

2007 SUPPLEMENT

Dated April 12, 2007

to the Official Statement dated October 14, 2003

Relating to

\$5,560,000

**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
VARIABLE RATE CIVIC FACILITY REVENUE BONDS
(Columbia Crest Senior Housing Project – Letter of Credit Secured),
Series 2003**

(the “Bonds”)

THE FOLLOWING INFORMATION SUPPLEMENTS THE ABOVE-REFERENCED OFFICIAL STATEMENT (THE “OFFICIAL STATEMENT”) FOR THOSE ABOVE-MENTIONED BONDS WHICH ARE OUTSTANDING ON THE DATE HEREOF (COLLECTIVELY, THE “OUTSTANDING BONDS”). EXCEPT AS EXPRESSLY PROVIDED IN THIS 2007 SUPPLEMENT (THE “2007 SUPPLEMENT”), THIS 2007 SUPPLEMENT DOES NOT MODIFY THE OFFICIAL STATEMENT. MOREOVER, THIS 2007 SUPPLEMENT, EXCEPT AS TO THE MATTERS SPECIFICALLY CONTAINED HEREIN, DOES NOT UPDATE, REPLACE OR “BRING-DOWN” THE OFFICIAL STATEMENT, WHICH SPEAKS ONLY AS OF ITS DATE. INVESTORS SHOULD CONSULT ADDITIONAL SOURCES FOR MORE RECENT INFORMATION. TERMS USED BUT NOT OTHERWISE DEFINED IN THIS 2007 SUPPLEMENT SHALL HAVE THEIR RESPECTIVE MEANINGS AS USED IN THE OFFICIAL STATEMENT. THE CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY (THE “ISSUER”) HAS NOT PARTICIPATED IN THE PREPARATION OF THIS 2007 SUPPLEMENT.

PAYMENT OF PRINCIPAL OF THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF NEW YORK (THE “STATE”) OR THE CITY OF COHOES, NEW YORK (THE “CITY”). THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER AND THE ISSUER UNDER NO CIRCUMSTANCES SHALL BE OBLIGATED TO PAY THE BONDS EXCEPT FROM THE REVENUES AND OTHER FUNDS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE STATE NOR THE CITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, PURCHASE PRICE OF, OR INTEREST ON, THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND FUNDS PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE CITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, PURCHASE PRICE OF, OR INTEREST ON, THE BONDS NOR IS THE STATE OR THE CITY IN ANY MANNER OBLIGATED TO MAKE ANY APPROPRIATION FOR THE PAYMENT THEREOF.

SUMMARY

- The City of Cohoes Industrial Development Agency (the "Issuer") issued the Bonds on October 15, 2003 pursuant to a Trust Indenture dated as of October 1, 2003 (the "Indenture") by and among the Issuer and The Bank of New York, as trustee (the "Trustee"). The proceeds of the sale of the Bonds were used to finance a portion of the costs of acquiring, constructing and equipping a 90 unit housing complex occupied by low and moderate income senior citizens in the City of Cohoes, New York (the "Project Facility"). Under a project lease agreement dated as of September 1, 2003, American Housing Foundation, Inc. leases the land on which the Project Facility is located to its wholly owned subsidiary, AHF - Columbia Crest, LLC (the "Company"), which operates the Project Facility.
- The Outstanding Bonds are payable solely out of the revenues or other receipts, funds or moneys of the Issuer pledged therefor or otherwise available to the Trustee for the payment thereof, including those derived under the Sublease Agreement dated as of October 1, 2003 by and between the Issuer and the Company and funds drawn under a letter of credit issued by KeyBank, National Association (the "Original Letter of Credit"). On April 18, 2007 (the "Letter of Credit Substitution Date"), pursuant to the terms of the Indenture and the Sublease Agreement, the Original Letter of Credit will be terminated and replaced with a Letter of Credit (the "Letter of Credit") issued by Citizens Bank, N.A. (the "Bank") in favor of the Trustee.
- Prior to the Letter of Credit Substitution Date, the rights, obligations and liabilities of First Albany Corporation relating to the remarketing of the Outstanding Bonds will be assumed by RBC Dain Rauscher doing business under the name RBC Capital Markets (the "Remarketing Agent").

THE LETTER OF CREDIT AND THE BANK

The Letter of Credit

On and after the Letter of Credit Substitution Date, the Letter of Credit will provide the primary credit support for the Outstanding Bonds. The following is a summary of certain provisions of the Letter of Credit and should not be considered a full statement thereof. Reference is made to the Letter of Credit, the form of which is attached hereto as APPENDIX A - FORM OF LETTER OF CREDIT, for the detailed provisions thereof and the discussion herein is qualified by such reference.

