

**NEW ISSUE—BOOK-ENTRY ONLY****RATING: "Aa3/VMIG1" (See "RATING" herein)**

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

**\$8,500,000**  
**NEVADA HOUSING DIVISION**  
**Variable Rate Demand**  
**Multi-Unit Housing Revenue Bonds**  
**1999 Series A**  
**(Studio 3 Project)**



**\$2,050,000**  
**NEVADA HOUSING DIVISION**  
**Variable Rate Demand**  
**Multi-Unit Housing Revenue Bonds**  
**1999 Series B**  
**(Studio 3 Project)**  
**(Taxable)**

**Dated Date: Date of Delivery****Price: 100%****Due: October 1, 2030**

Proceeds from the sale of the above-captioned 1999 Series A Bonds (the "Series A Bonds") and 1999 Series B Bonds (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") will be used to make a loan to Studio 3 Limited Partnership, a Nevada limited partnership (the "Sponsor"), for the purpose of financing the acquisition and construction of a 240-unit single room occupancy multifamily rental facility (17 of such units are one-bedroom units) known as Studio 3 (the "Project") located within the City of Reno, Nevada (the "City").

The Bonds will bear interest from and including the Closing Date to and including February 24, 1999, at an interest rate determined on or before the Closing Date and thereafter will bear interest at a Variable Rate, determined by the Remarketing Agent, initially, Bear, Stearns & Co. Inc., until the Conversion Date, if any. Following the Conversion Date, the Bonds will bear interest at a Fixed Rate (see "THE BONDS—Fixed Rate" herein). The Bonds are issuable as fully registered bonds without coupons and are issuable during any Variable Period in the minimum denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof and at all times after the Conversion Date, in denominations of \$5,000 and any integral multiple thereof. The principal of each Bond will be payable upon the presentation and surrender of such Bond, when due, at the principal corporate trust office of the trustee for the Bonds, Zions First National Bank (the "Trustee"). During any Variable Period, interest on each Bond will be payable on the first Business Day of each month, commencing March 1, 1999, by check mailed to the registered owner of such Bond as of the applicable Record Date. In addition, interest may be paid, at the request of a registered owner of \$1,000,000 aggregate principal amount of the Bonds, by bank wire transfer to an account designated by such registered owner to the Trustee in writing at least 15 days before the Record Date for such payments.

The Bonds are payable solely from and secured solely by the revenues pledged under the Indenture (the "Revenues"), including amounts drawn under a Letter of Credit to pay the principal and purchase price of and interest on the Bonds. The initial Letter of Credit will be issued by

**U.S. BANK NATIONAL ASSOCIATION**

(the "Credit Bank"). The Letter of Credit will expire on the earlier of February 18, 2009 or such earlier date as set forth in the Letter of Credit. See "SOURCES OF PAYMENT FOR THE BONDS—The Letter of Credit" herein. The Sponsor will have the right at any time to deliver a substitute Letter of Credit meeting the requirements of the Loan Agreement (as hereinafter defined). See "SOURCES OF PAYMENT FOR THE BOND—Substitute Letter of Credit" herein. The Bonds are subject to mandatory redemption upon expiration of the Letter of Credit unless the Sponsor delivers a renewal or extension of the Letter of Credit or an Alternate Credit Facility as described herein. See "REDEMPTION OF BONDS" herein.

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry-only form. DTC will act as securities depository for the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. Purchasers of beneficial interests in the Bonds will not receive physical delivery of Bonds. Payments of principal of, premium, if any, and interest on the Bonds and the payment of the purchase price of tendered Bonds will be made directly to DTC or its nominee, Cede & Co., by the Trustee, so long as DTC is the registered owner of the Bonds. DTC will remit such payment to the applicable DTC Participants. The disbursement of such payments will be made by DTC Participants to the beneficial owners of the Bonds. For further details, see "THE BONDS—Book-Entry System" herein.

During any Variable Period, owners of the Bonds will have the option to demand the purchase of their Bonds under the terms of the Indenture upon not less than seven days' notice and fulfillment of the conditions described in the Indenture, at a price equal to the principal amount of such Bonds plus interest accrued to the date of purchase. In addition, the Bonds are subject to mandatory tender for purchase on certain dates as described herein. Prior to the expiration of the Letter of Credit, the Credit Bank is obligated pursuant to the Letter of Credit to fund the purchase price of all Bonds tendered for purchase and not remarketed.

The Bonds will be subject to redemption prior to their stated maturity date at the prices, on the terms and upon the occurrence of the events described herein. See "REDEMPTION OF BONDS" herein. The Bonds are subject to mandatory tender for purchase in lieu of redemption on certain dates as described herein. In addition, the maturity of the Bonds may be accelerated upon the occurrence of certain events. See "SUMMARY OF THE INDENTURE—Default and Remedies" herein.

Under certain circumstances, the interest rate borne by the Bonds may be converted to a Fixed Rate. See "THE BONDS—Fixed Rate" herein.

**THE BONDS ARE SPECIAL OBLIGATIONS OF THE NEVADA HOUSING DIVISION (THE "DIVISION"), PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF REVENUES AND ANY PROCEEDS OF DRAWINGS UNDER THE LETTER OF CREDIT OBTAINED BY THE SPONSOR AND DELIVERED TO THE TRUSTEE PURSUANT TO THE INDENTURE. THE DIVISION HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE STATE OF NEVADA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEVADA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS.**

The Bonds are being offered, when, as and if issued by the Division, subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon by the Division by the Attorney General of the State of Nevada, for the Underwriter by Kutak Rock and Robert R. Barenco, Esq., for the Credit Bank by its special counsel, Preston Gates & Ellis LLP and for the Sponsor by its counsel, Otten, Johnson, Robinson, Neff & Ragonetti, P.C., and by its local counsel, Lionel Sawyer Collins. Delivery of the Bonds is expected to occur through The Depository Trust Company in New York, New York on or about February 18, 1999.

**M♦R♦BEAL & COMPANY**