the County Government are subject to annual appropriation. Provided however, that the County Government contribution for debt service on the HOC Bonds payable in FY 21 shall not exceed the $500,000 Dollars the special appropriation authorized in this Resolution. This special appropriation of funds is designated for the FY 2021 debt service payments for the HOC Bonds. The Agreement will provide that the HOC Bonds will have a final maturity not to exceed 20 years from the date of issuance.

The Executive may transfer the entire amount appropriated in this special appropriation to the Montgomery Housing Initiative (Housing Initiative Fund) as needed for the purpose of paying debt service the HOC to be used as set forth in this Resolution.

HOC developments funded using the proceeds of HOC Bonds and any other funds in or made available for the HOC Housing Production Fund must have at least 20% of total dwelling units priced to be affordable to households earning 50% or less of the area median income (AMI) adjusted for household size and an additional 10% of all units affordable to households with incomes eligible for a Moderately Price Dwelling Unit.

The HOC Bonds and related documents shall provide that any earnings on the proceeds of the HOC Bonds will be used to pay the debt service on the HOC Bonds.

Any interest paid by the developments funded through the HOC Housing Production Fund in FY2021 and in future years, unless and until modified by the Council, must be paid to the County Government and must be deposited by the County into the Montgomery Housing Initiative (Housing Initiative Fund).

This appropriation is needed to act without delay in the public interest.

This is a correct copy of Council action.

SMSingleton
____
Selena Mendy Singleton, Esq.
Clerk of the Council

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APPENDIX E

DTC AND BOOK-ENTRY

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2021 Bond certificate will be issued for each maturity of the Series 2021 Bonds, each in the aggregate principal amount of such maturity of such series and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org (information on the DTC website is not a part of the Official Statement).

Purchases of the Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price and interest payments on the Series 2021 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price (if applicable) and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Commission or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2021 Bonds are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor depository). In that event, Series 2021 Bond certificates will be printed and delivered to DTC.

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

So long as Cede & Co. is the registered owner of the Series 2021 Bonds, as nominee for DTC, reference herein to the registered owners of the Series 2021 Bonds (other than under the heading "Tax Exemption and Related Considerations" in the Official Statement) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2021 Bonds.

APPENDIX F

FORM OF APPROVING OPINION OF BOND COUNSEL

August 17, 2021

Housing Opportunities Commission
of Montgomery County

$50,000,000
Housing Opportunities Commission of Montgomery County, Maryland
Limited Obligation Bonds
(Housing Production Fund)
Series 2021 (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the Housing Opportunities Commission of Montgomery County (the "Commission") of $50,000,000 aggregate principal amount of its Limited Obligation Bonds (Housing Production Fund) Series 2021 (Federally Taxable) (the "Bonds"). The Commission is a public body corporate and politic organized and existing under the Housing Authorities Law being Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, and a Memorandum of Understanding between the Commission and Montgomery County, Maryland (the "County") (together, the "Act"). The Bonds are to be issued pursuant to the Act, a resolution adopted by the Commission on May 5, 2021 (the "HOC Resolution"), the Master Resolution dated as of August 1, 2021 (the "Master Resolution"), and the Series Resolution dated as of August 1, 2021 (the "Series Resolution"), each between the Commission and Wilmington Trust, National Association, as trustee (the "Trustee"). The Master Resolution and the Series Resolution are collectively referred to as the "Resolution."

The Bonds are issuable as fully registered bonds without coupons in the denominations of $5,000 each or integral multiples of $5,000 in excess thereof. The Bonds shall have such terms as are provided in the Resolution.

The Bonds are limited obligations of the Commission and are payable solely from the revenues and other assets of the Commission pledged therefor pursuant to the Resolution. The Commission has no taxing power. The Bonds do not constitute a debt of the County, the State of Maryland (the "State") or any political subdivision thereof, and neither the County, the State nor any political subdivision thereof shall be liable thereon, nor in any event shall the Bonds be payable out of any funds or properties of the Commission other than those pledged therefor.

In connection with the issuance of the Bonds, we have examined the following:

A. Certified copies of the Act.

B. An executed copy of the HOC Resolution.

C. Executed copies of the Master Resolution and the Series Resolution.

D. An executed copy of the Funding Agreement dated as of August 1, 2021 (the "Funding Agreement") between the Commission and the County.

E. Such other opinions, documents, certificates and letters as we deem relevant in rendering this opinion.

From such examination we are of the opinion that:

1. The Commission was duly created and validly exists under the provisions of the Act as a public body corporate and politic of the State with full power to issue the Bonds for the purpose authorized by the Resolution.

2. The HOC Resolution has been duly adopted and is in full force and effect. The Master Resolution and the Series Resolution have been duly authorized and executed by the Commission, are valid and binding obligations of the Commission, are in full force and effect and are enforceable in accordance with their terms except to the extent enforcement may be limited by general principles of equity which may permit the exercise of judicial discretion, the reasonable exercise in the future by the State, the County and its governmental bodies of the police power inherent in the sovereignty of the State and the County, and applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally, now or hereafter in effect.

3. The Bonds have been duly authorized, executed and issued in accordance with the laws of the County and the State, including the Act, now in force and represent valid and binding limited obligations of the Commission, enforceable in accordance with their terms and the terms of the HOC Resolution and the Resolution except to the extent enforcement may be limited by general principles of equity which may permit the exercise of judicial discretion, the reasonable exercise in the future by the State, the County and its governmental bodies of the police power inherent in the sovereignty of the State and the County, and applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally, now or hereafter in effect.

4. Interest on the Bonds is included in gross income of the owners thereof for federal income tax purposes. The Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are free from taxation of every kind by the State and by the municipalities and all other political subdivisions of the State under existing law, except that no opinion is expressed as to such exemption from Maryland franchise taxes or estate or inheritance taxes.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We express no opinion regarding any other Federal or state tax consequences with respect to the Bonds. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason.

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