On the Letter of Credit Substitution Date, the Bank will issue and deliver the Letter of Credit in favor of the Trustee pursuant to a Reimbursement Agreement dated as of April 1, 2007 by and between the Bank and the Company. The Trustee will be entitled under the Letter of Credit to draw an amount not exceeding Five Million Five Hundred Forty Eight Thousand One Hundred Sixteen and 00/100 Dollars (\$5,548,116.00) of which (a) an amount not exceeding Five Million four Hundred Eighty Five Thousand and 00/100 Dollars (\$5,485,000.00) may be drawn to pay (i) the principal amount of the Outstanding Bonds as and when the same become due at maturity or by acceleration or by redemption, or (ii) the purchase price or a portion of the purchase price equal to the principal amount of any Outstanding Bonds tendered for purchase by the Holders thereof, to the extent remarketing proceeds are not available for such purpose to pay the portion of the purchase price of any Outstanding Bonds tendered for purchase by the Holders thereof; and (b) an amount not exceeding Sixty Three Thousand One Hundred Sixteen and 00/100 Dollars (\$63,116.00) may be drawn with respect to the payment of (i) up to thirty-five (35) days' interest at a rate per annum of twelve percent (12%) (using a 365 divisor) (the "Maximum Rate") to pay interest on the Outstanding Bonds when due, or (ii) a portion of the purchase price of up to thirty-five (35) days' interest at a rate per annum equal to the Maximum Rate for interest accrued, if any, on Outstanding Bonds tendered for purchase by the Holders thereof to the extent remarketing proceeds are not available for such purpose, in each instance effective immediately and expiring at the close of business April 17, 2012 (the "Expiration Date").

Under the Indenture, the Trustee is obligated to draw on the Letter of Credit by presenting sight drafts, together with all accompanying documentation as required under the Letter of Credit, for receipt by the Bank (a) not later than 11:00 o'clock a.m. on the Business Day immediately preceding each principal payment date, Interest Payment Date or redemption date, as the case may be, for amounts which are necessary to pay the principal and interest then due on the Outstanding Bonds; and (b) not later than 10:30 o'clock a.m. on the Purchase Date if the proceeds of the remarketing of Outstanding Bonds that have been tendered for purchase are not sufficient to pay the Purchase Price of such Bonds in full.

Each drawing under the Letter of Credit to pay the principal of or interest on the Outstanding Bonds secured thereby will reduce the amount available to be drawn thereunder by the amount so drawn. The amount available to be drawn under the Letter of Credit for the payment of the interest on the Outstanding Bonds will be reinstated immediately and automatically upon reimbursement to the Bank of the amount so drawn. Reimbursement to the

Bank is to be made immediately upon each drawing from amounts in the Company Subaccount of the Bond Fund.

Each drawing under the Letter of Credit to pay the Purchase Price of tendered Outstanding Bonds will be reinstated, to the extent that money is received by the Bank (other than from drawings under the Letter of Credit) from the Trustee, which proceeds were held by the Trustee for the sole purpose of reimbursing the Bank for all or a portion of the amounts drawn, or upon the Trustee's certification that the Trustee is holding for the benefit of the Bank Outstanding Bonds together with an amount of money, the aggregate amount of which is equal to or greater than the principal portion of such drawing.

The Letter of Credit will be transferable and assignable to a successor Trustee appointed in accordance with the Indenture.

Termination of Letter of Credit

The Letter of Credit will terminate automatically upon the earliest of (i) honoring by the Bank of the final drawing available to be made under the Letter of Credit; (ii) receipt by the Bank of the outstanding Letter of Credit and a written certificate signed by the Trustee and the Company, stating that no Outstanding Bonds are Outstanding within the meaning of the Indenture; (iii) receipt by the Bank of the Letter of Credit and a written certificate signed by the Trustee and the Company, stating that an Alternate Credit Facility has been accepted by the Trustee and is in effect; (iv) the Business Day following the Conversion Date; or (v) April 17, 2012.

The Issuer may, at its option and with the consent of the Bank, provide for one or more extensions of the Letter of Credit, but the Bank is under no obligation to agree to any such extension.

Reimbursement Agreement

Pursuant to the Reimbursement Agreement, the Issuer has agreed to repay on demand any amounts drawn on the Letter of Credit. Amounts not timely reimbursed will bear interest at a fluctuating per annum interest rate equal, at all times, to the Prime Rate plus one percent (1%).

The Reimbursement Agreement provides for certain remedies of the Bank upon the occurrence of an event of default under the Reimbursement Agreement, including, without limitation, the right of the Bank to declare all the payment obligations under the Reimbursement Agreement to be due and payable and cause the Outstanding Bonds secured thereby to be declared immediately due and payable. In such event, the Trustee will draw on the Letter of Credit to pay all Outstanding principal of the Bonds and interest thereon. See APPENDIX B - SUMMARY OF THE REIMBURSEMENT AGREEMENT.

THE BANK

The information in the Official Statement under the heading "THE BANK" is replaced with the following:

General

Citizens Bank, N.A. (the "Bank") is a national banking association and part of the Citizens Financial Group, Inc., a bank holding company headquartered in Providence, Rhode Island. In its Consolidated Report of Condition for September 30, 2006 filed with the Federal Deposit Insurance Corporation, the Bank reported total assets of \$16.7 billion, total liabilities of \$13.1 billion and equity capital of \$3.6 billion. Prior to its acquisition by Citizens Financial Group on August 31, 2004, the Bank was known as Charter One Bank, N.A.

Citizens Financial Group is the eighth largest commercial bank holding company in the United States when ranked by deposits (10th largest in commercial bank assets). It operates more than 1,600 branches in 13 states, including New York, and employs more than 26,000 people. In its Consolidated Financial Statement (Form FR-Y-9C) filed with the Federal Reserve System for the quarter ended September 30, 2006, Citizens Financial Group reported total assets of \$163.1 billion, total deposits of \$108.9 billion, total loans and leases (net of unearned income and allowance for loan and lease losses) of \$105.7 billion and total equity capital of \$23.2 billion. The complete Consolidated Financial Statements of Citizens Financial Group are available through the National Information Center of the Federal Reserve System at <http://www.ffiec.gov/nic>.

