

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2012

NEW ISSUE - FULL-BOOK ENTRY

**RATINGS: S&P “__”
Moody's “__”
Fitch “__”
(See “Ratings” herein)**

In the opinion of Bond Counsel, assuming compliance by the Issuer with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2012 Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. See “TAX MATTERS” herein for a description of other tax consequences to holders of the Series 2012 Bonds.

\$ _____
**THE FAU FINANCE CORPORATION
CAPITAL IMPROVEMENT REVENUE BONDS
(STUDENT HOUSING PROJECT),
SERIES 2012A**

Dated: Date of Delivery

Due: As shown on inside cover

The Capital Improvement Revenue Bonds (Student Housing Project), Series 2012A (the “Series 2012 Bonds”) offered hereby by The FAU Finance Corporation (the “Issuer”) pursuant to the provisions of a Trust Indenture dated as of June 1, 2012 (the “Trust Indenture”) by and between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”) will be issued as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2012 Bonds. Individual purchases of the Series 2012 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Interest on the Series 2012 Bonds is payable on January 1, 2013 and semiannually thereafter on each January 1 and July 1. Payments of principal of, redemption premium, if any, and interest on the Series 2012 Bonds are to be made to purchasers by DTC through the Participants (defined herein). Purchasers will not receive physical delivery of the Series 2012 Bonds. Payments of principal of and redemption premium, if any, on the Series 2012 Bonds will be made upon presentation and surrender of such 2012 Bonds at the office of the Trustee in _____, Florida. See “THE SERIES 2012 BONDS” herein.

The Series 2012 Bonds are subject to optional and mandatory redemption as described herein. See “THE SERIES 2012 BONDS” herein.

Proceeds from the Series 2012 Bonds will be used to (i) finance the acquisition, construction and installation of a new student housing facility which includes approximately 190,000 square feet and approximately 614 beds and related infrastructure as further described herein (the “2012 Facilities”), (ii) fund a deposit to the Series 2012 Account of the Reserve Fund, (iii) pay capitalized interest on the Series 2012 Bonds, and (iv) pay all or a portion of the cost of issuance of the Series 2012 Bonds. See “PLAN OF FINANCE” herein.

The Series 2012 Bonds, together with interest thereon, are limited obligations payable solely and only from the Pledged Revenues. Pledged Revenues means (i) the System Revenues (as defined herein) net of amounts needed to pay Operating Expenses, (ii) Excess Housing Revenues (as defined herein), and (iii) moneys on deposit in the funds and accounts established under the Trust Indenture and investment earnings thereon, but excluding moneys on deposit in the 2012 Rebate Account and the Cost of Issuance Fund (each as defined herein). See “SECURITY FOR THE SERIES 2012 BONDS” herein.

The Series 2012 Bonds, together with interest thereon, are not general or moral obligations of the Issuer, and do not constitute an obligation, either general or special of the State of Florida (the “State”), or Florida Atlantic University (the “University”). Neither the full faith and credit of the State, the University, nor any other political subdivision or agency of the State is pledged to the payment of the principal of, redemption premium, if any, or interest on the Series 2012 Bonds, and the Series 2012 Bonds and all other obligations of the Issuer under the Trust Indenture shall not constitute an indebtedness of the State, the University, or any political subdivision or agency of the State within the meaning of any State constitutional provision or statutory limitation. The issuance of the Series 2012 Bonds does not directly or indirectly or contingently obligate any such governmental entity or agency to levy any ad valorem taxes whatsoever or to make any appropriation for their payment except from the Pledged Revenues. The Series 2012 Bonds and all other obligations of the Issuer under the Trust Indenture and the transactions contemplated thereby shall not be a charge against the general credit or taxing powers of the State, the University, or any political subdivision or agency of the State. The Series 2012 Bonds and all other obligations of the Issuer under the Trust Indenture and the transactions contemplated thereby shall not give rise to a pecuniary liability of the Issuer, the State, the University, or any political subdivision or agency of the State. The Issuer has no taxing power.

The Series 2012 Bonds are offered for delivery when, as and if issued by the Issuer and received by the Underwriter (as defined herein), subject to the approving opinion as to legality by Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel. Certain legal matters will be passed upon for the Issuer by Bryant Miller Olive P.A. Certain legal matters will be passed upon for the University by the Office of General Counsel. Certain legal matters will be passed upon for the Underwriter by Nabors, Giblin & Nickerson, P.A., Tampa, Florida. Dunlap and Associates, Inc., Winter Park, Florida is serving as Financial Advisor to the Issuer. It is expected that the Series 2012 Bonds in definitive book entry form will be available for delivery through DTC in New York, New York on or about July __, 2012.

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

* Preliminary, subject to change.

{25579/006/00657110.DOCv4}

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The Series 2012 Bonds may not be sold, nor may any offer 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 the solicitation of an offer to buy nor shall there be any sale of the Series 2012 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

BofA Merrill Lynch

Dated: _____, 2012.

\$ _____ *

**THE FAU FINANCE CORPORATION
CAPITAL IMPROVEMENT REVENUE BONDS
(STUDENT HOUSING PROJECT),
SERIES 2012A**

Serial Bonds

Maturity (July 1)	<u>Amount</u>	Interest <u>Rate</u>	<u>Price</u>	<u>Yield</u>	Initial CUSIP <u>Number</u> †
2014	\$	%		%	31200C__
2015		%		%	31200C__
2016		%		%	31200C__
2017		%		%	31200C__
2018		%		%	31200C__
2019		%		%	31200C__
2020		%		%	31200C__
2021		%		%	31200C__
2022		%		%	31200C__
2023		%		%	31200C__
2024		%		%	31200C__
2025		%		%	31200C__
2026		%		%	31200C__
2027		%		%	31200C__
2028		%		%	31200C__
2029		%		%	31200C__
2030		%		%	31200C__
2031		%		%	31200C__
2032		%		%	31200C__

Term Bonds

\$ _____ * _____% Term Bonds due July 1, 20__ , Yield _____% CUSIP†: 31200C__

\$ _____ * _____% Term Bonds due July 1, 20__ , Yield _____% CUSIP†: 31200C__

* Preliminary, subject to change.

† The Issuer is not responsible for the use of CUSIP Numbers, nor is a representation made as to their correctness. The CUSIP Numbers are included solely for the convenience of the readers of this Official Statement, and are copyright 2010 by the American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Bureau Service, a division of the McGraw Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services

THE FAU FINANCE CORPORATION

BOARD OF DIRECTORS

Scott Adams
Anthony Barbar
Peter LoBello

ISSUER'S COUNSEL

David L. Kian, Esquire
Office of General Counsel
Boca Raton, Florida

BOND AND DISCLOSURE COUNSEL

Bryant Miller Olive P.A.
Orlando, Florida

FINANCIAL ADVISOR

Dunlap & Associates, Inc.
Winter Park, Florida

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations in connection with the Series 2012 Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Issuer, The Depository Trust Company, and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Issuer with respect to any information provided by others. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2012 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2012 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2012 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter listed on the cover page hereof has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2012 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2012 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. SUCH FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO CERTAIN STATEMENTS CONTAINED IN THE INFORMATION UNDER THE CAPTIONS "CASH FLOW FORECAST" AND "BONDHOLDERS' RISKS" HEREIN. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT. ASIDE FROM ITS CUSTOMARY FINANCIAL REPORTING ACTIVITIES, THE ISSUER DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE ISSUER FOR PURPOSES OF RULE 15c2-12 ISSUED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(b)(1).

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\$ _____
**THE FAU FINANCE CORPORATION
CAPITAL IMPROVEMENT REVENUE BONDS
(STUDENT HOUSING PROJECT),
SERIES 2012A**

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices, is to provide information concerning the proposed issuance by The FAU Finance Corporation (the “Issuer”) of its Capital Improvement Revenue Bonds (Student Housing Project), Series 2012A (the “Series 2012 Bonds”).

The Series 2012 Bonds are issued under the authority of and in full compliance with the Constitution and the laws of the State of Florida (the “State”), particularly Chapter 617, Section 1004.28 and Section 1010.62, Florida Statutes and other applicable provisions of law (collectively, the “Act”), a resolution adopted by the Board of Directors of the Issuer on _____, 2012, as may be amended and supplemented from time to time, and the Trust Indenture dated as of June 1, 2012 (the “Trust Indenture”) by and between the Issuer and U.S. Bank National Association with a designated corporate trust office in Orlando, Florida (the “Trustee”).

Capitalized terms not otherwise defined which are used in this Official Statement shall have the same meanings as ascribed to them in the Trust Indenture. See “APPENDIX C – FORM OF TRUST INDENTURE” attached hereto.

The description of the Series 2012 Bonds and of the documents authorizing and securing the same do not purport to be comprehensive or definitive. All references herein to such documents, agreements and reports are qualified in their entirety by reference to such documents, agreements and reports. All summaries herein of the Series 2012 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements. Copies of documents and reports not reproduced in this Official Statement and further information with regard to the Issuer may be obtained from the Issuer at the following address: The FAU Finance Corporation, c/o Florida Atlantic University, 777 Glades Road, Administration Bldg – Room 345, Boca Raton, Florida 33431-0991.

THE ISSUER

The Issuer was organized in 2009 as a not-for-profit corporation organized under the Chapter 617, Florida Statutes, and was certified by The Florida Atlantic University Board of Trustees (the “Board of Trustees”) as a direct-support organization pursuant to Section 1004.28,

* Preliminary, subject to change.

Florida Statutes. The Issuer is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The Board of Trustees is the governing body of Florida Atlantic University (the "University").

Board of Directors of the Issuer

Mr. Scott H. Adams, is the managing partner of Cenetec Ventures, LLC, a venture capital and incubator firm that has investments in emerging technology companies. In 1995, Mr. Adams co-founded and was president of Hiway Technologies, Inc. and in three short years, Hiway Technologies became the world's largest web hosting company with 240 employees and 150,000 accounts in 135 countries. In 1999 Hiway was acquired by Verio (NASDAQ: VRIO). In 2000 Verio was acquired by NTT Communications (NYSE: NTT). Mr. Adams is on the board of directors of the Boca Raton Community Hospital Foundation. Mr. Adams is also co-founder and board member of the InternetCoast, a community organization uniting companies, the public sector, and academia to create worldwide focus on South Florida as a technology hub. In addition, Mr. Adams serves on the board of directors of the Florida Atlantic University Foundation and on the advisory board of the University of Florida Center for Entrepreneurship and Innovation.

Mr. Anthony K.G. Barbar is President and Chief Executive Officer of Barbar & Associates, LLC and has been involved in the acquiring, planning, financing, developing, consulting, advising, managing, leasing and sales of real estate projects for the past 30 years. During his 30-year career in real estate, Mr. Barbar has handled the purchase negotiations for over \$1 billion in commercial and residential properties and commercial lease negotiations for more than 1,000,000 square feet of space. Mr. Barbar is a member of the Florida Association of Realtors where he is a director and a member of the Commercial Alliance Committee. He is active in many community and civic organizations and serves on the Board of Trustees of both Florida Atlantic University and Palm Beach Atlantic University. Mr. Barbar and his wife live in Boca Raton, Florida.

Mr. Peter Lobello is President of Solar Transportation Solution, LLC. Mr. Lobello served as the chief executive of Jet Turbine Service, Inc. from 1998 to 2008, a Boca Raton-based industrial-engine overhaul and parts company located in the Florida Atlantic Research Park. Jet Turbine Service, Inc. was acquired by a unit of German electronics giant Siemens AG in 2004. Mr. Lobello is a member of the Advisory Boards for the Boca Raton Campus and the College of Engineering and Computer Science. He is a football founder and a member of the Grid Iron Club. Mr. Lobello currently serves as a member of the FAU Foundation Board of Directors.

Executive Director of the Issuer

Mr. Dennis Crudele has been the Sr. Vice President for Financial Affairs at Florida Atlantic University since 2010. Prior to that time, Mr. Crudele held the position of Assistant Vice President at FAU; he joined Florida Atlantic University in June 1987. In addition to his extensive service at FAU, Mr. Crudele previously served as Associate Director of Purchasing at the University of South Florida from 1986-87. Mr. Crudele held several positions on the staff of the Board of Regents from 1977 to 1986. Mr. Crudele has served on the Board of Directors of the Southern Association of College and University Business Officers (SACUBO) from 1998 to 2005.

Mr. Crudele is also a member of the Comprehensive and Doctorial committee for the National Association of College and University Business Officers (NACUBO).

AUTHORIZATION FOR BONDS

The Issuer is authorized under the Act to issue revenue bonds to finance capital projects to provide facilities necessary and desirable to serve the needs and purposes of the University. Additionally, the Board of Trustees adopted a resolution on June 19, 2012 authorizing the Issuer to approve the issuance of the Series 2012 Bonds for the purposes set forth herein, and the Florida Board of Governors (the "Board of Governors") approved the issuance of the Series 2012 Bonds for the purposes set forth herein by resolution adopted on June __, 2012.

PLAN OF FINANCE

The Series 2012 Facilities

Proceeds from the Series 2012 Bonds being issued pursuant to the Trust Indenture, will be used to (i) finance the acquisition, construction and installation of a new student housing facility which includes approximately 190,000 square feet and approximately 614 beds and related infrastructure as further described herein (the "2012 Facilities"), (ii) fund a deposit to the Series 2012 Account of the Reserve Fund, (iii) pay capitalized interest on the Series 2012 Bonds, and (iv) pay all or a portion of the cost of issuance of the Series 2012 Bonds.

SOURCES AND USES OF FUNDS

The table that follows summarizes the sources and uses of funds to be derived from the sale of the Series 2012 Bonds.

Sources:

Principal Amount of Series 2012 Bonds	\$
Net Bond Premium/(Original Issue Discount)	
Total Sources	\$

Uses:

Deposit to Construction Fund	\$
Deposit to Capitalized Interest Account	
Deposit to Series 2012 Account of the Reserve Fund ⁽¹⁾	
Deposit to Costs of Issuance Fund ⁽²⁾	
Total Uses	\$

⁽¹⁾ The Series 2012 Account of the Reserve Fund secures the Series 2012 Bonds.

⁽²⁾ Includes Underwriter's Discount, legal fees, rating agency fees and miscellaneous costs of issuance.

THE SERIES 2012 BONDS

General

The Series 2012 Bonds will be initially issued in the form of a single fully registered Bond for each maturity of the Series 2012 Bonds. Upon initial issuance, the ownership of each such Bond will be registered in the registration books kept by the Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "THE SERIES 2012 BONDS - Book-Entry Only System" below. The Series 2012 Bonds will be dated the date of delivery, and will bear interest at the rates and mature in the amounts and at the times set forth on the inside cover page of this Official Statement. The Series 2012 Bonds are to be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof. Interest will be payable on January 1, 2013 and semiannually thereafter on January 1 and July 1 of each year. The payment of principal of, and redemption premium, if any, on the Series 2012 Bonds are payable upon presentation and surrender at the designated corporate office of the Trustee, at _____ or at such other place as may be provided for by the appointment of any other Paying Agent appointed under the Trust Indenture. The Trustee is also acting as Paying Agent and Registrar. Interest on the Series 2012 Bonds shall be made to the registered owner thereof by check or draft mailed to the Owner at his address as it appears on the registration books maintained by or on behalf of the Issuer as of the close of the applicable Record Date. Payment of interest on the Series 2012 Bonds may, at the option of any owner of Series 2012 Bonds in an aggregate principal amount of at least \$1,000,000 be transmitted by wire transfer to such owner to the bank account number on file with the Paying Agent as of the Record Date upon written request therefor by the holder thereof for the appropriate Interest Payment Date.

