

LAW OFFICES OF
LOMBARDI, WALSH, WAKEMAN, HARRISON, AMODEO & DAVENPORT, P.C.

LOUIS LOMBARDI (1952-1969)
GARY L. LOMBARDI
RICHARD P. WALSH, JR.
ROBERT G. WAKEMAN
HARLAN R. HARRISON
ANTHONY J. AMODEO, JR.
PAUL E. DAVENPORT
STEPHANIE A. WHITE*
FREDERICK W. CLARK III

III WINNERS CIRCLE
ALBANY, NEW YORK 12205
TELEPHONE (518) 438-2000

TELECOPIER (518) 438-2471
WEB SITE: www.lrwlaw.com

THEODORE REINHARD
SENIOR COUNSEL

OF COUNSEL
DALE F. JEFFERS
JENNIFER K. CORONA**

** ALSO ADMITTED IN MA

SERVICE BY FACSIMILE
NOT ACCEPTED

*ALSO ADMITTED IN CT

April 18, 2007

AHF – Columbia Crest, LLC
317 Brick Church Road
Troy, New York 12180

American Housing Foundation, Inc.
100 State Street
Albany, New York 12207

City of Cohoes Industrial Development Agency
130 Remsen Street
Cohoes, New York 12180

The Bank of New York, as Trustee
101 Barclay Street, Floor 21W
New York, New York 10286

RBC Dain Rauscher Inc.,
d/b/a RBC Capital Markets
677 Broadway, Suite 305
Albany, New York 12207

Citizens Bank, N. A.
833 Broadway
Albany, New York 12207

Re: \$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

Ladies and Gentlemen:

We have acted as counsel to Citizens Bank, N. A. (the "Bank") in connection with the preparation, execution and delivery by the Bank of the following documents (hereinafter collectively referred to as the "Bank Documents") in connection with the issuance by the Bank of an irrevocable transferable direct-pay substitute letter of credit in the principal amount of \$5,485,115 (the "Letter of Credit") in favor of The Bank of New York, as trustee (the "Trustee") pursuant to a trust indenture dated as of September 1, 2003 the "Trust Indenture") for the holders of the Variable Rate Civic Facility Revenue Bonds (Columbia Crest Senior Housing Project - Letter of Credit Secured), Series 2003 in the aggregate principal amount of \$5,560,000 (the "Bonds") issued by City of Cohoes Industrial Development Agency (the "Issuer"), a public benefit corporation organized and existing under the laws of the State of New York, for the purpose of assisting in providing financing for a project (the "Project") undertaken by the Issuer for the benefit of AHF - Columbia Crest, LLC (the "Institution"), organized and existing under the laws of the State of New York, said Project consisting of the following:

(1)(a) the acquisition by the Issuer of an interest in certain real property, consisting of an approximately 6.5 acre parcel of land located at 427 Columbia Street, City of Cohoes, County of Albany, State of New York (the "Land"), (b) the construction on the Land of an approximately 90 unit senior independent rental apartment project containing approximately 99,450 square feet of space (the "Facility"), and (c) the acquisition and installation of machinery and equipment and other personal property related thereto located thereon and therein (the "Equipment") (the Land, the Facility and the Equipment hereinafter collectively referred to as the "Project Facility"), all of the foregoing to constitute a senior independent rental apartment project and related activities; (2) the financing of all or a portion of the costs of the foregoing by the issuance of the Bonds; (3) the granting of certain other "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales taxes, real estate transfer taxes, mortgage recording taxes and real property taxes (collectively with the Bonds, the "Financial Assistance"); and (4) the sale of the Project Facility to the Institution pursuant to a sublease agreement dated as of September 1, 2003 (the "Sublease Agreement"); (B) the financing of all or a portion of the costs of the foregoing by the issuance of revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, (the "Obligations"); (C) paying a portion of the costs incidental to the issuance of the Obligations, including issuance costs of the Obligations and any reserve funds as may be necessary to secure the Obligations; and (D) paying certain capital costs associated with the initial development of the Project Facility.