Citizens Financial Group is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc ("RBS"). Headquartered in Edinburgh, RBS is, by market capitalization, the second largest bank both in the United Kingdom and Europe and fifth largest in the world. Its assets totaled more than \$1.5 trillion as of September 30, 2006.

Available Information

The Bank files quarterly reports called "Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices," or "Call Reports," with the FDIC. The Call Reports are publicly available at the FDIC, 550 17th Street, N.W., Washington, D.C. 20429. Each Call Report consists of a balance sheet, income statement, changes in equity capital and other supporting schedules as of the end of the period to which the report relates. The Call Reports are prepared substantially in accordance with generally accepted accounting principles. While the Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosures about the Bank, they do provide important information concerning the financial condition of the Bank.

In addition, information regarding the Bank's businesses, its financial condition and results of operations is contained in its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q and other filings it makes with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended. Copies of these reports are available from the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 or over the Internet on the SEC's website at <http://www.sec.gov>.

The information contained in this section relates to and has been obtained from the Bank. The delivery of this information shall not create any implication that there has been no change in the affairs of the Bank since the date of this Official Statement, or that the information contained or referred to above is correct as of any time subsequent to the date of this Official Statement.

The Remarketing Agent, the Issuer and the Issuer's counsel, have not independently verified any financial information furnished by the Bank, nor have they ascertained the correctness, accuracy, or completeness of such information. In addition, they have not independently determined the financial position of the Bank or whether the Bank is or will be financially capable of fulfilling its obligations under the Letters of Credit. There can be no assurance that such information is indicative of the current financial position or future financial performance or financial condition of the Bank.

THE LETTER OF CREDIT IS AN UNSECURED OBLIGATION OF THE BANK. IT IS NOT A SAVINGS ACCOUNT, CHECKING ACCOUNT OR OTHER DEPOSIT ACCOUNT OBLIGATION OF THE BANK.

IN THE EVENT OF A DEFAULT BY THE BANK UNDER THE LETTER OF CREDIT, NO INSURANCE PROCEEDS FROM THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, INSTRUMENTALITY OR AUTHORITY WOULD BE AVAILABLE TO PAY THE BONDS.

THE OBLIGATIONS OF THE BANK UNDER THE LETTER OF CREDIT ARE THE OBLIGATIONS OF THE BANK AND ARE NOT THE OBLIGATIONS OF THE ISSUER.

No representation as to accuracy or completeness of such information is made by the Issuer, the Institution, or the Remarketing Agent. The information concerning the Bank contained herein is furnished solely to provide limited information regarding the Bank and does not purport to be comprehensive.

RATINGS

Upon the issuance and delivery of the Letter of Credit, Moody's Investors Service, Inc. ("Moody's") will assign a rating of "Aa2/VMIG1" to the Bonds. The ratings reflect only the views of Moody's, and an explanation of the ratings can be obtained from Moody's. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by Moody's if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. An explanation of the significance of such ratings may be obtained only from Moody's at the following address: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007.

LEGAL MATTERS

Certain legal matters incident to the Substitution will be passed upon for the Bank by Lombardi, Walsh, Wakeman, Harrison, Amodeo & Davenport, P.C., Albany, New York.

TAX MATTERS

In connection with the delivery of the Letter of Credit, Hiscock & Barclay, LLP, Albany, New York, Bond Counsel, has rendered an opinion that that the delivery of the Letter of Credit to the Trustee is authorized under the Indenture and complies with its terms and the terms of the Sublease Agreement and will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

APPENDIX A

FORM OF LETTER OF CREDIT

The information in the Official Statement under the heading "APPENDIX C - FORM OF LETTER OF CREDIT" is replaced by the following:

LETTER OF CREDIT — SERIES 2003 BOND

CITIZENS BANK, N.A.
IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. S904409

Date: April 18, 2007

Beneficiary:

The Bank of New York, as Trustee
101 Barclay Street, 21W
New York, New York 10268-2128

Applicant:

AHF - Columbia Crest, LLC
317 Brick Church Road
Troy, New York 12180
Attention: Executive Director

Amount: USD \$5,548,116.00
Expiration Date: April 17, 2012

Dear Sirs:

You, as Trustee under the Indenture of Trust, dated as of September 1, 2003 (the "Indenture"), between you and the City of Cohoes Industrial Development Agency (the "Issuer"), pursuant to which \$5,560,000.00 in aggregate principal amount of City of Cohoes Industrial Development Agency Variable Rate Civic Facility Revenue Bond (Columbia Crest Senior Housing Project - Letter of Credit Secured) Series 2003 (the "Series 2003 Bonds") issued by the Issuer, are hereby irrevocably authorized to draw on Citizens Bank, N.A. pursuant to this Irrevocable Direct Pay Letter of Credit, for the account of "AHF - Columbia Crest, LLC" (the "Company"), available by one or more of your drafts at sight, upon the terms and conditions hereinafter set forth, an amount (subject to reinstatement as hereinafter set forth) not exceeding Five Million Five Hundred Forty Eight Thousand One Hundred Sixteen and 00/100 Dollars (\$5,548,116.00) (the "Letter of Credit Commitment") of which (a) an amount not exceeding Five Million Four Hundred Eighty Five Thousand and 00/100 Dollars (\$5,485,000.00) (the "Principal Commitment") may be drawn to pay (i) the principal amount of the Series 2003 Bonds as and when the same become due at maturity or by acceleration or by redemption, or (ii) the purchase price or a portion of the purchase price equal to the principal amount of any Series 2003 Bonds tendered for purchase by the Holders thereof, to the extent remarketing proceeds are not available for such purpose to pay the portion of the purchase price of any Series 2003 Bonds tendered for purchase by the Holders thereof; and (b) an amount not exceeding Sixty Three Thousand One Hundred Sixteen and 00/100 Dollars (\$63,116.00) (the "Interest Commitment") may be drawn with respect to the payment of (i) up to thirty-five (35) days' interest at a rate per annum of twelve percent (12%) (using a 365 divisor) (the "Maximum Rate") to pay interest on