With respect to Series 2012 Bonds registered in the name of Cede & Co., as nominee of DTC, neither the Issuer nor the Trustee will have any responsibility or obligation to any DTC Participant or to any Indirect DTC Participant. See "THE SERIES 2012 BONDS - Book-Entry Only System" for the definition of "DTC Participant." Except as otherwise specifically provided in the Trust Indenture and the Series 2012 Bonds with respect to the rights of DTC Participants and Beneficial Owners, when a Book-Entry System is in effect, the Issuer and the Trustee may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2012 Bonds registered in its name for the purposes of (i) payment of the principal of, premium, if any, and interest on the Series 2012 Bonds or portion thereof to be redeemed or purchased, (ii) giving any notice permitted or required to be given to Owners under the Trust Indenture, and (iii) the giving of any direction or consent or the making of any request by the Owners under the Trust Indenture, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary. Neither the Issuer nor the Trustee will have any responsibility or obligations to DTC, any DTC Participant, any Beneficial Owner or any other person which is not shown on the Series 2012 Bond Register, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant; (ii) the payment by DTC or by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption of, or interest on, any Series 2012 Bonds; (iii) the delivery of any notice by DTC or any DTC Participant; (iv) the selection of

the DTC Participants or the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2012 Bonds; or (v) any consent given or any other action taken by DTC or any DTC Participant. The Trustee shall pay all principal of, premium, if any, and interest on the Series 2012 Bonds registered in the name of a nominee of DTC only to or “upon the order of” DTC (as that term is used in the Uniform Commercial Code as adopted in Florida), and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of, premium, if any, and interest on such Series 2012 Bonds to the extent of the sum or sums so paid.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY (“DTC”) AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE ISSUER BELIEVES TO BE RELIABLE, BUT THE ISSUER TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2012 Bond will be issued for each series of each maturity of the Series 2012 Bonds, each in the aggregate principle amount of such issue and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with

the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial interests in the Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Trust Indenture. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such bonds, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 Bonds unless authorized by a Direct Participant in accordance with

DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2012 Bonds will be made to Cede & Co., or such nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participants and not of DTC, the Registrar or the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co., or such nominee as may be requested by an authorized representative of DTC is the responsibility of the Issuer and/or the Paying Agent for the Series 2012 Bonds, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2012 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2012 certificates will be printed and delivered to the Registered Owners.

Optional Redemption

The Series 2012 Bonds maturing on or before July 1, 20__ are not subject to optional redemption prior to maturity. The Series 2012 Bonds maturing on or after July 1, 20__ are subject to redemption prior to maturity at the option of the Issuer, in whole or in part on any date on or after July 1, 20__, and if in part, in such manner as determined by the Trustee, at the redemption price of 100% of the principal amount of the Series 2012 Bonds to be redeemed, without redemption premium, plus accrued interest to the redemption date.

Mandatory Redemption

The Term Series 2012 Bonds maturing on July 1, 20__ and July 1, 20__ are subject to mandatory redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon, without redemption premium, on the dates and in the Amortization Installments set forth below:

<u>July 1 of the Year</u>	<u>Amortization Installments</u>
20__	\$
20__	
20__	
20__*	

* Final Maturity

<u>July 1 of the Year</u>	<u>Amortization Installments</u>
20__	\$
20__	
20__*	

* Final Maturity

Notice of Redemption

Notice of the call for any redemption, identifying the Series 2012 Bonds or portions thereof to be redeemed, shall be given by the Trustee by mailing a copy of the redemption notice by first-class mail at least 20 days but not more than 60 days prior to the date fixed for redemption to the Owner of each Series 2012 Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. Any notice mailed as provided in the Trust Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice. Failure to mail any such notice or the mailing of defective notice to any Owner, shall not affect the proceeding for the redemption as to any Owner to whom proper notice is mailed.

Notice of any redemption of Series 2012 Bonds shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Series 2012 Bonds to be redeemed and any other applicable conditions precedent to such redemption, or (ii) be sent only if sufficient money to pay the full redemption price of the Series 2012 Bonds to be redeemed is on deposit in the applicable fund or account.

Effect of Redemption

Not later than the Business Day prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay, and the Trustee is authorized and directed by the terms and provisions of the Trust Indenture to apply such funds to the payment of the Series 2012 Bonds or portions thereof called, together with accrued interest thereon to the redemption date, and expenses in connection with such redemption. Upon the giving of notice and the deposit of funds for redemption, interest on the Series 2012 Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption. No payment shall be made by the Trustee upon any Series 2012 Bond or portion thereof called for redemption until such Series 2012 Bond

or portions thereof shall have been delivered for payment or cancellation or the Trustee shall have received the items required by the Trust Indenture with respect to any mutilated, lost, stolen or destroyed Series 2012 Bond.

SECURITY FOR THE SERIES 2012 BONDS

Limited Obligations

The Series 2012 Bonds are limited obligations of the Issuer that are payable solely from Pledged Revenues (as herein defined). The Series 2012 Bonds shall never be payable out of any other funds of the Issuer other than the Pledged Revenues.

THE SERIES 2012 BONDS, TOGETHER WITH INTEREST THEREON, ARE NOT GENERAL OR MORAL OBLIGATIONS OF THE ISSUER AND DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, THE UNIVERSITY OR ANY POLITICAL SUBDIVISION THEREOF, BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY AND ONLY FROM THE PLEDGED REVENUES. SUCH MONEYS ARE PLEDGED AND ASSIGNED AS SECURITY FOR THE EQUAL AND RATABLE PAYMENT OF THE BONDS, AND SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS. THE BONDS SHALL IN NO EVENT BE PAYABLE FROM THE GENERAL REVENUES OF THE ISSUER OR THE UNIVERSITY AND SHALL NOT CONSTITUTE A DEBT, LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH OR LOAN OF CREDIT OF THE UNIVERSITY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS; THE UNIVERSITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON; NOR IN ANY EVENT SHALL SUCH BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER, AND THEN ONLY TO THE EXTENT PROVIDED IN THE TRUST INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE REVENUES OR TAXING POWER OF THE UNIVERSITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO. THE ISSUER HAS NO TAXING POWER.

Trust Estate

The obligations of the Issuer under the Trust Indenture and the Bonds, including the Series 2012 Bonds, will be secured by the Trust Indenture to which the Issuer will grant a security interest in all right, title and interest of the Issuer in, to and under the following (the "Trust Estate") which will consist of:

(1) The right to receive System Revenues collected under the Management Agreement, after the payment of Operating Expenses as provided in the Trust Indenture. See "THE MANAGEMENT AGREEMENT AND THE MANAGERS" herein for a description of the

Management Agreement. "System Revenues" means all gross income and revenues including fees, rentals or other charges received by the Issuer or the University, on behalf of the Issuer, derived from the ownership and/or operation of the Housing System from students, faculty members, the Issuer and others using or being served by or having the right to use, or having the right to be served by, the Housing System, and all parts thereof including the retail and commercial uses comprising a part of the Housing System, without any deductions whatever, and specifically including, without limiting the generality of the foregoing, room rental income, any special rental fees or charges for services or space provided, and any income paid to the Issuer related to use of the retail and commercial areas of the Housing System. Notwithstanding the foregoing, "System Revenues" shall not include (i) Direct Pay Subsidies, (ii) any other subsidy, incentives or rebate payments from the United States Treasury, (iii) Excess Housing Revenues (See "FLORIDA ATLANTIC UNIVERSITY" and "THE HOUSING SYSTEM" herein); and

(2) The Pledged Revenues, which are comprised of (i) the System Revenues net of amounts needed to pay Operating Expenses, (ii) Excess Housing Revenues, and (iii) moneys on deposit in the funds and accounts established under the Trust Indenture and investment earnings thereon, but excluding moneys on deposit in the 2012 Rebate Account and the Cost of Issuance Fund. See "TRUST INDENTURE" herein for a description of the funds and accounts established under the Trust Indenture.

"Excess Housing Revenues" means gross income and revenue, including rates, fees and other charges, received by the University, on behalf of the Issuer related to the DBF Facilities (as described herein) and the 2010 Facilities remaining after application of such funds as required by the 2010 Indenture and deposited into the 2010 Surplus Fund, as provided in the 2010 Indenture.

The Pledged Revenues, including investments thereof and the proceeds of such investments, if any, but not including moneys on deposit in the 2012 Rebate Account and in the Cost of Issuance Fund, are pledged pursuant to the Trust Indenture and assigned as security for the payment of the Series 2012 Bonds and any Additional Senior Bonds hereafter issued and shall be used for no other purposes than to pay the principal of, redemption premium, if any, and interest on the Bonds, in the order and priority expressly authorized in the Trust Indenture or to pay the Rebate Amount. Notwithstanding anything in the Trust Indenture to the contrary, nothing provided in the Trust Indenture shall be deemed to grant or create a lien on any subaccount in the Reserve Fund created with respect to a particular Series of Bonds in favor of the Bondholders of any other Series and each account in the Reserve Fund shall secure only the Series of Bonds with respect to which it was created.

Satisfaction and Discharge

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the owners of the Bonds the principal of, redemption premium, if any, and interest due or to become due thereon at the times and in the manner stipulated in the

Trust Indenture, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions of the Trust Indenture (including any fees of the Trustee and expenses in connection therewith), then the Trust Indenture and all rights granted therein shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the Trust Indenture, and execute and deliver to the Issuer such instruments in writing provided by the Issuer as determined by the Issuer to be requisite to cancel and discharge the lien, and release, assign and deliver to the Issuer any and all the estate, right, title and interest therein, or otherwise subject to the lien of the Trust Indenture, except money or securities held by the Trustee for the payment of the principal of redemption premium, if any, and interest on the Bonds and shall notify the Rating Agencies and the Bond Insurer (if any) of such cancellation and discharge.

Any Bond shall be deemed to be paid within the meaning of the Trust Indenture when payment of the principal of such Bond, redemption premium, if any, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Trust Indenture, or otherwise), either (i) shall have been made or caused to have been made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment (a) moneys in an amount sufficient (as determined by an independent certified public accounting firm) to make such payment; or (b) Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys (as determined by an independent certified public accounting firm) to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and the Issuer pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid under the Trust Indenture, it shall no longer be secured by or entitled to the benefits of the Trust Indenture, except for the purposes of any such payment from such moneys or Governmental Obligations.

Enforceability of Remedies

The realization of value from the security for the Bonds upon any default will depend upon the exercise of various remedies specified by the Trust Indenture. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. See “BONDHOLDERS’ RISKS – Enforceability of Remedies” and “BONDHOLDERS’ RISKS” herein.

THE STATE UNIVERSITY SYSTEM

The Constitution of the State of Florida provides that adequate provision shall be made by law for, among other things, the operation and maintenance of institutions of higher learning within the State of Florida. Under this authority, the State of Florida has formulated a State University System that is governed by the Board of Governors.

The Board of Governors was established by Article IX, Section 7 of the Florida Constitution, effective January 7, 2003. The Board of Governors is authorized to operate, regulate, control and manage the State University System. The responsibilities of the Board of Governors include defining the mission of each university, ensuring the coordination and operation of the university system and avoiding wasteful duplication of facilities or programs. The Board of Governors' management of the State University System is subject to the power of the legislature to appropriate funds. The Board of Governors consists of seventeen members, fourteen of whom are appointed by the Governor to staggered seven year terms as provided by law, subject to confirmation by the Florida Senate. The Commissioner of Education, the Chair of the Advisory Council of Faculty Senates, and the President of the Florida Student Association are *ex officio* members of the Board of Governors.

Pursuant to Chapter 1001, Part IV, Florida Statutes (2011), each college or university in the State University System has a thirteen (13) member Board of Trustees. Each Board of Trustees is a public body corporate with all the powers of a body corporate, including a corporate seal, the power to contract and be contracted with, to sue and be sued, to plead and be impleaded in all counts of law or equity and to give and receive donations. Pursuant to Board of Governors Regulation 1.001, each Board of Trustees is also vested with the powers and duties necessary and appropriate for the direction, operation, management, and accountability of its respective university. The Board of Trustees at the University is known as the "The Florida Atlantic University Board of Trustees."

The State University System is comprised of the Board of Governors, the Board of Trustees at each college or university and in addition to the University, each of the following entities: the Florida State University, the University of North Florida, the University of Florida, the Florida Agricultural and Mechanical University, the University of South Florida, the University of West Florida, the University of Central Florida, the Florida International University, Florida Gulf Coast University and New College of Florida. During the 2012 legislative session the Florida Legislature established a new university to be known as Florida Polytechnic. There are approximately 150 private degree granting colleges and universities in the State of Florida which are not part of the State University System. Additionally, state colleges within the State, offering two- and four-year degree programs, are not part of the State University System.

FLORIDA ATLANTIC UNIVERSITY

General

Florida Atlantic University (the "University") was established by the Florida State Legislature in 1961 as the fifth university in the State University System. When it opened in 1964, the University was the first university in the country to offer only upper-division and graduate-level work, on the theory that freshmen and sophomores could be served by the community college system. Located on 780 acres in Boca Raton in rapidly growing Southeast Florida, the University responded to the need to provide increased access to educational

opportunities by opening its doors to freshmen in 1984. Today, its developed system of distributed campuses, which offers students the same high-quality degree programs at seven different locations, allows the University to offer an array of undergraduate and graduate programs, enrolling nearly 30,000 students. The University is rapidly becoming a university of first-choice for students. The University received more than 24,600 applications for the fall 2011 freshman class which was almost double the previous year's number. In fall 2011, the University welcomed its largest-ever freshman class of 3,351 students. As part of the strategic planning initiative, an emphasis of creating a traditional campus life experience for students led to the construction and opening of a new 30,000 seat stadium in the fall 2011.

The University offers a wide range of degrees through ten different colleges including College of Architecture, Urban & Public Affairs, the Dorothy F. Schmidt College of Arts & Letters, the College of Business, the College of Education, the College of Engineering & Computer Science, the Graduate College, the Christine E. Lynn College of Nursing, the Charles E. Schmidt College of Science, and the Harriet L. Wilkes Honors College. Together, these colleges offer 145 degree programs. The former Charles E. Schmidt College of Biomedical Science was renamed the Charles E. Schmidt College of Medicine in the spring of 2011. The first entering class of medical students (64) matriculated in July 2011 and applications for the second class of new medical students, set to enroll July 2012, grew to over 3,000 for the 64 slots available. It is estimated that once it reaches its full enrollment of 256 students, its annual economic impact will reach \$52 million.

As part of its commitment to providing access to educational opportunities, the University offers an expanding collection of online and video-conference graduate and undergraduate courses. The University also participates in the Southern Regional Board's Electronic Campus which lists college programs and courses from across the Southern region of the U.S. Online courses are available to students as "anywhere, anytime" courses which may be completed within the confines of the University semesters but do not require traditional classroom attendance.

The University is a member of the Southern Association of Colleges and Schools, the National Association of State Universities and Land-Grant Colleges, and the Council of Graduate Schools in the United States.

Enrollment

Fall 2011 undergraduate enrollment totaled 23,615 students, of which approximately 64% were full-time undergraduate students and approximately 96% of the University's students were from Florida. Enrollment at the Boca Raton campus, where the 2012 Facilities will be located, for fall 2011 totaled 22,611 students, a 24% increase over fall 2007 and represented approximately 77% of the University's total enrollment. Overall, total enrollment has increased by 10.5% from fall 2007 to fall 2011. The following table depicts the enrollment at the Boca Raton campus and the total enrollment from fall 2007 through fall 2011:

	<u>Fall 2007</u>	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2011</u>
Enrollment-Boca Raton	18,277	19,162	20,256	21,351	22,611
Total Enrollment	26,525	27,021	27,707	28,394	29,313

Admissions

Since 2007, applications from prospective students have increased by 91%. For the fall of 2007, 60% of applicants were accepted to the University. The admissions process has become more selective in recent years and 38% of applicants for the fall of 2011 were admitted. The following table provides admissions information for 2007 through 2011. In addition, SAT scores and the average GPA of new freshman in 2011 were 1074 and 3.4, respectively – an increase from 1042 and 3.2 in 2007.

<u>Student Status</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Applied	18,566	21,274	22,886	23,013	35,491
Admitted	11,167	11,068	11,825	12,205	13,464
Selectivity	60%	52%	52%	53%	38%
Registered	5,913	6,147	6,074	6,125	6,298
Matriculation	53%	56%	51%	50%	47%

Limited Role of Board of Trustees in Connection with the Bonds

The Board of Trustees, as ground sublessor entered into a Ground Sublease Agreement dated as of March 1, 2010, with the Issuer, as ground sublessee, (the “Ground Sublease Agreement”) at the time of issuance of the Issuer’s Capital Improvement Revenue Bonds (Innovation Village Project), Series 2010 (the “Series 2010 Bonds”) pursuant to the terms of a Trust Indenture dated as of March 1, 2010 (the “2010 Trust Indenture”) by and between the Issuer and U.S. Bank National Association, as trustee. The Board of Trustees and the Issuer will enter into the First Amendment to Ground Sublease Agreement dated as of June __, 2012 pursuant to which the University will grant the Issuer a sublease interest in the site upon which the 2012 Facilities are to be constructed. The Issuer also anticipates entering into an Amended and Restated Management Agreement dated as of June __, 2012 (the “Management Agreement”), with the Board of Trustees and C-BB Management, LLC (the “Managers”) pursuant to which the Managers will continue to manage and operate the University’s DBF Facilities and the 2010 Facilities, as defined below, and which will now include the 2012 Facilities financed with the Series 2012 Bonds. See “THE MANAGEMENT AGREEMENT AND THE MANAGER” herein.