The above-referenced "Bank Documents" are as follows:

- (A) a letter of credit reimbursement agreement dated as of April 1, 2007 (the "Reimbursement Agreement") by and between the Institution and Citizens Bank, N. A., a national banking association organized and existing under the laws of the United States of America, pursuant to which the Bank is to issue the Letter of Credit in favor of the Trustee to secure the Bonds;
- (B) a mortgage, security agreement and financing statement dated as of April 1, 2007 (the "Mortgage") from the Institution, American Housing Foundation, Inc., and the Issuer to the Bank, which grants to the Bank, among other things, a mortgage lien on and security interest in the Project Facility as security for the Institution's obligations under the Reimbursement Agreement;
- (C) a deposit account pledge agreement dated as of April 1, 2007 (the "Deposit Account Pledge Agreement") by and between the Institution and the Bank;
- (D) an assignment of leases and rents dated as of April 1, 2007 (the "Assignment of Leases and Rents") by and between the Institution, the Issuer and the Bank;
- (E) a continuing general security agreement dated as of April 1, 2007 (the "Continuing General Security Agreement") by and between the Institution and the Bank; which secures to the Bank (1) all gross revenues of the Institution and (2) all rights of the Institution to the funds established under the Indenture, and a security interest in the Equipment as security for the Institution's obligations under the Reimbursement Agreement;
- (F) an environmental compliance and indemnification agreement dated as of April 1, 2007 (the "Environmental Compliance Indemnification Agreement") from the Institution to the Bank;
- (G) a bond pledge agreement dated as of April 1, 2007 (the "Bond Pledge Agreement") from the Institution and the Issuer to the Bank;
- (H) a limited guaranty agreement dated as of April 1, 2007 (the "Limited Guaranty") from American Housing Foundation, Inc. to the Bank;
- (I) an assignment of management contract dated as of April 1, 2007 (the "Assignment of Management Contract");
- (J) a subordination and first mortgagee waiver agreement dated as of April 1, 2007 (the "Subordination Agreement") from Housing Trust Corporation and others to the Bank.

Capitalized terms not otherwise defined herein shall have the meanings ascribed to such

terms in the Indenture.

We have examined an executed counterpart of the Bank Documents. In addition, we have examined and relied upon originals (or copies certified or otherwise identified to our satisfaction) of such documents, corporate records, certificates of corporate officers of the Bank and other instruments and legal matters as we have deemed necessary for the purposes of the opinions expressed herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. We have relied upon the aforementioned instruments, certificates and documents as to any facts which were not independently established.

Based upon the foregoing, and subject to the qualifications below and matters of reliance set forth above, it is our opinion that:

1. The Bank is a national banking association organized and existing under the laws of the United States of America.
2. The Bank has the power and authority to execute and deliver the Letter of Credit and the other Bank Documents and to perform its obligations under the Letter of Credit and the other Bank Documents.
3. The Letter of Credit and the other Bank Documents have been duly authorized and where applicable, executed and delivered by the Bank.
4. The Letter of Credit and the other Bank Documents have been authorized by all necessary action on the part of the Bank and constitute valid and binding obligations of the Bank, enforceable against the Bank in accordance with their respective terms, except as such enforceability may be limited by insolvency, liquidation, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general, as such laws would apply in the event of the insolvency, liquidation or reorganization of, or other similar occurrence with respect to, the Bank, or in the event of any moratorium or similar occurrence affecting the Bank.
5. The execution, delivery and performance by the Bank of the Letter of Credit and the other Bank Documents do not conflict with or constitute on the part of the Bank a violation of, breach of or default under the charter or by-laws of the Bank, or to the best of our knowledge after due inquiry, any commitment, agreement or other instrument to which the Bank is a party or by which the Bank is bound, or any other existing law, rule, regulation, ordinance, legal requirement, judgment, order or decree to which the Bank is subject.
6. All consents, approvals or authorizations, if any, of any Governmental Authority required on the part of the Bank in connection with the execution, delivery and performance of the Letter of Credit and the other Bank Documents, and all consents, approvals or authorizations, if any,

of any Governmental Authority required pursuant to the terms of the Letter of Credit and the other Bank Documents, have been obtained, and the Bank has complied with any applicable provisions of law requiring any declaration, filing, registration and/or qualification by the Bank with any Governmental Authority in connection with such execution, delivery and performance.

7. Upon presentation by the Trustee of its sight draft, in accordance with and accompanied by the documentation required under the Letter of Credit, the Bank would be obligated to make payment to the Trustee in accordance with the terms of the Letter of Credit, notwithstanding the bankruptcy or insolvency of the Institution or the Issuer or any bankruptcy, insolvency, reorganization, moratorium or similar proceedings pending at the time with respect to the Institution or the Issuer.

8. We express no opinion as to whether a court, in the exercise of its equitable powers, may temporarily restrain payment of a draft drawn under the Letter of Credit.

9. Application of the proceeds of a drawing on the Letter of Credit to the payment of principal and accrued interest on the Bonds in accordance with the Indenture would not constitute a transfer of property of the Institution that is avoidable under Section 547 of the United States Bankruptcy Code (the "Bankruptcy Code") in the event that a petition for relief under the Bankruptcy Code is subsequently filed by or against the Institution.

10. Application of the proceeds of a remarketing of the Bonds to the payment of principal and accrued interest on the Bonds in accordance with the Indenture would not constitute a transfer of property of the Institution that is avoidable under Section 547 of the Bankruptcy Code in the event that a petition for relief under the Bankruptcy Code is subsequently filed by or against the Institution.

11. Nothing has come to our attention that would lead us to believe that the information in the Official Statement under the captions "LETTER OF CREDIT" and "THE BANK", and pertaining to the Bank and the Bank Documents under the captions "INTRODUCTION" and "SECURITY FOR THE BONDS" and in Appendices B and D attached to the Official Statement, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

We are members of the Bar of the State of New York, and do not hold ourselves out as experts in, and do not render any opinion as to, the laws of any jurisdiction other than such State and the United States. This letter may be relied upon solely by (A) the addressees, and (B) Hiscock & Barclay, LLP, as bond counsel in connection with the issuance of the Bonds.

Any opinion concerning the validity, binding effect or enforceability of any document (A) means that (1) such document constitutes an effective contract under applicable law, (2) such document is not invalid in its entirety under applicable law because of a specific statutory prohibition or public policy and is not subject in its entirety to a contractual defense under applicable law and (3)

subject to the following sentence, some remedy is available under applicable law if the person concerning whom such opinion is given is in material default under such document, but (B) does not mean that (1) any particular remedy is available under applicable law upon such material default or (2) every provision of such document will be upheld or enforced in any or each circumstance by a court applying applicable law. Furthermore, the validity, binding effect or enforceability of any document may be limited to or otherwise affected by (A) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies generally or (B) the unavailability of, or any limitation on the availability of, any particular right or remedy (whether in a proceeding in equity or law) because of the discretion of a court or because of any equitable principle or requirement as to commercial reasonableness, conscionability or good faith.

We express no opinion with respect to (A) title to all or any portion of the Project Facility, (B) the priority of any liens, charges, security interests or encumbrances affecting the Project Facility or any part thereof (or the effectiveness of any remedy which is dependent upon the existence of title to the Project Facility or the priority of any such lien, charge, security interest or encumbrance), (C) any laws, regulations, judgments, permits or orders with respect to zoning, subdivision matters or requirements for the physical commencement and continuance of the construction, reconstruction, installation, occupancy or operation of the Project Facility or with respect to the requirement of filing or recording of any of the Financing Documents, or (D) the laws of any jurisdiction other than the State of New York.

Very truly yours,

LOMBARDI, WALSH, WAKEMAN, HARRISON,
AMODEO & DAVENPORT, P.C.

*Lombardi, Walsh, Wakeman, Harrison,
Amodeo & Davenport, P.C.*