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S.B. #78 Section by Section Additional Information

- §#1 §§#1 & #5 – Income not the sole criteria for assisting housing needy groups. Groups like: Rural area nurses and healthcare workers; special education, science and math teachers; prison guards in rural areas; persons with Alzheimer's; victims of domestic violence, parolees etc. EXCLUDES programs funded by Low Income Housing Trust Fund.
- §2[e] Existing programs require the following commercial sub-systems and electronic interfaces for which Nevada DOIT has no in-house expertise: Loan Origination; Loan Servicing; Bond cash flow management; Tax Credit Regulatory Compliance; Energy consumption.
- §3 §§1 & 2 Letters of Credit to be effective must be of investment grade [$>BBB+$]. Thus, setting the criteria to be dependent upon investment grade levels, will ensure only viable Letters of Credit are issued. The Federal Home Loan Bank wrap mechanism requires that the underlying Letter of Credit be investment grade quality.
- §4 §§5 The 5th time debt issuance limit has been raised in 25 years. Ensures that only investment grade debt is issued. Over \$500 million issued in past 3.5 years.
- §5 [g] Adds Housing Division to list of other 'exempted agencies' with highly specialized DP systems.
- §6 Removes sunset on elements created in 2001 Legislature's unanimously approved S.B. 552. Worry is that granting authority, purchasing authority would expire just when it becomes critically needed. The test of safe uses has been met.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 13, 2003

NEW ISSUE-Book-Entry Only

RATING: Moody's: "____"
(See "RATING" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to the status of interest on any Series A Bond during any period such Bond is held by a person who is a "substantial user" of the facilities financed by the Series A Bonds or is a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel observes that interest on the Series A Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Bond Counsel also observes that interest on the Series B Bonds is not excludable from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" for additional information.

NEVADA HOUSING DIVISION



\$26,985,000*

Multi-Unit Housing Revenue Bonds
(Pinewood Apartments)
Series 2003A

\$4,765,000*

Taxable Multi-Unit Housing Revenue Bonds
(Pinewood Apartments)
Series 2003B

Dated: Date of Delivery

Due: As shown on the inside front cover

The above-captioned Series 2003A Bonds (the "Series A Bonds") and the above-captioned Series 2003B Bonds (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") are being issued only as fully registered bonds in denominations of integral multiples of \$5,000. Interest on the Bonds is payable on October 1, 2003, and on each April 1 and October 1 thereafter at the rates set forth on the inside front cover. The principal of and redemption premium, if any, and interest on the Bonds will be paid by Zions First National Bank, as trustee (the "Trustee"), to The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. DTC will be responsible for remitting principal and interest on the Bonds to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of such Bonds, as described under the caption "BOOK ENTRY SYSTEM" herein. Individual purchases will be made in book-entry form only in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds.

The Bonds are being issued by the Nevada Housing Division (the "Division") to provide for permanent financing to Pinewood Apartments Limited Partnership, a Nevada limited partnership (the "Borrower") for the acquisition and rehabilitation of a 764-unit multifamily housing project located in Clark County, Nevada (the "Project" or "Qualified Residential Rental Project"). The Project is to be occupied by individuals and households of low income within the meaning of and for the period required by Section 142(d) of the Internal Revenue Code of 1986, as amended. The Division will use the proceeds of the Bonds to acquire a fully modified Mortgage-Backed Security (the "GNMA Security") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA") from Prudential Huntton Paige Associates, Ltd., a Delaware corporation (the "Mortgage Lender") to provide financing to the Borrower for the permanent financing of the Project. See "THE PROJECT AND THE BORROWER" and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL DOCUMENTS."

It is anticipated that the Bonds will be secured primarily by the GNMA Security to be issued by the Mortgage Lender pursuant to a financing agreement (the "Financing Agreement") among the Division, the Borrower, the Trustee and the Mortgage Lender, and held by the Trustee. Prior to acquisition of the GNMA Security, the Bonds will be secured by amounts invested by the Trustee in Permitted Investments. See "SECURITY FOR THE BONDS."

The Bonds are subject to acceleration of maturity and optional and mandatory redemption prior to maturity, in whole or in part, at the prices and under the circumstances described herein. Persons who purchase Bonds at a price in excess of their principal amount risk the loss of any premium paid in the event the Bonds are redeemed prior to maturity. See "REDEMPTION OF BONDS" and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL DOCUMENTS—The Indenture."

The Bonds are not subject to redemption, and the rate of interest on the Series A Bonds is not subject to adjustment, by reason of the interest on the Series A Bonds being included in gross income for purposes of federal income taxation.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE DIVISION, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF REVENUES PURSUANT TO THE INDENTURE. THE DIVISION HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE STATE OF NEVADA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEVADA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS.

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, THE FEDERAL HOUSING ADMINISTRATION, THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION OR ANY OTHER AGENCY THEREOF AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

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

The Bonds are offered when, as and if issued and received by the Underwriter, and subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Division by Christine S. Munro, Esq. for the Mortgage Lender by Krooth & Altman LLP, Washington, D.C., for the Borrower by Kantor, Taylor, McCarthy & Britzmann, P.C., Seattle, Washington, Broyles & Mondo, LLP, Las Vegas, Nevada, and Mersereau and Shannon, Portland, Oregon, and for the Underwriter by Kutak Rock LLP. It is expected that the Bonds will be available for delivery in New York, New York, to The Depository Trust Company on or about February 26, 2003.

UBS PaineWebber Inc.

Dated: February __, 2003

*Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.