The DBF Facilities are defined as those student housing facilities financed in part with proceeds from Housing Revenue Bonds issued by the State of Florida Division of Bond Finance on behalf of the Board of Trustees which include the following outstanding obligations: the State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003 currently outstanding in the principal amount of \$27,015,000, the State of Florida, Board of Governors, Florida Atlantic University Housing Revenue Bonds, Series 2006A

currently outstanding in the principal amount of \$25,490,000, and the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B currently outstanding in the principal amount of \$20,345,000 (collectively, the "University Bonds"), each issued pursuant to the terms and provisions of a master bond resolution (the "Original State Resolution") which pledges as security for such University Bonds the net revenues from the DBF Facilities. In its capacity as one of the managers under the Management Agreement, the Board of Trustees will collect all revenues related to the DBF Facilities. Following the payment of operating expenses related to the DBF Facilities and at such time as it has annually collected sufficient revenues from the DBF Facilities to pay the debt service requirements, repair and replacement fund deposits, and administrative expenses required to be paid related to the University Bonds (collectively, the "University Bond Expenses"), the Board of Trustees will thereafter remit the balance of any revenues collected related to the DBF Facilities to the trustee under the 2010 Indenture on a monthly basis. In addition, for the purpose of determining System Revenues generated from the DBF Facilities, System Revenues did not include the unencumbered fund balance in the Board of Trustees' Housing Auxiliary Enterprise Fund as of the date the 2010 Facilities were placed in service on July 1, 2011. These funds were not pledged to secure the 2010 Bonds and are not pledged to secure the Series 2012 Bonds.

The 2010 Facilities are defined to include the student housing facilities commonly referred to as the Innovation Village Housing , Phase I that were financed with proceeds of the 2010 Bonds. The 2010 Facilities are also managed by the Managers pursuant to the Management Agreement.

No obligation or agreement of the Issuer under the Trust Indenture shall be construed to constitute a debt, liability, general or moral obligation or a pledge of the faith or loan of credit of the University, the State or any political subdivision of the State within the meaning of any constitutional or statutory provisions; the University, the State nor any political subdivision thereof shall be liable thereon; nor in any event shall the Series 2012 Bonds or obligations be payable out of any funds or properties other than those of the Issuer, and then only to the extent provided in the Trust Indenture. Neither the faith and credit nor the revenues or taxing power of the University, the State or any political subdivision thereof, is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto.

THE HOUSING SYSTEM

General

On campus housing has been an integral part of the University since its inception in 1964. The Department of Housing and Residential Life (the "Department") complements and supports the academic mission of the University by supplying and managing the residence hall program which serves as a living-learning environment, enhancing the University's educational

purpose, mission and goals. The University has limited on-campus housing, with beds for 3,563 students. The University's housing system on the Boca Raton Campus currently consists of the DBF Facilities and the 2010 Facilities (the "FAU Housing System"). The total student body at the Boca Raton Campus for fall 2011 was 22,611 of whom 14,726 were full-time students.

Director of University Housing

Ms. Jill Eckardt, joined Florida Atlantic University in July 2005 as the Director of University Housing, Florida Atlantic University. Ms. Eckardt oversees the housing operation on both the Boca Raton campus (main campus) as well as the MacArthur campus housing (Jupiter FL). Ms. Eckardt has nearly 30 years experience in campus housing encompassing areas of responsibility related to the overall management of the housing operation, assignments, billings, collections, student life and student development of Residential Life, policy and budget formation and overview. Ms. Eckardt is active in the area of Student Life and Housing and is the recent past president of the Association of College and University Housing Officers-International.

Staffing

The Housing System at the University is jointly managed by the University's Department of Housing and Residential Life and C-BB Management, LLC ("C-BB Management") pursuant to the Amended and Restated Management Agreement dated as of June __, 2012 among the Issuer, C-BB Management and the University. The original management agreement was entered into in March of 2010 and became effective when the 2010 Facilities opened in July 2011. Prior to July 2011 the University owned and operated all residential facilities on the Boca Raton campus. The Department currently employs 30 full-time and 160 part-time employees consisting of administrative, professional, clerical, and student personnel. There are seven (7) residential facilities/areas that serve on-campus residents: Algonquin Hall, Glades Park Towers, Heritage Park Towers, Indian River Towers, University Village Apartments, Innovation Village Apartments North and South (the 2010 Facilities). Each facility has one full-time resident coordinator, a secretary, a mail clerk, graduate hall coordinator, resident assistants, and mail and desk assistants (student staff members). One resident coordinator, a secretary, mail clerk, and six maintenance and custodial staff will be added with the construction of the new Undergraduate Housing project to support the operations of the new building. C-BB Management employs 35 full-time staff members and 45 part-time student employees who provides operations oversight, including maintenance, repairs, alterations, custodial, improvements, and upkeep other than capital improvements included in the Capital Improvement Plan.

Housing Facilities

The University has provided housing for its students since its inception. The first generation of University student housing included ten residence halls and apartments. Over the years, these original halls have all been demolished with the exception of Algonquin Hall.

In total, housing capacity stayed relatively unchanged throughout the first 35 years of the University's history.

Currently, the FAU Housing System consists of four residence halls and three apartment complexes on the Boca Raton campus, with a total capacity of 3,563 revenue producing beds (does not include 98 total beds for resident assistant and resident coordinator living). Algonquin Hall, built in 1965, houses 90 upper-class students in single bedrooms within a 4-person suite. Heritage Park Towers, built in 2004, houses the Living Learning Communities and freshman students for a total of 588 beds. Glades Park Towers, built in 2007, is identical to Heritage Park Towers, housing 588 first-year students in 4-person suites. Indian River Towers, built in 2001, accommodates 587 predominantly freshman students in 4-person suites. University Village Apartments, built in 1995, houses 510 upper-class students in two styles of apartments; a two-person efficiency and a four bedroom/one bath apartment for four students. Innovation Village Apartment North, which opened in August 2011, houses 598 upper division and graduate students in four single bedroom/two bath apartments and two single bedroom/two bathroom apartments. Its sister building, Innovation Village Apartment South also opened in August 2011, housing 586 upper division and graduate students in four single bedroom/two bathroom apartments. The Business Women's Professional facility was a gift to the University and houses 16 women in professional fields per donor stipulations.

Over the years, the University has built residence halls to meet the changing demographics and needs of its students. Different styles of suites, increased number of single bedrooms, changing amenities and programs (Living Learning Communities, First-year Experience) are just a few of the changes made in the last five years.

Outlined below are the facilities in the FAU Housing System and the construction dates, square footage, design capacity and number of rooms in each facility. All facilities are located on the Boca Raton campus of the University.

Residence Halls	Year Built	Square Footage	Current Capacity	Number of Rooms
Algonquin	1965	43,398	90	90
Indian River Towers	2001	203,481	587	449
Heritage Park Towers	2004	151,727	588	342
Glades Park Towers	2007	151,727	588	342
Innovation Village North	2011	233,074	598	598
Innovation Village South	2011	259,200	586	586
University Village Apartments	1995	151,833	510	420
Business Women's Professional	1996	4,000	16	8
Total		1,198,440	3,563	2,835

Capital Improvement Plan

The Department, in conjunction with the University Facilities Planning Department, develops and implements new housing facilities which are then financed through the Issuer. The University's current plan for the FAU Housing System includes the addition of approximately 600 beds comprising the 2012 Facilities being financed with the Series 2012 Bonds. These additional beds will increase the freshman student capacity by 33% and increase total capacity of the FAU Housing System by 17%.

The Managers have developed and implemented a capital improvement plan on a five-year cycle for existing facilities. For the DBF Facilities, the University has instituted a regular program of repair and maintenance for the facilities financed with reserve funds. The University maintains a Building Maintenance and Equipment Reserve Fund established by the Original State Resolution for the DBF Facilities for use by the Board or the University to pay the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, and the renovating or replacement of the furniture and equipment not paid as part of the ordinary and normal expense of the operation and maintenance of the DBF Facilities. The amount required to be deposited annually by the University into this fund is up to 3% of revenues. Currently, the University has nearly \$8 million in reserve funds. For the 2010 Facilities **[discuss 175/bed and current R&R balance?]** **[Discuss 2012 Facilities and 200/bed plan?]**

Insurance on Facilities

All the University facilities, and the contents thereof, are insured under the Florida Fire Insurance Trust Fund as required by Chapter 284, Florida Statutes. The 2012 Facilities will also be insured in this manner. Prior to acceptance by the University, and throughout the construction period, the State University System requires that the general contractor insure the 2012 Facilities, including materials, equipment, vehicles and personnel, and/or maintains such coverages through an owner-controlled insurance program.

Housing Needs Assessment

For the past five academic years, the FAU Housing System has experienced a Fall Semester occupancy rate of 95.6% to 98.5%. Current capacity of the FAU Housing System is 3,563 beds. While approximately 56% of all full-term freshmen live on campus, the University believes there is unmet demand for first time in college students who were previously placed on a waiting list and encouraged to begin to live on campus in the spring semester due to a lack of available on-campus housing space. These students will be the primary target market of the 2012 Facilities.

On-campus housing is first offered to students who already live on-campus through a spring room selection process typically held each March. The number of current residents expressing an interest to return to University housing has been growing over recent years. From 2007-2010, 33%-38% of current residents signed housing contracts for the next academic year. For fall 2011, more than 50% of the FAU Housing System beds were claimed by returning students. In fall 2009, the room selection process included a lottery for all returning students

and limited the number of returning students who could sign up for housing to 800. Over 1,200 students demonstrated interest in returning to on-campus housing, showing that the demand for upper-class housing exceeded the capacity.

University housing has developed into housing for specific target markets. Four of the current residence halls are designed physically and programmatically for incoming first time in college students, or freshmen, and have been designated freshmen-only halls. Hence, current residents can only sign up for a room in Innovation Village Apartments North or South, University Village Apartments and Algonquin Hall. After returning residents have selected their specific room through the room selection process, the remainder of the available on-campus housing is then reserved for new students. Freshmen are required to live on-campus unless they can document that they are over 21 years of age, living with their parents within a 50-mile radius of campus, or married. This residency requirement has not been strictly enforced by the University due to the insufficient number of available beds. In the near future, the University will consider adjusting the residency rule to require students living more than 30 miles outside of Boca Raton to live on campus, if necessary. In addition to freshmen who choose not to live on campus, the University feels there are other students who choose to live off campus in higher-priced housing or to live at home and commute up to 50 miles daily due to the limited supply of desirable on-campus housing accommodations. Because of the success the University has experienced in filling the newer Glades Park Towers and Innovation Village Apartments, the University believes many of these students will choose to live on campus once they are provided with a wider range of acceptable housing options.

Although freshmen are required to live on-campus, with the above exceptions, not all freshmen are guaranteed a room due to a lack of available space. Historically, the University has experienced a waiting list for on-campus housing, which as of 2011 had grown to over 600 students. In the fall of 2007, even with the net addition of 528 beds to the system, the waiting list contained approximately 130 names. The Department believes the number of students on the waiting list does not accurately reflect the actual demand in part because once it becomes known that a waiting list exists for housing, students have typically stopped applying for housing. Secondly, upperclassmen, transfer students and graduate students typically have not historically applied for on-campus housing due to a lack of available rooms. For fall 2008 there were 662 on the waiting list, of which 261 were upperclassmen (transfers). Fall 2009 found 252 students on the waiting list, with 63% of students eventually being housed on campus and in fall 2010, 470 students were on the waiting list - of which 60% were housed. The waiting list for freshmen during May 2011 was over 600, a dramatic increase in admissions applications as well as housing applications. Given the additional new beds in the 2010 Facilities, the University placed approximately 300 freshmen in those apartments and another 100 freshman in University Village Apartments. For the first time in eight years, the University rented out hotel space and housed an additional 90 out-of-area freshmen students. Students remained in the hotel for two weeks until space became available on campus. There were still 150 students on the waiting list when the 2010 Facilities were opened on August 17, 2011, the majority of these students being local students. Approximately one third of these students "rolled" their application to the spring 2012. The University houses a large population of local residents,

nearly 40% who live in the Palm Beach and Broward counties according to their permanent address. These students qualify to live at home yet choose to experience the full traditional collegiate experience.

The type of student living on campus is evolving just as the University evolves. Five years ago, 100 students who were out of state or out of country lived on campus. As the University has expanded its recruiting area, so has the number of out-of-state and out-of-country students living on campus. This fall 2011, nearly 400 non-Floridians lived on campus. Out of state students and their parents have indicated to the University that when their children come to the University that their child will be able to live on campus for four years. Prior to fall 2011, the University could not always make good on this expectation. In addition, the University expects that a growing number of transfers – now categorized as the “new other” freshmen, or former high school dual enrollees – will matriculate at the University, increasing the freshmen requiring housing by another 100-150 students. Many of the University returning sophomores request to continue to be housed in traditional housing but are turned away due to the oversubscribed number of “First Time in College” (FTIC) students requiring space. Within recent years, the University has turned away nearly 200 students who would reapply to a traditional residence hall, if given the opportunity.

The University believes demand for construction of the 2012 Facilities is more than sufficient based on current enrollment without relying on enrollment growth. Given the expectations of continued increase in the freshman class, the increase in out of state and international students, and continued increase in students living on campus beyond their freshman year, the University believes there is unmet need especially for incoming freshman students.

(The projections made in this section have been prepared by the University based upon the most recent available information, which is believed to be accurate. Projections are statements of opinion and are subject to future events which may cause actual results to differ materially from those set forth herein. Undue reliance should not be placed on these projections.)

Occupancy Statistics

The chart below indicates the occupancy rate as compared to the capacity of current FAU Housing System facilities for the past five fall semesters. Occupancy percentages have been at 95% or higher for the most recent five fall semesters; most recently at 97% for fall 2011.

Fall Semester Occupancy Analysis				Boca Raton	Percent of Boca Raton
Fall	Capacity	Occupancy	% of Capacity	Campus Full-time Enrollment	Full-time Students Residing on Campus
2007	2,430	2,393	98.5%	11,911	20.1%
2008	2,430	2,365	97.3%	11,631	20.3%
2009	2,430	2,324	95.6%	11,587	20.1%
2010	2,430	2,344	96.5%	13,951	16.8%
2011	3,563	3,456	97.0%	14,726	23.5%

Payment and Collection Information

As a student applies for housing, they submit a \$200 deposit along with their signed housing contract. The deposit is placed in an escrow account until the student leaves University housing, at which time it is either returned to the student or retained by the University to cover outstanding charges. Room rent is charged to a student's account in late July for the fall semester, in late November for the spring semester and May for summer semesters. Payment for all fees and tuition is typically due two weeks into the semester.

The Department works to assist students on financial aid, scholarships, and students having financial difficulty. After the \$200 deposit is paid, students on financial aid and scholarships may defer their housing payment until receiving their financial aid award. The Department automatically receives payment after tuition is paid from the financial aid disbursement. For those students with a Florida Pre-Paid Dormitory Plan, the Department bills Florida Pre-paid Plan in July for fall semester and December for spring semester.

Unpaid housing rent is placed on the University's student account receivables and after a reasonable period of time, the debt is referred to a collection agency. Students are precluded from registering for a subsequent term and from receiving grades until housing charges are paid. The University's historical collection rate of rentals and housing fees is 99%.

On-Campus Rental Rates

Rental rates are reviewed during the spring semester of each year to determine if they will generate sufficient revenue to provide for the operation of the FAU Housing System. If there is a projected deficit, the rental rates will be adjusted accordingly. Once the proposed rental rates are established, the Director of the Department meets with student groups to discuss the proposed rental rates. Upon reaching an agreement, the proposed rental rates are submitted to the FAU-Finance Corporation for review, to the University President for review and to the University Board of Trustees for final approval.

The following table shows historical and projected rental rates for the accommodations available to students in the FAU Housing System. Rental rate increases are based on annual market surveys and needs analyses. The Board has covenanted in the Resolution to recommend, fix and include in its budget rental rates that will produce sufficient revenues to pay amounts due under the Resolution. Rental rates continue to include utilities, cable television, high speed internet and supervisory staff.

(The projected rental rates are for illustration only, and management of the University makes no representation as to whether any rental rate increases will be made in the future.)

