
PENNSYLVANIA HOUSING FINANCE AGENCY

AND

**THE PHILADELPHIA NATIONAL BANK,
as Trustee**

SUPPLEMENTAL INDENTURE OF TRUST

Dated as of March 1, 1988

SUPPLEMENTAL INDENTURE OF TRUST

This Supplemental Indenture of Trust, made and dated as of the 1st day of March, 1988, by and between the Pennsylvania Housing Finance Agency ("Agency") and The Philadelphia National Bank, as Trustee ("Trustee"):

WITNESSETH:

WHEREAS, the Agency and the Trustee entered into an Indenture of Trust made and dated as of the 1st day of April, 1982 (the "Original Indenture") pursuant to which the Agency has issued its Single Family Mortgage Revenue Bonds; and

WHEREAS, such Original Indenture as amended pursuant to (a) Resolution of the Agency on October 27, 1983, and pursuant to Supplemental Indentures made and dated as of June 15, 1984, April 1, 1985, July 1, 1985 and October 1, 1985, which Supplemental Indentures were all restated in a Supplemental Indenture dated as of June 1, 1986; (b) a Supplemental Indenture made and dated as of June 12, 1987; and (c) a Supplemental Indenture made and dated as of October 1, 1987; and

WHEREAS, by resolution adopted June 12, 1987 (the "Series Resolution"), the Agency authorized the issuance of \$80,335,000 aggregate principal amount of its Single Family Mortgage Revenue Bonds, Series O (the "Series O Bonds"); and

WHEREAS, by a resolution adopted February 11, 1988 (the "Conversion Resolution"), the Agency authorized the long term conversion and remarketing of \$80,335,000 aggregate principal amount of the Series O Bonds (the Series Resolution and the Conversion Resolution are hereinafter collectively referred to as the "Resolution"); and

WHEREAS, the registered owners of the Series O Bonds maturing October 1, 2016 (the "Option Bonds") have the option to tender (the "Tender Option") the Option Bonds for purchase at par to Meridian Bank, Reading, Pennsylvania (the "Bank") on October 3, 1988 or on any applicable Monthly, Quarterly, Semi-Annual, or Annual Purchase Date thereafter, as the case may be, until October 1, 2011 pursuant to the terms and conditions set forth in an Option Bond Purchase Agreement, dated as of March 1, 1988 (the "Option Agreement"), by and among the Bank, the Trustee and Meridian Capital Markets, Inc., in its capacities as Remarketing Agent (the "Remarketing Agent") and Tender Agent (the "Tender Agent"); and

WHEREAS, the provisions of the Option Agreement and the Resolution require that the Indenture be supplemented as set forth below; and

WHEREAS, Sections 801 and 802 of the Original Indenture provide that a Supplemental Indenture may be entered into for the purposes described below.

NOW THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS:

Section 1. Definitions. Unless expressly given different meanings hereunder or in the recitals hereto, or the context clearly requires otherwise, all capitalized words or phrases used herein shall have the meanings assigned to them in the Original Indenture, as heretofore supplemented.

Section 2. Redemption of Series O Bonds. Article VI of the Original Indenture is hereby amended by adding the following new section to the end thereof:

“Section 608. Serial Election and Redemption of Series O Bonds.

The Agency hereby directs the Trustee to, and the Trustee hereby acknowledges receipt of such direction and hereby agrees to, convert certain amounts and due dates of Sinking Fund Payments for the Series O Bonds to serial maturities as set forth in the schedule attached hereto and incorporated herein as Exhibit A.

The Series O Bonds shall be subject to redemption upon the written direction of the Agency to the Trustee specifying the Series O Bonds to be redeemed and in accordance with the following paragraphs and in accordance with the provisions of the Series O Bonds, together with the additional provisions set forth in this Section 608.