the Series 2003 Bonds when due, or (ii) a portion of the purchase price of up to thirty-five (35) days' interest at a rate per annum equal to the Maximum Rate for interest accrued, if any, on Series 2003 Bonds tendered for purchase by the Holders thereof to the extent remarketing proceeds are not available for such purpose, in each instance effective immediately and expiring at the close of business April 17, 2012 (the "Expiration Date").

Funds under this Letter of Credit are available to you against your executed sight draft(s) drawn on us, stating on their face: "Drawn under Citizens Bank, N.A. Irrevocable Direct Pay Letter of Credit No. S904409" and accompanied by: (A) if the drawing is being made with respect to the payment of principal on the Series 2003 Bonds, whether due at maturity, upon mandatory or optional redemption or upon acceleration (a "Principal Drawing"), a certificate signed by you in the form of Schedule 1 attached hereto appropriately completed; (B) if the drawing is being made with respect to a payment of interest on the Series 2003 Bonds when due (an "Interest Drawing"), a certificate signed by you in the form of Schedule 2 hereto appropriately completed; and (C) if a drawing is being made to pay the principal amount of and accrued interest on any Series 2003 Bonds tendered for purchase by the Holders thereof, to the extent remarketing proceeds are not available for such purpose (a "Remarketing Drawing"), a certificate signed by you in the form of Schedule 3 hereto appropriately completed. Presentation of such draft(s) and certificate(s) shall be made at International Department, 20 Cabot Road, Medford, Massachusetts 02155 or at any other office of ours which may be designated by us by written notice delivered to you. We hereby agree that all drafts drawn under and in compliance with the terms of this Letter of Credit and presented at or prior to 11:00 a.m. (New York time) on a Business Day will be duly honored by us within four (4) hours on the same Business Day; provided, however, if a drawing is presented to pay the purchase price of the Series 2003 Bonds which have not been remarketed by the Remarketing Agent and if conforming drawing documentation is presented at or prior to 10:30 a.m. (New York time) on a Business Day, payments shall be made to you by 2:00 p.m. (New York time) on such Business Day. If requested by you, payment under this Letter of Credit may be made by deposit of immediately available funds into a designated account that you maintain with us. All funds paid by us under this Letter of Credit shall be paid with funds of the Bank. As used herein, "Business Day" shall mean any day of the year, other than (i) a Saturday or Sunday, (ii) a day on which commercial banks located in the city or cities in which are located the principal corporate trust offices of the Trustee, the principal office of the Remarketing Agent, or the office of the Bank at which demands for payment under the Letter of Credit are to be presented; is authorized by law to close, or (iii) a day on which the New York Stock Exchange is closed.

Subject to the next succeeding paragraph, drawings hereunder shall not exceed the Letter of Credit Commitment, as the Letter of Credit Commitment may be reduced or reinstated pursuant hereto, and, except as hereinafter provided, each drawing honored by us shall *pro tanto* reduce the amount available under this Letter of Credit.

We will reinstate amounts drawn hereunder pursuant to a Remarketing Drawing hereunder, as to the Principal Commitment and the Interest Commitment, to the extent that money is received by us (other than from drawings under this Letter of Credit) from the Trustee described in the Indenture, which proceeds were held by the Trustee for the sole purpose of reimbursing us for all or a portion of the amounts drawn pertaining to said Remarketing

Drawing, or upon the Trustee's certification that the Trustee is holding for our benefit Series 2003 Bonds together with an amount of money, the aggregate amount of which is equal to or greater than the principal portion of the Remarketing Drawing.

In connection with any Interest Drawing, the Letter of Credit will be automatically decreased by the amount of such Interest Drawing and will be automatically reinstated by the amount of such Interest Drawing by the close of business on the day of such Interest Drawing. Upon presentation by you of any Principal Drawing, the amount of this Letter of Credit and the amounts available to be drawn by you by any subsequent Principal Drawing shall be automatically decreased by an amount equal to the amount of such Principal Drawing.

If the Company shall be entitled to a credit against the principal amount of the Series 2003 Bonds prior to maturity (the "Credit") pursuant to an optional redemption of a portion of the Series 2003 Bonds, or to the purchase of Series 2003 Bonds in the open market and cancellation thereof in accordance with the provisions of the Indenture, and such amounts have been paid by or on behalf of the Company other than by us, the Company shall have the right at any time thereafter to reduce permanently, without penalty or premium, the Letter of Credit Commitment in the manner set forth below. The Letter of Credit Commitment will be reduced by an amount equal to the sum of the following corresponding reductions in the Principal Commitment and the Interest Commitment: (i) the Principal Commitment will be reduced by an amount equal to the amount of such Credit, and (ii) the Interest Commitment will be reduced to an amount equal to thirty-five (35) days' interest at the applicable Maximum Rate (using a 365-day divisor) on the Series 2003 Bonds remaining outstanding. The reduction in the Letter of Credit Commitment pursuant to such Credit will occur not less than three (3) Business Days after written notice to us, accompanied by this Letter of Credit and your written certificate in the form of Schedule 4 attached hereto, stating that the Company is entitled to such reduction and designating the amount of such Credit and the date of the Business Day upon which such reduction shall become effective. Upon such presentation we will either reissue this Letter of Credit in the maximum amount available hereunder or otherwise amend this Letter of Credit to reflect such maximum amount then available.