Semester Rental Rates per Student

Housing Facilities	Historical Rates					Projected Rates				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Algonquin Hall										
Single	2,260.00	2,260.00	2,373.00	2,519.00	2,683.75	2,825.00	2,909.75	2,997.04	3,086.95	3,179.56
Indian River Towers										
Double	2,882.00	2,882.00	2,994.50	3,084.90	3,147.05	3,237.45	3,334.57	3,434.61	3,537.65	3,643.78
Single	3,418.00	3,418.00	3,616.00	3,836.35	4,068.00	4,271.40	4,399.54	4,531.53	4,667.47	4,807.50
University Village Apartments										
4-Bedroom (Single)	3,108.00	3,108.00	3,248.75	3,446.50	3,661.20	3,842.00	3,957.26	4,075.98	4,198.26	4,324.20
Double (Studio)	2,712.00	2,712.00	2,768.50	2,853.25	2,909.75	2,994.50	3,084.34	3,176.87	3,272.17	3,370.34
Heritage Park Towers										
Double (Suite A)	2,656.00	2,656.00	2,712.00	2,796.75	2,853.25	2,938.00	3,026.14	3,116.92	3,210.43	3,306.74
Double (Suite C)	2,938.00	2,938.00	3,051.00	3,237.45	3,435.20	3,536.90	3,643.01	3,752.30	3,864.87	3,980.81
Single (Suite B)	3,164.00	3,164.00	3,305.25	3,503.00	3,712.05	3,898.50	4,015.46	4,135.92	4,260.00	4,387.80
Glades Park Towers										
Double (Suite A)	2,656.00	2,656.00	2,712.00	2,796.75	2,853.25	2,938.00	3,026.14	3,116.92	3,210.43	3,306.74
Double (Suite C)	2,938.00	2,938.00	3,051.00	3,237.45	3,435.20	3,536.90	3,643.01	3,752.30	3,864.87	3,980.81
Single (Suite B)	3,164.00	3,164.00	3,305.25	3,503.00	3,712.05	3,898.50	4,015.46	4,135.92	4,260.00	4,387.80
Innovation Village Apartments North										
4-Bedroom (Single)	-	-	-	-	4,599.10	4,859.00	5,004.77	5,154.91	5,309.56	5,468.85
2-Bedroom (Single)	-	-	-	-	4,802.50	5,056.75	5,208.45	5,364.71	5,525.65	5,691.42
Innovation Village Apartments South										
4-Bedroom (Single)	-	-	-	-	4,474.80	4,689.50	4,830.19	4,975.09	5,124.34	5,278.07
1-Bedroom (Single)	-	-	-	-	5,085.00	5,424.00	5,586.72	5,754.32	5,926.95	6,104.76

Source: FAU Housing System Board of Trustees Presentation, April 2012.

Comparison of Housing Rates

Although off-campus housing has been an acceptable alternative for some students, rising costs and limited availability are two prohibitive factors. Boca Raton rental rates have typically been high and have increased consistently during the 1990's and early 2000s, somewhat stabilizing in the mid to late 2000s. The area immediately surrounding the Boca Raton campus does not provide many adequate options in the way of student-oriented, reasonably-priced housing. Recently, however, off campus properties have begun to market their apartments to students. A growing number of property management firms rent their spaces by the bed, e.g., The Bicycle Club and Addison Place. The University partners with a corporate entity to manage FAUOffCampus.com, a website that property managers as well as the public can list rental spaces available for college students. This website also allows those students looking for roommates to advertise as well. For the last three years, the Department and the Department for Student Involvement and Leadership have hosted an off-campus

housing fair. The fair has attracted nearly two dozen off-campus properties to advertise to the student population. This fair has been very popular with both students and our community partners.

A survey of comparable off-campus facilities follows. The off-campus facilities selected for this survey were located within five miles of the University and are primarily all student apartment facilities. The off-campus rental rates do not include any auxiliary services other than water and sewage nor do they include deposits for utilities or telephone. Rental rates for University housing include all utilities, cable television, high speed internet connections, and supervisory staff.

Survey of Off-Campus Housing Rental Rates (as of December 2011) – Per Semester

<u>Complex Name</u>	<u>One Bedroom</u>	<u>Two Bedroom</u>	<u>Three Bedroom</u>
Addison Place		\$5,200	
Boca Colony	\$ 3,800	4,556	\$6,400
Boca Place	4,980	6,220	6,260
Cynthia Gardens	3,260		6,900
Mizner Court at Broken Sound	4,104	5,416	
Palma Vista		7,520	9,440
Palms of Boca Del Mar	5,020	6,592	
San Marco at Broken Sound			8,628
Town Colony	3,860	5,960	
Vinings II at Town Place	4,100	5,080	6,360
Crystal Palms	4,780	5,340	6,620
Arbor Oaks		5,160	6,280
Reflections of Boca Del Mar	3,660	5,140	
Kay Apartments	3,300		
Bicycle Club		4,800	5,700
Boca Hacienda		3,516	
Average	4,086	5,423	6,954
Addison Park			
3/3.5 Town Home	\$3,396/Small bedroom	\$3,796/Large bedroom	

Figures do not include utilities, water, garbage pick-up, etc.
 Source: FAU Housing System Survey, December 2011.

Budgetary Information

Each spring, the proposed Housing System budget for the ensuing fiscal year is finalized. The budget figures are based upon actual numbers from the prior year, current fiscal activity, and projected changes in cost structures anticipated for future fiscal years. The budget for the FAU Housing System is prepared by the Managers. The proposed budget is reviewed and approved by the Vice President for Student Affairs. Any changes to the budget are submitted to the University Budget Office with a financial plan indicating the purpose of the

proposed expenditure, the effect on revenues, and/or whether available cash balances will be used.

Housing rental rate increases are implemented on a yearly basis. Both the Vice President for Student Affairs and the President of the University review and approve the budgets prior to forwarding to the Trustees and the Issuer's Board of Directors for approval.

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Selected Historical Financial Information

The following tables set forth selected historical financial information for the University Housing System for the periods June, 30, 2007 through June 30, 2011. The financial information for the FAU Housing System was prepared by the University for internal management purposes as an integral part of the University's audited financial statements and was not independently audited as a stand-alone entity. The Housing System information was prepared on the accrual basis of accounting and was prepared in accordance with generally accepted accounting principles and the Governmental Accounting Standards Board of the Financial Accounting Foundation issued Statement No. 35 (Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities). The activities of the FAU Housing System are included in the University's Financial Statements which are subject to audit procedures as part of the audit of Florida's Comprehensive Annual Financial Report.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	-	\$430,928	\$113,092	\$288,413	\$101,747
Deposit payable	\$197,407	10,695	10,584	(400)	18,034
Deferred revenue	593,263	-	-	7,344,260	621,346
Total Current Liabilities	790,670	441,623	123,676	7,632,273	741,127
Noncurrent Liabilities:					
Capital improvement debt payable/Bond Payable	54,660,000	80,060,000	77,740,000	75,335,000	71,131,373
NET ASSETS					
Unrestricted	9,592,686	12,904,681	12,489,589	14,374,996	8,036,427
Invested in capital assets, net of related debt	(924,678)	(1,709,710)	(1,371,744)	224,232	10,272,690
Total Net Assets	8,668,008	11,194,971	11,117,845	14,599,228	18,309,117
Total Liabilities and Net Assets	\$64,118,678	\$91,696,594	\$88,981,521	\$97,566,501	\$90,181,617

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* [footnote re: spike to be inserted]

Florida Atlantic University
Housing System
Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30

	2007	2008	2009	2010	2011
Operating Revenues					
Housing fees	\$10,824,649	\$13,601,006	\$13,831,351	\$14,065,604	\$15,223,997
Rental income	72,248	58,771	101,266	104,398	189,159
Repair & maintenance	64,895	120,201	81,348	164,704	84,519
Total Operating Revenues	10,961,792	13,779,978	14,013,965	14,334,706	15,497,675
Operating Expenses					
Salaries & benefits	\$1,751,765	\$2,129,790	\$2,269,994	\$2,177,371	\$2,136,082
Other personal services	233,533	376,300	442,229	502,962	518,927
Contractual services	93,320	65,723	23,856	51,428	62,681
Telecommunication	460,707	589,906	423,725	450,397	437,806
Freight & postage	8,434	3,683	4,219	10,899	10,259
Printing	37,072	20,511	27,467	41,476	40,585
Repair and maintenance	720,307	1,464,116	1,067,769	1,031,708	966,914
Travel	30,945	19,938	6,186	22,963	43,736
Utilities	1,180,385	1,384,472	1,437,573	1,302,816	1,281,859
Materials & supplies	142,071	172,924	1,349,503	168,156	210,570
Rental expenses	-	-	-	-	9,369
Moving expenses	3,301	-	-	-	-
Insurance	11,672	20,130	11,695	23,909	27,802
Depreciation expense	1,283,436	1,294,460	1,886,574	1,986,640	1,962,694
Adjustment to fixed assets	-	-	105,588	-	-
Other expenses	573,104	141,221	153,389	334,935	240,459
Total Operating Expenses	6,530,052	7,683,174	9,209,767	8,105,660	7,949,743
Operating income	4,431,740	6,096,804	4,804,198	6,229,046	7,547,932
Non-operating Revenues (Expenses)					
Debt service-interest & related expenses	(2,086,796)	(3,532,633)	(3,515,148)	(3,448,655)	(3,383,667)
Investment income	312,007	333,261	98,547	467,302	363,729
Other non-operating income	-	-	-	700,426	-
Net non-operating revenues (expenses)	(1,774,789)	(3,199,372)	(3,416,601)	(2,280,927)	(3,019,938)
Income Before Transfers	2,656,951	2,897,432	1,387,597	3,948,119	4,527,994
Contribution and Transfers					
Distr & Trans-Inter-Fund	-	250	(995,481)	-	(7,325,306)
Administrative overhead	(424,358)	(370,719)	(469,242)	(466,736)	(455,402)
Capital Donations	-	-	-	-	6,962,603
Total Contributions and Transfers in (out)	(424,358)	(370,469)	(1,464,723)	(466,736)	(818,105)
Increase in Net Assets	2,232,593	2,526,963	(77,126)	3,481,383	3,709,889
Net Assets, Beginning of Year	6,435,415	8,668,008	11,194,971	11,117,845	14,599,228
Net Assets, End of Year	8,668,008	11,194,971	11,117,845	14,599,228	18,309,117

Discussion and Analysis of Financial Condition and Results of Operations

The statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets describe the net assets and changes in net assets respectively for the FAU Housing System. An analysis and review of net assets – the difference between assets and liabilities is one way to measure the financial health, or financial position of the FAU Housing System. Over time, increases or decreases in net assets of the FAU Housing System are an indicator of whether the financial health of such system is improving or deteriorating.

Operating revenues from FY10 to FY11 for the Department were up 8% and operating expenses went down 2% when compared to the previous fiscal year. The increase in revenue is due to an increase in housing room rates, considerable increase in summer school occupancy and increased camp and conference business.

Overall the amount of total operating expenses was almost flat in comparison to the previous fiscal year. The Department was not undertaking many major renovation projects in anticipation of maintenance outsourcing, but had to change a transformer in Algonquin Hall. The cost of the project was over \$425,000. Also, the department continued work on structural/safety improvements of a walkway at the University Village Apartments. The amount spent on this project in FY11 was over \$80,000. The Department had the exterior of Indian River Towers painted at a cost of \$160,000. There was a replacement of condenser coils in Heritage Park Towers (HPT) for the cost of almost \$95,000 and carpeting for \$90,000.

There were spikes in some individual expense categories like Contractual Services, Travel, Rental Expense and Materials & Supplies. A 25% increase in Contractual Services was due to a Greek Housing Market Analysis, and the University's new requirement to charge departments for personnel background checks. Travel expenditures grew slightly as students and staff had the ability to attend some professional development events. The financial statements reflect an expense line Rental Expenses that were formerly under "Other Expenses", hence the 100% increase. These increases in expenses were offset by considerable decrease in the category "Other Expenses" and minor decreases in expense lines salaries and benefits, telecommunication, postage, printing, repair and maintenance and utilities.

Nonoperating revenues decreased by 100% due to a one time receipt of interest earnings on bond funds from DOE that was used to pay debt service in FY10. Transfers out of the housing fund amounting to \$7.1 million were made to fund infrastructure that was functionally related to the new football stadium. Capital donations amounting to \$7 million equate to the net of buildings and accumulated depreciation of housing building adjustments not previously reported. Building additions relate to previous donations made by the FAU Foundation and capitalized costs that were not associated to bond proceeds or housing operations.

Demand for on campus housing continues to increase, as evidenced by the fact that the 2010-11 academic year was the 7th year of a waiting list. The summer of 2010 and 2011 saw waiting lists of 600 students despite the addition of 1,200 beds for fall 2011. Innovation Village

Apartments North and South buildings opened in August 2011 for upper class and graduate students, however due to the increased freshman class approximately 300 freshman were housed in apartments.

University management is confident that the continued demand on the Boca Raton campus along with competitive rates and prudent monitoring of expenditures will generate adequate cash flow to meet the annual debt service requirements of the overall Housing system.

Historical Debt Service Coverage

The following table sets forth historical operating results and debt service coverage ratios for the past five Fiscal Years.

Florida Atlantic University Housing System					
Historic Debt Service Coverage					
Historical Five-year Actual					
	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Gross Revenues:					
Housing Fees and Other Operating Revenue	10,961,792	13,779,978	14,013,965	14,334,706	15,497,675
Investment Revenues	312,007	333,261	98,547	467,302	363,729
Total Revenues	11,273,799	14,113,239	14,112,512	14,802,008	15,861,404
Less: Current Expenses	5,246,616	6,388,714	7,217,605	6,119,020	5,987,049
Pledged Revenues	6,027,183	7,724,525	6,894,907	8,682,988	9,874,355
Less: Annual Debt Service	4,066,796	5,772,632	5,751,642	5,069,723	5,760,227
Revenues Available for Other Expenditures	1,960,387	1,951,893	1,143,265	3,613,265	4,114,128
Debt Service Coverage					
Annual Debt Service	1.48	1.34	1.20	1.71	1.71

Projected Pledged Revenues and Debt Service Coverage

Projected operating results and debt service coverage ratios for the next five fiscal years are provided in the following table.

(The projections of future operating results have been prepared by the University based upon the most recent available information, which is believed to be accurate. Projections are statements of opinion and are subject to future events which may cause the actual results to differ materially from those set forth herein. Undue reliance should not be placed on these projections.)

Florida Atlantic University Housing System					
Projected Five-year Debt Service Coverage					
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Gross Revenues Existing DBF Residences					
Housing Fees and Other Operating Revenue	16,256,774	17,170,121	17,590,674	18,118,394	18,661,946
Less: Current Expenses	8,088,519	8,537,179	8,975,999	9,245,279	9,522,637
Net Operating Income	8,168,255	8,632,942	8,614,675	8,873,115	9,139,309
Less: Debt Service DBF	5,761,936	5,766,685	5,765,724	5,761,904	5,765,904
Surplus of Existing DBF Residences - Tier 1	2,406,319	2,866,257	2,848,951	3,111,211	3,373,405
Gross Revenues Innovation Village					
Housing Fees and Other Operating Revenue	11,264,249	11,370,717	12,647,822	13,027,257	13,418,074
Less: Current Expenses	3,199,098	3,186,462	3,277,448	3,375,771	3,477,045
Net Operating Income	8,065,151	8,184,255	9,370,374	9,651,485	9,941,030
Less: Debt Service Innovation Village	2,734,426	7,609,004	7,942,739	8,290,805	8,351,251
Surplus of Innovation Village - Tier 2	5,330,725	575,251	1,427,635	1,360,680	1,589,779
Surplus Revenues from existing housing and Innovation Village					
	7,737,044	3,441,508	4,276,586	4,471,891	4,963,183
Gross Revenues Proposed Resident Hall Project					
Housing Fees and Other Operating Revenue	-	-	5,077,425	5,319,748	5,479,340
Less: Current Expenses	-	-	1,287,100	1,325,713	1,365,484
Net Operating Income	-	-	3,790,325	3,994,035	4,113,856
Less: Debt Service Proposed Resident Hall Pro	-	-	-	3,190,169	3,189,556
Surplus of Proposed Housing Project - Tier 3	-	-	3,790,325	803,866	924,300
Net Cash Flow Available	7,737,044	3,441,508	8,066,911	5,275,757	5,887,483
Annual Debt Service Coverage	2.02	1.33	1.39	2.65	2.85
Annual Debt Service Coverage - Without Surplus				1.25	1.29

Revenue projections for the existing facilities are based on rental rate increases of 3% per year for 2012-13 through 2016-17 and student occupancy rates of 95% for the fall and spring terms of each year and 5% for the summer terms. Operating expenses for the FAU Housing System during the forecast period are based upon the University's past experience in operating the FAU Housing System and are projected to increase 3% annually.