Attached hereto as Exhibit B is an anticipated amortization schedule for the Series O Bonds maturing on October 1, 2016 based on the following assumptions (i) that the mortgage loans purchased from the funds made available from the Series O Bonds (the "Series O Mortgages") will be prepaid in accordance with the 100% incidence of termination of FHA-insured mortgage loans in the United States during the years 1957-1986; and (ii) that those prepayments are not used to originate or purchase new mortgage loans. The Agency agrees that, to the extent the Agency receives proceeds of the prepayment of Series O Mortgages, or the principal portion of mortgage loan guaranty or insurance payments with respect to Series O Mortgages, or collections resulting from foreclosure proceedings with respect to Series O Mortgages, that the Agency shall give the Trustee specific direction regarding Bonds to be redeemed so that the Trustee applies said proceeds to the redemption of the Option Bonds so as to amortize the Option Bonds in accordance with the schedule attached as Exhibit "B", on a cumulative basis, to the maximum extent possible. In the event that the Option Bonds are subject to optional redemption or special optional redemption, and so long as the Option Agreement is in effect, the Agency shall direct the Trustee to first select for redemption any such Bonds which are owned by the Bank and previously purchased pursuant to the Option Agreement unless the Bank shall waive in writing such priority of selection.

Section 3. Trustee's Responsibilities Under Option Agreement and Letter of Representation. Article XI of the Original Indenture is hereby amended by adding the following new section 1116 to the end thereof:

SCHEDULE A

\$80,335,000 Serial and Term Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
October 1, 1990	\$ 440,000	5.75 %
April 1, 1991	450,000	6.00
October 1, 1991	465,000	6.00
April 1, 1992	480,000	6.25
October 1, 1992	495,000	6.25
April 1, 1993	510,000	6.50
October 1, 1993	525,000	6.50
April 1, 1994	540,000	6.70
October 1, 1994	560,000	6.70
April 1, 1995	575,000	6.90
October 1, 1995	595,000	6.90
April 1, 1996	615,000	7.10
October 1, 1996	635,000	7.10
April 1, 1997	660,000	7.25
October 1, 1997	680,000	7.25
April 1, 1998	705,000	7.40
October 1, 1998	730,000	7.40
April 1, 1999	760,000	7.60
October 1, 1999	785,000	7.60
April 1, 2000	815,000	7.70
October 1, 2000	850,000	7.70
October 1, 2007	16,190,000	8.125
October 1, 2016	40,875,000	7.75
April 1, 2018	10,400,000	8.20

ANTICIPATED AMORTIZATION SCHEDULE FOR
 SERIES O BONDS MATURING ON OCTOBER 1, 2016
 BASED ON 100% FHA PREPAYMENT EXPERIENCE

<u>DATE</u>	<u>PRINCIPAL AMOUNT</u>
March 1, 1988	\$ 0.00
April 1, 1988	0.00
October 1, 1988	85,000.00
April 1, 1989	520,000.00
October 1, 1989	985,000.00
April 1, 1990	2,140,000.00
October 1, 1990	2,780,000.00
April 1, 1991	2,910,000.00
October 1, 1991	2,950,000.00
April 1, 1992	2,940,000.00
October 1, 1992	2,850,000.00
April 1, 1993	2,440,000.00
October 1, 1993	2,160,000.00
April 1, 1994	1,860,000.00
October 1, 1994	1,645,000.00
April 1, 1995	1,365,000.00
October 1, 1995	1,205,000.00
April 1, 1996	1,130,000.00
October 1, 1996	1,085,000.00
April 1, 1997	1,025,000.00
October 1, 1997	985,000.00
April 1, 1998	940,000.00
October 1, 1998	905,000.00
April 1, 1999	875,000.00
October 1, 1999	850,000.00
April 1, 2000	815,000.00
October 1, 2000	790,000.00
April 1, 2001	760,000.00
October 1, 2001	735,000.00
April 1, 2002	705,000.00
October 1, 2002	<u>440,000.00</u>
	\$40,875,000.00

EXHIBIT "B"

LETTER OF REPRESENTATION

March 1, 1988

The Depository Trust Company
7 Hanover Square
New York, NY 10004

Attention: General Counsel's Office

RE: Long-Term Option Conversion and Remarketing of
\$80,335,000 Pennsylvania Housing Finance Agency
Single Family Mortgage Revenue Bonds, Series O

Ladies and Gentlemen:

The purpose of this letter is to set out certain matters relating to the Long-Term Option Conversion and Remarketing by the Pennsylvania Housing Finance Agency (the "Agency") of \$80,335,000 aggregate principal amount of its Single Family Mortgage Revenue Bonds, Series O (the "Bonds"). The Philadelphia National Bank (the "Trustee") is acting as trustee with respect to the Bonds pursuant to a Trust Indenture dated as of April 1, 1982, as amended and supplemented (the "Indenture"). Pursuant to both a Remarketing Agreement, dated as of June 1, 1987 among the Agency, the Trustee and W.H. Newbold's Son & Co., as Remarketing Agent for the Bonds (the "Remarketing Agent"), and a proposal submitted to the Agency and the Trustee (on behalf of the Owners of Series O Bonds who have tendered their Bonds) by the Remarketing Agent on behalf of itself and other managing underwriters (the "Contract of Purchase"), the Remarketing Agent has agreed to remarket, and the Agency has agreed to exercise the Long-Term Option with respect to, the Bonds. The Agency has authorized the conversion of the Bonds pursuant to the Resolution of the Agency adopted on February 11, 1988 (the "Resolution").

As set forth more fully in the Option Bond Purchase Agreement, dated as of March 1, 1988 (the "Option Agreement") among the Trustee, Meridian Bank, in its capacity as provider of the option (the "Bank"), and Meridian Bank Capital Markets, Inc., in its several capacities as Option Bond Remarketing Agent (the "Option Bond Remarketing Agent") and as Option Bond Tender Agent (the "Option Bond Tender Agent"), each owner of a Bond due October 1, 2016 (the "2016 Term Bonds") has the right to tender such 2016 Term Bond to the undersigned as Option Bond Tender Agent during the Tender Period or Special Tender Period, as the case may be, for purchase by

the Bank on October 3, 1988 (the "Initial Purchase Date"), and, thereafter, on any applicable Monthly Purchase Date, Quarterly Purchase Date, Semi-Annual Purchase Date, Annual Purchase Date or Special Purchase Date to, and including October 1, 2011 (collectively, the "Purchase Dates") upon the terms and conditions set forth in the Option Agreement. Unless expressly given different meanings herein, or the context clearly requires otherwise, all capitalized works or phrases used herein shall have the meanings assigned to them in the Option Agreement.

To induce the Depository Trust Company ("DTC") to accept the Bonds as eligible for deposit at DTC and to act in accordance with its Rules with respect to the Bonds, including the 2016 Term Bonds, the Agency, the Option Bond Tender Agent and the Trustee, as applicable, represent to DTC and undertake as follows:

1. On March 1, 1988, the Agency will cause the Remarketing Agent to deposit with DTC one Bond certificate registered in the name of DTC's nominee, CEDE & CO. (the "Registered Owner"), for each state maturity of the Bonds in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Bonds, and said Bond Certificates shall remain in DTC's custody except as provided herein and in the Resolution.
2. The Indenture provides for a "Record Date" only for purposes of payment of interest. Such Record Date is the fifteenth day of the month preceding an Interest Payment Date. However, in cases where the Indenture or the Resolution require that the Registered Owner give its consent to the Trustee and that the Trustee shall deliver written notice to the Registered Owner requesting such consent, the Agency shall specify a record date and upon written direction by the Agency of such date, the Trustee shall establish a record date for purposes of the consent. If practicable, the Trustee shall give DTC notice of such record date not less than fifteen (15) calendar days in advance of the record date established.
3. The Indenture provides that notices of redemption (full or partial) are to be delivered to the Registered Owner no earlier than sixty (60) days and no later than thirty (30) days prior to the date chosen for redemption. All notices of redemption to the Registered Owner of the Series O Bonds will conform with the requirements of the Indenture.
4. In the event of a partial redemption, the Trustee shall designate in the notice of redemption required by the Indenture the aggregate principal amount of the Bonds to be called for redemption and the date (no earlier than sixty (60) days and no later than thirty (30) days prior to the redemption date) on which such notice is to be mailed to the Registered Owner (the "Publication Date"). Such notice shall be sent to DTC by a secure means (e.g. legible facsimile transmission, registered or certified

mail, overnight express delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before the Publication Date. The Trustee will forward such notice either in a separate, secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers which includes a manifest or list of each CUSIP number submitted in that transmission (The Trustee shall have a method to verify subsequently the receipt and timeliness of the notice).

