

Bank of Oklahoma, N. A.
Corporate Trust Division
P. O. Box 2300
Tulsa, OK 74192
(918) 588-6728

NOTICE TO BONDHOLDERS

REQUEST TO DIRECT TRUSTEE REGARDING FORBEARANCE

BLACKWATER HOUSING CORPORATION,
FLORIDA HOUSING REVENUE BONDS
SERIES 1995 A

| CUSIP | RATE | DUE DATE (Jun. 1) |
|-----------|-------|-------------------|
| 092597AC7 | 5.75% | 2005 |
| 092597AD5 | 6.25% | 2015 |
| 092597AA1 | 6.50% | 2025 |

BONDHOLDERS OF RECORD JUNE 5, 2006

This Notice is being given by Bank of Oklahoma, N.A., as successor trustee (the "Trustee") under a Trust Indenture (the "Indenture") dated as of June 5, 1995, by and between Blackwater Housing Corporation ("Issuer") and the Trustee to the owners (the "Bondholders") of the above-captioned Bonds (the "Bonds").

The proceeds from the sale of the Bonds were used by the Issuer to acquire and renovate 298 units of rental housing in Santa Rosa County, Milton, Florida (the "Project"). The Bonds are secured by a Mortgage and Security Agreement dated as of June 5, 1995 (the "Mortgage"), from the Issuer to the Trustee granting a first lien on the Project to the Trustee. The Project is managed by Progressive Management Services of America, Inc., pursuant to a Property Management Agreement dated as of October 7, 1997 between the Issuer and the Manager.

Principal payments due on the Bonds from June 1, 2001 through June 1, 2006 have not been paid. In addition, interest payable on the Bonds from June 1, 2003 through June 1, 2006 has not been paid.

The Issuer has asked for the Bondholders to direct the Trustee to enter into the enclosed Forbearance Agreement; directing the Trustee to forbear from taking action to sell or foreclose on the Project at this time; to continue to collect the revenues from the Project and apply according to the Indenture; and to use

revenues to make certain critical repairs to the property as outlined in the attached narrative from the Issuer.

If approved by the Bondholders, the Trustee proposes to refrain from taking any action against the Borrower for a period of two years and to make funds available for capital repairs (not to exceed \$320,000) over the next six to eight month period and to pay interest to the Bondholders as funds become available according to the terms set forth in the Indenture.

By executing the enclosed ballot in favor of forbearance, such Bondholder warrants that: (1) such Bondholder directs the Trustee to forebear from taking further action regarding foreclosure or sale of the Project at this time; (2) such Bondholder directs the Trustee to continue to collect the revenues from the Project and apply according to the Indenture and (3) such Bondholder directs the Trustee to continue to pay interest to all Bondholders when funds become available.

The Trustee expresses no opinion as to the advisability of whether to accept or reject this action. If you need assistance completing the ballot, please contact Bree Hoover of Bondholder Communications Group, toll-free at 1-888-385-BOND (1-888-385-2663) or via e-mail at bhoover@bondcom.com. Additionally, this notice and the form of the Forebearance Agreement may be downloaded by visiting www.bondcom.com/blackwater.

The deadline to return the ballot is July 28, 2006 5:00 pm (CDT).

**BANK OF OKLAHOMA, N.A.,
as Trustee**

By _____
Name: Marrien Neilson
Title: Vice President

This notice is dated June 27, 2006.