DEBT SERVICE SCHEDULE

To come.

BONDHOLDERS' RISKS

Introduction

AN INVESTMENT IN THE SERIES 2012 BONDS INVOLVES VARIOUS RISKS INCLUDING CERTAIN RISKS, AMONG OTHERS, DESCRIBED IN THIS OFFICIAL STATEMENT. No person should purchase any of the Series 2012 Bonds without carefully reviewing the following information, which summarizes some, but not all, of the factors that should be carefully considered prior to such a purchase. Each prospective investor should also carefully examine this Official Statement and his or her own financial condition (including the diversification of his or her investment portfolio) in order to make a judgment as to whether the Series 2012 Bonds are an appropriate investment.

Identified and summarized below are a number of "Bondholders' Risks" that could adversely affect the operation of the Housing System and/or the Series 2012 Bonds and that should be considered by prospective investors. The following discussion is not intended to be exhaustive, but includes certain major factors that should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto.

Revenues from Operation of the Housing System

If the Issuer is unable to generate sufficient Pledged Revenues to pay principal of and interest on the Series 2012 Bonds for any reason, including because of a failure to generate sufficient revenues from the operation of the Housing System, an Event of Default will occur under the Trust Indenture. Upon an Event of Default, the Series 2012 Bonds may not be paid or may be paid before maturity or applicable redemption dates and a forfeiture of redemption premiums, if any, may result. The Housing System's ability to generate revenues and the overall financial condition of the Housing System may be adversely affected by a wide variety of future events and conditions, including but not limited to, (i) a decline in the enrollment of the University, (ii) increased competition from other schools, or off-campus housing options, (iii) loss of accreditation, (iv) failure to meet applicable federal guidelines or some other event that results in students being ineligible for federal financial aid, and (v) cost overruns in connection with the Housing System or other capital improvements.

Limited Obligations of the Issuer

The Series 2012 Bonds constitute limited obligations of the Issuer. The sources of payment are only from the Pledged Revenues, which in turn are comprised of: (i) System Revenues net of amounts needed to pay Operating Expenses, (ii) Excess Housing Revenues, and (iii) moneys on deposit in the funds and accounts established under the Trust Indenture and investment earnings thereon, but excluding moneys on deposit in the 2012 Rebate Account and Cost of Issuance Fund.

The Issuer is obligated to make payments on the Series 2012 Bonds only from the Pledged Revenues, which includes primarily net System Revenues. System Revenues are derived from the ownership and operation of the Housing System. Furthermore, the Issuer's ability to meet its obligations under the Trust Indenture will depend upon achieving and maintaining certain occupancy levels at the Housing System throughout the term of the Series 2012 Bonds. Even if the Housing System is operating in an efficient manner, other factors could affect the Issuer's ability to make payments under the Trust Indenture and the Series 2012 Bonds. No assurance can be made that the Housing System will generate sufficient revenues to pay maturing principal of, premium, if any, and interest on the Series 2012 Bonds and the payment of operating expenses of the Housing System.

The Issuer has no obligation to pay the Series 2012 Bonds except from the Pledged Revenues. The Series 2012 Bonds and the interest thereon constitute limited obligations of the Issuer and are payable solely from the Pledged Revenues.

THE SERIES 2012 BONDS, TOGETHER WITH INTEREST THEREON, ARE NOT GENERAL OR MORAL OBLIGATIONS OF THE ISSUER AND DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE, THE UNIVERSITY OR ANY POLITICAL SUBDIVISION THEREOF, BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY AND ONLY FROM THE PLEDGED REVENUES. SUCH MONEYS ARE PLEDGED AND ASSIGNED AS SECURITY FOR THE EQUAL AND RATABLE PAYMENT OF THE SERIES 2012 BONDS AND SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2012 BONDS. THE SERIES 2012 BONDS SHALL IN NO EVENT BE PAYABLE FROM THE GENERAL REVENUES OF THE ISSUER OR THE UNIVERSITY AND SHALL NOT CONSTITUTE A DEBT, LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH OR LOAN OF CREDIT OF THE UNIVERSITY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS; THE UNIVERSITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON; NOR IN ANY EVENT SHALL SUCH SERIES 2012 BONDS OR OBLIGATIONS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER, AND THEN ONLY TO THE EXTENT PROVIDED IN THE TRUST INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE REVENUES OR TAXING POWER OF THE UNIVERSITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT

OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO. THE ISSUER HAS NO TAXING POWER.

Required Occupancy Levels and Rents

In order for the Issuer to generate sufficient revenues to enable it to make the required payments on the Series 2012 Bonds, the Housing System must meet certain occupancy levels and achieve certain rents. There can be no assurance, however, that the Housing System will be able to meet and maintain such required occupancy and rent levels.

Insurance and Legal Proceedings

The Issuer will carry property and general liability insurance in amounts deemed adequate and consistent with industry practices, either through commercial carriers or the State Risk Management Pool. However, there can be no assurance that any current or future claims will be covered by or will not exceed applicable insurance coverage. A claim against the Issuer not covered by, or in excess of, the Issuer's insurance could have a material adverse effect upon the Housing System.

Governmental Regulation

The housing industry is significantly regulated by the federal and local government. Regulations and conditions affecting the acquisition, development and ownership of residential real estate, including environmental regulations, the Americans with Disabilities Act, the Fair Housing Amendments Act of 1988 and general conditions in the multi-family residential real estate market, could reduce the revenues or increase the operating and other expenses of the Housing System, require significant capital investment and expenditures, or otherwise could have a material adverse effect on the financial condition of the Housing System or the results of its operations.

Risks of Construction; Delay

The Issuer believes that the proceeds of the Series 2012 Bonds will be sufficient to complete the Series 2012 Project; however, the cost of construction of the Series 2012 Project may be affected by factors beyond the control of the Issuer, including strikes, material shortages, adverse weather conditions, subcontractor defaults, delays, and unknown contingencies.

The Construction Agreements (as hereinafter defined) between the General Contractor (as hereinafter defined) and the University will obligate the General Contractor to complete the Series 2012 Project within a specified time where the basis for payment is the cost of the work plus a fee with a guaranteed maximum price. The cost of the Series 2012 Project may be increased, however, if there are change orders. The Construction Agreements require the General Contractor to furnish performance and payment bonds; however, there can be no assurance that the obligations of the surety under such bonds can be enforced without costly and time-consuming litigation.

Certain Interests and Claims of Others

Certain interests and claims of others are and may be on a parity with or prior to the pledge made in the Trust Indenture and certain statutes and other provisions may limit the Issuer's rights to make such pledges and/or grants of security interests. Examples of such claims, interests, and provisions are:

- (i) statutory liens;
- (ii) constructive trusts, equitable liens, or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction;
- (iii) federal bankruptcy laws as they affect amounts earned with respect to the Housing System after any effectual institution of bankruptcy proceedings by or against the Issuer;
- (iv) as to those items in which a security interest can be perfected only by possession, including items converted to cash, the rights of third parties in such items not in the possession of the Trustee;
- (v) items not in possession of the Trustee, the records to which are located or moved outside the State of Florida, which are thereby not subject to or are removed from the operation of Florida law; and
- (vi) the requirement that appropriate continuation statements be filed in accordance with Florida Statutes, Chapter 679.

Enforceability of Remedies

The practical realization of value upon any default will depend upon the exercise of various remedies specified by the Trust Indenture. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law (including, particularly, federal bankruptcy law), the remedies specified by the Trust Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Trust Indenture. The various legal opinions to be delivered concurrently with the delivery of the Series 2012 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

Effect of Determination of Taxability

The Issuer has covenanted in the Trust Indenture not to take any action that would cause the Series 2012 Bonds to be arbitrage bonds or that would otherwise adversely affect the

federal income tax status of interest in the Series 2012 Bonds. The Issuer will also make representations with respect to certain matters within their knowledge that have been relied on by Bond Counsel and that Bond Counsel has not independently verified. Failure to comply with such covenants could cause interest on the Series 2012 Bonds to become subject to federal income taxation retroactively from their date of issuance.

It is possible that a period of time may elapse between the occurrence of the event that causes interest to become taxable and the determination that such an event has occurred. In such a case, interest previously paid on the Series 2012 Bonds could become retroactively taxable from the date of their issuance. Additionally, certain owners of Series 2012 Bonds are subject to possible adverse tax consequences. There is no provision for acceleration of the indebtedness evidenced by the Series 2012 Bonds or for payment of additional interest if interest on the Series 2012 Bonds becomes included in gross income for federal tax purposes. See "TAX MATTERS" herein.

Market for the Series 2012 Bonds

There can be no assurance that a secondary market exists, or that the Series 2012 Bonds can be sold for any particular price. Accordingly, a purchaser of the Series 2012 Bonds should recognize that an investment in the Series 2012 Bonds will in all likelihood be illiquid and be prepared to have his or her funds committed until the Series 2012 Bonds mature or are redeemed.

Actual Results May Differ From Market Study and Cash Flow Forecast

The Market Study and its forecast of future demands included in Appendix A hereto, and the Cash Flow Forecast and its forecast of future revenues and expenses with respect to the Housing System, are based upon assumptions concerning future events, circumstances and transactions. The Market Study should be read in its entirety. In addition, the Cash Flow Forecast contained herein only covers the approximate five-year period ending June 30, 2016 and consequently does not cover the entire period during which the Series 2012 Bonds may be outstanding. The achievement of any results of the Market Study or of any cash flow forecast or other forecast is dependent upon future events, the occurrence of which cannot be assured. Realization of the results forecasted will depend, among other things, on the implementation by the Issuer of policies and procedures consistent with the assumptions. Future results will also be affected by events and circumstances beyond the control of the Issuer. For the reasons described above, it is likely that the actual results of the Housing System will be different from the results forecast in the Market Study and the Cash Flow Forecast included herein, and those differences may be material and adverse.

Forward Looking Statements

This Official Statement, particularly the information contained in the Market Study and under the caption "CASH FLOW FORECAST", contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act

of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated include (1) the ability of the Issuer to market the Housing System, (2) the ability of the Housing System to maintain substantial occupancy at projected increased rent levels of the Housing System, (3) the ability of the residents of the Housing System to meet their financial obligations, (4) lower than anticipated revenues, (5) higher than anticipated operating expenses, (6) litigation, (7) changes in governmental regulation, (8) loss of federal tax exempt status, (9) loss of state property tax exemption, (10) changes in demographic trends, (11) competition from other residential rental and student housing facilities, (12) changes in the student housing industry and (13) general economic conditions. No representation or assurances can be made that revenues will be generated from the operation of the Housing System in amounts sufficient to pay maturing principal and interest on the Series 2012 Bonds.

The investment earnings of, and accumulations in, certain funds and accounts established by the Trust Indenture have been estimated and are based on assumed earnings' rates. While these assumptions are believed to be reasonable in view of the rates of return presently available, there is no assurance that similar interest rates will be available on such investments in the future, nor is there any assurance that the potential accumulations assumed will be realized.

Additional Bonds

The Issuer has the right to issue Additional Senior Bonds under the Trust Indenture that will be equally and ratably secured on a parity basis with the Series 2012 Bonds. See “TRUST INDENTURE – Additional Bonds” herein. **THE ISSUANCE OF SUCH ADDITIONAL SENIOR BONDS WOULD DILUTE THE SECURITY FOR THE SERIES 2012 BONDS.**

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. Certain types of transactions are being targeted for audit, including financings of student housing facilities.

No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Series 2012 Bonds. No ruling with respect to the tax-exempt status of the Series 2012 Bonds has been or will be sought from the Internal Revenue Service, and the opinion of Bond Counsel as to the excludability from gross income of the interest on the Series 2012 Bonds for federal income tax purposes is not binding on the Internal Revenue Service or the courts. See “TAX MATTERS” herein. If an audit is commenced, under current procedures the Internal

Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. Neither the Underwriter nor Bond Counsel is obligated to defend the tax-exempt status of the Series 2012 Bonds. Neither the Issuer nor Bond Counsel is responsible to pay or reimburse the cost of any Bondholders with respect to any audit or litigation relating to the Series 2012 Bonds. In addition, if the Series 2012 Bonds were to be audited, the market for and the market value of the Series 2012 Bonds could be adversely affected during the pendency of the examination and thereafter, even if the outcome of the audit were to be favorable.

Taxation of Series 2012 Bonds

An opinion of Bond Counsel will be obtained as described under "TAX MATTERS" herein. Such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the status of the interest on the Series 2012 Bonds has not been made. The opinion of Bond Counsel contains certain exceptions and is based on certain assumptions described herein under the heading "TAX MATTERS." Failure by the Issuer to comply with certain provisions of the Code and covenants contained in the Trust Indenture could result in interest on the Series 2012 Bonds becoming includable in gross income for federal tax purposes.

TRUST INDENTURE

Creation of Funds and Accounts

The Trust Indenture creates and establishes the Revenue Fund, the Construction Fund, within which there is created a Series 2012 Bond Account, the Costs of Issuance Fund, the Debt Service Fund, within which there is created and established a Senior Bonds Principal Account and a Senior Bonds Interest Account, the Reserve Fund within which there are created a Series 2012 Account and a Capitalized Interest Account, the Subordinate Debt Service Fund, within which there are created and established a Subordinate Bonds Principal Account and a Subordinate Bonds Interest Account, the Repair and Replacement Fund, the Rebate Fund, within which there is created and established the 2012 Rebate Account and the Surplus Fund and the accounts therein authorized by the Trust Indenture.

The Debt Service Fund, the Costs of Issuance Fund, the Construction Fund, the Reserve Fund, the Subordinate Debt Service Fund and the Repair and Replacement Fund created under the Trust Indenture, and all accounts therein hereafter created shall constitute trust funds for the purposes provided in the Trust Indenture, shall be held by the Trustee and shall at all times be kept separate and distinct from all other funds of the Issuer and used only as provided in the Trust Indenture. Moneys held in the Construction Fund, the Debt Service Fund, the Reserve Fund, the Subordinate Debt Service Fund and the Repair and Replacement Fund and the accounts therein shall be subject to a lien and charge in favor of the Bondholders in the manner and to the extent provided in the Trust Indenture; provided, however, that the Bondholders shall have no lien on or right to payment from amounts on deposit in the Rebate Fund or the

2012 Rebate Account and the Costs of Issuance Fund. In addition, amounts, if any, on deposit in the Series 2012 Account of the Reserve Fund shall be for the sole benefit of the holders of the Series 2012 Bonds. The holders of the Series 2012 Bonds shall have no interest in the amounts on deposit in any other account hereafter created in the Reserve Fund.