5. In the event of an invitation to tender Series O Bonds (other than pursuant to the provisions of the Option Agreement) the Trustee shall deliver notice to the Registered Owner in the form supplied by the Agency in accordance with the Indenture. The notice shall specify, among other things, the terms of the tender and the date such notice is to be mailed to Bondholders or published ("Publication Date"). The notice shall be sent to DTC by a secure means (e.g., legible facsimile transmission, registered or certified mail, overnight express delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before the Publication Date (The Trustee shall have a method to verify subsequently the receipt and timeliness of the notice).
6. All notices and payments addressed to DTC shall contain the Bonds' CUSIP number.
7. Notice to DTC by facsimile transmission shall be sent to (516) 227-4039 or (516) 227-4190. Notices to DTC by any other means shall be sent to:

Muni Reorganization Manager
Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11530

8. Interest payments shall be sent to CEDE & CO. (or its registered assigns), as nominee of DTC, in next day funds on each Interest Payment Date (or the equivalent in accordance with existing arrangements between the Trustee and DTC) provided that the Trustee has received from the Agency funds to make such payment not later than 5:00 p.m., Philadelphia time, on each Interest Payment Date. Interest payments shall be made payable to the order of "CEDE & CO.". Absent any other existing arrangements such payments shall be addressed as follows:

Manager, Cash Receipts, Dividends
The Depository Trust Company
7 Hanover Square, 22nd Floor
New York, New York 10004

9. Payments of principal shall be sent to CEDE & CO., as nominee of DTC, or its registered assigns in next day funds on each payment date provided that the Trustee has received from the Agency funds to make such payment not later than 5:00 p.m., Philadelphia time, on each payment date. Principal payments shall be made payable to the order of "CEDE & CO.", and shall be addressed as follows:

Collection Supervisor
Muni Redemption Department
The Depository Trust Company
55 Water Street -- 23rd Floor
New York, New York 10041

10. DTC may direct the Trustee to use other any telephone number for facsimile transmission, address, or department of DTC as the number, address or department to which payments of interest or principal or notices may be sent upon written notice of such change to the Trustee.
11. In the event of a redemption, acceleration or any other early withdrawal (e.g., tenders made and accepted in response to the Trustee's invitation) necessitating a reduction in aggregate principal amount of the Bonds outstanding, DTC, in its discretion, (a) may request the Agency to issue and the Trustee to authenticate a new Bond certificate, or (b) shall make an appropriate notation on the Bond certificate indicating the date and amounts of such reduction in principal, except in the case of final maturity, in which case the certificate must be presented to the Trustee prior to payment.
12. In the event the Agency or the Trustee determines not to continue the system of book-entry transfers through DTC, the Beneficial Owners (as that term is defined in the Resolution) will be able to obtain certificated Bonds. The Agency shall direct the Trustee in writing to notify DTC Participants of the availability through DTC of Bond certificates and the Trustee shall do so; provided, that the Agency or DTC has provided to the Trustee the names of the DTC Participants. In such event, the Trustee will issue, transfer and exchange Bond certificates as required by DTC and its Participants in appropriate amounts which certificates shall be supplied to the Trustee by the Agency. Should DTC decide to discontinue its services as securities depository, then whenever DTC requests the Agency and the Trustee

to do so, the Trustee and the Agency will cooperate with DTC in taking appropriate action (a) to make available one or more separate certificates evidencing the Bonds to any DTC Participant having Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of the Bonds.

13. The Option Agreement provides that each owner of 2016 Term Bonds shall have a right to tender the 2016 Term Bonds for purchase on October 3, 1988 and every Monthly, Quarterly, Semi-Annual or Annual Purchase Date thereafter through and including October 1, 2011. The Trustee, the Option Bond Tender Agent and the Agency understand that, except as otherwise set forth in this letter, DTC will use its Voluntary Offering Procedures (the "Procedures"), to process tenders of the 2016 Term Bonds and that under the Procedures DTC will receive instructions from its Participants to tender Bonds for purchase.
14. Whenever under the Option Agreement, DTC or its nominee, as record owner of the 2016 Term Bonds, is entitled to tender such Bonds, the undersigned agree that such tender for purchase may be made by DTC by means of book-entry credit of such Bonds to the account of the Option Bond Tender Agent, provided that such credit is made not later than the end of the applicable tender period. DTC agrees that promptly after the recording of any such book-entry credit, it will provide to the Option Bond Tender Agent an Agent Receipt and Confirmation (as such terms are defined in the Procedures) in accordance with the Procedures, identifying the Bonds and the aggregate principal amount thereof as to which such tender for purchase has been made. The Option Bond Tender Agent shall have no obligation to review or confirm the accuracy of such Agent Receipt and Confirmation.
15. The Option Agreement provides that, during each Relinquishment Period, any owner of a 2016 Term Bond may elect to terminate the tender option granted with respect to any 2016 Term Bond owned by him prior to 4:00 p.m., New York City Time, on the last day of each applicable Relinquishment Period. A Notice to DTC in the form attached hereto as Exhibit A describing each owner's right to terminate the tender option shall be received by DTC from the Option Bond Tender Agent no later than the close of business on a Business Day which is at least thirty (30) days prior to the first day of each applicable Relinquishment Period. Such notice shall be addressed to:

Reorganization Department
The Depository Trust Company
7 Hanover Square, 23rd Floor
New York, New York 10004
Attention: Kathy Caziarc

16. It is understood that DTC will use its Procedures to process elections to terminate the tender option. Upon receipt from the Option Bond Tender Agent of the Notice of Relinquishment of Right to Tender (in the form attached hereto as Exhibit B), the Trustee shall exchange the certificate representing the 2016 Term Bond for two certificates, one representing the portion of the 2016 Term Bonds for which owners elected to terminate the tender option and one representing the portion of the 2016 Term Bonds which retain the tender option. The 2016 Term Bonds for which owners elected to terminate the tender option will contain the following legend:

"The Owner of this Bond has relinquished rights to tender this Bond for remarketing or, in the absence of such remarketing, for purchase by Meridian Bank, and such Owner shall not be obligated to pay any fee to such Bank for such right to tender, all pursuant to the terms of the Option Bond Purchase Agreement dated as of March 1, 1988, between Meridian Bank, Meridian Capital Markets, Inc., as Remarketing Agent and Tender Agent, and The Philadelphia National Bank, as Trustee."

17. The Option Agreement provides that the 2016 Term Bonds are subject to mandatory tender on the Special Purchase Date, except with respect to the aggregate principal amount of the 2016 Term Bonds which DTC has advised the Tender Agent (by delivering a correctly completed Direction Not to Purchase Option Bonds attached as Exhibit C instructing the Bank not to purchase such Bonds prior to the third Business Day next preceding the Special Purchase Date) will be retained. Not earlier than the 75th, nor later than the 60th day next preceding the Special Purchase Date the Trustee will send notice (in the form attached hereto as Exhibit D which is required by Section 8 of the Option Agreement) by facsimile transmission (receipt of which shall be confirmed by telephone on such date and followed by delivery of such notice in physical form as soon as practicable thereafter) to DTC that the Bonds are so subject to mandatory tender. Such notices shall be delivered to:

Reorganization Department
Depository Trust Company
7 Hanover Square
23rd Floor
New York, New York 10004
Attention: Kathy Caziarc

Telecopy: (212) 709-1091
(212) 709-1094
Telephone: (212) 709-1471

18. It is understood that, with respect to elections made by the Owners of the 2016 Term Bonds to retain the 2016 Term Bonds in the event of a mandatory tender on the Special Purchase Date, DTC will use the Procedures to process such elections. It is understood that under the Procedures, DTC will receive instructions from its Participants to elect to retain the 2016 Term Bonds and that DTC, on behalf of such Participants, will provide notification to the Option Bond Tender Agent of the amount of 2016 Term Bonds that will not be tendered and will be retained, by executing and submitting a written statement in the form of Exhibit C attached, in which case there shall be no requirement for DTC to physically deliver the 2016 Term Bonds to the Option Bond Tender Agent.

Upon request DTC will provide the Trustee with exemplars of signatures of those authorized to act on its behalf, which will be subject to change by DTC, and the Trustee and the Agency agree to accept direction from such persons or their designated successors on behalf of DTC.

Very truly yours,

THE PHILADELPHIA NATIONAL BANK,
as Trustee

By: _____
Authorized Officer

PENNSYLVANIA HOUSING FINANCE AGENCY,
as Agency

By: _____
Authorized Officer

MERIDIAN CAPITAL MARKETS, INC.,
as Option Bond Tender Agent

By: _____
Authorized Officer

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____
Authorized Officer

CC: Underwriter
Underwriter's Counsel

EXHIBIT A

NOTICE TO OWNERS OF TERMINATION RIGHTS

Pennsylvania Housing Finance Agency
Single Family Mortgage Revenue Bonds,
Series O
Term Bonds Due October 1, 2016

CUSIP:_____

The above-captioned bonds (the "Term Bonds") issued by the Pennsylvania Housing Finance Agency, are entitled to the benefits of an Option Bond Purchase Agreement dated as of March 1, 1988 (the "Option Agreement") among The Philadelphia National Bank, as trustee (the "Trustee") for the Bonds, Meridian Capital Markets, Inc., as tender agent (the "Tender Agent") and as Remarketing Agent (the "Remarketing Agent") and Meridian Bank as provider of the tender option described therein (the "Bank"), pursuant to which the Bank has extended to each beneficial owner or registered owner, as appropriate, of the Term Bonds the right to the right to tender their Term Bonds to the Tender Agent if the Terms Bonds are in certified form) or the cause the Participant and DTC to tender such beneficial owner's Term Bonds to the Tender Agent (if the Term Bonds are in book-entry form) for purchase by the Bank in accordance with the terms and conditions set forth therein on any Purchase Date (as defined in the Option Agreement).

Pursuant to Section 2 of the Option Agreement, each beneficial owner or registered owner, as appropriate, of the Term Bonds has the right, on any business day prior to 4:00 P.M., New York City time from March 1, 1988 to April 30, 1988, and from October 1, 1989 to November 30, 1989, and from October 1, 1994 to November 30, 1994 to terminate such beneficial owner's or registered owner's, as appropriate, right to tender Bonds owned by such beneficial owner or registered owner, as appropriate, by causing to be delivered to the Tender Agent (if the Term Bonds re in certified form) or to cause the Participant and DTC to tender such beneficial owner's Term Bonds to the tender Agent (if the Term Bonds are in book-entry form) an executed written notice in substantially the form attached hereto.

Each beneficial owner or registered owner, as appropriate, of Term Bonds can effect termination by mailing or delivering the attached notice, with signature guaranteed by an officer of a commercial bank, trust company, limited purpose trust company or by a member firm of the New York Stock Exchange or other national securities exchange. The attached notice must be received by the Tender Agent by 4:00 P.M., New York City time on or before the dates and times specified in the immediately preceding paragraph at the following address:

Meridian Bank
Penn Square Center
601 Penn Street - 4th Floor
Reading, Pennsylvania 19601

Attention: Interest Rate Products Group

A delivered notice of relinquishment will be irrevocable, conclusive and binding upon the beneficial owner or registered owner, as appropriate, of the Term Bonds to which such notice relates and upon all future beneficial owners or registered owners, as appropriate, of such Term Bonds (other than the Bank). The failure by a beneficial owner or registered owner, as appropriate, of Term Bonds to terminate such right by April 30, 1988 or November 30, 1989, or November 30, 1994, as appropriate, relinquishes the right of such beneficial owner or registered owner, as appropriate, of Term Bonds (other than the Bank) to terminate the tender option with respect thereto during the periods specified above, and subjects such beneficial owner or registered owner, as appropriate, to the payment of Tender Fees described in the Option Agreement unless such Term Bond subject to notice of redemption in accordance with the Indenture or tendered for purchase in accordance with the terms of the Option Agreement, as the case may be.

Notwithstanding an election by a beneficial owner or registered owner, as appropriate, of Bonds to terminate the right to tender such Bonds by November 30, 1989 or November 30, 1994, as the case may be, the Tender Fees described in the Option Agreement with respect to such Term Bonds shall be due and payable by each beneficial owner or registered owner, as appropriate, in accordance with the Option Agreement. Tender Fees shall not be payable by beneficial owners or registered owners, as appropriate, of Option Bonds who relinquish their rights to tender Option Bonds for purchase in accordance with the Option Agreement before 4:00 P.M. New York City time on April 30, 1988. Tender Fees shall be payable by beneficial owners of Option Bonds who relinquish their rights to tender Option Bonds for purchase in accordance with the Option Agreement before 4:00 P.M. New York City time on November 30, 1989 or November 30, 1994.