Only you, as Trustee, may make a drawing under this Letter of Credit. Upon the payment to you or your account of the amount specified in a sight draft drawn hereunder, we shall be fully discharged on our obligation under this Letter of Credit with respect to such sight draft, and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such sight draft to you or to any other person who may have made to you or who makes to you a demand for payment of principal of or interest on any of the Series 2003 Bonds.

Except as otherwise provided herein, this Letter of Credit shall be governed by and construed in accordance with the Uniform Customs and Practice for Documentary Credits (1993 Revision), Publication No. 500 of the International Chamber of Commerce (the "UCP"); provided, however, that Article 41, paragraphs d, e, f, g, h, i and j of Article 48 and the second sentence of Article 17 shall not apply to this Letter of Credit. Furthermore, as provided in the first sentence of Article 17 of the UCP, we assume no liability or responsibility for consequences arising out of the interruption of our business by Acts of God, riots, civil commotions,

insurrections, wars or any other causes beyond our control, or strikes or lockouts. As to matters not covered by the UCP and to the extent not inconsistent with the UCP or made inapplicable by this Letter of Credit, this Letter of Credit shall be governed by the laws of the State of New York, including the Uniform Commercial Code as in effect in the State of New York.

Communications with respect to this Letter of Credit shall be in writing and shall be addressed to International Department, 20 Cabot Road, Medford, Massachusetts 02155, specifically referring thereon to Citizens Bank, N.A. Irrevocable Direct Pay Letter of Credit No. S904409.

This Letter of Credit is transferable in its entirety (but not in part) to any transferee who has succeeded you as Trustee under the Indenture, and such transferred Letter of Credit may be successively transferred to any Successor Trustee or Co-Trustee thereunder, but may not be assigned, transferred or conveyed under any other circumstance. Transfer of the amount available under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit accompanied by a transfer fee of one-quarter of one percent (25 basis points) of the Letter of Credit Commitment and the transfer form in the form attached hereto as Schedule 5 and, unless this Letter of Credit is so presented to us, we shall have no obligation hereunder to any transferee. Upon such transfer, we will either reissue this Letter of Credit in the maximum amount then available hereunder or otherwise endorse the transfer on this Letter of Credit and forward it to the transferee along with our customary advice of transfer.

Upon the earliest of (i) the honoring by us of the final drawing available to be made hereunder; (ii) our receipt of this outstanding Letter of Credit and a written certificate signed by your officer and an authorized representative of the Company, in the form of Schedule 6 hereto appropriately completed, stating that: (a) no Series 2003 Bonds are Outstanding within the meaning of the Indenture; and (b) such officer and representative are duly authorized to sign such certificate on behalf of you and the Company; (iii) our receipt of this Letter of Credit and a written certificate signed by your officer and an authorized representative of the Company, in the form of Schedule 7 hereto appropriately completed, stating that: (a) an Alternate Credit Facility has been accepted by you and is in effect; and (b) such officer and representative are duly authorized to sign such certificate on behalf of you and the Company; (iv) the Business Day following the Conversion Date; or (v) the Expiration Date, this Letter of Credit shall automatically terminate and be delivered to us for cancellation.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Series 2003 Bonds or the Reimbursement Agreement), except only the certificate(s) and the sight draft(s) referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificate(s) and such sight draft(s).

Authorized Signature

Authorized Signature

SCHEDULE 1

**CERTIFICATE FOR THE PAYMENT OF PRINCIPAL
ON THE
CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
VARIABLE RATE CIVIC FACILITY REVENUE BOND
(COLUMBIA CREST SENIOR HOUSING PROJECT – LETTER OF
CREDIT SECURED) SERIES 2003
(THE “SERIES 2003 BONDS”)**

The undersigned, a duly authorized signer of _____, as Trustee (the “Trustee”), hereby certifies to Citizens Bank, N.A. (the “Bank”), with reference to Irrevocable Direct Pay Letter of Credit No. S904409 (the term “Letter of Credit” and other capitalized terms used herein and not defined shall have their respective meanings as set forth in the Letter of Credit) issued by the Bank in favor of the Trustee, that:

1. The Trustee is the Trustee under the Indenture for the holders of the Series 2003 Bonds.
2. The Trustee is making a drawing under the Letter of Credit with respect to the payment of principal of the Series 2003 Bonds.
3. The amount of principal of the Series 2003 Bonds which will be due and payable on _____ is \$ _____.
4. The amount of the sight draft accompanying this Certificate (\$ _____), together with the aggregate of all prior payments made pursuant to Principal Drawings under this Letter of Credit for the payment of the Series 2003 Bonds, does not exceed \$ _____.
5. The amount of the sight draft accompanying this Certificate was computed in accordance with the terms and conditions of the Letter of Credit, the Series 2003 Bonds and the Indenture.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the _____ day of _____, _____.

as Trustee

By: _____
Name: _____
Title: _____

SCHEDULE 2

CERTIFICATE FOR THE PAYMENT OF INTEREST
ON THE
CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
VARIABLE RATE CIVIC FACILITY REVENUE BOND
(COLUMBIA CREST SENIOR HOUSING PROJECT - LETTER OF
CREDIT SECURED) SERIES 2003
(THE "SERIES 2003 BONDS")

The undersigned, a duly authorized signer of _____, as Trustee (the "Trustee"), hereby certifies to Citizens Bank, N.A. (the "Bank"), with reference to Irrevocable Direct Pay Letter of Credit No. S904409 (the term "Letter of Credit" and other capitalized terms used herein and not defined shall have their respective meanings as set forth in the Letter of Credit) issued by the Bank in favor of the Trustee, that:

1. The Trustee is the Trustee under the Indenture for the holders of the Series 2003 Bonds.
2. The Trustee is making a drawing under the Letter of Credit with respect to a payment of interest accrued on the Series 2003 Bonds on or prior to their stated maturity date.
3. The amount of interest on the Series 2003 Bonds which will be due and payable on _____ is \$ _____.
4. The amount of the sight draft accompanying this Certificate _____ does not exceed the amount available on the date hereof to be drawn under the Letter of Credit in respect of the payment of interest accrued on the Series 2003 Bonds on or prior to their stated maturity date.
5. The amount of the sight draft accompanying this Certificate was computed in accordance with the terms and conditions of the Letter of Credit, the Series 2003 Bonds and the Indenture.
6. The amount of the Interest Commitment available after the draw, if reinstated pursuant to the Letter of Credit, is \$ _____.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the _____ day of _____, _____.

as Trustee

By: _____
Name: _____
Title: _____

SCHEDULE 3

**CERTIFICATE FOR THE PAYMENT OF
PURCHASE PRICE IN REMARKETING
OF THE
CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
VARIABLE RATE CIVIC FACILITY REVENUE BOND
(COLUMBIA CREST SENIOR HOUSING PROJECT - LETTER OF
CREDIT SECURED) SERIES 2003
(THE "SERIES 2003 BONDS")**

The undersigned, a duly authorized signer of _____ as Trustee (the "Trustee"), hereby certifies to Citizens Bank, N.A. (the "Bank"), with reference to Citizens Bank, N.A., Irrevocable Direct Pay Letter of Credit No. S904409 (the term "Letter of Credit" and other capitalized terms used herein and not defined shall have their respective meanings as set forth in the Letter of Credit) issued by the Bank in favor of the Trustee, that:

1. The Trustee is the Trustee under the Indenture for the holders of the Series 2003 Bonds. The total amount of Series 2003 Bonds Outstanding (as defined in the Indenture) is \$ _____.
2. The Trustee is making a drawing under the Letter of Credit to pay, pursuant to the terms of the Indenture, the purchase price equal to (a) the principal amount of those Series 2003 Bonds which the Remarketing Agent has been unable to remarket and (b) the interest accrued on such Series 2003 Bonds but not paid.
3. The Trustee: (a) is delivering or causing to be delivered to the Bank, or its designated agent, a principal amount of the Series 2003 Bonds, registered in the name of the Company as pledgor and the Bank as pledgee, equal to the amount of the draft accompanying this Certificate; (b) acknowledges the pledge by the Company to the Bank of the Series 2003 Bonds delivered pursuant to subparagraph (a); and (c) agrees that all payments of principal, and interest made on such Series 2003 Bonds shall be made to the Bank, so long as the Bank is the pledgee of such Series 2003 Bonds.
4. The principal amount of the Series 2003 Bonds delivered to the Remarketing Agent which the Remarketing Agent has been unable to remarket is \$ _____. The amount of interest upon such Series 2003 Bonds which has accrued but is unpaid is \$ _____. The amount of the draft accompanying this Certificate does not exceed such amount due as the purchase price of the Series 2003 Bonds corresponding to such principal amount of, and interest accrued on, such Series 2003 Bonds.

Upon receipt by the Trustee of the amount demanded hereby: (a) the Trustee will deliver it to Bond holders only for the purpose of payment of the purchase price of the Series 2003 Bonds referenced in the second paragraph hereof, (b) no portion of it shall be applied by the Trustee for any other purpose, and (c) no portion of it shall be commingled with other funds held

by the Trustee. This drawing is made in accordance with the provisions of the Indenture and the Letter of Credit.

The amount of the draw accompanying this Certificate was computed in accordance with the terms and conditions of the Series 2003 Bonds and the Indenture.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the _____ day of _____, _____.

as Trustee

By: _____
Name: _____
Title: _____

SCHEDULE 4

CERTIFICATE AS TO REDUCTION
OF LETTER OF CREDIT COMMITMENT
ON THE
CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
VARIABLE RATE CIVIC FACILITY REVENUE BOND
(COLUMBIA CREST SENIOR HOUSING PROJECT - LETTER OF
CREDIT SECURED) SERIES 2003
(THE "SERIES 2003 BONDS")

Citizens Bank, N.A.
International Department
20 Cabot Road
Medford, Massachusetts 02155

Re: Citizens Bank, N.A. Irrevocable Direct Pay Letter of Credit No. S904409

Gentlemen:

The undersigned, a duly authorized signer of _____, as Trustee (the "Trustee"), and a duly authorized representative of AHF - Columbia Crest, LLC. (the "Company"), hereby certifies to Citizens Bank, N.A., with reference to Citizens Bank, N.A. Irrevocable Direct Pay Letter of Credit No. S904409 (the term "Letter of Credit" and other capitalized terms used herein and not defined shall have their respective meanings as set forth in the Letter of Credit) issued by Citizens Bank, N.A. in favor of the Trustee, that:

- A. The Trustee is the Trustee under the Indenture for the holders of the Series 2003 Bonds.
- B. The Company is entitled to a reduction in the Letter of Credit Commitment. The Letter of Credit Commitment shall be reduced, effective as of _____ as follows:
 1. The Principal Commitment shall be reduced to \$ _____.
 2. The Interest Commitment shall be reduced to \$ _____.
- C. The undersigned officer and representative are duly authorized to sign this certificate on behalf of the Trustee and on behalf of the Company, respectively.

IN WITNESS WHEREOF, the Trustee and the Company have executed and delivered this Certificate as of the _____ day of _____, _____.

TRUSTEE:

By: _____
Name: _____
Title: _____

COMPANY:

AHF - COLUMBIA CREST, LLC

By: American Housing Foundation, Inc.,
Sole Member and Manager

By: _____
Name: _____
Title: _____

SCHEDULE 5

CERTIFICATE OF TRANSFER
ON THE
CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
VARIABLE RATE CIVIC FACILITY REVENUE BOND
(COLUMBIA CREST SENIOR HOUSING PROJECT – LETTER OF
CREDIT SECURED) SERIES 2003
(THE “SERIES 2003 BONDS”)

Citizens Bank, N.A.
International Department
20 Cabot Road
Medford, Massachusetts 02155

Date: _____, 20__

Re: Citizens Bank, N.A. Irrevocable Direct Pay Letter of Credit No. S904409

Gentlemen:

For value received, the undersigned beneficiary hereby in transfers to the following (the “Transferee”):

(Name of Transferee)
(Address)

all rights of the undersigned beneficiary to draw under the above Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the Transferee, and the Transferee shall have the sole rights as beneficiary thereof including sole rights relating to any amendments of the Letter of Credit, whether increases in the amount to be drawn thereunder, extensions of the Expiration Date thereof or other amendments, and whether such amendments now exist or are made after the date hereof. All amendments of the Letter of Credit are to be advised direct to the Transferee without necessity of any consent of or notice to the undersigned beneficiary.

The undersigned hereby certifies that the Transferee has become successor Trustee under the Indenture of Trust, dated as of September 1, 2003, between the undersigned and the City of Cohoes Industrial Development Agency (the “Issuer”), relating to the Issuer’s \$5,560,000.00 Variable Rate Civic Facility Revenue Bond (Columbia Crest Senior Housing Project – Letter of Credit Secured) Series 2003 and has accepted such appointment in writing.

We enclose our check in the amount of \$ _____ representing your transfer fee.

The original of such Letter of Credit is returned herewith, and in accordance therewith we ask you to endorse the within transfer on the reverse thereof and forward it directly to the Transferee with your customary notice of transfer, or issue a replacement Letter of Credit to the Transferee as provided therein.

Very truly yours,

as Trustee

SIGNATURE AUTHENTICATED

(Bank)

(Authorized Signature)

By: _____
Name: _____
Title: _____

SCHEDULE 6

CERTIFICATE THAT NO BONDS ARE OUTSTANDING
ON THE
CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
VARIABLE RATE CIVIC FACILITY REVENUE BOND
(COLUMBIA CREST SENIOR HOUSING PROJECT - LETTER OF
CREDIT SECURED) SERIES 2003
(THE "SERIES 2003 BONDS")

Citizens Bank, N.A.
International Department
20 Cabot Road
Medford, Massachusetts 02155

Re: Citizens Bank, N.A. Irrevocable Direct Pay Letter of Credit No. S904409

Gentlemen:

The undersigned, a duly authorized signer of _____, as Trustee (the "Trustee"), and _____ a duly authorized representative of AHF - Columbia Crest, LLC (the "Company"), hereby certify to Citizens Bank, N.A., with reference to Citizens Bank, N.A. Irrevocable Direct Pay Letter of Credit No. S904409 (the term "Letter of Credit" and other capitalized terms used herein and not defined shall have their respective meanings as set forth in the Letter of Credit) issued by Citizens Bank, N.A. in favor of the Trustee, that:

1. The Trustee is the Trustee under the Indenture for the holders of the Series 2003 Bonds.
2. No Series 2003 Bonds are Outstanding within the meaning of the Indenture.
3. The undersigned officer and representative are duly authorized to sign this certificate on behalf of the Trustee and on behalf of the Company, respectively.

IN WITNESS WHEREOF, the Trustee and the Company have executed and delivered this Certificate as of the _____ day of _____, _____.

TRUSTEE:

By: _____
Name: _____
Title: _____

COMPANY:

AHF – COLUMBIA CREST, LLC

By: American Housing Foundation, Inc.,
Sole Member and Manager

By: _____
Name: _____
Title: _____

SCHEDULE 7

**CERTIFICATE OF ACCEPTANCE OF ALTERNATE CREDIT FACILITY
ON THE
CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
VARIABLE RATE CIVIC FACILITY REVENUE BOND
(COLUMBIA CREST SENIOR HOUSING PROJECT – LETTER OF
CREDIT SECURED) SERIES 2003
(THE “SERIES 2003 BONDS”)**

Citizens Bank, N.A.
International Department
20 Cabot Road
Medford, Massachusetts 02155

Re: Citizens Bank, N.A. Irrevocable Direct Pay Letter of Credit No. S904409

Gentlemen:

The undersigned, a duly authorized signer of _____, as Trustee (the “Trustee”), and _____, a duly authorized representative of AHF – Columbia Crest, LLC (the “Company”), hereby certify to Citizens Bank, N.A., with reference to Citizens Bank, N.A. Irrevocable Direct Pay Letter of Credit No. S904409 (the term “Letter of Credit” and other capitalized terms used herein and not defined shall have their respective meanings as set forth in the Letter of Credit) issued by Citizens Bank, N.A. in favor of the Trustee, that:

- 1 The Trustee is the Trustee under the Indenture for the holders of the Series 2003 Bonds.
2. An Alternate Credit Facility in substitution for the Letter of Credit has been accepted by the Trustee and is in effect.
3. The undersigned officer and representative are duly authorized to sign this certificate on behalf of the Trustee and on behalf of the Company, respectively.

IN WITNESS WHEREOF, the Trustee and the Company have executed and delivered this certificate as of the _____ day of _____, _____.

TRUSTEE:

_____,
as Trustee

By: _____
Name: _____
Title: _____

COMPANY:

AHF – COLUMBIA CREST, LLC

By: American Housing Foundation, Inc.,
Sole Member and Manager

By: _____
Name: _____
Title: _____

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The information in the Official Statement under the heading "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" is replaced by the following:

The Bank agrees to issue a Letter of Credit in the amount of \$5,548,116 pursuant to the terms of the Reimbursement Agreement with the Company (the "Letter of Credit"). Reference is made to the Reimbursement Agreement for the complete details of the terms thereof. The following is a brief outline of certain provisions of the Reimbursement Agreement and should not be considered a full statement thereof.

Pursuant to the Reimbursement Agreement, the Bank agrees to issue the Letter of Credit to the Trustee for the benefit of the Company, upon compliance with the terms and conditions of the Reimbursement Agreement. The Letter of Credit will expire on the date set forth in the Official Statement under the caption "LETTER OF CREDIT", unless earlier terminated pursuant to the terms of the Reimbursement Agreement. At any time before the Expiration Date of the Letter of Credit, the Company may request an extension of the term of the Letter of Credit. Any extension of the term of the Letter of Credit is at the Bank's sole discretion.

The Company agrees to reimburse the Bank in full for each drawing under the Letter of Credit. The Company has also agreed to pay the Bank certain fees for the Letter of Credit, including annual fees as set forth in the Reimbursement Agreement. The obligations of the Company under the Reimbursement Agreement are general obligations of the Company and the full faith and credit of the Company is pledged to the payment of all sums due under the Reimbursement Agreement. The obligations of the Company under the Reimbursement Agreement are also secured by a pledge to the Bank of Pledged Bonds, a first priority lien created under the Indenture (on a parity with the holders of the Bonds), a first mortgage lien on the Project Facility, a general and absolute assignment of rents and leases, a first lien and pledge on all of the Company's gross revenues related to the Project Facility and all project-related funds, including a capital maintenance reserve fund, and any other accounts established pursuant to the Indenture, a first lien on all of the Company's accounts, receivables, and contract rights (including but not limited to resident contracts and management contracts), and a first lien on all business assets of the Company in connection with the Project Facility, wherever located, now owned or hereafter acquired, by the Company, and all proceeds.

The Company agrees to reimburse the Bank in full for any drawing made under the Letter of Credit on the date of such drawing and upon the honoring of such drawing by the Bank. In the event that a drawing is not reimbursed to the Bank on the date of the drawing, the Company shall pay to the Bank the amount of the drawing, with interest, at the per annum rate equal to the Bank's Prime Rate plus one percent (1%). Any amount due and owing by the Company to the Bank after a Default under the Reimbursement Agreement is payable with interest at the per annum rate equal to four percent (4.0%) plus the Bank's Prime Rate. The Company also agrees

to pay the Bank for certain increased costs immediately on demand by the Bank and to pay the Bank certain fees.

The Reimbursement Agreement contains certain representations, warranties, covenants and agreements of the Company, including covenants and agreements with respect to, among other things: maintenance of the Company's existence and status; maintenance of insurance; maintenance of property, payment of obligations, and rates and charges. The Reimbursement Agreement also requires the Company to comply with certain financial covenants, including a requirement to maintain a certain debt service coverage ratio and to maintain a certain account at the Bank to which all payments due the Bank from the Company shall be directly charged.

All of the Company's operating and depository deposit accounts will be maintained at the Bank. The Company also agrees to make deposits into a capital maintenance reserve fund pledged to the Bank, in an amount of at least \$13,500 per year.

A failure to repay the Bank for draws under the Reimbursement Agreement, or a breach by the Company of any representation, warranty, covenant or agreement in the Reimbursement Agreement may result in an Event of Default under the Reimbursement Agreement.

Upon the occurrence of an Event of Default, the Bank may at its election: (i) declare the obligations of the Company under the Reimbursement Agreement due and payable; and/or (ii) demand the immediate deposit of cash collateral in an amount equal to the full amount then available or which subsequently become available under the Letter of Credit; and/or (iii) give notice to the Trustee to make a draw under the Letter of Credit pursuant to the terms of the Indenture; and/or (iv) proceed to enforce all other applicable legal and/or equitable remedies available to it; and/or (v) exercise any rights provided to the Bank herein or under the Bank Documents.