Flow of Funds

Commencing in July, 2013, the Issuer shall or cause the University to, in its capacity as a Manager under the Management Agreement, transfer to the Trustee no later than the 20th day of each month for deposit into the Revenue Fund all System Revenues. On January 31st of each year, commencing January 31, 2014, the Issuer covenants in the Trust Indenture to cause to be transferred amounts in excess of \$5,000,000 on deposit in the 2010 Surplus Fund held under the 2010 Indenture to the Revenue Fund established under the Trust Indenture provided that all required deposits to the Debt Service Fund established under the 2010 Indenture for the then current Fiscal Year have been satisfied and no deficiencies exist in the 2010 Repair and Replacement Fund established under the 2010 Indenture. The Issuer covenants in the Trust Indenture that so long as the Bonds are Outstanding, it will cause to be paid by the University directly to the Trustee for deposit, as provided in the Trust Indenture, to the Revenue Fund all System Revenues collected by the University under the Management Agreement. The Trustee shall promptly upon the receipt of System Revenues deposit such money in the Revenue Fund. The Trustee shall disburse the amounts deposited in the Revenue Fund at the times and in the order of priority as follows:

On the date specified by the Rebate Agent in accordance with the provisions of the Tax Agreement, an amount or amounts shall be transferred to the Rebate Fund in order to timely pay the rebate installment (if any) coming due;

Beginning July 25, 2013, and on the 25th day of each month thereafter, an amount equal to the Operating Expenses related to the 2012 Facilities for the next ensuing month as set forth in the Operating Budget shall be paid to the operating account established by the Managers pursuant to the Management Agreement;

Beginning July 25, 2013, and on the 25th day of each month thereafter, an amount equal to one-sixth (1/6) of the interest payable on the Senior Bonds on the next succeeding Interest Payment Date (or in the case of the first Interest Payment Date, equal accruals of such interest payable and less accrued interest on deposit) shall be transferred to the Senior Bonds Interest Account of the Debt Service Fund;

Beginning July 25, 2013 and on the 25th day of each month thereafter, a transfer shall be made into the Senior Bonds Principal Account of the Bond Fund in an amount equal to one-twelfth (1/12) of the principal amount payable on the Senior Bonds on the next ensuing July 1, whether by maturity or mandatory sinking fund redemption;

Beginning July 25, 2013 and on each July 25th of each year thereafter, the Trustee shall withdraw from the Revenue Fund an amount sufficient to pay the Trustees annual fees and expenses;

On the 25th day of each month, following any draw that has been made on a subaccount in the Reserve Fund to pay debt service on the applicable series of the Senior Bonds, a transfer shall be made into such subaccount in the Reserve Fund in an amount necessary in order to maintain on deposit therein the Reserve Requirement for the applicable series of Senior Bonds;

Beginning July 25, 2013 and on the 25th day of each month, a transfer shall be made to the Repair and Replacement Fund equal to one-twelfth (1/12th) of the Repair and Replacement Fund Deposit Requirement for such Fiscal Year, plus an amount equal to any prior withdrawals from such fund which were applied to cure shortfalls and which have not been previously replenished;

Beginning July 25, 2013 and on the 25th day of each month thereafter, an amount equal to one-sixth (1/6) of the interest payable on the Subordinate Bonds on the next succeeding Interest Payment Date (or in the case of the first Interest Payment Date, equal accruals of such interest payable and less accrued interest on deposit) shall be transferred to the Subordinate Bonds Interest Account of the Subordinate Debt Service Fund, plus an amount equal to any prior withdrawals from such fund which were applied to cure shortfalls and which have not been previously replenished;

Beginning July 25, 2013 and on the 25th day of each month thereafter, a transfer shall be made into the Subordinate Bonds Principal Account of the Subordinate Debt Service Fund in an amount equal to one-twelfth (1/12) of the principal amount payable on Subordinate Bonds on the next ensuing July 1, whether by maturity or mandatory sinking fund redemption, plus an amount equal to any prior withdrawals from such fund which were applied to cure shortfalls and which have not been previously replenished; and

On the 25th day of each month, all remaining Pledged Revenues shall be deposited into the Surplus Fund to be applied in accordance with the Trust Indenture.

Deficiencies in the Revenue Fund on any date specified for application of Pledged Revenues shall be satisfied in the reverse order of priority described above, such that, such deficiencies shall be cured from the following sources and in the following order: (1) from deposits in the Surplus Fund, (2) from deposits in the Subordinate Bonds Principal Account of the Subordinate Debt Service Fund, (3) from deposits in the Subordinate Bonds Interest Account of the Subordinate Debt Service Fund, and (4) from deposits in the Repair and Replacement Fund (except that the Repair and Replacement Fund shall not be applied to funds and accounts securing the Subordinate Bonds). The Trustee is authorized and directed to withdraw funds from the Revenue Fund as described in the Trust Indenture automatically without any requisition from the Issuer.

The Issuer shall not be required to make any further payments into the Debt Service Fund, including the accounts therein, and the Reserve Fund when the aggregate amount of funds in the Debt Service Fund, including the accounts therein, are at least equal to the aggregate principal amount of Bonds issued pursuant to the Trust Indenture and then Outstanding, plus the amount of interest then due or thereafter to become due on said Bonds (calculated at the maximum rate provided for in the supplemental indenture authorizing variable rate Bonds) then Outstanding, or if all Bonds then Outstanding have otherwise been defeased pursuant to the Trust Indenture.

For purposes of the above paragraph, in determining that moneys held in the Debt Service Fund and Reserve Fund are at least equal to the principal of and interest on a particular Series of Bonds, the Issuer shall take into account moneys in the Reserve Fund only to the extent that such moneys are held in an account therein related to such Series of Bonds.

Debt Service Fund

Moneys on deposit in the respective accounts of Debt Service Fund shall be used solely for the payment of the principal of, redemption premium, if any, and interest with respect to the respective Series of Bonds; provided, however, that if such principal and interest payments, or a portion thereof, have been made on behalf of the Issuer by a Bond Insurer, Reserve Product Provider or other entity insuring or guaranteeing or providing a Reserve Product for the payment of the Bonds, or any Series or maturity thereof, moneys on deposit in the respective subaccount of the Debt Service Fund and allocable to such Series or maturity shall be paid to such entity having theretofore made a corresponding payment on the related Bonds. Capitalized interest, if any, for each Series of the Bonds deposited in the Capitalized Interest Account of the Debt Service Fund and any income and profits derived therefrom shall be used, to the extent necessary, to pay interest on each of the Bonds of such Series.

With respect to the Series 2012 Bonds, the Trustee shall withdraw from the Capitalized Interest Account such amounts required to pay interest due on the Series 2012 Bonds on January 1, 2013, July 1, 2013 and January 1, 2014 and the remaining balance on July 1, 2014, if any. In the event of a deficiency in the Debt Service Fund on any Interest Payment Date, the Trustee may withdraw capitalized interest to make up such deficiency. Any moneys on deposit in the Debt Service Fund for capitalized interest with respect to the Bonds of a Series not needed to pay interest on the Bonds of such Series pursuant to the preceding sentence may be used in the same manner as any other moneys on deposit in the Debt Service Fund. Investment earnings posted to the Capitalized Interest Account of the Debt Service Fund after January 1, 2014 shall be transferred to the Series 2012 Bond Account of the Construction Fund and thereafter the Capitalized Interest Account shall be closed.

At the maturity date or redemption date of each Bond and at the due date of an Amortization Installment and installment of interest on the Bonds, the Trustee shall transfer from the Debt Service Fund to the Paying Agent, for such Bonds sufficient moneys to pay all principal of, redemption premium, if any, and interest then due and payable with respect to

such Bonds. If on the Business Day prior to any payment date on which principal of, redemption premium, if any, or interest is due on the Bonds, the amount then on deposit in the Debt Service Fund shall not be at least equal to the sum of the interest, principal and redemption payments due on such payment date, the Trustee shall deposit amounts from the applicable account or accounts in the Reserve Fund in accordance with the Trust Indenture to the Debt Service Fund in an amount necessary to cure such deficiency.

Moneys on deposit in the Debt Service Fund for the redemption of Bonds shall be applied to the retirement of Bonds issued under the provisions of the Trust Indenture and then Outstanding in the following manner:

(i) The Issuer may purchase Outstanding Term Bonds redeemable from Amortization Installments during such Bond Year, and pro rata (based on the principal amount of the Amortization Installments due in such Bond Year for each such Series of Term Bonds) among all such Bonds if more than one Series of such Term Bonds are Outstanding, or if no such Term Bonds are then Outstanding, the Issuer may purchase Serial Bonds whether or not such Bonds shall then be subject to redemption, but only to the extent moneys are available therefor, at the most advantageous price obtainable, such price not to exceed the principal of such Bonds plus accrued interest but no such purchase shall be made by the Issuer within a period of thirty (30) days next preceding any Interest Payment Date on which such Bonds are subject to call for redemption under the provisions of the Trust Indenture;

(ii) Then, to the extent moneys remain on deposit in the Debt Service Fund that are held for the redemption of Bonds, the Issuer may call for redemption on each Interest Payment Date on which Bonds are subject to redemption, with or without redemption premium, from such moneys, such amount of Term Bonds subject to the Amortization Installments for such Bond Year that have not been purchased pursuant to subparagraph (i) above as will nearly as may be possible exhaust the remainder of the Amortization Installment for such Bond Year; and

(iii) Then, to the extent moneys remain on deposit in the Debt Service Fund that were deposited therein pursuant to the Trust Indenture for the purpose of redeeming Bonds, the Issuer may call any remaining Bonds then subject to redemption, in such order and by such selection method as the Trustee, in its discretion, may determine, from such funds as will exhaust the money then held for the redemption of such Bonds as nearly as may be possible.

(iv) Then, to the extent moneys remain on deposit in the Debt Service Fund that were deposited therein pursuant to the Trust Indenture for the purpose of redeeming Bonds, the Issuer may, in its discretion from time to time (a) use such moneys to make capital improvements to the Residence Hall Facilities (as defined in the Trust Indenture), or (b) keep such moneys on deposit in the Debt Service Fund for future use pursuant to the terms of the Trust Indenture; provided, however, that such moneys shall

be used for any purpose or purposes allowed pursuant to clause (a) above only if the Issuer shall obtain an opinion of Bond Counsel to the effect that such use will not, in and of itself, cause the interest on any Bond (other than any Taxable Bond) to become included in the gross income of the Owners thereof for federal income tax purposes.

If Term Bonds are purchased or redeemed pursuant to the Trust Indenture in excess of the Amortization Installments for such Bond Year, such excess principal amount of such Term Bonds so purchased or redeemed shall be credited against subsequent Amortization Installments for such Term Bonds in such Bond Year or Bond Years as the Issuer may determine and as may be reflected in the Issuer's permanent accounting records.

Notwithstanding the foregoing, to the extent that moneys are deposited into the Debt Service Fund in a given Bond Year in an amount equal to the Amortization Installment for such Bond Year and are applied to purchase or redeem Term Bonds to which such Amortization Installment applies, then all moneys thereafter deposited to the Debt Service Fund in such Bond Year may be applied as provided in subparagraphs (i) through (iv) above.

Reserve Fund

Prior to the issuance of each Series of Bonds, the Issuer shall designate the Reserve Requirement that it may determine be required with respect to such Series of Bonds. The Issuer shall establish one or more accounts within the Reserve Fund which accounts shall secure only those Series of Bonds as shall be designated by the Issuer. Each Series of Bonds shall be secured only by the account in the Reserve Fund created and established with respect to such Series of Bonds and shall have no lien on or right to payment from any other account in the Reserve Fund. Funds on deposit in the separate accounts in the Reserve Fund, if any, shall be used solely to cure deficiencies in the Debt Service Fund with respect to the Series of Bonds to which such account pertains. If funds on deposit in any account within the Reserve Fund exceed the Reserve Requirement with respect to the Series of Bonds secured thereby, such excess shall be applied as provided in the Trust Indenture.

Any withdrawals from or deficiency in an account within the Reserve Fund shall be subsequently restored from the first moneys available in the Revenue Fund, after all required current payments for Operating Expenses as set forth above and all current applications and allocations to the Debt Service Fund, including all deficiencies for prior payments have been made in full. Notwithstanding the foregoing, in case of withdrawal from an account within the Reserve Fund, in no event shall the Issuer be required to deposit into the Reserve Fund an amount greater than that amount necessary to ensure that the difference between the Reserve Requirement for a particular Series of Bonds and the amounts on deposit in applicable account within the Reserve Fund on the date of calculation shall be restored not later than sixty (60) months after the date of such deficiency (assuming equal monthly payments into the Reserve Fund for such sixty (60) month period).

If the Issuer shall have determined, or be required, to fund an account in the Reserve Fund with respect to a Series of Bonds, notwithstanding the foregoing, the Issuer shall not be required to fully fund such account in the Reserve Fund with cash at the time of issuance of such Series of Bonds under the Trust Indenture if it provides at any time with respect to such Series of Bonds in lieu of all or a portion of such funds, a Reserve Product issued by a Reserve Product Provider in an amount following the provision of such Reserve Product which, together with other amounts that will remain on deposit in the applicable account in the Reserve Fund, will equal the Reserve Requirement with respect to such Series of Bonds. Such Reserve Product as provided above must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held thereunder for a payment with respect to such Series of Bonds secured thereby which cannot be cured by funds in any other account held pursuant to the Trust Indenture and available for such purpose, and which shall name the Paying Agent or the Issuer as the beneficiary thereof for the benefit of the Bondholders of such Series of Bonds.

The Issuer has created and established a Series 2012 Account within the Reserve Fund to secure the Series 2012 Bonds.

Costs of Issuance

Moneys in the Costs of Issuance Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and proceeds of Bonds on deposit in the Costs of Issuance Fund shall be disbursed by the Trustee from the Costs of Issuance Fund and applied by the Issuer to pay the costs of issuance upon the delivery to the Trustee of a Requisition For Payment substantially in the form attached as Exhibit A to the Trust Indenture, executed by the Authorized Officer of the Issuer and containing the information required to complete Schedule A to such Requisition for Payment. At the written direction of the Authorized Officer of the Issuer, any amounts deposited to the Costs of Issuance Fund which are not needed to pay costs within six months of the date of issuance of the related Series of Bonds shall be transferred to the Construction Fund and used for purposes permitted therefore. Thereafter, the Costs of Issuance Fund shall be closed.

Any funds on deposit in the Costs of Issuance Fund, that, in the opinion of the Issuer, are not immediately necessary for expenditure, may be invested in Investment Obligations (as that term is defined in the Trust Indenture), provided that such investments mature or are redeemable at not less than par on or before the date such funds are estimated to be needed.

Construction Fund

Moneys in the Construction Fund and in each account thereof shall be kept separate and apart from all other funds and accounts of the Issuer, and proceeds of the appropriate Series of Bonds on deposit in the Construction Fund, shall be disbursed by the Trustee from the Construction Fund and applied by the Issuer to pay the Cost of any Project upon the delivery to the Trustee of a Requisition For Payment substantially in the form attached as Exhibit A to the Trust Indenture, executed by the Authorized Officer of the Issuer and containing the information required to complete Schedule A to such Requisition For Payment. In making any such disbursement from the Construction Fund, the Trustee may rely conclusively on such Requisition for Payment and the Trustee shall be relieved of all liability with respect to making such disbursement in accordance with such Requisition for Payment without any investigation.

Any funds on deposit in the Construction Fund that, in the opinion of the Issuer, are not immediately necessary for expenditure, as hereinabove provided, may be invested in Investment Obligations, provided that such investments mature or are redeemable at not less than par on or before the date such funds are estimated to be needed.

Liquidated damages or settlement payments, to the extent available and received by the Issuer as a result of the breach by any contractor, subcontractor or supplier working or supplying goods for any Project of any representation, warranty or performance guaranty, and all insurance and condemnation proceeds received with respect to damages to or the taking of any Project during construction or any moneys received by the Issuer as contributions towards or reimbursements of Cost of any Project shall, at the discretion of the Issuer, be deposited into

the appropriate account or accounts in the Construction Fund to ensure completion of such Project or shall be deposited into the Debt Service Fund for the redemption of Bonds.

Upon completion of any Project, as certified by the Authorized Officer of the Issuer, any amounts then remaining in the Construction Fund and not reserved by the Issuer for the payment of eligible costs shall be transferred to the Debt Service Fund and used to pay principal next coming due on the Bonds maturing or subject to mandatory redemption in the manner described in the Trust Indenture. The Series 2012 Project amounts transferred to the Construction Fund as provided above shall be used to pay principal next coming due on the Series 2012 Bonds maturing or subject to mandatory redemption in the manner described in the Trust Indenture.

2012 Rebate Account

The Issuer shall deposit into the 2012 Rebate Account, from investment earnings on moneys deposited in the other funds and accounts created under the Trust Indenture, or from any other legally available funds of the Issuer, an amount equal to the 2012 Rebate Amount for such Rebate Year. The Issuer shall engage a qualified rebate analyst to calculate the 2012 Rebate Amount. Such moneys deposited in the 2012 Rebate Account shall be used only for the payment of the 2012 Rebate Amount to the United States as required by the Trust Indenture as directed in writing by the Issuer. In complying with the foregoing, the Issuer may rely upon any written instructions or opinions from Bond Counsel.

If any amount shall remain in the 2012 Rebate Account after payment in full of all Series 2012 Bonds issued under the Trust Indenture that are not Taxable Bonds and after payment in full of the 2012 Rebate Amount to the United States in accordance with the terms of the Trust Indenture at the written direction of the Issuer, such amounts shall be paid to the Issuer and used to make capital improvements to the Residence Hall Facilities, to defease Taxable Bonds or to pay principal and interest on Taxable Bonds.

The 2012 Rebate Account shall be held separate and apart from all other funds and accounts of the Issuer, shall not be impressed with a lien in favor of the Bondholders and the moneys therein shall be available for use only as provided in the Trust Indenture.