Additional copies of the attached Notice of Relinquishment of Right to Tender may be obtained by any owner at the principal office of the Trustee.

Very truly yours,

[Tender Agent]

EXHIBIT B

FORM OF NOTICE OF
RELINQUISHMENT OF RIGHT TO TENDER

The undersigned beneficial owner or registered owner (if the Bonds are in certificated form) of the Pennsylvania Housing Finance Agency Single Family Mortgage Revenue Bonds, Series O (or the principal amount thereof set forth below) maturing on October 1, 2016 (the "Bonds"), CUSIP No. _____ hereby irrevocably relinquishes the right to tender such Bond(s) or portion thereof (in integral multiples of \$5,000) for purchase by Meridian Bank, pursuant to the Option Bond Purchase Agreement, dated as of March 1, 1988 (the "Option Agreement"), among The Philadelphia National Bank, as trustee (the "Trustee") for the Bonds, Meridian Capital Markets, Inc., as tender agent and as provider of the tender option described therein, and Meridian Capital Markets, Inc., as remarketing agent. Such relinquishment is irrevocable, conclusive and binding as to the undersigned beneficial owner or registered owner (if the Bonds are in certificated form) and all future beneficial owners or registered owners (if the Bonds are in certificated form) of such Bond(s), whether or not notation of election is made upon such Bond(s). The aggregate principal amount of the aforesaid Bond(s) (in the integral multiples of \$5,000) to which this relinquishment applies is \$_____.

This relinquishment shall be effective upon receipt on the last day of the applicable Relinquishment Period after receipt by the Tender Agent, executed by the undersigned with signature guaranteed, provided that it is received by the Tender Agent either (i) at or prior to 4:00 p.m., New York, New York time, on April 30, 1988 or (ii) with respect to the period from October 1, 1989 to December 1, 1989, on any business day from October 1, 1989 and prior to 4:00 p.m., New York City time on November 30, 1989 or (iii) with respect to the period from October 1, 1994 to December 1, 1994, on any business day from October 1, 1994 and prior to 4:00 p.m. New York City time on November 30, 1994, accompanied by the Bonds and the attached Option Certificates.

The undersigned acknowledges that the Tender Fees shall be payable in accordance with the terms of the Option Agreement.

Signature or, if not an
individual, name of
Registered Owner [or
Beneficial Owner]

By: _____
Title: _____

Dated: _____
Signature guaranteed by:

Notice: The signature must be guaranteed by an officer of a commercial bank, trust company, limited purpose trust company or by a member firm of the New York Stock Exchange or other national securities exchange. Notarized or witnessed signatures are not acceptable.

Dated: _____

Received and accepted by

Authorized Signature
(Tender Agent)

EXHIBIT C

DIRECTION NOT TO PURCHASE OPTION BONDS

In accordance with Section 8 of the Option Bond Purchase Agreement dated as of March 1, 1988 (the "Option Agreement") by and between the Philadelphia National Bank, as trustee (the "Trustee"), Meridian Bank (the "Bank"), and Meridian Capital Markets, Inc., as tender agent (the "Tender Agent") and as remarketing agent (the "Remarketing Agent"), the undersigned Option Bondholder hereby gives notice that such Option Bondholder desires that his Option Bonds not be purchased by the Bank on the Special Purchase Date and hereby acknowledges and represents that:

1. The undersigned Option Bondholder is the Beneficial Owner or Owner, as the case may be, and knows that he/she will have no right to tender Option Bonds to the Bank for purchase following the Special Purchase Date.
2. The undersigned Option Bondholder knows that the Tender Option granted under the Option Agreement will terminate on the day following the Special Purchase Date and that from and after such date the undersigned will hold a Nonoption Bond.

[Signature of Option Bondholder]

EXHIBIT D

NOTICE OF SPECIAL PURCHASE DATE

The following notice is given to the Option Bondholders pursuant to Section 8 of the Option Bond Purchase Agreement dated as of March 1, 1988 (the "Option Agreement"), by and between the Philadelphia National Bank, as trustee (the "Trustee"), Meridian Bank (the "Bank"), and Meridian Capital Markets, Inc., as tender agent (the "Tender Agent") and as remarketing agent (the "Remarketing Agent").

1. The Special Purchase Date is _____.
2. The Special Tender Period runs from _____ (the 30th day preceding the Special Purchase Date) to _____ (the 3rd business day preceding the Special Purchase Date). An Option Bondholder wishing to tender his/her Option Bond on the Special Purchase Date must deliver the required tender notice (the "Tender Notice") in the form attached hereto as Exhibit A to the Tender Agent (if the Option Bonds are then in certificated form) or to the Participant (if the Bonds are then in book-entry form). If the Bonds are in book-entry form, the Option Bondholder is required to instruct the Participant to transmit the Tender Notice to the Depository Trust Company ("DTC") which shall forward such notice to the Tender Agent. A tender shall not be effective unless the Tender Notice is received by the Tender Agent before the expiration of the Special Tender Period. During the periods that the Option Bonds are in book-entry form, no Option Bond shall be physically delivered to the Tender Agent in connection with the tender. During the period of time that the Option Bonds are in certificated form, the Option Bondholder is required to deliver his Option Bond accompanied by the properly completed Tender Notice to the Tender Agent before the expiration of the Special Tender Period.
3. The Option Bondholder has the right to retain such Option Bondholder's Option Bonds in lieu of tendering them for purchase on the Special Purchase Date if he so desires by complying with the requirements of paragraph 4 below.
4. Unless written direction is given not to purchase Option Bonds by filling out and sending to the participant (if the Option Bonds are in book-entry form) or to the Tender Agent (if the Bonds are in certificated form) the attached Direction Not to Purchase Option Bonds in the form of Exhibit B hereto, the Option Bonds shall automatically be deemed tendered and sold to the Bank as of the Special Purchase Date and the Option Bondholder shall no longer be entitled to interest from and after the day following the Special Purchase Date and shall look solely to the Bank for the payment of the Special Purchase Price in accordance with the provisions of the Option Agreement.
5. From and after the day following the Special Purchase Date the tender option granted the Option Bondholder hereunder will terminate and the Option Bond will automatically become a Nonoption Bond within the meaning of the Option Agreement.

EXHIBIT A

Meridian Capital Markets, Inc.
Penn Square Center
610 Penn Street - 4th Floor
Reading, Pennsylvania 19601

Attention: Interest Rate Products Group

TENDER NOTICE

In accordance with Section 8 of the Option Bond Purchase Agreement dated March 1, 1988 (the "Option Agreement") by and between Meridian Bank (the "Bank"), Meridian Capital Markets, Inc., as Remarketing Agent, Meridian Capital Markets, Inc., Tender Agent, and The Philadelphia National Bank, as trustee (the "Trustee"), the undersigned owner of Pennsylvania Housing Finance Agency Single Family Mortgage Revenue Bonds, Series O due October 1, 2016, and the Option Certificate pertaining thereto describing the right of the holders of such Bonds (the "Option Bonds") from time to time outstanding to tender Option Bonds for repurchase at the Purchase Price and on the Purchase Date (as specified and defined in the Option Agreement), hereby gives notice in accordance with Section 8 of the Option Agreement by executing this notice of tender, that it is tendering the Option Bond described below for purchase during the Tender Period (as provided and defined in the Option Agreement) and hereby certifies that such Option Bond so tendered is not subject to any lien, pledge or encumbrance.

This tender notice shall be effective upon receipt and acceptance of this notice by the Tender Agent executed by the undersigned with signature guaranteed.

BOND TENDERED: (Bond No. _____ if in certificated form); principal amount \$_____ [If the foregoing principal amount is in excess of \$100,000, the undersigned hereby designates that \$_____ is to be tendered. If the foregoing principal amount is less than \$100,000, this amount represents all the Option Bonds owned by the undersigned.]

PAYMENT INSTRUCTIONS: Please pay the Purchase Prices for the Option Bond tendered in the amount specified above as follows:

Dated: _____

(Print or type name or signature)

Signature guaranteed by:

Notice: The signature must be guaranteed by an office of a commercial bank, trust company, limited purpose trust company or by a member firm of the New York Stock Exchange or other national securities exchange. Notarized or witnessed signatures are not acceptable.

_____ Authorized Signature

Received and Accepted by:

[Tender Agent]

Dated: _____