Repair and Replacement Fund

All amounts on deposit in the Repair and Replacement Fund may be withdrawn by the Issuer or the Managers, from time to time, (i) for the payment of the costs of acquisition of equipment, fixtures or furnishings and construction, rehabilitation, repair, replacement or improvement of the Project, or (ii) to satisfy deficiencies in certain events in the application of Pledged Revenues from the Revenue Fund under the Trust Indenture. The Repair and Replacement Fund shall not be applied to funds and accounts securing the Subordinate Bonds. Withdrawals for repairs and replacements under clause (i) above shall be made upon the delivery to the Trustee of a Requisition For Payment in the form attached to the Trust Indenture, executed by the Authorized Officer of the Issuer or the Manager and containing

certain information, including a certification that such costs have a capitalizable useful life greater than one year under generally accepted accounting principles. In making any such disbursement from the Repair and Replacement Fund, the Trustee may rely conclusively on such Requisition for Payment and the Trustee shall be relieved of all liability with respect to making such disbursement in accordance with such Requisition for Payment without any investigation. The Issuer shall deliver a certificate to the Trustee signed by the Authorized Officer of the Issuer prior to each July 1st commencing July 1, 2014 setting forth the Repair and Replacement Fund Requirement for the ensuing Fiscal Year. The Trustee may conclusively rely on such certificate in determining the amounts required to be deposited into the Repair and Replacement Fund for the respective Fiscal Year.

Surplus Fund

Amounts on deposit in the Surplus Fund shall be applied by the Trustee in the following order of priority: (1) to satisfy any deficiency in any application of Pledged Revenues from the Revenue Fund, such deficiency shall be transferred, from time to time, to the Revenue Fund in accordance with the Trust Indenture, provided, however, that no amount shall be transferred for the benefit of the Subordinate Bonds during the pendency of an Event of Default under the Trust Indenture, (2) to deposit in the operating account established pursuant to the Management Agreement an amount equal to the Operating Expenses for the then current Fiscal Year, (3) to deposit in the interest accounts in the Senior Bonds Interest Account of the Debt Service Fund an amount sufficient to pay the interest payments coming due on all Senior Bonds during the current Fiscal Year, (4) to deposit in the Senior Bonds Principal Accounts of the Debt Service Fund an amount sufficient to pay the principal payments to be paid during the current Fiscal Year on all Senior Bonds, (5) to deposit an amount sufficient to restore any deficiency in the Reserve Fund, (6) to deposit in the interest accounts in the Subordinate Bonds Interest Account of the Subordinate Debt Service Fund an amount sufficient to pay the interest payments coming due on all Subordinate Bonds during the current Fiscal Year, (7) to deposit in the Subordinate Bonds Principal Accounts of the Subordinate Debt Service Fund an amount sufficient to pay the principal payments to be paid on all Subordinate Bonds during the current Fiscal Year, and (8) used by the Issuer for any lawful purpose at the written direction of the University.

Additional Bonds

The Issuer may issue Additional Senior Bonds if the Issuer complies with the conditions set forth below:

(a) The Authorized Officer of the Issuer shall certify that (i) the Issuer is not in Default in the performance of any of the covenants and obligations assumed by it under the Trust Indenture, and (ii) all payments required by the Trust Indenture to have been made into the funds and accounts provided by the Trust Indenture shall have been made in full to the extent required.

(b) Legal counsel to the Issuer shall submit an opinion addressed to the Governing Body of the Issuer to the effect that the issuance of such Additional Senior Bonds has been duly authorized and that all conditions precedent to the delivery of such Additional Senior Bonds have been fulfilled.

(c) (i) Each supplemental indenture authorizing the issuance of Additional Senior Bonds issued pursuant to the Trust Indenture and, unless all Outstanding Bonds shall be refunded, will contain a provision to the effect that all of the covenants contained in the Trust Indenture (except as to details expressly applicable to the Series 2012 Bonds) will be fully applicable to such Additional Senior Bonds as if originally issued under the Trust Indenture.

(ii) The Series 2012 Bonds and all Additional Senior Bonds issued pursuant to the Trust Indenture, regardless of time or times of their issuance, shall rank equally without preference of any Senior or Additional Senior Bonds over any other; provided, however, that such Series of Bonds issued under the Trust Indenture shall, with respect to the Reserve Fund, have rights only to moneys therein in the subaccount therein created with respect to such Series of Bonds. Such subaccounts, if any, in the Reserve Fund may be funded as determined by the Issuer. Provided, however, that any Series of Bonds issued as Direct Subsidy Bonds shall have the additional security of the Direct Pay Subsidies received by the Issuer with respect to that particular Series of Bonds.

(d) An opinion of Bond Counsel shall be delivered to the Governing Body of the Issuer to the effect that the issuance of Additional Senior Bonds will not impair the exclusion from gross income for federal income tax purposes of interest paid on any Bonds issued under the Trust Indenture and then Outstanding that are not Taxable Bonds.

(e) Additional Senior Bonds payable from the Pledged Revenues on a parity with the Series 2012 Bonds, as provided in the Trust Indenture, can be issued and delivered to finance Projects or to refund Outstanding Bonds only if there shall have been obtained and filed with the Governing Body of the Issuer and the Trustee a certificate of the Authorized Officer of the Issuer:

(i) setting out the Maximum Bond Service Requirement with respect to the Senior Bonds proposed to be Outstanding under the Trust Indenture following the issuance of the Additional Senior Bonds proposed to be issued for each Bond Year through the final maturity of such Bonds;

(ii) setting out the amount of Net Revenues Available for Debt Service of the Issuer from the immediately preceding Fiscal Year available for payment of the principal of, redemption premium, if any, and interest on Senior Bonds, in each such year;

(iii) certifying that (a) the Net Revenues Available for Debt Service collected by the Issuer during the Fiscal Year immediately preceding the date of issuance of such Additional Senior Bonds were not less than one hundred and twenty-five percent (125%) of the Maximum Bond Service Requirement with respect to the then outstanding Senior

Bonds and (b) the projected Net Revenues Available for Debt Service for the two Fiscal Years following the Fiscal Year in which the project financed with the proceeds of the Additional Senior Bonds is scheduled to be placed in service will not be less than one hundred and twenty-five percent (125%) of the Maximum Bond Service Requirement with respect to the then outstanding Senior Bonds and the Additional Senior Bonds proposed to be to be issued. In determining the Net Revenues Available for Debt Service for the purposes of this clause (iii), System Revenues may be adjusted as follows:

In the event the Issuer shall have made or put in effect any increase in the rates, fees or charges constituting System Revenues and such increase shall not have been in effect during all of the previous Fiscal Year immediately preceding the date of the delivery of the proposed Additional Senior Bonds, the System Revenues shall be adjusted by the estimated System Revenues that would have resulted from the increase in the rates, fees and charges constituting System Revenues during such prior Fiscal Year had such rate, fee or charge increase been in effect for the entire period; and

In the event the Issuer is constructing or acquiring additions, extensions or improvements to the Housing System from the proceeds of the Additional Senior Bonds; System Revenues each of the two Fiscal Years immediately following the Fiscal Year in which the Project financed with the proceeds of the Additional Senior Bonds is scheduled to be placed in service may be adjusted to include System Revenues estimated to be received from the users of the Project to be financed during the first twelve (12) months of operation after the Project's placed in service date.

(f) The proceeds of Additional Senior Bonds shall be used to finance the Projects and improvements thereto or expansion thereof or to refund Outstanding Bonds as described in the supplemental indenture authorizing such Additional Senior Bonds.

(g) Notwithstanding satisfaction of the other conditions to the issuance of Additional Senior Bonds set forth in the Trust Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the applicable account in the Reserve Fund is fully funded at the applicable Reserve Requirement upon the issuance of such Additional Senior Bonds, in either case unless otherwise permitted by the Bond Insurer, if any.

Refunding Outstanding Bonds

Notwithstanding the preceding subsection regarding the issuance of Additional Senior Bonds, the Issuer may issue, at any time, and from time to time, Additional Senior Bonds for the purpose of refunding Outstanding Senior Bonds, or any maturity or portion of a maturity of Senior Bonds within a Series, without having to comply with the above requirements regarding

the issuance of Additional Senior Bonds provided that prior to the issuance of such Additional Senior Bonds, there shall be filed with the Governing Body of the Issuer a certificate from a Qualified Independent Consultant to the effect that (i) the net proceeds from such Additional Senior Bonds will be sufficient to cause the lien created by the Trust Indenture with respect to the Outstanding Senior Bonds to be refunded to be defeased pursuant to the Trust Indenture, and (ii) the Bond Service Requirement, with respect to such Additional Senior Bonds, in each Bond Year following the issuance thereof through the Bond Year in which the latest maturing Senior Bond to be refunded matures, shall be equal to or less than the Bond Service Requirement for such Bond Year with respect to the Senior Bonds which would have been Outstanding in that Bond Year had the same not been refunded pursuant to this paragraph.

Prior to or concurrently with the issuance of such Senior Bonds, there shall be filed with a representative of the Issuer, an opinion of Bond Counsel to the effect that (i) the net proceeds from the sale of such Additional Senior Bonds have been set aside in irrevocable escrow for the payment of the Outstanding Senior Bonds to be refunded in the manner described in the Trust Indenture, and (ii) the issuance of such Additional Senior Bonds and the use of the proceeds thereof as described above will not have the effect of causing the interest on any Outstanding Senior Bond under the Trust Indenture (other than any Taxable Bond) including the Outstanding Senior Bonds to be refunded, to become includable in gross income for federal income tax purposes.

Covenants of the Issuer

The Issuer covenants in the Trust Indenture that it will promptly pay the principal of, redemption premium, if any, and interest on every Bond issued thereunder, at the place, on the dates and in the manner and to the extent provided therein and in the Bonds according to the true intent and meaning thereof; provided, however, that the principal, redemption premium, if any, and interest are payable by the Issuer solely from funds derived from the Pledged Revenues in the manner and to the extent provided therein and nothing in the Bonds or the Trust Indenture shall be considered as assigning or pledging any other funds or assets of the Issuer other than such Pledged Revenues as provided therein.

The Issuer covenants in the Trust Indenture that it will faithfully perform, at all times, any and all covenants, undertakings, stipulations and provisions contained therein, in any and every Bond executed, authenticated and delivered thereunder, and in all of its proceedings pertaining thereto and the Management Agreement. The Issuer covenants in the Trust Indenture that it is duly authorized under the Constitution and laws of the State, including particularly the Act, to issue the Bonds authorized thereby, and to execute the Trust Indenture, the Management Agreement, the Ground Sublease Agreement and the Continuing Disclosure Undertaking, if applicable, and to pledge the amounts thereby pledged in the manner and to the extent set forth therein. The Issuer further covenants in the Trust Indenture that all action on its part for the issuance of the Bonds and the execution and delivery of the Trust Indenture has been duly and effectively taken, and that the Bonds, held by the Owners thereof, are and

will be valid and enforceable limited obligations of the Issuer according to the terms thereof and in the Trust Indenture.

The Issuer covenants in the Trust Indenture to comply, in accordance with the provisions of Rule 15c2-12 in effect from time to time (the "Rule"), promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, to comply with the provisions of each Continuing Disclosure Undertaking; provided, however, that failure to comply shall not constitute an Event of Default under the Trust Indenture. See "CONTINUING DISCLOSURE" herein.

The Issuer covenants that it will fix, establish and collect such fees, rentals and other charges from students, faculty members and others using or being served by the Housing System, and revise them from time to time whenever necessary, so that the Net Revenues Available for Debt Service shall be sufficient in each Fiscal Year to pay at least one hundred twenty five percent (125%) of an amount equal to the Bond Service Requirement for all Senior Bonds coming due in such Fiscal Year. For purposes of calculating compliance with the rate covenant set forth above, System Revenues may be adjusted by including (i) investment earnings on the amounts on deposit in the Series 2012 Account of the Reserve Fund and (ii) proceeds received by the Trustee from any business interruption policy. The Issuer shall annually, but in no event later than January 25th of each year, deliver a certificate to the Trustee certifying compliance with the rate covenant set forth above based on the audited financial statements of the Issuer for the previous Fiscal Year.

If in any Fiscal Year the Issuer shall fail to comply with the requirement in the immediately preceding paragraph, it shall immediately cause the Housing Consultant to review its rates, fees and charges, System Revenues, Operating Expenses and methods of operation and to, within 60 days of such request by the Issuer, make written recommendations to the Issuer and the Managers as to the methods by which the Issuer and the Managers may promptly seek to comply with such provisions set forth in the immediately preceding paragraph. The Issuer shall or shall cause the Managers within 30 days of receipt of the recommendations commence to implement such recommendations to the extent required so as to cause it to thereafter comply with such requirements. The Issuer shall withhold the payment of Management Fees following the failure to comply with the requirements of the immediately preceding paragraph until such time as the Issuer is again in compliance with such provisions. The unpaid Management Fees shall continue to accrue until paid without interest. Failure to comply with the requirements of the immediately preceding paragraph shall not be considered an Event of Default under the Trust Indenture so long as the Issuer is implementing the recommendations of the Housing Consultant; provided Net Revenues Available for Debt Service in each Fiscal Year shall equal at least one hundred percent (100%) of an amount equal to the Bond Service Requirement for all Senior Bonds coming due in such Fiscal Year.

Investment of Moneys

Moneys held for the credit of the funds and accounts established under the Trust Indenture will be invested and reinvested at the written instruction of the Issuer in Investment Obligations (as that term is defined in the Trust Indenture). Such investments or reinvestments shall mature or become available not later than the respective dates, as estimated by the Issuer, that the moneys held for the credit of said funds and accounts will be needed for the purposes of such funds or accounts.

Obligations so purchased as an investment of moneys in any such fund or account shall be deemed at all times to be a part of such fund or account, and shall at all times, for the purposes of the Trust Indenture, be valued by the Issuer annually on June 30 of each year at the market value thereof, exclusive of accrued interest as determined by the Issuer.

Except as otherwise expressly provided in the Trust Indenture, including specifically the rebate payment obligations of the Issuer, all income and profits derived from the investment of moneys in the Debt Service Fund shall remain in such Fund. All income and profits derived from the investment of funds in the Reserve Fund, if any, shall be retained in the applicable subaccount therein until amounts on deposit in such subaccount equal the applicable Reserve Requirement, and thereafter shall be transferred to the Senior Bonds Interest Account of the Debt Service Fund. All income and profits derived from the investment of funds in the Construction Fund shall be retained in the applicable account therein until completion of the Project being funded from such account. All income and profits derived from the investment of funds in the Costs of Issuance Fund shall be retained therein until all costs of issuance of the related Series of Bonds have been paid. All income and profits derived from the investment of funds in the Repair and Replacement Fund, if any, shall be retained in the applicable subaccount therein until amounts on deposit in such subaccount equal the applicable Repair and Replacement Fund Requirement, and thereafter all shall be transferred to the Senior Bond Interest Account of the Debt Service Fund to pay principal and interest on the Senior Bonds. The Trustee shall have no responsibility to assure that the Issuer so deposits any funds transferred in accordance with the preceding two sentences. Notwithstanding the foregoing, income and profits derived from the investment of moneys in the funds and accounts created under the Trust Indenture may, at the option of the Issuer, be transferred to the Issuer in order to satisfy its rebate payment obligations.

Amounts Remaining in Funds and Accounts

After full payment (or provision for payment) of the Bonds and all rebate payment obligations and discharge of the Trust Indenture, payment of all fees and expenses of the Trustee and the charges, expenses and attorneys fees of the Trustee, the Issuer and any Paying Agent, and all other amounts required to be paid under the Trust Indenture, all amounts thereafter remaining in any fund or account shall be paid to the Issuer to be used to make capital improvements to the Project or any other lawful purpose.

A form of the Trust Indenture is attached hereto as APPENDIX C.

THE MANAGEMENT AGREEMENT AND THE MANAGERS

The Management Agreement

The Issuer will enter into the Management Agreement (as defined above) with the Board of Trustees and C-BB Management, LLC (“C-BB Management”), a Florida limited liability company formed on February 11, 2010 and comprised of two members, BBCS Management, LLC, an affiliate of Balfour Beatty Capital, Inc. and Capstone On-Campus Management, LLC, an affiliate of Capstone Development Corp. (each as more fully described below). C-BB Management will have primary responsibility for the obligation of performing the property management services under the Management Agreement. The Board of Trustees and C-BB Management are collectively referred to as the “Manager” or the “Managers.” The initial term of the Management Agreement ends on June 30, 2021; after such initial term, the Management Agreement shall be automatically extended for successive one-year terms until terminated by either party in accordance with the terms of the Management Agreement. The Board of Trustees and C-BB Management will serve as the Managers of the Housing System, with each of the Managers having the responsibilities for management functions specifically designated to it as outlined in the Management Agreement. See APPENDIX D – COPY OF MANAGEMENT AGREEMENT.

Management fees will be paid to C-BB Management in the amount of \$419,374, subject to annual percentage increases as set forth in the Management Agreement plus .4% of the prior Fiscal Year’s System Revenues under the 2010 Indenture and the Trust Indenture per year, paid in accordance with the 2010 Indenture and the Trust Indenture, as applicable, and subject to certain limitations as set forth in the Management Agreement. C-BB Management shall supervise, manage and coordinate the payment of all maintenance, repairs, alterations, improvements, and upkeep other than capital improvements included in the Capital Improvement Plan (as defined in the Management Agreement), of the Housing System from amounts on deposit in the operating account.

The Board of Trustees is responsible for residence life management including, but not limited to, residence life, student conduct and guest conduct, and to help facilitate the operation of the Housing System in a manner consistent with the community standards of the University. In addition, the Board of Trustees will be responsible for all leasing functions of the Housing System and shall lease housing units pursuant to standard University housing contract forms. All System Revenues with respect to the Housing System will be collected by the Board of Trustees on behalf of the Issuer. The Board of Trustees will then transfer all System Revenues to the Trustee for deposit in the Revenue Fund established pursuant to the Trust Indenture, no less frequently than once per month, commencing in the month immediately following delivery of the Series 2012 Bonds. The Issuer, under the Management Agreement, appoints the Board of Trustees as its agent to collect System Revenues and deposit the same with the Trustee.

A copy of the Management Agreement is attached hereto as APPENDIX D.

The Managers

Balfour Beatty Capital, Inc. (“Balfour Beatty”) is a Delaware corporation, and a wholly owned subsidiary of Balfour Beatty Capital Group, Inc., located in Newtown Square, PA. Balfour Beatty has formed a special purpose entity, named BBCS Management, LLC, which will serve as the non-managing member of C-BB Management. Balfour Beatty is an indirect subsidiary of Balfour Beatty plc, a UK-based company traded on the London Stock Exchange with annual world-wide revenues of approximately \$13 billion, a third of which is generated in the United States. Balfour Beatty Capital Group has invested over \$100 million of its own equity into the U.S. Private Public Partnership (PPP) market and has raised over \$3 billion in project debt. Balfour Beatty Capital Group has developed and operates over \$4 billion in family housing development for the U.S. military at 44 locations, in 20 states and Washington, DC; three of these locations house higher education students, faculty and staff.

Key Personnel

A brief description of the education and professional background of the officers of Balfour Beatty having primary responsibility for the non-managing member’s rights and interest in C-BB Management are as follows:

Bruce Robinson, President and CEO

Mr. Robinson is President and CEO of Balfour Beatty Capital, Inc. and Balfour Beatty Capital Group, Inc., responsible for overseeing the development, management, and construction services for the companies’ public and private partnership initiatives throughout the United States. In addition, Mr. Robinson manages Balfour Beatty's joint venture and partner relationships. Mr. Robinson has over 25 years of experience in real estate development, financing, acquisition, management, and capital markets expertise.

Louis DeRogatis, Senior Vice President Finance

Mr. DeRogatis has over 20 years experience evaluating and structuring residential real estate transactions and is responsible for the financial aspects of privatized housing development projects at Balfour Beatty Capital Group, from business development through financial and operational closing. Specific tasks include project underwriting and structuring, debt procurement, due diligence evaluation and contract administration. Mr. DeRogatis is a graduate of Widener University and has an MBA from Saint Joseph’s University in Philadelphia, PA.

David P. Hartsfield, Vice President, Development

Mr. Hartsfield has over 25 years of experience directing the development and asset management of residential, office, hotel, and retail properties. He directs development of

privatized housing projects at Balfour Beatty Capital Group, including site acquisition, programming, design, governmental entitlements, financing, construction, FF&E, and start-up operations. Mr. Hartsfield is a graduate of the University of Virginia with a degree in architecture and an MBA.

Capstone On-Campus Management, LLC - Capstone On-Campus Management, LLC (the "COCM") is an Alabama limited liability company qualified to do business in the State of Florida, of which OCM Holdings, Inc. is the sole member. COCM is an Alabama limited liability company formed in 2003 for the express purpose of managing and maintaining student housing communities. As of the present date, COCM has responsibility for the management of approximately 22,000 beds of student housing on 20 separate collegiate campuses (including the Housing System). COCM's corporate headquarters is located in Birmingham, Alabama with regional offices in Baltimore, Maryland and Lafayette, LA and on-site property managers at each student housing development location.

Key Personnel

Below is a brief description of the education and professional background of the employees of COCM having primary responsibility for the management of the Housing System:

Douglas R. Brown, President

Mr. Brown joined COCM in August of 2003. He graduated from Southwest Missouri State University in 1980 with a Bachelor of Science degree in Marketing/Psychology and received his Master of Science degree in Guidance and Counseling from Southwest Missouri State University in 1982. He is responsible for the internal operations of the Manager in providing resources needed by the field personnel in managing campus facilities. He has over 20 years experience as a university administrator.

Sandy Hill, Executive Vice President

Ms. Hill joined COCM in September of 2003. She graduated from the University of North Carolina at Chapel Hill in 1982 with a Bachelor of Arts degree in Leisure Services. She is responsible for all aspects of field operations at all Capstone sites nationwide. She began her student housing career as a resident assistant at the University of North Carolina at Chapel Hill. She had over 24 years of experience in the management of high-rise, mid-rise, and garden style apartments for private housing providers such as Allen and O'Hara, GMH Management Inc., and Ambling Companies before joining COCM.

William E. Davenport II, Chief Operating Officer

Mr. Davenport joined COCM in January of 2012. Mr. Davenport previously was Executive Vice President of the Finance for Capstone Development Corp., having joined that company in 1996. In this position, he was instrumental in Capstone's national introduction of non-recourse, tax-exempt bond debt to finance on-campus housing developed by private

developers. In the course of his Capstone career, he has worked closely with various university administrators and financial underwriters and advisors, gaining critical insight into work with colleges, universities, and nonprofit foundations regarding student housing development and operations. In his role as Chief Operating Officer of COCM, he is responsible for the daily operations of the company.

Michelle R. Smith, Vice President of Operations

Ms. Smith joined the Manager in January of 2004. She graduated from Florida State University in 1989 with a Bachelor of Science degree in Psychology. She is responsible for overall operations of management, procedure implementation, hiring and training of general managers and regional managers, and start up service to all Capstone sites nationwide. She began her student housing career as a resident assistant at Florida State University in 1987. She has managed high-rise, mid-rise, and garden style apartments for private housing providers such as Allen and O'Hara, GMH Management Inc., and Ambling Companies before joining COCM. She also spent time in marketing for Kent State University and in public relations for a professional sports team. Ms. Smith has been the senior on-site Capstone representative for the FAU Housing System since July 1, 2011.

THE GENERAL CONTRACTOR AND THE CONSTRUCTION AGREEMENTS

[TO COME]

MARKET STUDY

A market study relating to the Housing System (the "Market Study") and an analysis of the housing market in Boca Raton, Florida near the campus of the University has been prepared by Brailsford & Dunlavey (the "Market Consultant"). The Market Study is attached hereto as APPENDIX A. The Market Study as presented in APPENDIX A should be read in its entirety. The Market Study includes forecasts as to the demographical, socioeconomic and housing development trends in and around the area where the 2012 Facilities will be. The achievement of any forecast is dependent upon future events, the occurrence of which cannot be assured. See "BONDHOLDERS' RISKS-Actual Results May Differ from Market Study and Cash Flow Forecast" herein. The Trustee and the Issuer make no representation as to any aspect of the Market Study or the ability of the Issuer to pay amounts sufficient to satisfy the principal, premium, if any, and interest due on the Series 2012 Bonds.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2012 Bonds and the issuance thereof by the Issuer are subject to the approval of Bryant Miller Olive P.A., Bond Counsel, whose approving opinion (in substantially the form attached hereto as APPENDIX E) will be delivered concurrently with the issuance of the Series 2012 Bonds.

Certain legal matters will be passed upon for the Issuer by the Issuer's Office of General Counsel.

Certain legal matters will be passed upon for the Underwriter by its counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida.

The proposed text of the legal opinion of Bond Counsel is attached hereto as APPENDIX E. The actual legal opinion to be delivered may vary from the text of APPENDIX E, if necessary, to reflect facts and law on the date of delivery of the Series 2012 Bonds. The opinion will speak only as of its date and subsequent distribution of such opinion by recirculation of this Official Statement or otherwise shall not create any implication that subsequent to the date of such opinion, Bond Counsel has affirmed its opinion.

The opinion of Bond Counsel will be limited to matters relating to the authorization and validity of the Series 2012 Bonds and the tax-exempt status of interest on the Series 2012 Bonds, as described under the caption "TAX MATTERS" herein and will make no statement regarding the accuracy or completeness of this Official Statement.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances, including changes in law that may thereafter occur or become effective.

The legal opinions to be delivered concurrently with the delivery of the Series 2012 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

The Issuer has advised that no litigation or proceedings are pending or, to its knowledge, threatened against the Issuer (i) in which an adverse determination would have a material adverse impact on the Series 2012 Bonds or would materially and adversely affect the properties, operations or financial condition of the Issuer, including the 2012 Facilities, (ii) which if decided adversely to the Issuer, could materially and adversely affect the transactions contemplated by this Official Statement, (iii) which seeks to restrain or enjoin the issuance, sale or delivery of the Series 2012 Bonds, or (iv) which could materially and adversely affect the validity or enforceability of the Series 2012 Bonds.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance of the Series 2012 Bonds in order that interest on the Series 2012 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2012 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2012 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2012 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States (the "Treasury"). The Issuer has covenanted in the Trust Indenture to comply with such requirements in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2012 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2012 Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2012 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2012 Bonds may be subject to the federal alternative minimum tax when any Series 2012 Bond is held by a corporation. The federal alternative minimum taxable income of a corporation must be increased by seventy-five percent (75%) of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). "Adjusted Current Earnings" will include interest on the Series 2012 Bonds.

Except as described above, Bond Counsel will express no opinion regarding any other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2012 Bonds. Prospective purchasers of the Series 2012 Bonds should be aware that the ownership of Series 2012 Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2012 Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Series 2012 Bonds; (iii) the inclusion of interest on the Series 2012 Bonds in earnings of certain foreign corporations doing business in the United States for purposes of branch profits tax; (iv) the inclusion of interest on the Series 2012 Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Series 2012 Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinions of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the Issuer, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2012 Bonds and of the property financed thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2012 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE HOLDERS OF THE SERIES 2012 BONDS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE HOLDERS OF THE SERIES 2012 BONDS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters Relating to the Series 2012 Bonds

Prospective purchasers of the Series 2012 Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2012 Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2012 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2012 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2012 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2012 Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2012 Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2012 Bonds.

Tax Treatment of Original Issue Discount

Under the Code, the difference between the maturity amount of the Series 2012 Bonds maturing on _____ (collectively, the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount

Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2012 Bonds maturing on _____ (collectively, the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Series 2012 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2012 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-

corporate owners of Series 2012 Bonds, under certain circumstances, to “backup withholding” at (i) the fourth lowest rate of tax applicable under Section 1(c) of the Code (i.e., a rate applicable to unmarried individuals) for taxable years beginning on or before December 31, 2012; and (ii) the rate of 31% for taxable years beginning after December 31, 2012, with respect to payments on the Series 2012 Bonds and proceeds from the sale of Series 2012 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2012 Bonds. This withholding generally applies if the owner of Series 2012 Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2012 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

RATINGS

Fitch Ratings (“Fitch”) and Moody's Investors Service (“Moody's”) have assigned municipal bond ratings of “___” and “___” respectively, to the Series 2012 Bonds. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2012 Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Fitch, One State Street Plaza, New York, New York 10004; and Moody's, 99 Church Street, New York, New York 10007-2796.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Series 2012 Bonds from the Issuer at an aggregate purchase price of \$_____ (which includes a par amount of \$_____ plus/(minus) net bond premium/(original issue discount) of \$_____, less an Underwriter's discount of \$_____). The Underwriter's obligations are subject to certain conditions precedent contained in a contract of purchase, and the Underwriter will be obligated to purchase all of the Series 2012 Bonds if any Series 2012 Bonds are purchased. The Series 2012 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2012 Bonds into investment trusts) at prices lower than the public offering prices, and such public offering prices may be changed from time to time by the Underwriter.

The Underwriter is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory,

investment management, principal investment, hedging, financing and brokerage activities. The Underwriter may have, from time to time, performed and may in the future perform, various investment banking services for the Issuer, for which it may have received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Underwriter may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

CONTINGENT FEES

The Issuer has retained Issuer's Counsel, Bond Counsel, and Disclosure Counsel with respect to the authorization, sale, execution and delivery of the Series 2012 Bonds. Payment of the fees of such professionals, the Financial Advisor to the Issuer, counsel to the Underwriter, and an underwriting discount to the Underwriter are each contingent upon the issuance of the Series 2012 Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2012 Bonds upon an event of default under the Trust Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Trust Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2012 Bonds, including Bond Counsel's approving opinion, will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX C – FORM OF TRUST INDENTURE" attached hereto for a description of events of default and remedies.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, and the rules promulgated thereunder, no person may directly or indirectly offer or sell securities of the Issuer except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rulemaking, FFSC has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the Issuer, and certain additional financial information, unless the Issuer believes in

good faith that such information would not be considered material by a reasonable investor. The Issuer is not and has not been in default on any bond issued since December 31, 1975.

CONTINUING DISCLOSURE

The Issuer and the University have covenanted for the benefit of the Series 2012 Bondholders to provide certain financial information and operating data relating to the Housing System and the Series 2012 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The Issuer and the University have agreed to file annual financial information and operating data and its audited financial statements with the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board. The Issuer and the University have agreed to file notices of certain enumerated material events, when and if they occur, with EMMA.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in “APPENDIX F - FORM OF CONTINUING DISCLOSURE UNDERTAKING” attached hereto. The Continuing Disclosure Undertaking shall be executed by the Issuer and the University prior to the issuance of the Series 2012 Bonds. These covenants have been made in order to assist the Underwriter in complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”).

With respect to the Series 2012 Bonds, no parties other than the Issuer and the University are obligated to provide, nor are expected to provide, any continuing disclosure information with respect to the Rule. During the past five years, the University has complied in all material respects with its existing continuing disclosure agreements in accordance with the Rule. In connection with the issuance of the Series 2010 Bonds, the Issuer entered into a continuing disclosure undertaking (the “2010 Undertaking”) to provide certain financial information, operating data and notice of certain listed events with the EMMA in accordance with the terms thereof. The Issuer failed to timely file the Annual Report (as defined in the 2010 Undertaking) for fiscal years ending 2010 and 2011 due to unintentional oversight of such requirements. In connection with the anticipated issuance of the Series 2012 Bonds, the Issuer discovered its oversight and the Issuer has now filed posted on EMMA all financial information and operating data it agreed to provide in 2010 Undertaking for the fiscal years ended 2010 and 2011. The Issuer intends to fully comply with all current and future continuing disclosure undertakings, compliance of which will be overseen by the Treasurer/Secretary of the Issuer. The Issuer has put in place internal procedures to ensure all future filings are completed in accordance with the Rule, such as including the posting of its required annual disclosures as part of its annual audit process.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the Issuer and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2012 Bonds, the security for the payment of the Series 2012 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2012 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the Issuer. At the time of delivery of the Series 2012 Bonds, the Issuer will furnish a certificate to the effect that nothing has come to their attention which would lead it to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2012 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

THE FAU FINANCE CORPORATION

By: _____
Dennis J. Crudele, Executive Director

APPENDIX A

MARKET STUDY

The Market Study includes a review of data on current housing and off-campus market analysis in the area where the 2012 Facilities are to be located, as well as a student survey and demand analysis. The achievement of any financial forecasts is dependent upon future events, the occurrence of which cannot be assured. Therefore, the actual results achieved may vary from the forecasts. Such variation could be material. See **“BONDHOLDERS’ RISKS – Actual Results May Differ from Market Study and Cash Flow Forecast”** and **“ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT.”**

APPENDIX B

**MANAGEMENT DISCUSSION AND ANALYSIS AND AUDITED FINANCIAL
STATEMENT RELATING TO HOUSING SYSTEM FOR FISCAL YEAR ENDED
JUNE 30, 2011**

APPENDIX C

FORM OF TRUST INDENTURE

APPENDIX D

FORM OF AMENDED AND RESTATED MANAGEMENT AGREEMENT

APPENDIX E

FORM OF BOND COUNSEL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING