NEW ISSUE – BOOK-ENTRY **Ratings** (See "RATINGS" herein.): Moody's: Aa2
Standard & Poor's: AA-

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the 2002 Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes on the assumption that the Authority and the Participants comply with their covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended, and interest on the 2002 Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. See "FEDERAL TAX EXEMPTION" herein. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, the 2002 Bonds are exempt from Pennsylvania personal property taxes, and interest on the 2002 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "PENNSYLVANIA TAX EXEMPTION" herein.

$375,000,000
DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
(Bucks, Chester, Delaware and Montgomery Counties, Pennsylvania)
Local Government Revenue Bonds, Series of 2002

Dated: May 1, 2002 Maturity: July 1, as set forth below

The Local Government Revenue Bonds, Series of 2002 (the "2002 Bonds") will be issued in fully registered form in denominations of $5,000 principal amount, or any multiple of $5,000 in excess thereof, and will pay interest semi-annually on July 1 and January 1 of each year, commencing January 1, 2003.

The 2002 Bonds are being issued pursuant to the *Municipality Authorities Act,* 53 Pa. C.S.A. §5601 et.seq. (the "*Authorities Act*"), a resolution (the "Resolution") adopted on May 13, 2002, by the Board of the Delaware Valley Regional Finance Authority (the "Authority") and a Trust Indenture dated as of July 1, 2002, between the Authority and Wilmington Trust Company, Wilmington, Delaware, as Trustee (the "Indenture"), and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2002 Bonds. Beneficial ownership interests in the 2002 Bonds will be recorded in book-entry form. Principal of and interest on the 2002 Bonds are payable directly to DTC for redistribution to Direct Participants and in turn to Beneficial Owners as described herein. Disbursement of such payments is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of the Direct Participants and Indirect Participants, as more fully described herein. Purchasers will not receive physical delivery of certificates representing their ownership interests in their respective 2002 Bonds purchased. For so long as any purchaser is the Beneficial Owner of a 2002 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such 2002 Bonds. See "THE 2002 BONDS – BOOK-ENTRY SYSTEM" herein.

The 2002 Bonds are special limited obligations of the Authority. **NEITHER THE PRINCIPAL NOR REDEMPTION PRICE OF THE 2002 BONDS, NOR THE INTEREST ACCRUING THEREON, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE AUTHORITY, THE COMMONWEALTH OF PENNSYLVANIA, THE COUNTIES OF BUCKS, CHESTER, DELAWARE, OR MONTGOMERY, PENNSYLVANIA, OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.**

The proceeds from the sale of the 2002 Bonds will be used to (i) provide funds to originate loans to Local Government Units or loans to other political subdivisions that are guaranteed by a Local Government Unit (each, a "Participant") located in Pennsylvania, (ii) fund a Debt Service Reserve Fund, and (iii) pay the costs related to the issuance of the 2002 Bonds. A loan agreement (the "Loan Agreement") will evidence each individual loan between a Participant and the Authority. **A PLEDGE OF THE FULL FAITH, CREDIT AND TAXING POWER OF THE PARTICIPANT OR ITS GUARANTOR SHALL SECURE EACH LOAN AGREEMENT. THE PAYMENT OBLIGATIONS OF EACH PARTICIPANT UNDER A LOAN AGREEMENT SHALL ALSO BE SECURED BY A MUNICIPAL BOND INSURANCE POLICY OR OTHER CREDIT ENHANCEMENT (THE "ELIGIBLE CREDIT ENHANCEMENT"); HOWEVER, NO ELIGIBLE CREDIT ENHANCEMENT WILL GUARANTEE THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE 2002 BONDS.** The Trust Estate, created under the Indenture, including amounts payable under the Loan Agreements and Eligible Credit Enhancement, shall secure the 2002 Bonds. See "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS."

Pursuant to a Covenant Agreement, the Authority has pledged certain excess funds, if available, to (i) replenish any deficiency of the debt service reserve fund of any series of bonds that cannot be restored from the available funds of that series of bonds and (ii) pay any debt service payments, regularly scheduled interest rate swap payments (if any), and administrative fees or expenses (including the maintenance of reasonable levels of liquidity and any termination payments with respect to an interest rate swap agreement) that cannot be provided from the available funds of a series of bonds. See "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS - Covenant Agreement" and "Appendix III: COVENANT AGREEMENT."

THE 2002 BONDS ARE NOT SUBJECT TO OPTIONAL REDEMPTION. THE 2002 BONDS ARE SUBJECT TO EXTRAORDINARY MANDATORY REDEMPTION. See "THE 2002 BONDS – REDEMPTION."

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

$125,000,000 at 5.50% due July 1, 2012 and a price of 108.676% to yield 4.42%
$125,000,000 at 5.75% due July 1, 2017 and a price of 109.414% to yield 4.86%
$125,000,000 at 5.75% due July 1, 2032 and a price of 107.513% to yield 5.25%

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

The 2002 Bonds are offered, subject to prior sale, withdrawal, or modification of the offer without notice, when, as and if issued by the Authority and delivered to and received by the Underwriters and subject to the approval of legality of the 2002 Bonds by Blank Rome Comisky & McCauley LLP, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the Authority by Carmen P. Belefonte, Esq., Media, Pennsylvania, Solicitor to the Authority, and for the Underwriters by Conrad, O'Brien, Gellman & Rohn, P.C., West Chester, Pennsylvania, and by Clifford Chance Rogers & Wells LLP, New York, New York. The Authority expects the 2002 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 18, 2002.

Salomon Smith Barney **Merrill Lynch & Co.**
Dolphin & Bradbury Inc. **First American Municipals, Inc.** **Janney Montgomery Scott LLC**

Dated: May 13, 2002

Delaware Valley Regional Finance Authority

1811 Bethlehem Pike
Flourtown Commons, Suite 350
Flourtown, PA 19031

BOARD MEMBERS:

JOHN J. MCFADDEN,
Chairman

JOSEPH E. BRION, Esquire
Vice Chairman

JAMES H. SHACKLETT, III
Secretary

CHARLES O. MARTE, Esquire
Treasurer

ANDREW J. REILLY, Esquire
Assistant Secretary/Assistant Treasurer

BLANK ROME COMISKY & MCCAULEY LLP
Philadelphia, Pennsylvania
Bond Counsel

CARMEN P. BELEFONTE, Esquire
Media, Pennsylvania
Solicitor to the Authority

WILMINGTON TRUST COMPANY
Wilmington, Delaware
Trustee

CONRAD, O'BRIEN, GELLMAN & ROHN, P.C.
West Chester, Pennsylvania
Co-Underwriters' Counsel

PARENTE RANDOLPH, LLC
Philadelphia, Pennsylvania
Independent Auditor

CLIFFORD CHANCE ROGERS & WELLS LLP
New York, New York
Co-Underwriters' Counsel

CALHOUN, BAKER INC.
Flourtown, Pennsylvania
Program Administrator

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon. 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 2002 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 Authority and other sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. When the Constitution and statutes of the Commonwealth of Pennsylvania or other documents are referred to, reference should be made to such Constitution, statutes or documents for complete statements of the matters referred to. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof, or the date as of which particular information is given, if earlier. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners, from time to time, of any of the 2002 Bonds.

The Underwriters may offer and sell the 2002 Bonds to certain dealers (including dealers depositing the 2002 Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2002 BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2002 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

TABLE OF CONTENTS

Official Statement

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
BUCKS, CHESTER, DELAWARE AND MONTGOMERY COUNTIES, PENNSYLVANIA

$375,000,000
Local Government Revenue Bonds, Series of 2002

THE 2002 BONDS

INTRODUCTION

The Delaware Valley Regional Finance Authority (the "Authority") is a body corporate and politic organized under the *Municipality Authorities Act,* 53 Pa. C.S.A. §5601 et. seq. (the "*Authorities Act*") by Bucks, Chester, Delaware and Montgomery Counties (the "Counties"). The Authority received a Certificate of Incorporation from the Department of State of the Commonwealth of Pennsylvania on December 23, 1985.

The Counties created the Authority to provide loans to boroughs, townships, towns, cities, school districts, counties, and other governmental entities with taxing power, each a "Local Government Unit" as defined in the *Local Government Unit Debt Act,* 53 Pa. C.S.A. §8001 et. seq. (the "*Debt Act*") or to other political subdivisions that are guaranteed by a Local Government Unit (each, a "Guarantor"). The Authority periodically issues bonds to provide funds for the loans to Local Government Units and to other political subdivisions (each a "Participant") for projects (each, a "Project") as defined in the *Debt Act*. Projects authorized in the *Debt Act* include, but are not limited to: (i) items of construction, acquisition, extraordinary maintenance, or repair, (ii) preliminary studies, testing, planning, or design work, (iii) acquisition of land or rights in land, (iv) furnishings, machinery, and equipment, (v) revision of assessment of real property, (vi) funding of all or a portion of a reserve for liability insurance and self-insurance, (vii) funding of an unfunded actuarial liability, (viii) funding or refunding of debt incurred for any or all of the foregoing purposes, and (ix) funding a deficit or creating a revolving fund for improvements.

This Official Statement, including the cover page and Appendices hereto, is provided to furnish certain information in connection with the issuance by the Authority of its $375,000,000 Local Government Revenue Bonds, Series of 2002 (the "2002 Bonds"). Unless otherwise defined herein, capitalized terms used in this Official Statement shall have the respective meanings ascribed to them in the Indenture, herein referred. See "Appendix V: DEFINITIONS OF CERTAIN TERMS."

The 2002 Bonds will be issued by the Authority in the aggregate principal amount of $375,000,000 under a Trust Indenture (the "Indenture") dated as of May 1, 2002, from the Authority to Wilmington Trust Company, Wilmington, Delaware, as Trustee. The issuance of the 2002 Bonds is authorized under the provisions of the *Authorities Act* and a resolution (the "Resolution") adopted by the Board of the Authority ("Board") on May 13, 2002. The 2002 Bonds will be issued in authorized denominations of $5,000 principal amount or any multiple of $5,000 in excess thereof.

The 2002 Bonds initially will be issued in book-entry form and registered in the name of Cede &Co., as nominee for The Depository Trust Company ("DTC"). So long as the 2002 Bonds are held in the book-entry system, DTC or its nominee will be the registered owner of the 2002 Bonds. Unless the book-entry system for the 2002 Bonds is discontinued, prospective purchasers will acquire beneficial ownership interests in the 2002 Bonds in denominations of $5,000 principal amount or any multiple of $5,000 in excess thereof, but will not receive 2002 Bond certificates representing such ownership interests. For purposes of this Official Statement, DTC or its nominee, and its successors and assigns, are referred to as the "Securities Depository." See "THE 2002 BONDS – BOOK-ENTRY SYSTEM," herein.

The 2002 Bonds are being issued (i) to provide funds for loans (each, a "Loan") for Projects, (ii) to fund a Debt Service Reserve Fund, and (iii) to pay the costs related to the issuance of the 2002 Bonds. See "THE 2002 BONDS – ESTIMATED SOURCES AND USES OF FUNDS." Each Participant that receives a Loan shall enter into a loan agreement (a "Loan Agreement") and shall execute a promissory note (the "Participant Note" or "Note") in favor of the Authority evidencing its obligation to repay the Loan.

The Authority believes that the program to originate Loans to Participants to fund Projects, as defined in the *Debt Act*, from the funds provided by the 2002 Bonds (the "Loan Program") will help meet its programmatic objectives. See "THE AUTHORITY – PROGRAMMATIC OBJECTIVES" for more discussion. The Authority's primary objectives are (i) to provide loans at lower costs than Participants could achieve with other financing options, (ii) to provide fixed and variable rate funding options, and (iii) to improve the ability of Participants to manage their debt.

Each Loan Agreement provides that the Program Administrator may assess each Participant, and the Participant shall pay, a monthly charge (the "Monthly Finance Charge") equal to that Participant's allocable share of the administrative fees and expenses (the "Administrative Expenses") incurred by the Authority. Administrative Expenses means any expenditures of the Authority reasonably and necessarily incurred by the Authority by reason of its issuance of the 2002 Bonds or for the Loan Program, as determined by the Program Administrator, including, without limitation, charges related to the Continuing Disclosure Agreement, auditing fees and expenses, payments for termination of Swap Agreements, non-asset bond costs, costs associated with rebate compliance, the fees and expenses of the Trustee, the Program Administrator, all other legal, financing and administrative expenses incurred by the Issuer with respect to the Loan Program, the maintenance of prudent levels of liquidity to provide sufficient levels of operating cash flow, as determined by the Program Administrator, and any expenses incurred by the Authority or the Trustee to compel full and punctual performance of all the provisions of the Indenture, the Loan Agreements and the Participant Notes.

The Participant or, if the Participant is a political subdivision without taxing power, a Guarantor shall pledge its full faith, credit, and taxing power to secure the Participant's obligation to pay the principal of and interest on the Loan, the Monthly Finance Charge, and all other obligations of the Participant (collectively, the "Loan Repayments") under the Loan Agreement. See "TAXING POWERS OF LOCAL GOVERNMENT UNITS." The payment obligations of each Participant under a Loan Agreement shall be further secured by a municipal bond insurance policy or other credit enhancement (an "Eligible Credit Enhancement") issued by a municipal bond insurer or other financial institution (each, an "Eligible Credit Enhancer"). The Indenture requires that the claims paying ability rating (or equivalent ratings) of an Eligible Credit Enhancer be "Aa3" or higher by Moody's Investors Service, Inc. ("Moody's") and "AA-" or higher by Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P"). See "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS – Loan Agreement."

The Authority may enter into one or more Swap Agreements with one or more financial institutions (each, a "Swap Counterparty"), in order to implement the Authority's programmatic objectives. The Indenture requires that, on the date of the execution of the Swap Agreement, the long-term, senior, unsecured debt ratings (or equivalent ratings) of each Swap Counterparty, or a financial institution that guarantees the obligations of the Swap Counterparty (the "Swap Guarantor") be "Aa3" or higher by Moody's and "AA-" or higher by S&P. See "INTEREST RATE SWAP AGREEMENTS."

All of the Funds under the Indenture, with the exception of the Rebate Fund, are expected to be invested in one or more investment agreements (the "Investment Agreements") with one or more financial institutions (each an "Investment Agreement Provider"). The Indenture requires that the long-term, senior, unsecured debt ratings (or equivalent ratings) of each Investment Agreement Provider (or its guarantor) be "Aa3" or higher by Moody's and "AA-" or higher by S&P. See "INVESTMENT AGREEMENTS," and "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS – Funds and Accounts."

The 2002 Bonds are not subject to optional redemption prior to maturity; however, under certain circumstances, all or a portion of the 2002 Bonds may be subject to extraordinary mandatory redemption. See "THE 2002 BONDS – REDEMPTION."

Wilmington Trust Company, Wilmington, Delaware, will act as trustee, registrar and paying agent (collectively, the "Trustee") for the 2002 Bonds. The corporate trust offices of the Trustee are located at 1100 North Market Street, Rodney Square North, Wilmington, Delaware 19890.

Neither the delivery of this Official Statement nor any sale of the 2002 Bonds shall, under any circumstances, create any implication that no changes have occurred in the affairs of the Authority, or the communities or areas within served by the Authority, since the date of this Official Statement or, if earlier, the dates as of which particular information contained in this Official Statement is given. The descriptions in this Official Statement of the 2002 Bonds, certain provisions of the *Authorities Act*, the *Debt Act*, the *Public School Code of 1949*, as amended by *Act 150 of 1975* 24 P.S. §1-101 et. seq. (P.L. 511, the "*Public School Code*"), *Act No. 50 of 1998* ("*Act 50*"), *P.L. 1257* approved December 31, 1965, effective January 1, 1966 (the "*Local Tax Enabling Act*"), the Indenture, and the Resolution are qualified by reference to the complete text of such instruments and documents, copies of which are available at the corporate trust office of the Trustee.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the 2002 Bonds are set forth below:

Delaware Valley Regional Finance Authority
Local Government Revenue Bonds, Series of 2002
Sources and Uses of Funds

Sources of Funds

Par Amount of Bonds	$ 375,000,000.00
Original Issue Premium	32,003,750.00
Accrued Interest	2,774,305.56
Equity Contribution of the Authority (1)	2,001,530.97
Total Sources	$ 411,779,586.53

Uses of Funds

Deposit to the Acquisition Fund (1)	$ 371,000,000.00
Deposit to the Debt Service Reserve Fund	31,959,000.00
Deposit to the Revenue Fund	2,000,000.00
Accrued Interest	2,774,305.56
Costs of Issuance (1) (2)	4,046,280.97
Total Uses	$ 411,779,586.53

(1) The Equity Contribution and the deposit to the Acquisition Fund may be adjusted for rounding if the actual Costs of Issuance are different than the estimate above.
(2) Includes underwriters' discount, legal fees, consulting fees, rating fees, printing costs, and all other costs incurred to issue the 2002 Bonds.

TERMS OF THE 2002 BONDS

The 2002 Bonds will bear interest at the rates specified on the cover page of this Official Statement. Interest is calculated on a 30-day month and 360-day year basis. The 2002 Bonds will be issued in denominations of $5,000 principal amount or any multiple of $5,000 in excess thereof. Interest on the 2002 Bonds will be payable semiannually on July 1 and January 1, commencing on January 1, 2003, and the 2002 Bonds will mature in the years and amounts, as set forth on the cover page of this Official Statement.

SPECIAL LIMITED OBLIGATION

The 2002 Bonds are special limited obligations of the Authority. Neither the principal or redemption price of the 2002 Bonds, nor the interest accruing thereon, shall constitute a general obligation of (i) the Authority, (ii) the Commonwealth of Pennsylvania, (iii) the Counties of Bucks, Chester, Delaware, or Montgomery, or (iv) any political subdivision thereof. THE AUTHORITY HAS NO TAXING POWER.

REDEMPTION

Optional Redemption

THE 2002 BONDS ARE NOT SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY.

Extraordinary Mandatory Redemption

The 2002 Bonds are subject to extraordinary mandatory redemption, in whole or in part, under the circumstances listed below:

1) On June 18, 2005, from any unloaned proceeds remaining in the Acquisition Fund, unless the Authority receives a written opinion of Bond Counsel to the effect that the failure to redeem the 2002 Bonds will not affect the excludability of interest paid on the 2002 Bonds from gross income for federal or Commonwealth income tax purposes (a "Favorable Opinion of Bond Counsel").

2) On the earlier of (i) the date that the Authority no longer reasonably expects to originate loans or (ii) a period of one year following the receipt of each Participant principal repayment, beginning on June 18, 2006, from any unloaned proceeds remaining in the Recycling Fund unless extended as a result of a Favorable Opinion of Bond Counsel.

3) On any date, if the Authority, as a result of direction received from Bond Counsel, is required to take remedial action so that interest on the 2002 Bonds shall remain excluded from gross income for federal income tax purposes.

If any 2002 Bonds are subject to extraordinary redemption prior to maturity, they shall be called at the prices set forth below:

Extraordinary Redemption Prices

Redemption	*2002 Bonds Maturing in:*		
Date	*2012* (1)	*2017* (2)	*2032* (3)
1-Jan-03	111.304%	112.184%	110.459%
1-Jul-03	110.948%	111.963%	110.404%
1-Jan-04	110.583%	111.735%	110.349%
1-Jul-04	110.211%	111.503%	110.292%
1-Jan-05	109.830%	111.264%	110.233%
1-Jul-05	109.441%	111.020%	110.173%
1-Jan-06	109.044%	110.770%	110.111%
1-Jul-06	108.637%	110.514%	110.048%
1-Jan-07	108.222%	110.252%	109.983%
1-Jul-07	107.797%	109.983%	109.916%
1-Jan-08	107.363%	109.707%	109.848%
1-Jul-08	106.920%	109.425%	109.778%
1-Jan-09	106.466%	109.137%	109.705%
1-Jul-09	106.003%	108.841%	109.632%
1-Jan-10	105.529%	108.538%	109.556%
1-Jul-10	105.045%	108.227%	109.478%
1-Jan-11	104.550%	107.909%	109.398%
1-Jul-11	104.045%	107.584%	109.316%
1-Jan-12	103.528%	107.250%	109.232%
1-Jul-12		106.908%	109.145%
1-Jan-13		106.558%	109.056%
1-Jul-13		106.200%	108.965%
1-Jan-14		105.833%	108.872%
1-Jul-14		105.456%	108.776%
1-Jan-15		105.071%	108.678%
1-Jul-15		104.676%	108.577%
1-Jan-16		104.272%	108.473%
1-Jul-16		103.858%	108.367%
1-Jan-17		103.434%	108.258%

Redemption	*2002 Bonds Maturing in:*		
Date	*2012* (1)	*2017* (2)	*2032* (3)
1-Jul-17			108.146%
1-Jan-18			108.031%
1-Jul-18			107.913%
1-Jan-19			107.792%
1-Jul-19			107.668%
1-Jan-20			107.540%
1-Jul-20			107.410%
1-Jan-21			107.275%
1-Jul-21			107.138%
1-Jan-22			106.996%
1-Jul-22			106.851%
1-Jan-23			106.702%
1-Jul-23			106.549%
1-Jan-24			106.393%
1-Jul-24			106.232%
1-Jan-25			106.067%
1-Jul-25			105.897%
1-Jan-26			105.723%
1-Jul-26			105.545%
1-Jan-27			105.361%
1-Jul-27			105.173%
1-Jan-28			104.981%
1-Jul-28			104.783%
1-Jan-29			104.579%
1-Jul-29			104.371%
1-Jan-30			104.157%
1-Jul-30			103.937%
1-Jan-31			103.712%
1-Jul-31			103.480%
1-Jan-32			103.243%

(1) The extraordinary redemption price on any date other than the dates set forth above shall equal (i) the price (calculated on the basis of a 30-day month and 360-day year) on the date of redemption of a 2002 Bond assuming a coupon of 5.50% and a yield of 4.42%, plus (ii) 3%.
(2) The extraordinary redemption price on any date other than the dates set forth above shall equal (i) the price (calculated on the basis of a 30-day month and 360-day year) on the date of redemption of a 2002 Bond assuming a coupon of 5.75% and a yield of 4.86%, plus (ii) 3%.
(3) The extraordinary redemption price on any date other than the dates set forth above shall equal (i) the price (calculated on the basis of a 30-day month and 360-day year) on the date of redemption of a 2002 Bond assuming a coupon of 5.75% and a yield of 5.25%, plus (ii) 3%.

The Authority has previously issued five series of bonds with a par amount in excess of $720 million. The Authority has never redeemed any bonds prior to their stated maturity dates, and the Authority has never redeemed any bonds due to an inability to originate loans. The Authority reasonably expects that loans will be originated with the proceeds of the 2002 Bonds. See "THE AUTHORITY - LOAN PROGRAMS." IF THE AUTHORITY FAILS TO ORIGINATE LOANS, THE AUTHORITY MAY NEED TO REDEEM ALL OR A PORTION OF THE 2002 BONDS.

Notice of Redemption

Notice of the redemption of the 2002 Bonds shall be given not more than 30 days and not less than 15 days prior to the redemption date, but not earlier than the Interest Payment Date immediately preceding the redemption date, by mailing copies of such notice of redemption by first class mail, postage prepaid, to all holders of the 2002 Bonds to be redeemed at their registered addresses, but failure to mail any such notice or defect in the mailing thereof in respect of any 2002 Bond shall not affect the validity of the redemption of any other 2002 Bond with respect to which notice was properly given. So long as DTC, or its nominee, is the sole registered owner of the 2002 Bonds under the book-entry system, redemption notices will be sent to Cede & Co.

If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all of the 2002 Bonds called for redemption, such notice may state that it is conditional and subject to the deposit with the Trustee on or prior to the redemption date of moneys sufficient to pay the redemption price of the 2002 Bonds to be redeemed plus interest accrued thereon to the date of redemption, and such notice shall be of no effect unless such moneys are so deposited.

In addition to the foregoing notice, further notice will be given by the Trustee to certain registered securities depositories and information services as provided in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in the Indenture.

When unconditional notice of redemption is given or conditional notice is given and moneys for such redemption have been deposited with the Trustee, 2002 Bonds called for redemption shall become due and payable on the redemption date at the applicable redemption price.

Selection of 2002 Bonds to Be Redeemed

If the Authority has not elected to redeem all of the 2002 Bonds, the particular 2002 Bonds to be called for redemption will be selected by DTC in accordance with its rules and procedures so long as DTC or its nominee is the sole registered owner of the 2002 Bonds, or if DTC or its nominee is not the registered owner, the 2002 Bonds shall be selected by lot or by such other method as the Trustee deems fair and appropriate.

SECURITY FOR THE 2002 BONDS

Loan Agreement

As provided in the Indenture, the 2002 Bonds are secured by Loan Agreements that will be entered into, as Loans are originated, between the Authority and each Participant, (i) a Local Government Unit or (ii) a political subdivision whose obligations under the Loan Agreement are secured by a Guarantee of a Guarantor. Each Participant Note shall be secured by an unconditional pledge of the full faith, credit and taxing power of the Participant or its Guarantor for the payment of any and all amounts becoming due to the Authority under the Loan Agreement and the Participant Note. See "TAXING POWERS OF LOCAL GOVERNMENT UNITS." The issuance of each Participant Note will not occur until the Department of Community and Economic Development of the Commonwealth of Pennsylvania, pursuant to the *Debt Act*, has approved the debt evidenced by the Loan Agreement and Note or the Guaranty, as applicable. Each Participant will receive the entire amount of its Loan upon the execution of its Loan Agreement and the issuance of its Participant Note.

Eligible Credit Enhancement

The Authority has covenanted to secure each Loan originated to a Participant with an Eligible Credit Enhancement from an Eligible Credit Enhancer. The Indenture requires that an Eligible Credit Enhancer have claims paying ability ratings (or equivalent ratings) of "Aa3" or higher by Moody's and "AA-" or higher by S&P. Under the Loan Agreement, the Authority is required to replace an Eligible Credit Enhancement if the ratings fall below the applicable thresholds. If any Participant defaults on its payment obligations to the Authority, the Eligible Credit Enhancer would be obligated to pay the principal of, interest on, and the Monthly Finance Charges due under that Loan Agreement. The Eligible Credit Enhancer would have the right to direct enforcement of the remedies set forth in the Loan Agreement. NO ELIGIBLE CREDIT ENHANCEMENT WILL GUARANTEE THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2002 BONDS.

Monthly Finance Charge

The Program Administrator, taking into consideration (i) the funds available in the Revenue Fund and Discretionary Fund and (ii) the timing of the payments of principal of and interest on the 2002 Bonds, receipts and payments under any Swap Agreements, Loan Repayments, receipts from Investment Agreements, and payments for Administrative Expenses, shall calculate the Monthly Finance Charge, if any, to each Participant.

Sinking Funds of the Participants

The *Debt Act* requires that each Local Government Unit create an account to deposit payments for any debt incurred under the *Debt Act*. This account, or sinking fund, shall be maintained by a bank, trust company, or a bank and trust company, appointed by the Local Government Unit, located and lawfully conducting business in Pennsylvania (a "Sinking Fund Depository"). The ordinance or resolution that authorizes the incurrence of a Loan by each Participant is expected to appoint Wilmington Trust Company of Pennsylvania as its Sinking Fund Depository. The Sinking Fund Depository shall transfer from the sinking funds of the Participants to the Authority's Revenue Fund the Loan Repayments received from the Participants.

Loan Agreements with School Districts

Under the provisions of §6-633 of the *Public School Code*, if any school district fails to make its required debt service payments with respect to indebtedness (such as a school district's debt under the Participant Note and the Loan Agreement), the Secretary of Education of the Commonwealth is required to withhold from such school district, out of any subsidy payment of any type due such school district by the Commonwealth, an amount equal to the debt service payments owed by such school district. These withholding provisions are not part of any contract with the Authority, or with the holders of the 2002 Bonds, and future legislation may amend or repeal the provisions for the withholding of debt service payments. Other withholding provisions of the *Public School Code* (e.g., the provision for the withholding of unpaid teachers' salaries) may limit the effectiveness of the withholding provisions for debt service in §6-633. The enforcement of §6-633 may also be limited by bankruptcy, insolvency, or other laws of equitable principles affecting the enforcement of creditors' rights generally. No assurance can be given that any debt service payments subject to the §6-633 withholding provisions will be received on the date that the debt service payments are due.

The *Debt Act,* which applies to the general obligation debt of school districts, prescribes certain other remedies in the event of a failure to make timely debt service payments. If a school district fails to pay debt service on a general obligation debt for a period of 30 days from the date when payment became due and payable, the holder of that debt shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas in the county in which the school district is located. The *Debt Act* also provides that any judgment shall have an appropriate priority upon moneys next coming in to the treasury of the school district. The *Debt Act* further provides that upon default in the payment of principal and interest, which continues at least 30 days, holders of at least 25% of such defaulted debt may appoint a trustee to represent them. The *Debt Act* provides certain other remedies and further qualifies the remedies described above.

All public school subsidies in the Commonwealth are subject to appropriation by the General Assembly. The Constitution of the Commonwealth provides that "…[t]he General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to service the needs of the Commonwealth…." However, the General Assembly is not legally obligated to appropriate such subsidies and no assurance can be given that it will do so in the future. The allocation formula pursuant to which the Commonwealth distributes such subsidies to the various school districts throughout the Commonwealth may be amended at any time by the General Assembly. Moreover, the Commonwealth's ability to make such disbursements will be dependent upon its own financial condition. At various times in the past, the enactment of budget and appropriation laws by the Commonwealth has been delayed, resulting in interim borrowing by school districts pending the authorization and payment of state aid. Consequently, no assurance can be given that financial support from the Commonwealth to school districts, for either capital projects or education programs in general, will continue at present levels or that moneys will be payable to a school district if indebtedness of such school districts is not paid when due.

Participant Tax Compliance Agreement

The Indenture requires, as a condition of closing a Loan, that each Participant (and Guarantor, if applicable) enter into a written undertaking to comply with certain covenants (each a "Participant Tax Compliance Agreement"), which, based upon the advice of Bond Counsel are believed to be sufficient in order that the interest on the 2002 Bonds remain excludible from the gross income of the holders thereof under the *Internal Revenue Code of 1986*, as amended (the "*Code*").

The Indenture

The 2002 Bonds are issued under and secured by the Indenture. Pursuant to the Indenture, the Authority has pledged to the Trustee, as security for the performance of the obligations of the Authority under the Indenture, including the payments due on the 2002 Bonds and on any Swap Agreements other than Termination Payments, all right, title, and interest of the Authority in and under (i) the Revenues, the Participant Notes and Loan Agreements, all other payments, revenues and receipts receivable by the Authority thereunder or with respect thereto (except for certain rights of the Authority for indemnification and payment of expenses); (ii) the Swap Agreements, if any, and the revenues therefrom; (iii) the Investment Agreements; (iv) all Eligible Credit Enhancements; and (v) all moneys and securities (including the investment income therefrom) and all other property of every kind and of every name and nature which are now or from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for security to the Trustee by the Authority or by anyone on its behalf, or with its written consent or as otherwise permitted, and all cash and securities now or hereafter held in the Funds (excluding the Revenue Fund and the Discretionary Fund to the extent provided in the Covenant Agreement) created or established under this Indenture, and all investment earnings thereon (collectively, the "Trust Estate"). No additional series of Bonds has been or may be issued under the Indenture.

Funds and Accounts

The proceeds of the 2002 Bonds, together with an equity contribution of approximately $2,001,530.97 from the Authority, will be deposited into the funds and accounts as set forth in the financing plan. See "THE 2002 BONDS – ESTIMATED SOURCES AND USES OF FUNDS."

All Loans will be initially originated from the Acquisition Fund. When Loans are amortized or repaid, the principal repayments will be deposited into the Recycling Fund. When the Acquisition Fund is depleted, the Recycling Fund will be used to originate new Loans.

All receipts and revenues from Loans, Investment Agreements, regularly scheduled receipts under a Swap Agreement from any Swap Counterparty (the "Swap Receipts"), and any other source, except certain payments for the termination of a Swap Agreement (a "Termination Payment"), will be deposited into the Revenue Fund. The priority of transfers of moneys in the Revenue Fund will be as follows:

(i) on each Interest Payment Date, to pay the principal of and interest on the 2002 Bonds, and on each Swap Payment Date, to pay the Swap Counterparty, if any, Swap Payments due under any Swap Agreements;

(ii) as received, to the Recycling Fund, Loan Repayments constituting principal on Participant Notes pursuant to the Loan Agreements;

(iii) as necessary, to pay Administrative Fees and Expenses;

(iv) as necessary, to the Debt Service Reserve Fund, to the extent required to replenish any deficiency therein; and

(v) as directed by the Program Administrator, to the Discretionary Fund, any amounts required to provide for estimated future rebate payments and any amounts in excess of the levels required to provide for future expenditures for debt service payments on the 2002 Bonds, Swap Payments, and Administrative Expenses.

Receipts of Loan Repayments or transfers under the Covenant Agreement for any Termination Payments shall be deposited in the Discretionary Fund. See "INTEREST RATE SWAP AGREEMENTS" and "Appendix V: DEFINITIONS OF CERTAIN TERMS."

The Authority shall deposit into the Rebate Fund any amounts necessary to make rebate payments and/or yield reduction payments to the United States, pursuant to Section 148 of the *Code*. A rebate analyst (the "Rebate Analyst"), initially, the Program Administrator, will calculate the amount necessary to be deposited in the Rebate Fund, not later than 60 days after the fifth bond year anniversary of the issuance of the 2002 Bonds. The Rebate Analyst will prepare annually estimated rebate calculations for the Authority, and the Rebate Analyst will prepare rebate calculations for each Participant not later than 60 days after the fifth bond year anniversary of the issuance of the 2002 Bonds.

Covenant Agreement

The Authority approved a Covenant Agreement on April 9, 2001, which was amended and restated as of April 23, 2002, pursuant to which the Authority has defined “Excess Funds” as the amounts held under the trust estate of any bond series issued by the Authority in excess of (i) the amount required for Parity and (ii) the amount, projected by the Program Administrator, to be necessary to pay all expenditures and to provide a reasonable level of liquidity. The trust indenture of each series of bonds issued by the Authority defines the term “Parity.” Generally, Parity exists when the assets of that series of bonds exceeds the liabilities of that series. For the 2002 Bonds, the Indenture defines Parity as the excess of:

> (a) the sum of (i) cash, cash equivalents and investments; (ii) restricted cash, cash equivalents and investments (other than deposits in the Rebate Fund); (iii) accrued income from Loans, investments and Swap Agreements; (iv) prepaid expenses; and (v) the outstanding principal amounts of the Loans over
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> (b) the sum of (i) the principal of the 2002 Bonds Outstanding and (ii) the accrued expenses of interest on the 2002 Bonds, Swap Agreements, and Administrative Fees and Expenses (including Termination Payments).

Under the Covenant Agreement, the Authority authorizes and directs the Program Administrator, and the Authority has covenanted, to transfer Excess Funds to (i) replenish any deficiency of the debt service reserve fund of any series of bonds, including the 2002 Bonds, that cannot be restored from the available funds of that series of bonds or (ii) pay any debt service payments, regularly scheduled payments on interest rate swap agreements, and Administrative Expenses that cannot be provided from the available funds of a series of bonds, including the 2002 Bonds. Under the Covenant Agreement, Excess Funds can only be used for the purposes enumerated above as long as any bonds of the Authority are outstanding.

The trend of Excess Funds for the years ended December 31, 1997, to December 31, 2001, and the Analysis of Excess Funds by Bond Series as of December 31, 2001, are shown in the tables below.

Trend of Excess Funds Consolidated for All Outstanding Bond Series as of Year Ended December 31

	1997	1998	1999	2000	2001
Assets					
Cash and cash equivalents	$ 83,980,529	$ 301,025,472	$ 259,249,169	$ 158,485,641	$ 82,247,355
Investments	-	-	-	37,472,551	-
Restricted cash and cash equivalents	51,079,303	79,968,750	79,968,750	79,968,750	79,968,750
Accrued interest receivable					
Loans	1,095,146	1,023,832	1,359,746	1,489,226	702,763
Interest rate swap	-	4,712,622	5,948,568	5,944,640	5,937,917
Investments	299,173	372,703	393,398	675,807	234,532
Prepaid expenses	48,364	53,709	43,044	68,985	75,645
Loans to local governments	295,362,889	351,914,610	396,573,521	462,489,436	575,989,304
Total	431,865,404	739,071,698	743,536,196	746,595,036	745,156,266
Liabilities					
Bonds payable	420,365,000	719,765,000	719,145,000	718,495,000	717,810,000
Accrued expenses	226,215	195,508	198,541	173,270	197,932
Accrued interest payable					
Interest rate swap	-	1,291,123	1,674,845	1,388,655	632,149
Bond issues	4,922,718	10,850,996	11,296,555	11,523,947	11,342,179
Estimated rebate liability	483,271	1,011,603	1,113,379	2,357,947	1,336,435
Total	425,997,204	733,114,230	733,428,320	733,938,819	731,318,695
Excess (Deficiency)	$ 5,868,200	$ 5,957,468	$ 10,107,876	$ 12,656,217	$ 13,837,571

Sources: Financial Statements for the Years Ended December 31, 1997 to December 31, 2001

Analysis of Excess Funds by Bond Series as of Year Ended December 31, 2001

	1985 Bonds	1986 Bonds	1996 Bonds	1997 Bonds	1998 Bonds	Total
Assets						
Cash and cash equivalents	$ 4,286,824	$ 50,915,086	$ 480	$ 13,411,598	$ 13,633,367	$ 82,247,355
Investments	-	-	-	-	-	-
Restricted cash and cash equivalents	24,468,750	11,500,000	-	14,000,000	30,000,000	79,968,750
Accrued interest receivable						-
Loans	110,293	56,723	213,317	88,024	234,406	702,763
Interest rate swap	-	-	-	-	5,937,917	5,937,917
Investments	91,774	112,368	-	11,024	19,366	234,532
Prepaid expenses	27,275	17,500	3,370	10,000	17,500	75,645
Loans to local governments	120,069,821	54,907,933	17,810,000	118,586,550	264,615,000	575,989,304
Total	149,054,737	117,509,610	18,027,167	146,107,196	314,457,556	745,156,266
Liabilities						
Bonds payable	145,000,000	115,000,000	17,810,000	140,000,000	300,000,000	717,810,000
Accrued expenses	101,887	74,879	-	21,166	-	197,932
Accrued interest payable						-
Interest rate swap	-	-	-	201,122	431,027	632,149
Bond issues	159,897	117,363	213,317	4,199,248	6,652,354	11,342,179
Estimated rebate liability	-	-	-	421,164	915,271	1,336,435
Total	145,261,784	115,192,242	18,023,317	144,842,700	307,998,652	731,318,695
Excess (Deficiency)	$ 3,792,953	$ 2,317,368	$ 3,850	$ 1,264,496	$ 6,458,904	$ 13,837,571

Source: Financial Statements for the Year Ended December 31, 2001

Under the terms of the Covenant Agreement, in the event of a deficiency in the funds securing the 2002 Bonds, Excess Funds held in the trust estates of other bond series may be transferred to the Revenue Fund of the 2002 Bonds. Similarly, in the event of a deficiency in the funds of any other bond series, Excess Funds held in the Discretionary Fund of the 2002 Bonds may be transferred to funds held in the trust estate of other bond series. Moneys available under the Covenant Agreement that are held in the trust estates of other bond series issued by the Authority are not pledged to secure the payment of principal of and interest on the 2002 Bonds.

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC") will act as Securities Depository for the 2002 Bonds (the "Securities"). The Securities will be issued as fully-registered securities 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 Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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*, as amended. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC participants ("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 & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 ("Indirect Participants"). DTC has S&P's highest rating: AAA. The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping 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 among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in each issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal ofand interest and premium on the Securities will be made to Cede & Co., or such other 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 Authority or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct and 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 DTC Participant and not of DTC (nor its nominee), the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

INVESTMENT AGREEMENTS

The Authority expects to enter into one or more Investment Agreements among the Authority, the Trustee, and one or more Investment Agreement Providers to be determined pursuant to a competitive bidding process. With the exception of the Rebate Fund, all of the Funds under the Indenture of the 2002 Bonds will be invested in the Investment Agreements. THE INVESTMENT AGREEMENT PROVIDER WILL ASSUME NO RESPONSIBILITY FOR THE PAYMENT OF ANY AMOUNTS PAYABLE BY THE AUTHORITY ON THE 2002 BONDS OR UNDER THE SWAP AGREEMENTS.

The Authority expects to invest the Debt Service Reserve Fund in an Investment Agreement with a term of thirty years, the Acquisition Fund in an Investment Agreement with a term of five years, and all the other funds, except the Rebate Fund, in an Investment Agreement with a term of thirty years. The Authority expects that the Investment Agreements will pay interest monthly and that the rate will be linked to the Bond Market Association's Municipal Swap Index (the "BMA Index") or a London Interbank Borrowing Rate ("LIBOR"). The Authority expects to have the right to withdraw funds from any of the Investment Agreements, with no more than seven days' notice, to originate Loans, to pay principal of and interest on the 2002 Bonds, to make Swap Payments, to pay Administrative Expenses, and to transfer Excess Funds. The Authority expects to have the right to deposit funds in the Investment Agreements with no more than three days' notice. Under certain circumstances, when the interest rates of the Investment Agreements exceed the rate used to calculate the rebate payment, the Authority expects to have the right to temporarily withdraw funds from the Investment Agreements to invest in other eligible investments, as defined in the Indenture.

The Indenture requires that, at the time of execution of an Investment Agreement, an Investment Agreement Provider, or its guarantor, have long-term, senior, unsecured debt ratings (or equivalent ratings) of "Aa3" or higher by Moody's and "AA-" or higher by S&P. The Authority expects that the Investment Agreement will require the Investment Agreement Provider, or its guarantor, to post collateral or to repay the principal of and accrued interest on the investment if certain events of default or other events affecting the financial condition of the Investment Agreement Provider, or its guarantor, occur. An Investment Agreement Provider could default before the Authority is able to recover the principal of and accrued interest on its investment under the Investment Agreement. If an Investment Agreement Provider defaults, the Authority may not be able to obtain a replacement Investment Agreement on comparable terms.

INTEREST RATE SWAP AGREEMENTS

The Authority, in order to achieve its programmatic objectives, may enter into one or more Swap Agreements with one or more Swap Counterparties with respect to the 2002 Bonds. See "THE AUTHORITY – PROGRAMMATIC OBJECTIVES" herein. The Indenture requires that, at the time of execution of any Swap Agreement, a Swap Counterparty (or its Swap Guarantor) shall have long-term, senior, unsecured debt ratings (or equivalent ratings) of "Aa3" or higher by Moody's and "AA-" or higher by S&P. The Authority expects, subject to market conditions, that the initial Swap Agreement will provide that the Authority (i) pay to a Swap Counterparty amounts based on a variable rate equal to the BMA Index and (ii) receive from the Swap Counterparty amounts based on a fixed rate. From time to time thereafter, as Loans are originated to Participants, if a Participant prefers a fixed rate obligation, the Authority, subject to market conditions, may enter into a Swap Agreement pursuant to which the Authority will (i) pay amounts based on a fixed rate to a Swap Counterparty and (ii) receive amounts based on a variable rate from such Swap Counterparty. Depending on market conditions at the time of execution of any Swap Agreement, the Authority may pay to or receive from a Swap Counterparty amounts based on (i) the BMA Index, (ii) a fixed rate, (iii) LIBOR or (iv) any other index or rate. The maximum rate payable by the Authority under any Swap Agreement shall be fifteen percent (15%).

The Authority expects that any Swap Agreement will require the Swap Counterparty (or its Swap Guarantor) to post collateral to the Authority if certain downgrades of the ratings of the Swap Counterparty (or its Swap Guarantor) occur. The Authority expects that any Swap Agreement will specify certain events of default and certain other events affecting the financial condition of the Authority, a Participant, a Guarantor, an Eligible Credit Enhancer, a Swap Guarantor, or a Swap Counterparty, that could precipitate the termination of any of such Swap Agreements prior to their respective scheduled termination date (an "Early Termination"). In the event of an Early Termination, either the Authority or the Swap Counterparty could be obligated to make a substantial Termination Payment, based upon the market value of the Swap Agreement at that time. The Authority expects that any Swap Agreement would allow the termination of the Swap Agreement with the mutual consent of the Authority and the Swap Counterparty.

The Swap Receipts are pledged to the payment of the 2002 Bonds and shall be deposited in the Revenue Fund. Any Termination Payment related to an Early Termination shall be deposited in the Discretionary Fund. Neither the Swap Receipts nor any other payment from the Swap Counterparty will be secured by credit enhancement. Notwithstanding the foregoing, the agreement by a Swap Counterparty under a Swap Agreement to pay certain amounts to the Authority will not affect the obligation of the Authority under the Indenture to pay the principal of, interest on, and premium, if any, on the 2002 Bonds. Neither the holders of the 2002 Bonds nor any other person other than the Authority will have any rights under any Swap Agreement or against any Swap Counterparty.

The obligation of the Authority to make Swap Payments to a Swap Counterparty shall be secured by the Trust Estate on a parity with the 2002 Bonds and shall be payable from the Revenue Fund. All other payment obligations of the Authority to a Swap Counterparty, including any Termination Payment related to an Early Termination, are payable solely from moneys available in the Discretionary Fund or from Excess Funds available under the Covenant Agreement and are not secured by the Indenture. The obligation of the Authority to make Swap Payments will not be secured by credit enhancement.

In the event of an Early Termination, no assurance can be given that (i) the Authority will receive a Termination Payment payable to it by a Swap Counterparty, (ii) the Authority will have sufficient amounts in the Discretionary Fund or available under the Covenant Agreement to make a Termination Payment payable to a Swap Counterparty, or (iii) the Authority will be able to obtain a replacement Swap Agreement on comparable terms.

TAXING POWERS OF LOCAL GOVERNMENT UNITS

In general, a Local Government Unit may levy an annual ad valorem tax on all taxable real estate in an unlimited amount to pay debt service on indebtedness, such as obligations under a Loan Agreement, incurred pursuant to the *Debt Act*. Under the *Local Tax Enabling Act*, certain Local Government Units may also assess other taxes that can be used to pay debt service. Under *Act 50*, school districts are authorized to assess other taxes, but the assessment of those taxes would restrict the ability of the school district to increase ad valorem taxes. See "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS" and "Appendix V: DEFINITIONS OF CERTAIN TERMS."

LOCAL TAX ENABLING ACT

Under the *Local Tax Enabling Act,* additional taxes may be levied by cities of the second class, cities of the second class A, cities of the third class, boroughs, towns, townships of the first class, townships of the second class, school districts of the second, third and fourth classes (subject to division among political subdivisions authorized to levy similar taxes on the same person, subject, business, transactions or privilege) subject to the following limitations:

Type of Tax	Limit
Per Capita Tax	$10.00
Wages, salaries, commissions and other earned income of individuals	1%
Sales involving the transfer of title of real property	1%
Flat rate occupation and occupational privilege tax	$10.00
Admissions (Except Motion Picture Theaters)	10%
Tax on Occupations (if millage or percentage is used as a basis)	no limit (1)

(1) Subject to the overall limit set by the *Local Tax Enabling Act.*

The aggregate amount of taxes under the *Local Tax Enabling Act* shall not, in the case of any political subdivision, exceed an amount equal to the product obtained by multiplying 12 mills by the latest market value of real estate as determined by the board for the assessment and revision of taxes or any similar board established by the assessment laws which determine market values of real estate within the political subdivision, or, if no such board has determined such values, then the values as certified by the State Tax Equalization Board of the Commonwealth of Pennsylvania shall be used. The limitation for certain independent school districts is an amount equal to the product obtained by multiplying 15 mills by the latest market value of real estate determined as described above.

ACT 50

Act 50 permits (but does not require) school districts, to impose a local earned income tax and net profits tax to reduce ad valorem taxes and certain other taxes. The taxing power of a school district that does not implement the new local tax system would remain substantially the same as before the enactment of *Act 50*. Beginning May 5, 1998, *Act 50* prohibits any new admission tax or amusement tax, any increase in the rate (or the amount collected) of any admission or amusement tax above the rate imposed or amount collected by a school district for the fiscal year ending June 30, 1997, as well as any increase in any sign privilege tax rate or motor vehicle transfer tax rate above the rate in effect December 31, 1997.

Act 50 provides that the new local tax system for school districts initially could be implemented only by a referendum conducted in the school district. However, if the board of school directors of a school district does not place a referendum question on the ballot within two years of the effective date of *Act 50*, two percent of the number of residents in the school district who voted for the office of governor in the last gubernatorial election by petition can require formation of a local tax study commission which can recommend adoption of a new local tax system. If the local tax study commission recommends adoption of a new local tax system and the board of school directors does not place a referendum question on the ballot, then five percent of the number of residents in the school district who voted for the office of governor in the last gubernatorial election by petition can require that the referendum question be placed on the ballot.

Act 50 would permit imposition (after voter approval by referendum) of an earned income tax and net profits tax at a maximum rate of 1.5%. With the exception of the realty transfer tax, the mercantile or business privilege tax, and the grandfathered amusement, admissions, sign privilege, and motor vehicle transfer taxes described above, a school district adopting the new local tax system would not be able to impose any of various "nuisance taxes" (including an occupation tax, occupational privilege tax, per capita tax, or poll tax) or any taxes presently authorized under the *Local Tax Enabling Act* (including the earned income tax and profits tax), and certain other statutes (hereafter "Prior Taxes").

After compensating for the loss of revenues from any currently imposed Prior Taxes that would be prohibited under *Act 50* and providing for a one-time limited increase in revenue, a school district would be required to use substantially all of the revenues generated by a newly-imposed earned income tax and net profits tax to reduce local real property taxes in the year of implementation by means of a homestead exemption and, after the maximum homestead exemption has been provided, a reduction in the millage rate. Any later increase in revenue from an increase in the rate of the earned income tax and net profits tax would also have to be applied in the year of implementation to reduce property taxes as described above.

Act 50 provides that the provisions permitting a new local tax system shall become effective generally on January 1, 1999, with certain exceptions, but a school district may not implement taxes in accordance with the provisions of *Act 50* without the prior approval of the voters in a referendum to be held at a municipal election preceding the fiscal year in which any new tax is to be first imposed.

If a school district elects to implement *Act 50*, subsequent increases in the real property tax rate would be subject to restrictions. Any subsequent increase in the rate for real property tax which would not cause local tax revenue to increase by more than the annual percentage change in the Commonwealth of Pennsylvania's average weekly wage in the preceding year would not require approval in a public referendum, but would require filing of a certification of such revenue estimates with the Court of Common Pleas, which estimates could be revised (with a corresponding reduction in the permitted rate increase) by the court on its own or after challenge by a resident or taxpayer. Any other subsequent increase in the rate for real property tax would require approval in a public referendum at the spring primary immediately preceding the year of the increase, subject to certain exceptions (most of which would require court approval). The public referendum approval requirement would not apply to any tax increase necessary to pay debt service on any indebtedness incurred prior to implementation of the new tax system; however, the public referendum approval requirement may apply to a tax increase necessary to pay debt service on indebtedness incurred after the implementation of the new tax system.

INVESTMENT CONSIDERATIONS

The purchase of the 2002 Bonds involves certain investment considerations that are described in this Official Statement. Each prospective purchaser of any 2002 Bonds should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the risks associated with the purchase of investments such as the 2002 Bonds. Certain of these investment considerations are set forth in this section for convenience and are not intended to substitute for an independent evaluation of the information presented in this Official Statement.

Limited Obligations. The 2002 Bonds are special, limited obligations of the Authority, payable from and secured solely by the trust estate pledged under the Indenture. The Authority has no taxing power. See "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS."

Loan Origination. The Authority and the Program Administrator reasonably expect that Loans will be originated with the proceeds of the 2002 Bonds; however, neither the Authority nor the Program Administrator can give any assurance that such Loans will be originated. See "THE 2002 BONDS –REDEMPTION" and "THE AUTHORITY - LOAN PROGRAMS."

Participants and Guarantors. No Participant is, as of the date hereof, subject to a binding commitment to borrow under the Loan Program. This Official Statement is not intended to, and does not, contain sufficient information with respect to any Participant or Guarantor that would enable a purchaser of the 2002 Bonds to make a judgment about the creditworthiness of any such Participant or Guarantor. The Authority will not originate a Loan to a Participant unless the Authority reasonably expects the Participant (or Guarantor, if applicable) will make all Loan Repayments due under its Loan Agreement and will comply with all covenants in the Loan Agreement; however, the Authority can give no assurance that a Participant (or Guarantor, if applicable) will not default on its obligations thereunder. See "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS" and "THE AUTHORITY – LOAN PROGRAMS."

Eligible Credit Enhancers. At this time, no Eligible Credit Enhancement has been obtained, and no commitment for Eligible Credit Enhancement is in place. No assurance can be given that an Eligible Credit Enhancer will provide an Eligible Credit Enhancement with respect to any prospective Loan. The inability to secure commitments from Eligible Credit Enhancers would prevent the Authority from originating Loans and could precipitate an Extraordinary Mandatory Redemption (See "THE 2002 BONDS – REDEMPTION."). The Authority reasonably expects an Eligible Credit Enhancer will make any payments due under its Eligible Credit Enhancement in the event that a Participant (or Guarantor, if applicable) defaults on its payment obligations under a Loan Agreement; however the Authority can give no assurance that an Eligible Credit Enhancer will not default on its obligations thereunder. See "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS," "INTEREST RATE SWAP AGREEMENTS," and "THE AUTHORITY – LOAN PROGRAMS."

Swap Agreements. The Authority reasonably expects to make Swap Payments and to receive Swap Receipts as provided in a Swap Agreement until the scheduled termination date of that Swap Agreement; however, the Authority can give no assurance that a Swap Counterparty will not default on its obligations thereunder or that a Swap Agreement will not be subject to Early Termination. See "INTEREST RATE SWAP AGREEMENTS."

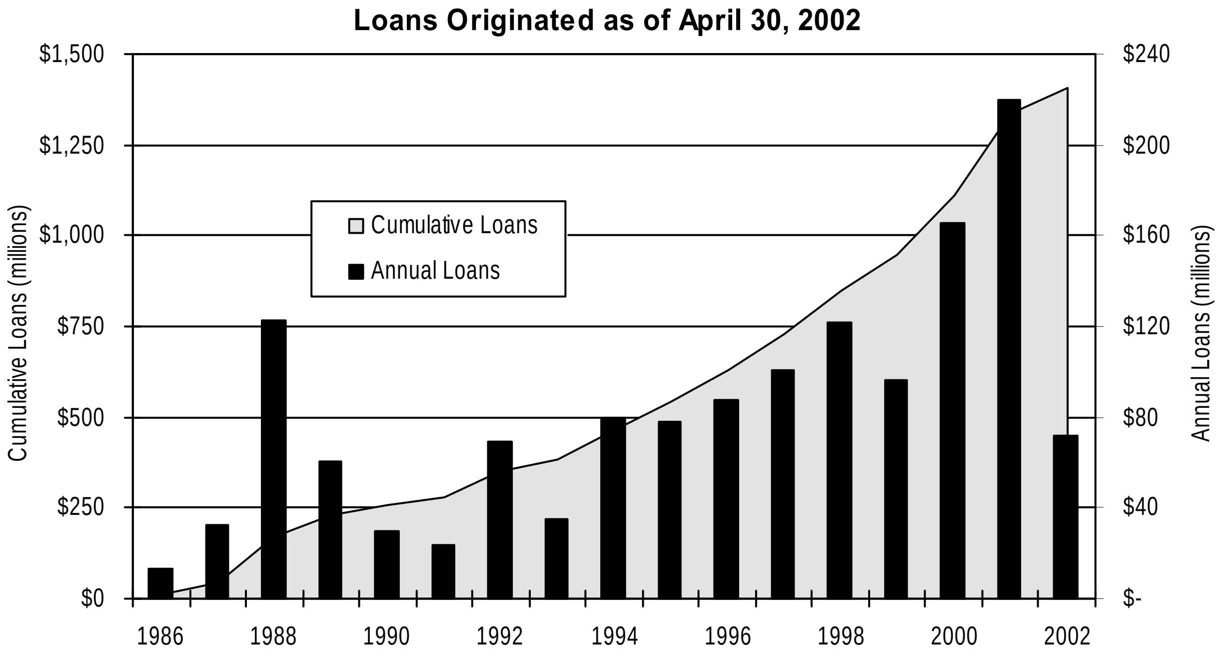
Investment Provider. The Authority reasonably expects to receive all payments of principal of and interest on its investment under an Investment Agreement; however, the Authority can give no assurance that an Investment Agreement Provider will not default on its obligations thereunder. See "INVESTMENT AGREEMENTS."

Tax Compliance. In order for the interest on the 2002 Bonds to remain excludible from the gross income of the holders thereof under the *Code*, the Authority must comply with the relevant tax covenants in the Indenture and all of the Participants (and Guarantors, if applicable) must comply with the relevant tax covenants in their respective Participant Tax Compliance Agreements. Failure of the Authority or any one Participant (or Guarantor, if applicable) to comply with the tax covenants could jeopardize the tax exempt status on all 2002 Bonds, possibly on a retroactive basis. See "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS – Loan Agreement" and "TAX MATTERS."

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING APPENDICES THERETO, TO OBTAIN INFORMATION ESSENTIAL TO THEIR MAKING OF AN INFORMED INVESTMENT DECISION. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE AUTHORITY

The Delaware Valley Regional Finance Authority is a body corporate and politic jointly formed by Bucks, Chester, Delaware, and Montgomery Counties, Pennsylvania (collectively, the "Counties") pursuant to the provisions of the *Authorities Act* on December 23, 1985. The Counties created the Authority to provide loans for Projects of Local Government Units and other political subdivisions. Since its creation in 1985, the Authority has provided 217 loans with an aggregate principal amount of more than $1.40 billion.



Source: Calhoun, Baker Inc.

The governing body of the Authority consists of a Board of five members appointed by the Counties. Each year, at the first meeting in January on a rotating basis, one of the Counties appoints a new member to fill the vacancy created by the expiration of the term of appointment of a Board member. The current members of the Board of the Authority are set forth below.

Members of the Board

Member	Office	Term Expires	County
John J. McFadden	Chairman	January 8, 2007	Delaware
Joseph E. Brion, Esq.	Vice Chairman	January 5, 2004	Chester
James H. Shacklett, III	Secretary	January 3, 2005	Montgomery
Charles O. Marte, Esq.	Treasurer	January 2, 2006	Bucks
Andrew J. Reilly, Esq.	Assistant Secretary and Treasurer	January 6, 2003	Delaware

The Authority has no employees. The operations of the Authority are conducted by the Program Administrator, the Solicitor, and the trustees of the bonds issued by the Authority. The Program Administrator, Calhoun, Baker Inc., is responsible for operations, including the marketing of the loan programs, credit review of applicants, investment of funds, and administration of the loan portfolio. Calhoun, Baker Inc. has served as the Program Administrator since January 1989. The Authority's Solicitor, Carmen P. Belefonte, Esq., is responsible for the preparation of loan documents, resolutions, and contracts. Mr. Belefonte has served as Solicitor since the creation of the Authority. JP Morgan Trust Company, National Association; Commerce Bank/Pennsylvania, National Association; and Wachovia Bank, National Association serve as trustees for the bond issues that are currently outstanding. The trustees of the bond issues hold all of the funds and assets of the Authority. The trustees prepare bills to the Participants and collect the loan repayments. Most of the Participants make loan repayments through Automated Clearing House transactions. The trustees make all payments for debt service on bonds, interest rate swap payments, and administrative expenses pursuant to the indenture of the bond series or pursuant to the authorization of a requisition approved by the Board of the Authority.

PROGRAMMATIC OBJECTIVES

The Authority's primary objectives for its loan programs are:

1) to provide funding with a lower all-in true interest cost (taking into consideration costs of issuance, interest costs, and annual administrative costs) than the Participants could achieve on their own,
2) to provide variable rate and fixed rate funding options that would not ordinarily be available to Participants, and
3) to improve the ability and flexibility of Participants to manage their liabilities.

The Authority seeks to accomplish these objectives by:

1) realizing economies of scale,
2) utilizing a revolving loan pool structure, and
3) entering into interest rate swap Agreements.

The Authority generally issues bonds in an aggregate principal amount sufficient to fund 20 to 50 loans to Participants. By issuing in large principal amounts, the Authority realizes lower costs of issuance than would have been realized if each of the Participants issued a separate bond issue. The Authority uses a revolving loan structure to further reduce the effect of the costs of issuance. When loans are repaid, the repayments are used to originate new loans. This structure spreads the costs of issuance over a larger base of loans. As of April 30, 2002, the Authority has originated more than $1.4 billion of loans from approximately $720 million of bond proceeds. The Authority enters into interest rate swap agreements to minimize costs and to provide both fixed and variable rate loan options to Participants.

LOAN PROGRAMS

Loans from the Authority are limited to Projects permitted under the *Debt Act*. Loans from the Authority are subject to the following additional limitations:

1) The Authority may not provide a loan that would constitute an "advance refunding" under the *Code*.
2) The Authority may not provide a loan that would constitute a "Tax and Revenue Anticipation Note" under the *Debt Act*.
3) The Authority may not provide any loans to institutions of health or higher education.
4) Loans from the Authority must be secured or guaranteed by the full faith, credit and taxing power of a Local Government Unit.

The Authority provides funds for loan programs from the proceeds of bond issues. Each bond issue is a special limited obligation of the Authority. Each bond issue is secured by a pledge of the receipts and revenues of the loans originated with the proceeds of that bond issue. Under the terms of the Covenant Agreement, in the event of a deficiency in the funds of any series of bonds, Excess Funds held under any outstanding bonds would be transferred to the bond issue that was experiencing the deficiency. See "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS – Covenant Agreement" and "Appendix III: COVENANT AGREEMENT" for further discussion.

The Authority has previously issued five series of bonds to provide the funds for loans:

1) $145,000,000 Adjustable Rate Local Government Revenue Bonds, Series of 1985 (the "1985 Bonds"),
2) $115,000,000 Bi-Modal Term Format, Local Government Revenue Bonds, Series of 1986 (the "1986 Bonds"),
3) $20,930,000 Local Government Revenue Bonds, 1996 Series A (the "1996 Bonds"),

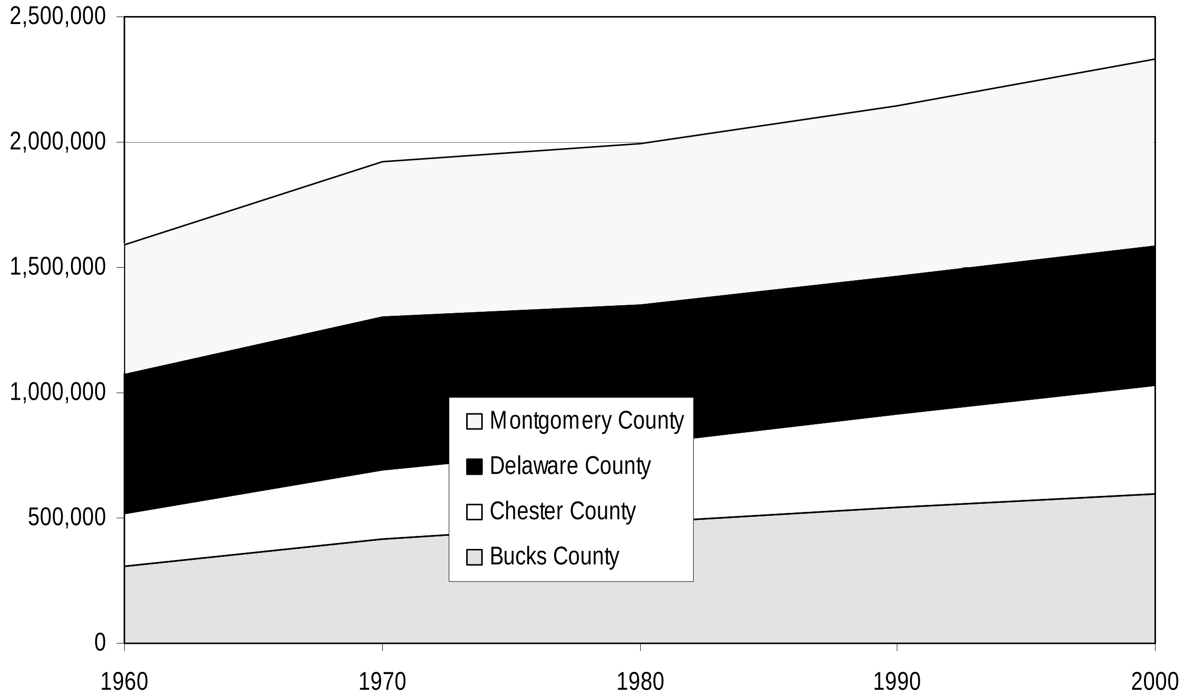
4) $140,000,000 Local Government Revenue Bonds, 1997 Series (the "1997 Bonds"), and
5) $300,000,000 Local Government Revenue Bonds, Series of 1998 (the "1998 Bonds").

The 1985 Bonds, 1986 Bonds, 1997 Bonds, and 1998 Bonds employ a revolving loan structure. When Participants repay the principal of their loans, the funds become available to be used to provide new loans. The 1996 Bonds employ a dedicated pool structure. The amortization schedule of the 1996 Bonds is identical to the amortization schedule of the loans; the principal repayments of the loans will be used to retire the principal amounts of the 1996 Bonds.

Market Area

The primary market area of the Authority is in the Counties. The Counties encompass an area of approximately 2,060 square miles and a population of more than 2.3 million people.

Population of the Counties 1960 to 2000



Source: Bureau of the Census

The Counties contain more than 420 Local Government Units and political subdivisions. The number and type of local government units or political subdivisions by county are shown in the table below.

Political Subdivisions in the Primary Market Area

Type	*Bucks County*	*Chester County*	*Delaware County*	*Montgomery County*	*Total*
Counties	1	1	1	1	4
Boroughs	23	15	27	24	89
Townships	31	57	21	38	147
Cities	0	1	1	0	2
School Districts	13	12	15	22	62
Authorities (1)	28	31	17	42	118
Total	96	117	82	127	422

(1) Includes water, sewer, airport, municipal waste, and multi-purpose authorities.

Source: Calhoun, Baker Inc.

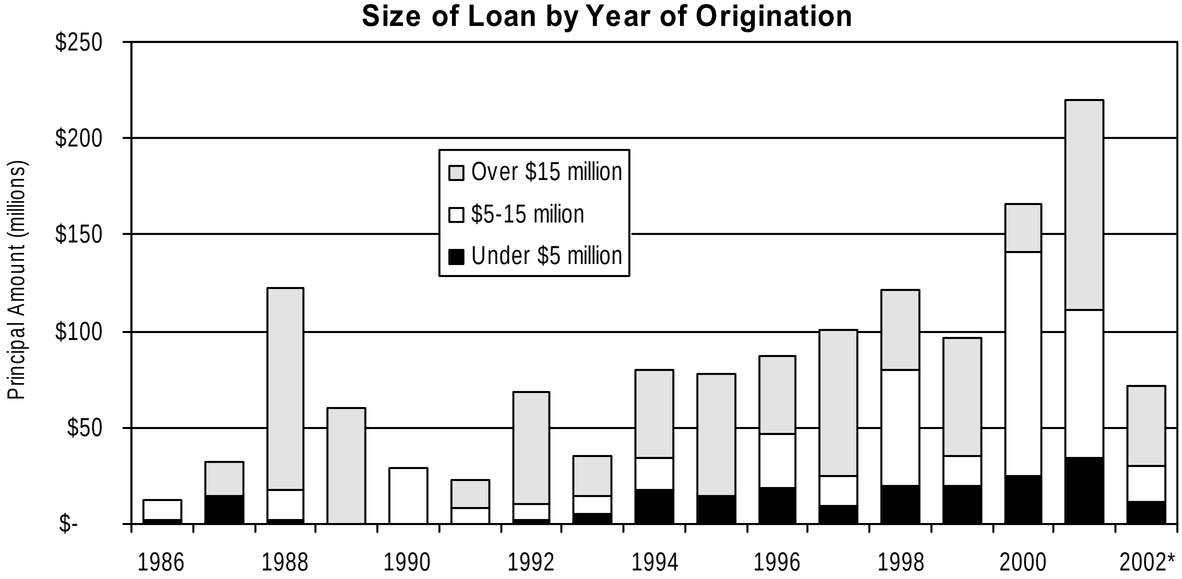
The Authority limited its lending activities in the past to Local Government Units and political subdivisions located in the Counties. This restriction was a policy of the Board of the Authority. This year, in order to provide geographic diversification to its loan portfolio, the Authority began lending to Local Government Units and political subdivisions in Pennsylvania located outside the Counties; however, pursuant to a proposed amendment to the Authority's Articles of Incorporation, the Authority will restrict loans from the 1985 Bonds and 1986 Bonds to Participants located in the Counties. The Authority expects that Participants from outside the Counties will be principally counties, school districts, boroughs, authorities, and townships that have ratings, or in the opinion of the Program Administrator, would be able to secure ratings, of "A3" or higher from Moody's and "A-" or higher from S&P. The Authority expects that Local Government Units and political subdivisions in the Counties will continue to be the principal participants in its loan programs.

History of the Loan Programs

Counties and school districts accounted for 89% of the $542 million of loans originated by the Authority during the period from 1986 to 1995. At that time, the Authority only offered variable rate loans. The Authority's loans were generally either large, construction loans to counties and school districts or small, long-term loans to townships and boroughs. Generally, the counties and school districts utilized the loan programs to take advantage of the flexibility, low origination fees, and low interest rates of the variable rate loans. Generally, the townships and boroughs utilized the loan programs because of the low origination fees. Many of the townships and boroughs would have preferred a fixed rate loan, but the issuance costs or interest rates of the fixed rate alternatives were prohibitive. Potential borrowers in the $5 - $15 million range usually preferred fixed rate debt, and those Local Government Units and authorities typically issued their own bonds. The prepayments of the construction loans, funded from the 1985 Bonds and 1986 Bonds, were the only source of funds for new loans; consequently, funding constrained the Authority's ability to originate loans.

The Authority began to increase its funding and to develop a fixed rate loan program with the issuance of the 1996 Bonds. The Authority originated almost $21 million of fixed rate loans from that dedicated pool. Based upon that experience, the Authority recognized a significant demand for a fixed rate loan option. The Authority then developed a plan for a loan program that it could use to originate either variable rate or fixed rate loans. The Authority issued the 1997 Bonds and the 1998 Bonds to fund this new type of loan program, and the Authority was able to offer a competitive fixed rate loan option. Subsequently, the participation of school districts, townships, and authorities that borrowed from $5 to $15 million increased. During the period from January 1, 1996, through April 30, 2002, the Authority originated $863 million of new loans. Counties and school districts accounted for about 68.5% of the new loans.

Size of Loan by Year of Origination



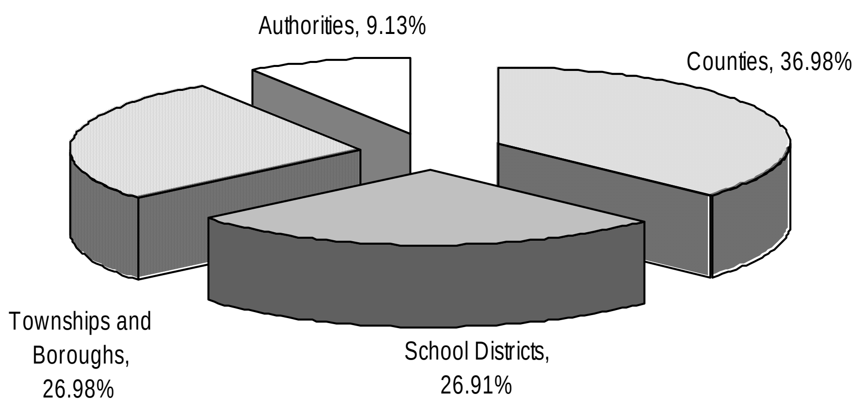
*Loans as of April 30, 2002. *Source: Calhoun, Baker Inc.*

Composition of the Loan Portfolio

The Authority's portfolio of loans outstanding or scheduled for closing before April 30, 2002, consisted of 136 loans to 89 local governments and authorities (approximately 20% of the local governments and authorities in the Counties) in the aggregate principal amount of $641 million. Loans to Delaware County comprised 21.25% of the total loans outstanding, and loans to Chester County comprised 14.64% of the total. Participants with published ratings from Moody's in the "Aa" category or S&P in the "AA" category account for approximately 52% of the principal amount of the loans outstanding. See "Appendix IV: LOANS OUTSTANDING, LOANS IN PROCESS, AND LOAN APPLICATIONS AS OF APRIL 30, 2002."

Loans to school districts were 26.91% of the total loans outstanding. In addition to the full faith, credit, and taxing power of each school district, these Loan Agreements benefit from the provisions of §6-633 of the *Public School Code*. If any school district fails to make its required debt service payments on the loans, the Secretary of Education of the Commonwealth is required to withhold, from any subsidy payment of any type due the school district by the Commonwealth, an amount equal to the debt service payments owed by the school district. These withholding provisions are not part of any contract with the Authority, or with the holders of the 2002 Bonds, and future legislation may amend or repeal the provisions for the withholding of debt service payments. Other withholding provisions of the *Public School Code* may limit the effectiveness of the withholding provisions for debt service, and enforcement may also be limited by bankruptcy, insolvency, or other laws of equitable principles affecting the enforcement of creditors' rights generally. No assurance can be given that any debt service payments subject to the *Public School Code* withholding provisions will be received on the date that the debt service payments are due. See "THE 2002 BONDS – SECURITY FOR THE 2002 BONDS – LOAN AGREEMENT" for further discussion.

Composition of Loan Portfolio on April 30, 2002



Source: Calhoun, Baker Inc.

Scheduled Amortization of Loans

Loans from the Authority are amortized over a period that approximates the useful life of the projects funded from the loans. The amortization period of a loan cannot exceed the maturity of the Authority's bond issue that was used to fund the loan. A schedule of the projected annual loan amortization of the Authority's loan programs (for loans outstanding or in the process of closing as of April 30, 2002) is set forth below. The Authority expects to receive substantial prepayments of loans originated from proceeds of the 1985 Bonds and 1986 Bonds during the next five years. See the schedule "Projection of Funds Available for Loans" in the section "LOAN PROGRAM - PROJECTION OF DEMAND FOR LOANS." The Authority expects to use these prepayments to originate large construction loans. The Authority expects the average maturity of the loans from the 1985 Bonds and the 1986 Bonds will drop as those programs are dedicated to construction financing. The Authority does not expect substantial prepayments from the loan programs of the 1997 Bonds and 1998 Bonds.

Delaware Valley Regional Finance Authority
Amortization of Loans as of April 30, 2002

Year	*1985 Series*	*1986 Series*	*1996 Series*	*1997 Series*	*1998 Series*	*Total*
2002	$ 636,617	$ 626,000	$ -	$ 4,883,700	$ 10,927,000	$ 17,073,317
2003	15,826,840	671,000	750,000	6,928,600	17,131,000	41,307,440
2004	1,370,427	21,451,000	795,000	4,824,000	18,263,000	46,703,427
2005	1,292,673	4,602,000	825,000	5,003,700	16,241,000	27,964,373
2006	1,351,681	10,027,000	735,000	3,852,700	13,700,000	29,666,381
2007	1,301,873	11,244,933	770,000	4,029,700	11,373,000	28,719,506
2008	1,276,228	7,782,000	805,000	4,010,700	11,234,000	25,107,928
2009	4,357,454	6,331,000	850,000	4,151,700	11,724,000	27,414,154
2010	5,713,721	5,447,000	905,000	3,337,700	11,861,000	27,264,421
2011	7,631,190	5,690,000	955,000	3,752,700	11,117,000	29,145,890
2012	8,031,871	5,942,000	1,000,000	3,313,700	11,175,000	29,462,571
2013	8,453,779	6,209,000	1,070,000	3,532,700	11,357,000	30,622,479
2014	8,899,927	6,489,000	1,125,000	3,064,650	12,421,000	31,999,577
2015	9,367,333	6,636,000	1,190,000	3,174,600	12,363,000	32,730,933
2016	9,817,614	4,350,000	1,255,000	4,381,600	10,370,000	30,174,214
2017	10,256,000		305,000	10,525,600	10,297,000	31,383,600
2018	10,795,000		330,000	10,649,600	7,923,000	29,697,600
2019	11,370,000		345,000	10,174,600	8,322,000	30,211,600
2020	2,122,000		365,000	10,260,600	8,589,000	21,336,600
2021			390,000	10,596,600	7,526,000	18,512,600
2022			410,000	9,741,600	6,642,000	16,793,600
2023			440,000	772,600	6,250,000	7,462,600
2024			465,000	186,000	6,576,000	7,227,000
2025			490,000	195,000	6,928,000	7,613,000
2026			520,000	203,000	6,234,000	6,957,000
2027				100,000	5,271,000	5,371,000
2028	-	-	-	-	3,132,000	3,132,000
Total	$ 119,872,228	$ 103,497,933	$ 17,090,000	$ 125,647,650	$ 274,947,000	$ 641,054,811
Average Maturity (1):	10.67	7.04	10.58	12.94	10.86	10.61

(1) Years calculated as of April 30, 2002.

Source: Calhoun, Baker Inc.

Competitive Advantages of the Authority's Loans

The Authority believes that its loan programs have been successful due to the low issuance costs, administrative fees, and interest rates of the loans. Currently, the Authority assesses an origination fee equal to 0.40% of the principal amount of the loan. The only additional costs that Participants presently incur are the fees for their solicitors or advisors to review documents, advertising costs, and application fees to the Commonwealth of Pennsylvania for approval of the debt of the borrower or its guarantor. The origination fees are lower than the costs that would be incurred by a borrower to issue bonds. The Authority currently is not assessing an administrative fee for any of its loan programs, although it has the contractual right to do so.

The Authority began offering fixed rate loans with the issuance of the 1996 Bonds, but that program was dedicated to eight Participants. After the issuance of the 1997 Bonds, the Authority began to originate fixed rate loans from that revolving loan program in 1998. Since 1999, the Program Administrator has monitored the bonds issued in the Counties. The Program Administrator identified competitive and negotiated bond issues in the Counties posted on *The Bloomberg* and secured the official statements for each issue for information on the coupons, yields, and costs of issuance. The yields of each bond issue were compared to the relevant national index (by rating, type of security, insurance, and bank qualification) posted on *The Bloomberg* on the sale date. During this period, sales of 136 issues with an aggregate par amount of nearly $1.8 billion were posted on *The Bloomberg*. The average costs of issuance were 2.032% of the issue. The average interest rate was 0.139% higher than the comparable national index for similar bonds posted on *The Bloomberg*. A summary of the costs of issuance and the comparative interest rates of the issues sold between January 1, 1999, and December 31, 2001, is shown below.

Bond Issues Sold from January 1, 1999, through December 31, 2001
in Bucks, Chester, Delaware, and Montgomery Counties

Bond Issues	Number	Par Amount	Average Size	Average Maturity (years)	Average Costs of Issuance (1)	Average Premium to Bloomberg (2)
All Bond Issues	136	$ 1,791,187,487	$ 13,170,496	10.91	2.032%	0.139%
School Districts	97	1,295,952,487	13,360,335	10.55	1.963%	0.123%
Townships and Boroughs	28	192,480,000	6,874,286	11.73	3.068%	0.245%
Authorities	7	80,785,000	11,540,714	12.28	3.265%	0.144%
Counties	4	221,970,000	55,492,500	11.21	1.081%	0.138%

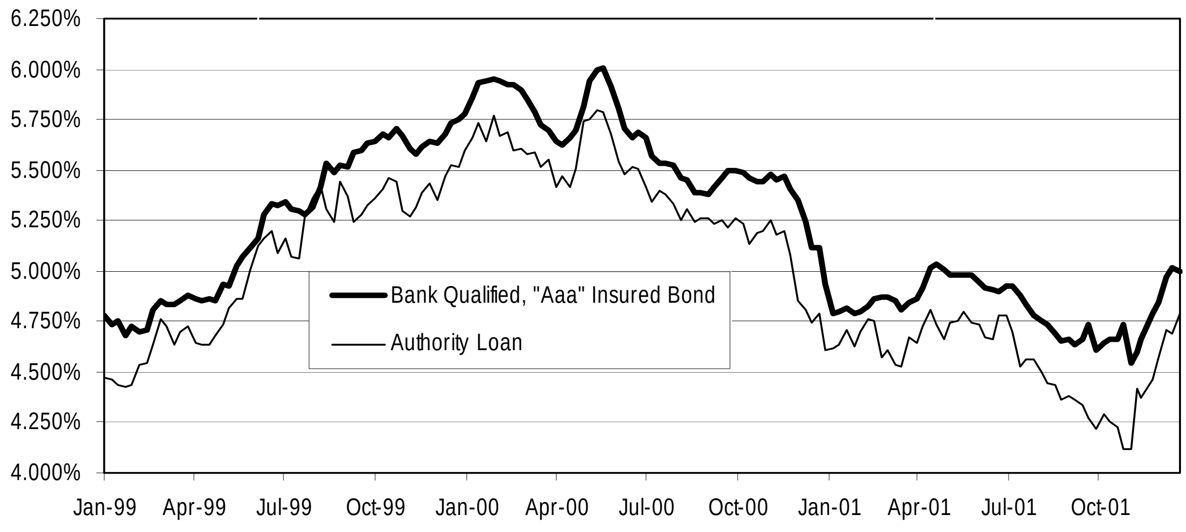
(1) Percent of the total issue; includes underwriters' fees, original issue discount, and all other issuance costs.
(2) The interest rates of each issue were compared to the relevant index posted on *The Bloomberg*.

Source: Calhoun, Baker Inc.

The Program Administrator believes that reasonable efforts have been undertaken to identify all of the issues in the Counties, but no assurance can be given that the above analysis includes every bond issue sold during this period.

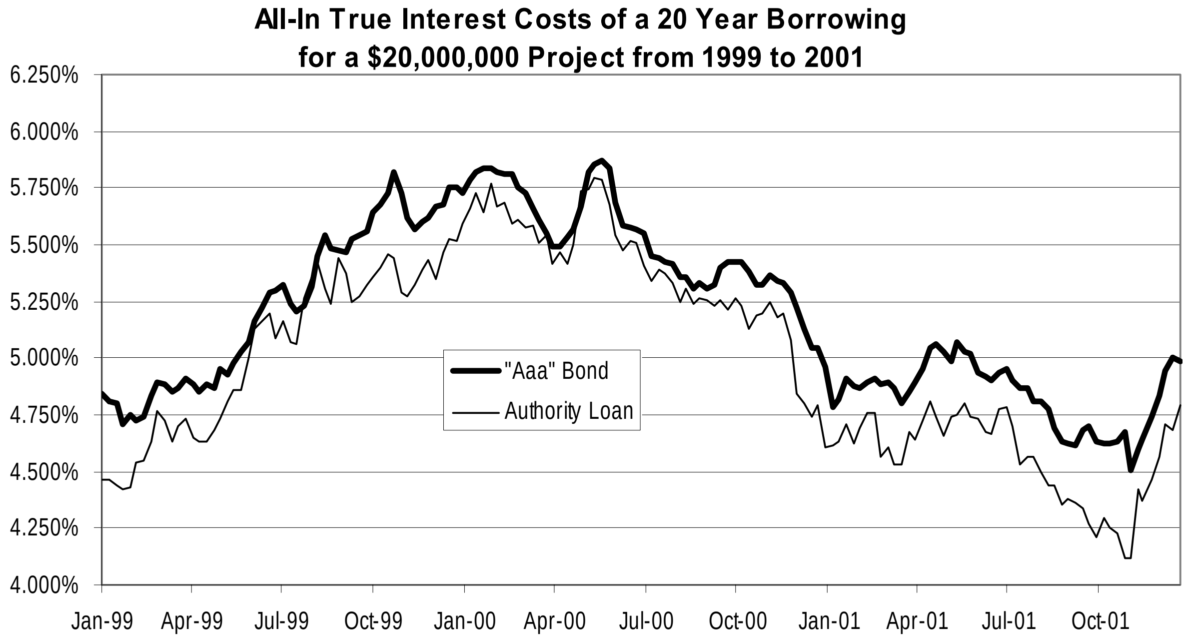
The chart below sets forth the weekly, pro forma comparisons of the all-in true interest costs (a measure that includes all costs of issuance and all interest payments) of (i) 20-year, level debt Authority fixed rate loans and (ii) 20-year, level debt bond issues, assuming the costs of issuance and the interest rates of bonds actually issued in the Counties. The chart compares pro forma Authority loans to fund a $7 million project with a pro forma insured, bank qualified "AAA" bond issue. The pro forma Authority loans averaged all-in true interest costs 0.231% lower than the pro forma insured, bank qualified "AAA" bond issues (approximately $271,000 of total debt service).

All-In True Interest Costs of a 20 Year Borrowing
for a $7,000,000 Project from 1999 to 2001



Source: Calhoun, Baker Inc.

The chart below compares pro forma Authority loans for a $20 million project with a pro forma "AAA" bond issue (with no insurance). Again, the assumptions for the bond issues were based upon the results of actual bond sales in the Counties since 1999. The pro forma Authority loans averaged all-in true interest costs 0.201% lower than the pro forma "AAA" bond issue (approximately $689,000 of total debt service).

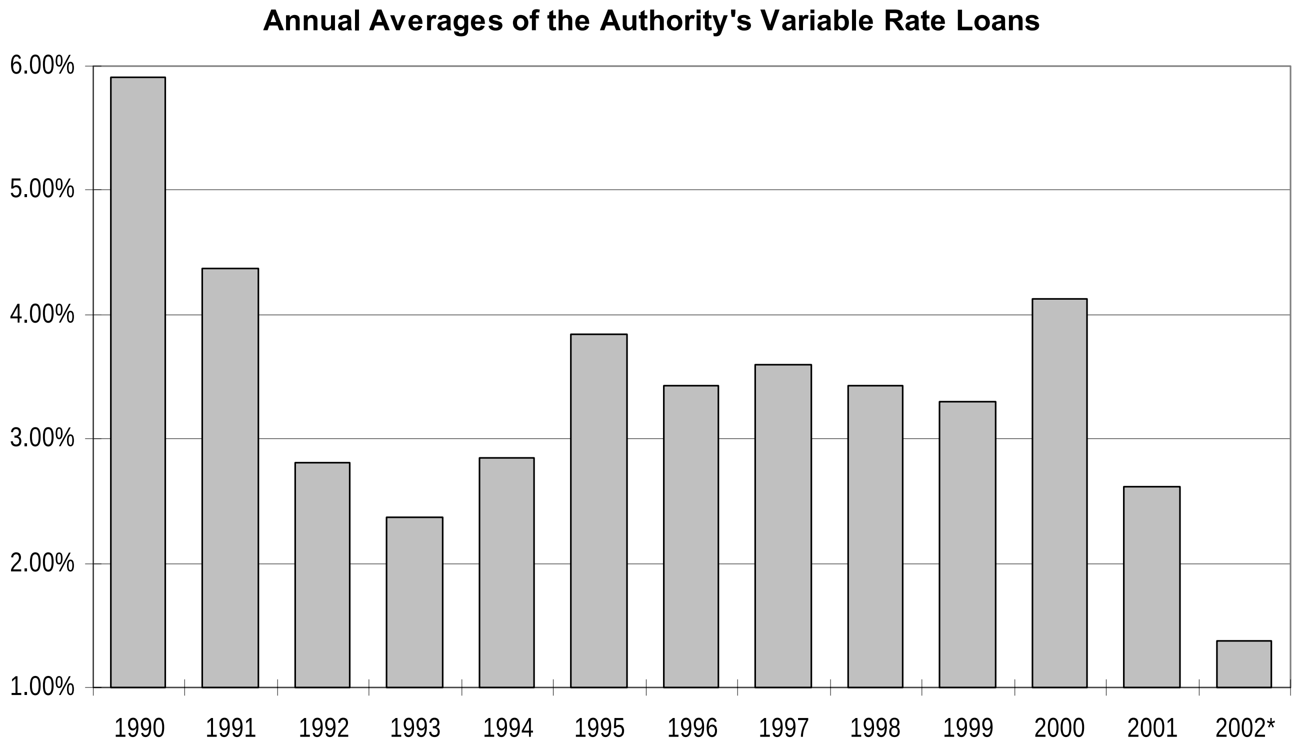


Source: Calhoun, Baker Inc.

The variable rate loan continues to be the most popular offering of the Authority. Authority variable rate loans can be used for construction or permanent financing. The average interest rate of the Authority variable rate loan since 1990 has been approximately 3.51%. The average in 2001 was 2.61%, and the average in 2002, through March 27, was 1.25%. The Authority variable rate loan offers a number of advantages over competing programs:

1) The Authority assesses origination fees of 0.40% of the principal amount of the loan. Participants do not incur the additional fees associated with a bond issue, such as fees for bond counsel, letters of credit, bond insurance, ratings, and the preparation and printing of disclosure documents.
2) Variable rate loans from the Authority can have a term of up to 30 years.
3) The Authority currently does not assess a Monthly Finance Charge.
4) The Authority's variable rate loan can be converted to a fixed rate loan, in whole or part, without incurring any additional costs.

The chart below sets forth the annual averages of the Authority variable rate loans.



*Average as of March 27, 2002.

Source: Calhoun, Baker Inc.

The Authority's loans from the 1997 Series, 1998 Series, and 2002 Series Loan Programs afford Participants options to manage their liabilities that are not available in bond issues. Loans may be part fixed rate and part variable rate. A loan may be originated as a variable rate loan and may later be converted to a fixed rate loan without incurring any additional issuance costs. Finally, the interest rate may be fixed for a period shorter than the maturity of the loan. Most loans from the Authority close in a variable rate mode, but Participants begin to exercise their conversion options after the proceeds have been expended. Currently, more than 46% of the loans from the 1997 Series and 1998 Series Loan Programs have been converted to some form of fixed rate.

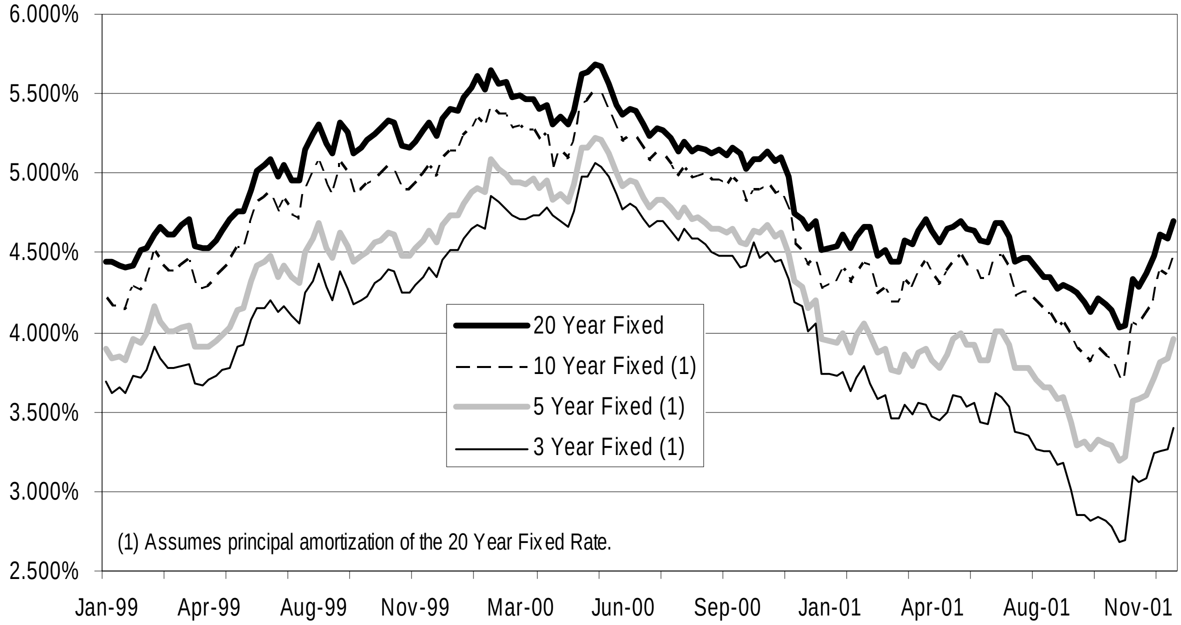
Delaware Valley Regional Finance Authority
Principal Amount of Loans Outstanding on April 30, 2002
by Series and Type of Loan

Type of Loan	*1985 Series*	*1986 Series*	*1996 Series*	*1997 Series*	*1998 Series*	*Total*
Variable Rate	$ 119,872,228	$ 103,497,933	$ -	$ 19,305,450	$ 196,081,000	$ 438,756,611
Fixed Rate	-	-	17,090,000	106,342,200	78,866,000	202,298,200
Total	$ 119,872,228	$ 103,497,933	$ 17,090,000	$ 125,647,650	$ 274,947,000	$ 641,054,811

Source: Calhoun, Baker Inc.

The trend of fixed rates (for a 20 year loan) from 1999 to 2001 is shown in the chart below.

Authority Fixed Loan Rates from 1999 to 2001



Source: Calhoun, Baker Inc.

Projection of Demand for Loans

The Authority, as of April 30, 2002, has received 23 applications for loans, approximately $252 million principal amount. See "Appendix IV: LOANS OUTSTANDING, LOANS IN PROCESS, AND LOAN APPLICATIONS AS OF APRIL 30, 2002." The funds available to the Authority are not sufficient to satisfy the loan applications. An analysis of the available funds for new loans is shown below.

Analysis of Funds Available for Loans in 2002

	1985 Bonds	*1986 Bonds*	*1996 Bonds*	*1997 Bonds*	*1998 Bonds*	*Total*
Funds Designated for Loans	$ 120,531,250	$ 103,500,000	$ 17,090,000	$ 126,000,000	$ 270,000,000	$ 637,121,250
Loans Outstanding (1)	(119,872,228)	(103,497,933)	(17,090,000)	(125,647,650)	(274,947,000)	(641,054,811)
Scheduled Repayments (2)	636,617	626,000	-	4,883,700	10,927,000	17,073,317
Loans in Process to Close (3)	-	-	-	(3,225,000)	-	(3,225,000)
Funds Available for Loans (4)	$ 1,295,639	$ 628,067	$ -	$ 2,011,050	$ 5,980,000	$ 9,914,756

(1) Includes loans outstanding as of April 30, 2002.
(2) Principal repayments and prepayments expected to be received between May 1 and December 31, 2002, that can be used for new loans.
(3) Loans in process of approval for closing.
(4) Funds that will be available for new loans by December 31, 2002.

Source: Calhoun, Baker Inc.

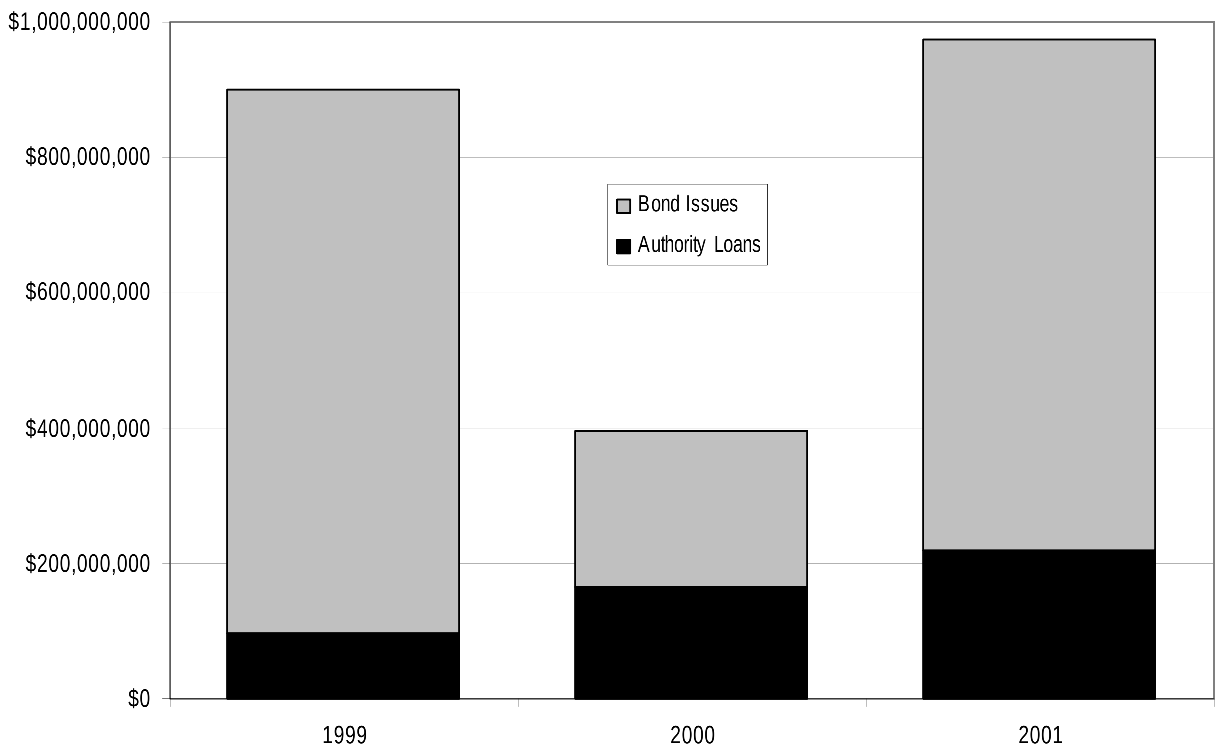
Since January 1, 1999, nearly $2.3 billion of bond issues and loans from the Authority's primary market area have closed. School districts have issued 64% of the total debt and about 72% of the bond issues. During this period, the principal amount of loans from the Authority has been increasing. A chart and a schedule of the total bond issues and the loans originated by the Authority since January 1, 1999, are shown below.

Total Financings 1999 to 2001
in Bucks, Chester, Delaware, and Montgomery Counties

	1999	2000	2001	Total
Financings by Type of Borrower				
Bond Issues				
Townships and Boroughs	$ 57,150,000	$ 26,350,000	$ 108,980,000	$ 192,480,000
School Districts	575,553,718	197,990,000	522,408,768	1,295,952,487
Authorities	74,780,000	6,005,000	-	80,785,000
Counties	98,025,000	-	123,945,000	221,970,000
Subtotal	805,508,718	230,345,000	755,333,768	1,791,187,487
Authority Loans				
Townships and Boroughs	28,590,000	27,835,000	57,551,000	113,976,000
School Districts	2,018,000	74,774,000	86,999,000	163,791,000
Authorities	4,250,000	23,240,000	19,117,000	46,607,000
Counties	61,285,000	40,102,000	56,616,000	158,003,000
Subtotal	96,143,000	165,951,000	220,283,000	482,377,000
Total Financings				
Townships and Boroughs	85,740,000	54,185,000	166,531,000	306,456,000
School Districts	577,571,718	272,764,000	609,407,768	1,459,743,487
Authorities	79,030,000	29,245,000	19,117,000	127,392,000
Counties	159,310,000	40,102,000	180,561,000	379,973,000
Total	$ 901,651,718	$ 396,296,000	$ 975,616,768	$ 2,273,564,487

Source: Calhoun, Baker Inc.

Bond Issues and Authority Loans in the Counties from 1999 to 2001



Source: Calhoun, Baker Inc.

In order to assess potential interest in the Loan Program of the 2002 Bonds, the Program Administrator conducted a survey (the "Demand Survey"). The Program Administrator contacted all of the counties and the school districts located in the Counties. In the period from 1999 – 2001, these Local Government Units issued approximately 81% of the debt issued in the Counties. In addition, any Local Government Unit or political subdivision that contacted the Program Administrator for information on the Authority's loan programs was included in the survey. The representative of each Local Government Unit or other political subdivision selected for the Demand Survey (each, a "Respondent") answered the questions contained in the survey in one or more telephone calls. The Program Administrator inserted the information into a survey form that was faxed to the Respondent for review, correction, if necessary, and execution. The Program Administrator contacted a total of 93 Respondents (4 counties, 62 school districts, and 27 townships, boroughs, and authorities), about 22% of the total number of Local Government Units and other political subdivisions in the Counties. A total of 36 of the school districts did not respond to the initial telephone call, and 16 of the Respondents who provided information on the telephone for insertion into the surveys, did not execute and return the surveys. A total of 41 Respondents executed and returned the surveys.

The Demand Survey does not include estimates of refunding requirements. The results of the Demand Survey (including the information from the 57 Respondents that provided information by telephone and/or facsimile), together with information received from the 23 loan applications received by the Authority, are shown below. Respondents that have loans from the Authority currently outstanding account for approximately 47% of the estimated capital expenditures, nearly $623 million.

Survey of Estimated Capital Expenditures

	Amount of Expected Capital Expenditures			
	2002	*2003*	*2004*	*Total*
Location of Respondent				
Bucks County	$ 202,500,000	$ 149,800,000	$ 66,400,000	$ 418,700,000
Chester County	111,936,450	94,666,933	122,694,590	329,297,973
Delaware County	70,781,000	73,700,000	42,000,000	186,481,000
Montgomery County	134,913,000	137,240,000	106,565,000	378,718,000
Other Counties (1)	16,802,000	375,000	335,000	17,512,000
Total	$ 536,932,450	$ 455,781,933	$ 337,994,590	$ 1,330,708,973
Type of Respondent				
Counties	$ 115,737,450	$ 131,566,933	$ 88,894,590	$ 336,198,973
School Districts	339,100,000	310,700,000	220,500,000	870,300,000
Other	82,095,000	13,515,000	28,600,000	124,210,000
Total	$ 536,932,450	$ 455,781,933	$ 337,994,590	$ 1,330,708,973
Source of Estimates				
Survey or Application Submitted(2)				
Current Borrower (3)	$ 240,575,450	$ 192,861,933	$ 152,519,590	$ 585,956,973
Not a Current Borrower (4)	145,387,000	143,820,000	126,175,000	415,382,000
Subtotal	385,962,450	336,681,933	278,694,590	1,001,338,973
Information Provided by Telephone (5)				
Current Borrower (3)	17,000,000	10,000,000	10,000,000	37,000,000
Not a Current Borrower (4)	133,970,000	109,100,000	49,300,000	292,370,000
Subtotal	150,970,000	119,100,000	59,300,000	329,370,000
Total	$ 536,932,450	$ 455,781,933	$ 337,994,590	$ 1,330,708,973

(1) Includes only Respondents that submitted applications for loans.
(2) Either an executed survey was returned or a loan application was submitted.
(3) Respondent has at least one loan outstanding with the Authority.
(4) Respondent does not have any loans currently outstanding with the Authority.
(5) Information to complete the survey was given on the telephone, but the survey was not returned.

Source: Calhoun, Baker Inc.

Based upon the applications for new loans, expressions of interest in new loans, analysis of financings during the last three years, results of the Demand Survey, and the Authority's history of loan origination, the Program Administrator reasonably expects that the demand for the Loan Program will be sufficient to utilize the net proceeds of the 2002 Bonds during the next three years.

The Program Administrator's projections of loan demand and the availability of funds are shown below. In addition to the issuance of the 2002 Bonds, the Program Administrator projects that the Authority will need to issue $300 million of bonds in 2004 in order to meet the projected demand.

Projection of Funds Available for Loans

	2002		2003	2004		2005	2006
Beginning Available Funds	$ 61,749,368		$ 195,479,178	$ 96,036,618		$ 271,945,045	$ 159,084,418
Repayments of Loans (1)							
Scheduled Repayments	22,693,810		40,557,440	45,908,427		27,139,373	28,931,381
Estimated Prepayments	65,000,000		60,000,000	60,000,000		60,000,000	60,000,000
Proceeds of Bond Issues	371,036,000	(2)	-	270,000,000	(4)		
Estimated New Loans	(325,000,000)	(3)	(200,000,000)	(200,000,000)		(200,000,000)	(200,000,000)
Ending Available Funds	$ 195,479,178		$ 96,036,618	$ 271,945,045		$ 159,084,418	$ 48,015,799

(1) Does not include loan repayments of the 1996 Bonds loan program since these funds cannot be used to fund new loans.
(2) Estimated proceeds of the 2002 Bonds available to fund loans.
(3) As of April 30, 2002, approximately $71 million of loans had closed and $252 million of applications for loans had been received.
(4) Estimated proceeds of future bond issues available for loans.

Source: Calhoun, Baker Inc.

The Authority expects to continue to be successful in originating new loans. However, the Authority can give no assurance that it will continue to enjoy the competitive advantages of origination costs, administrative costs, and interest rates that have made the Authority's loan programs an attractive financing option.

Loan Program of the 2002 Bonds

The Loan Program of the 2002 Bonds is being developed to provide additional funds for both fixed and variable rate loans. The Authority expects that the origination fees, Monthly Finance Charges, and interest rates of the Loan Program of the 2002 Bonds will be comparable to those of the 1997 Bonds and the 1998 Bonds. The Authority plans to offer Loans on terms similar to those of its existing loan programs. The major provisions of the Loans are set forth below:

- The Authority expects to charge an origination fee of 0.40% of the principal amount of the Loan.
- The Authority may assess a Monthly Finance Charge to pay administrative costs, an allocation of non-asset bonds, and any rebate liability of the Authority associated with the 2002 Bonds. Initially, the Authority does not plan to assess a Monthly Finance Charge.
- Interest will be payable monthly.
- Generally, principal will be payable annually.

Each Loan Agreement and Participant Note will be secured by the full faith, credit and taxing power of the Participant or its Guarantor. The Indenture requires that the payment obligations of each Participant under its respective Loan Agreement also be secured by an Eligible Credit Enhancement. The Loan Agreement will require each Participant to comply, to the extent applicable, with the continuing disclosure requirements of Rule 15c2-12(b)(5) of the Securities and Exchange Commission ("SEC"), and each Participant will execute a Continuing Disclosure Agreement (the "Participant Continuing Disclosure Agreement"). See "CONTINUING DISCLOSURE" for further discussion.

The Authority reasonably expects that loans will be originated with the proceeds of the 2002 Bonds, but no assurance of such loan origination can be given.

FINANCIAL OPERATIONS

The Authority's principal sources of revenues are (i) interest payments on loans received from Participants, (ii) investment earnings on reserve funds, revolving loan funds, and other available funds, (iii) origination fees for new loans, and (iv) Swap Receipts. The Authority's principal expenses are (i) interest on the Authority's bonds, (ii) Swap Payments, (iii) credit facility fees, (iii) remarketing fees, and (iv) other administrative costs. The Authority may assess an administrative fee to Participants from its various loan programs; however, this fee has not been a source of significant revenues since 1992. The Authority's accumulated Fund Equity has been sufficient to pay all Administrative Expenses.

The Authority's Fund Equity has increased from $7.2 million to more than $16 million over the past five years. The improvement in Fund Equity has been due to the increased revenues from growing loan programs. The Authority issued $460 million of bonds to increase the funding for loans to local governments in the period from 1996 to 1998. The Authority expects to utilize a portion of its Fund Equity to fund a portion of the issuance costs of future bond issues, including the 2002 Bonds, and, if necessary, to provide liquidity for future loan programs.

Summaries of the Authority's financial statements from 1997 to 2001 are set forth below. See "Appendix I: FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001" for additional information.

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
BALANCE SHEETS FOR THE YEARS ENDED DECEMBER 31

	1997	1998	1999	2000	2001
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 83,980,529	$ 301,025,472	$ 259,249,169	$ 158,485,641	$ 82,247,355
Investments	-	-	-	37,472,551	-
Restricted cash equivalents	51,079,303	79,968,750	79,968,750	79,968,750	79,968,750
Accrued interest receivable					
Loans	1,095,146	1,023,832	1,359,746	1,489,226	702,763
Interest rate swaps (1)	-	4,712,622	5,948,568	5,944,640	5,937,917
Investments in cash equivalents	299,173	372,703	393,398	675,807	234,532
Prepaid expenses	48,364	53,709	43,044	68,985	75,645
Loans to local governments, current	33,934,779	50,501,689	14,395,351	14,857,599	21,274,810
Total current assets	170,437,294	437,658,777	361,358,026	298,963,199	190,441,772
OTHER ASSETS:					
Loans to local governments, net of current portion	261,428,110	301,412,921	382,178,170	447,631,837	554,714,494
Unamortized prepaid interest rate swap expense	-	17,413,750	16,825,128	16,234,910	15,644,695
Bond original issue discount, net	143,376	136,980	130,583	124,169	117,755
Bond issuance costs, net	5,899,386	10,822,763	10,416,334	10,009,391	9,602,448
Total other assets	267,470,872	329,786,414	409,550,215	474,000,307	580,079,392
TOTAL	$ 437,908,166	$ 767,445,191	$ 770,908,241	$ 772,963,506	$ 770,521,164
LIABILITIES AND FUND EQUITY					
CURRENT LIABILITIES:					
Accrued expenses	$ 226,215	$ 195,508	$ 198,541	$ 173,270	$ 197,932
Bond principal payable, current	600,000	620,000	650,000	685,000	720,000
Estimated rebate liability, current	-	-	-	-	421,164
Accrued interest payable:					
Interest rate swaps (1)	-	1,291,123	1,674,845	1,388,655	632,149
Bonds	4,922,718	10,850,996	11,296,555	11,523,947	11,342,179
Total current liabilities	5,748,933	12,957,627	13,819,941	13,770,872	13,313,424
LONG TERM LIABILITIES:					
Bonds payable, net	419,765,000	719,145,000	718,495,000	717,810,000	717,090,000
Due to local government units	997,938	-	-	-	-
Loan original issue discount, net	143,376	136,980	130,583	124,169	117,755
Bond original issue premium, net	2,795,027	24,303,357	23,478,843	22,652,332	21,825,820
Estimated rebate liability	483,271	1,011,603	1,113,379	2,357,947	915,271
Unamortized loan origination fees	271,321	289,554	297,442	(17,907)	(56,737)
Total long term liabilities	424,455,933	744,886,494	743,515,247	742,926,541	739,892,109
Total liabilities	430,204,866	757,844,121	757,335,188	756,697,413	753,205,533
FUND EQUITY	7,703,300	9,601,070	13,573,052	16,266,093	17,315,631
TOTAL	$ 437,908,166	$ 767,445,191	$ 770,908,240	$ 772,963,506	$ 770,521,164

(1) Figures from 1998 to 2000 were restated to show net payments when Swap Payments and Swap Receipts are due on the same day

Sources: Financial Statements for the Years Ended December 31, 1997 to December 31, 2001

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY INFORMATION
FOR THE YEARS ENDED DECEMBER 31

	1997	*1998*	*1999*	*2000*	*2001*
REVENUES:					
Interest income:					
Loans	$ 9,138,219	$ 10,712,478	$ 12,576,604	$ 18,150,572	$ 16,770,877
Interest rate swaps (1)	3,198,492	8,028,559	18,706,009	21,418,150	20,050,213
Investments in cash equivalents	6,039,382	15,035,737	18,799,164	18,175,228	7,810,690
Miscellaneous	77,654	3,842	-	-	-
Amortization of bond original issue premium	47,373	336,670	824,513	826,513	826,513
Amortization of loan original issue discount	6,055	6,397	6,397	6,414	6,414
Amortization of loan origination fees	28,367	41,955	37,885	140,476	51,250
Total Revenues	18,535,542	34,165,638	50,950,572	58,717,353	45,515,957
EXPENSES:					
Interest expense:					
Bonds	13,978,819	22,080,353	33,054,153	35,916,975	32,420,720
Interest rate swaps (1)	2,607,146	8,204,726	12,194,946	17,228,331	11,325,235
Credit or liquidity facility fees	562,931	518,928	517,179	521,012	505,361
Administrative expenses	716,687	639,128	697,712	700,319	823,258
Amortization of bond original issue discount	47,394	6,397	6,397	6,414	6,414
Estimated rebate expense	-	528,331	101,777	1,244,569	(1,021,512)
Amortization of bond issuance costs	137,844	290,005	406,426	406,942	406,943
Total Expenses	18,050,821	32,267,868	46,978,590	56,024,562	44,466,419
EXCESS OF REVENUES OVER EXPENSES	484,721	1,897,770	3,971,982	2,692,791	1,049,538
TRANSFERS	-	-	-	250	-
FUND EQUITY, BEGINNING	7,218,579	7,703,300	9,601,070	13,573,052	16,266,093
FUND EQUITY, ENDING	$ 7,703,300	$ 9,601,070	$ 13,573,052	$ 16,266,093	$ 17,315,631

(1) Figures from 1998 to 2000 were restated to show net payments when Swap Payments and Swap Receipts are due on the same day.

Sources: Financial Statements for the Years Ended December 31, 1997 to December 31, 2001

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS INFORMATION
FOR THE YEARS ENDED DECEMBER 31

	1997	1998	1999	2000	2001
CASH FLOWS FROM OPERATING ACTIVITIES:					
Excess of revenues over (under) expenses	$ 484,721	$ 1,897,770	$ 3,971,982	$ 2,692,791	$ 1,049,538
Add interest expense on bonds and interest rate swap expense (1)	16,585,965	30,285,079	45,249,099	53,145,306	43,745,955
Less interest earned on loans to local governments and interest rate swap income (1)	(12,336,711)	(18,741,037)	(31,282,613)	(39,568,722)	(36,821,090)
Excess of operating revenues over operating expenses	4,733,975	13,441,812	17,938,468	16,269,375	7,974,403
Loans to local governments	(100,293,000)	(121,378,000)	(96,143,000)	(165,661,000)	(220,283,000)
Principal repayments of loans to local governments	33,195,859	64,826,279	51,484,089	99,745,085	106,783,132
Interest received on loans to local governments and interest rate swap agreements (1)	12,243,837	14,099,729	29,710,753	39,443,170	37,614,276
Loan origination fees	(5,154)	60,188	45,772	(174,873)	12,421
Adjustments for revenues not generating cash:					
Amortization of loan origination fees	(28,367)	(41,955)	(37,885)	(140,476)	(51,250)
Amortization of loan original issue discount	(6,055)	(6,397)	(6,397)	(6,414)	(6,414)
Amortization of bond original issue premium	(47,373)	(336,670)	(824,513)	(826,513)	(826,513)
Adjustments for expenses not reducing cash:					
Amortization of bond original issue discount	47,394	6,397	6,397	6,414	6,414
Estimated rebate expense	483,271	528,331	101,777	1,244,569	(1,021,512)
Amortization of bond issuance costs	137,844	290,005	406,426	406,942	406,943
Adjustments for changes in assets and liabilities					
Accrued interest receivable on investments	(30,598)	(73,530)	(20,695)	(282,409)	441,275
Prepaid expenses	(990)	(5,345)	10,665	(25,941)	(6,660)
Accrued expenses	(20,627)	(30,707)	3,033	(25,271)	24,662
Net cash provided by (used in) operating activities	(49,589,984)	(28,619,863)	2,674,890	(10,027,342)	(68,931,823)
CASH FLOWS FROM INVESTING ACTIVITIES,					
Decrease (Increase) in investments	-	-	-	(37,472,551)	37,472,551
CASH FLOWS FROM FINANCING ACTIVITIES:					
Transfers	-	-	-	250	-
Proceeds of bond issues	140,000,000	300,000,000	-	-	-
Less deposits to restricted accounts	(25,149,958)	(30,000,000)	-	-	-
Original issue premium	2,842,400	21,845,000	-	-	-
Bond issuance costs	(3,142,691)	(5,213,382)	-	-	-
Payment of bond principal	(565,000)	(600,000)	(620,000)	(650,000)	(685,000)
Payment of interest on bonds and interest rate swap agreements (1)	(13,063,456)	- (40,366,812)	(43,831,193)	(52,613,885)	(44,094,014)
Net cash used in financing activities	100,921,295	245,664,806	(44,451,193)	(53,263,635)	(44,779,014)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	51,331,311	217,044,943	(41,776,303)	(100,763,528)	(76,238,286)
CASH AND CASH EQUIVALENTS, BEGINNING	32,649,218	83,980,529	301,025,472	259,249,169	158,485,641
CASH AND CASH EQUIVALENTS, ENDING	$ 83,980,529	$ 301,025,472	$ 259,249,169	$ 158,485,641	$ 82,247,355

(1) Figures from 1998 to 2000 were restated to show net payments when Swap Payments and Swap Receipts are due on the same day.

Sources: Financial Statements for the Years Ended December 31, 1997 to December 31, 2001

FINANCING ACTIVITIES

The Authority issues bonds to provide funds for its loan programs. Each bond issue is a limited obligation of the Authority. Each bond issue is secured by a pledge of the receipts and revenues of the loans originated with the proceeds of that bond issue.

The 1985 Bonds, 1986 Bonds, 1997 Bonds, and 1998 Bonds employ a revolving loan structure. When Participants prepay or amortize the principal of their loans, the funds become available for new loans. The loans from 1996 Bonds were originated on the date of issuance of the 1996 Bonds. The amortization schedule of the 1996 Bonds is identical to the amortization schedule of the loans; the principal repayments of the loans will be used to retire the principal amounts of the 1996 Bonds.

The 1985 Bonds and 1986 Bonds are remarketed in a seven-day, variable rate demand bond mode and are secured by a letter of credit provided by Credit Suisse First Boston, New York Branch. The letters of credit will expire on June 5, 2002, and the Authority expects to replace them with letters of credit from The Toronto-Dominion Bank, Houston Branch. The 1996 Bonds are fixed rate bonds that are secured by a municipal bond insurance policy issued by Ambac Assurance Corporation ("Ambac"). The 1997 Bonds consist of a $70,000,000 series of fixed rate bonds and a $70,000,000 series of bonds with an interest rate indexed to the Consumer Price Index (the "CPI-Index Bonds"). Ambac insures all of the 1997 Bonds, and the tender of the CPI-Index Bonds, that are to be remarketed in 2007, is secured by a liquidity facility provided by Credit Suisse First Boston, New York Branch. The 1998 Bonds consist of a $250,000,000 series of fixed rate bonds and a $50,000,000 series of tender-auction bonds. Ambac also insures the 1998 Bonds.

Each of the Authority's bond issues is separately secured and, except as provided in the Covenant Agreement, does not provide a source of payment for any other issue of bonds of the Authority. Except as provided in the Covenant Agreement, the sources of payment of principal of and interest on the 2002 Bonds are separate and apart from the sources of payment for the 1985 Bonds, 1986 Bonds, 1996 Bonds, 1997 Bonds, and the 1998 Bonds. No revenues pledged to payment of principal of and interest on the 1985 Bonds, 1986 Bonds, 1996 bonds, 1997 Bonds, and 1998 bonds secures the 2002 Bonds, and no revenues pledged to payment of principal of and interest on the 2002 Bonds secures the payment of principal of and interest on the 1985 Bonds, 1986 Bonds, 1996 Bonds, 1997 Bonds, and 1998 Bonds.

The estimated total debt service payments of the Authority and the debt service for the 2002 Bonds are set forth in the schedules below. See "Appendix I: FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001" for additional information.

Delaware Valley Regional Finance Authority
Estimated Debt Service Payments

	1985 Series		*1986 Series*		*1996 Series*		*1997 Series*		*1998 Series*		*2002 Series*		*Total Debt Service*		
Year	*Principal* (1)	*Interest* (2)	*Principal* (3)	*Interest* (2)	*Principal* (4)	*Interest*	*Principal* (5)	*Interest* (6)	*Principal* (1)	*Interest*	*Principal* (5)	*Interest* (7)	*Principal*	*Interest*	*Total*
2002	$ -	$ 6,525,000	$ -	$ 5,175,000	$ 720,000	$ 992,630	$ -	$ 6,811,133	$ -	$ 16,500,000	$ -	$ -	$ 720,000	$ 36,003,763	$ 36,723,763
2003		6,525,000		5,175,000	750,000	956,060		7,453,000		16,500,000		22,017,361	750,000	58,626,421	59,376,421
2004		6,525,000		5,175,000	795,000	917,037		7,453,000		16,500,000		21,250,000	795,000	57,820,037	58,615,037
2005		6,525,000		5,175,000	825,000	875,315		7,453,000		16,500,000		21,250,000	825,000	57,778,315	58,603,315
2006		6,525,000		5,175,000	735,000	834,388		7,453,000		16,500,000		21,250,000	735,000	57,737,388	58,472,388
2007		6,525,000		5,175,000	770,000	794,120		7,453,000		16,500,000		21,250,000	770,000	57,697,120	58,467,120
2008		6,525,000		5,175,000	805,000	751,394		7,453,000		16,500,000		21,250,000	805,000	57,654,394	58,459,394
2009		6,525,000		5,175,000	850,000	705,658		7,453,000		16,500,000		21,250,000	850,000	57,608,658	58,458,658
2010		6,525,000		5,175,000	905,000	656,065		7,453,000		16,500,000		21,250,000	905,000	57,559,065	58,464,065
2011		6,525,000		5,175,000	955,000	602,816		7,453,000		16,500,000		21,250,000	955,000	57,505,816	58,460,816
2012		6,525,000		5,175,000	1,000,000	546,360		7,453,000		16,500,000	125,000,000	21,250,000	126,000,000	57,449,360	183,449,360
2013		6,525,000		5,175,000	1,070,000	485,795		7,453,000		16,500,000		14,375,000	1,070,000	50,513,795	51,583,795
2014		6,525,000		5,175,000	1,125,000	421,042		7,453,000		16,500,000		14,375,000	1,125,000	50,449,042	51,574,042
2015		6,525,000		5,175,000	1,190,000	352,750		7,453,000		16,500,000		14,375,000	1,190,000	50,380,750	51,570,750
2016		6,525,000	115,000,000	3,019,000	1,255,000	280,623		7,453,000		16,500,000		14,375,000	116,255,000	48,152,623	164,407,623
2017	5,000,000	6,506,000			305,000	234,450	42,000,000	7,453,000		16,500,000	125,000,000	14,375,000	172,305,000	45,068,450	217,373,450
2018	5,000,000	6,281,000			330,000	215,400		5,101,000	50,000,000	16,500,000		7,187,500	55,330,000	35,284,900	90,614,900
2019	10,000,000	6,038,000			345,000	195,150		5,101,000		13,750,000		7,187,500	10,345,000	32,271,650	42,616,650
2020	125,000,000	5,156,000			365,000	173,850		5,101,000		13,750,000		7,187,500	125,365,000	31,368,350	156,733,350
2021					390,000	151,200		5,101,000		13,750,000		7,187,500	390,000	26,189,700	26,579,700
2022					410,000	127,200		5,101,000		13,750,000		7,187,500	410,000	26,165,700	26,575,700
2023					440,000	101,700		5,101,000		13,750,000		7,187,500	440,000	26,140,200	26,580,200
2024					465,000	74,550		5,101,000		13,750,000		7,187,500	465,000	26,113,050	26,578,050
2025					490,000	45,900		5,101,000		13,750,000		7,187,500	490,000	26,084,400	26,574,400
2026					520,000	15,600		5,101,000		13,750,000		7,187,500	520,000	26,054,100	26,574,100
2027							98,000,000	5,101,000		13,750,000		7,187,500	98,000,000	26,038,500	124,038,500
2028									250,000,000	13,750,000		7,187,500	250,000,000	20,937,500	270,937,500
2029												7,187,500	-	7,187,500	7,187,500
2030												7,187,500	-	7,187,500	7,187,500
2031												7,187,500	-	7,187,500	7,187,500
2032	-	-	-	-	-	-	-	-	-	-	125,000,000	7,187,500	125,000,000	7,187,500	132,187,500
Total	$ 145,000,000	$ 121,856,000	$ 115,000,000	$ 75,469,000	$ 17,810,000	$ 11,507,053	$ 140,000,000	$ 169,616,133	$ 300,000,000	$ 418,000,000	$ 375,000,000	$ 392,954,861	$ 1,092,810,000	$ 1,189,403,047	$ 2,282,213,047

(1) Due on December 1.
(2) The variable interest rate is assumed to be 4.50%. The actual average since 1990 has been approximately 3.52%.
(3) Due on August 1.
(4) Due on April 15.
(5) Due on July 1.
(6) The interest rate on the $70,000,000 Series A Bonds is set at the semiannual rate of the Consumer Price Index plus 1.88%. The Series A Bonds will be remarketed on July 1, 2007. The Series A Bonds may be remarketed as bonds indexed to the Consumer Price Index, 7-day variable rate demand bonds, or fixed rate bonds. The actual rates for 2002 are shown, and an interest rate of 5.00% is assumed beginning in 2003.
(7) Net of accrued interest.

Source: Calhoun, Baker Inc.

Delaware Valley Regional Finance Authority
Local Government Revenue Bonds, Series of 2002

Date	Coupon	Yield	Price	Principal	Interest	Total Debt Service Semiannual	Total Debt Service Annual
1-Jan-03				$ -	$ 14,166,666.67	$ 14,166,666.67	
1-Jul-03					10,625,000.00	10,625,000.00	$ 24,791,666.67
1-Jan-04					10,625,000.00	10,625,000.00	
1-Jul-04					10,625,000.00	10,625,000.00	21,250,000.00
1-Jan-05					10,625,000.00	10,625,000.00	
1-Jul-05					10,625,000.00	10,625,000.00	21,250,000.00
1-Jan-06					10,625,000.00	10,625,000.00	
1-Jul-06					10,625,000.00	10,625,000.00	21,250,000.00
1-Jan-07					10,625,000.00	10,625,000.00	
1-Jul-07					10,625,000.00	10,625,000.00	21,250,000.00
1-Jan-08					10,625,000.00	10,625,000.00	
1-Jul-08					10,625,000.00	10,625,000.00	21,250,000.00
1-Jan-09					10,625,000.00	10,625,000.00	
1-Jul-09					10,625,000.00	10,625,000.00	21,250,000.00
1-Jan-10					10,625,000.00	10,625,000.00	
1-Jul-10					10,625,000.00	10,625,000.00	21,250,000.00
1-Jan-11					10,625,000.00	10,625,000.00	
1-Jul-11					10,625,000.00	10,625,000.00	21,250,000.00
1-Jan-12					10,625,000.00	10,625,000.00	
1-Jul-12	5.500%	4.420%	108.676%	125,000,000.00	10,625,000.00	135,625,000.00	146,250,000.00
1-Jan-13					7,187,500.00	7,187,500.00	
1-Jul-13					7,187,500.00	7,187,500.00	14,375,000.00
1-Jan-14					7,187,500.00	7,187,500.00	
1-Jul-14					7,187,500.00	7,187,500.00	14,375,000.00
1-Jan-15					7,187,500.00	7,187,500.00	
1-Jul-15					7,187,500.00	7,187,500.00	14,375,000.00
1-Jan-16					7,187,500.00	7,187,500.00	
1-Jul-16					7,187,500.00	7,187,500.00	14,375,000.00
1-Jan-17					7,187,500.00	7,187,500.00	
1-Jul-17	5.750%	4.860%	109.414%	125,000,000.00	7,187,500.00	132,187,500.00	139,375,000.00
1-Jan-18					3,593,750.00	3,593,750.00	
1-Jul-18					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-19					3,593,750.00	3,593,750.00	
1-Jul-19					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-20					3,593,750.00	3,593,750.00	
1-Jul-20					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-21					3,593,750.00	3,593,750.00	
1-Jul-21					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-22					3,593,750.00	3,593,750.00	
1-Jul-22					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-23					3,593,750.00	3,593,750.00	
1-Jul-23					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-24					3,593,750.00	3,593,750.00	
1-Jul-24					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-25					3,593,750.00	3,593,750.00	
1-Jul-25					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-26					3,593,750.00	3,593,750.00	
1-Jul-26					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-27					3,593,750.00	3,593,750.00	
1-Jul-27					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-28					3,593,750.00	3,593,750.00	
1-Jul-28					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-29					3,593,750.00	3,593,750.00	
1-Jul-29					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-30					3,593,750.00	3,593,750.00	
1-Jul-30					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-31					3,593,750.00	3,593,750.00	
1-Jul-31					3,593,750.00	3,593,750.00	7,187,500.00
1-Jan-32					3,593,750.00	3,593,750.00	
1-Jul-32	5.750%	5.250%	107.513%	125,000,000.00	3,593,750.00	128,593,750.00	132,187,500.00
Total				$ 375,000,000.00	$ 395,729,166.67	$ 770,729,166.67	$ 770,729,166.67

TAX MATTERS

FEDERAL TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the 2002 Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. However, interest on the 2002 Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on corporations (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit). In addition, interest on the 2002 Bonds is included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States. Further, interest on the 2002 Bonds may be subject to federal income taxation under Section 1375 of the *Internal Revenue Code of 1986*, as amended ("Code"), for S corporations which have Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporations is passive investment income.

Ownership of the 2002 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2002 Bonds and taxpayers who have an initial basis in a 2002 Bond greater than the principal amount thereof. Bond Counsel expresses no opinion as to any of such consequences, and prospective purchasers of the 2002 Bonds who may be subject to such collateral consequences should consult their tax advisors.

In rendering its opinion, Bond Counsel has assumed compliance by the Authority and the Participants with their covenants and representations that are intended to comply with the provisions of the Code relating to actions to be taken by the Authority and the Participants in respect of the 2002 Bonds after the issuance thereof to the extent necessary to effect or maintain the exclusion from federal gross income of the interest on the 2002 Bonds. These covenants relate to, inter alia, the use of and investment of proceeds of the 2002 Bonds and the rebate to the United States Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in the interest on the 2002 Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the 2002 Bonds.

PENNSYLVANIA TAX EXEMPTION

In the opinion of Bond Counsel, under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the 2002 Bonds are exempt from personal property taxes in Pennsylvania and interest on the 2002 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. However, under the laws of the Commonwealth as presently enacted and construed, any profits, gains or income derived from the sale, exchange or other disposition of the 2002 Bonds will be subject to state taxes and local taxes within the Commonwealth.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATION OR AMENDMENT TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE 2002 BONDS TO BE SUBJECT, DIRECTLY OR INDIRECTLY, TO FEDERAL OR COMMONWEALTH OF PENNSYLVANIA INCOME TAXATION, ADVERSELY AFFECTING THE MARKET PRICE OR MARKETABILITY OF THE BONDS.

PROSPECTIVE PURCHASERS OF THE 2002 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE 2002 BONDS AS TO THE IMPACT OF FEDERAL AND STATE TAX LAWS UPON THE ACQUISITION, HOLDING OR DISPOSITION OF THE 2002 BONDS.

LEGAL MATTERS

The issuance and delivery of the 2002 Bonds are subject to approval of legality by Blank Rome Comisky & McCauley LLP, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the Authority by Carmen P. Belefonte, Esq., Media, Pennsylvania, Solicitor to the Authority and for the Underwriters by Conrad, O'Brien, Gellman & Rohn, P.C., West Chester, Pennsylvania, and Clifford Chance Rogers & Wells LLP, New York, New York.

LEGALITY FOR INVESTMENT

Applicable laws of the Commonwealth of Pennsylvania provide that the 2002 Bonds are legal investments for funds held by, among others, banks, savings banks, trust companies, insurance companies or associations and fiduciaries. The 2002 Bonds are authorized security for deposits of funds of the Commonwealth of Pennsylvania and any political subdivision thereof.

LIMITATION OF REMEDIES UNDER THE FEDERAL BANKRUPTCY LAWS

Enforcement of the rights of the holders of the 2002 Bonds may be limited by and subject to the provisions of Federal bankruptcy laws, as now or hereafter enacted, or to other laws or equitable principles which may affect enforcement of creditors' rights.

NO LITIGATION AFFECTING THE 2002 BONDS

No litigation or legal proceeding of any nature is now pending or, to the knowledge of the Authority, threatened that (i) seeks to restrain or enjoin the issuance, sale, execution, or delivery of the 2002 Bonds, (ii) contests the validity of the 2002 Bonds or any actions of the Authority with respect to the issuance, sale, execution or delivery of the 2002 Bonds, (iii) contests the pledge or application of any moneys or security provided for the payment of the 2002 Bonds, or (iv) contests the existence of the Authority or the powers of the Authority to accomplish the purposes for which the 2002 Bonds are being issued.

ADDITIONAL INFORMATION

Additional information concerning the Authority is available to the public. Persons wishing to obtain copies of the Authority's Financial Statements for the Year Ended December 31, 2001, the Authority's 2002 Budget, the Resolution or the Indenture should address such requests to:

Calhoun, Baker Inc.
Program Administrator
Delaware Valley Regional Finance Authority
1811 Bethlehem Pike
Flourtown Commons, Suite 350
Flourtown, PA 19031

The Authority may charge a fee for costs of reproduction and mailing of the information requested.

UNDERWRITING

The 2002 Bonds are being purchased by Salomon Smith Barney and Merrill Lynch & Co., as representatives for themselves and Dolphin & Bradbury Inc., First American Municipals, Inc., and Janney Montgomery Scott LLC (collectively, the "Underwriters"). The Underwriters have agreed to purchase the 2002 Bonds from the Authority, subject to the terms of the purchase agreement between the Authority and the Underwriters (the "Bond Purchase Agreement"), at a purchase price of $407,278,055.56 (which is equal to the par amount of $375,000,000 less (i) the underwriters' discount of $2,500,000.00 plus (ii) the original issue premium of $32,003,750 plus (iii) accrued interest of $2,774,305.56). The Bond Purchase Agreement provides that all of the 2002 Bonds will be purchased if any are purchased and is subject to certain terms and conditions set forth therein.

The Underwriters may offer and sell the 2002 Bonds to certain dealers (including dealers depositing 2002 Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices stated on the cover page hereof may be changed from time to time by the Underwriters without prior notice.

RATINGS

Moody's Investors Service and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., have assigned the 2002 Bonds ratings of "Aa2" and "AA-," respectively, subject to their issuance, based upon information provided to them by the Authority. Any explanation of these ratings may only be obtained from the rating agencies. Generally, rating agencies base their ratings on such information and on their own investigations, studies and assumptions. No assurance can be given that such ratings will be maintained for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market prices of the 2002 Bonds.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the requirements of Rule 15(c)2-12 promulgated by the SEC, the Authority will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with the Trustee for the 2002 Bonds which shall constitute a written undertaking for the benefit of the owners and beneficial owners of the 2002 Bonds. Participants and Guarantors will also execute Participant Continuing Disclosure Agreements at the time of the origination of their respective Loans. See "Appendix II: CONTINUING DISCLOSURE AGREEMENT" for detailed provisions of the Continuing Disclosure Agreement.

CERTAIN REFERENCES

All summaries or descriptions of the provisions of the 2002 Bonds set forth in this Official Statement, and all other references in this Official Statement to other documents not purported to be quoted in full, are made subject to all the detailed provisions thereof, to which reference is hereby made for further information. Such summaries or descriptions are only brief outlines of certain of the provisions of such documents and materials, and do not purport to summarize or describe all of the provisions thereof.

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reasonable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not representations of fact.

This Official Statement has been approved, and its distribution authorized, by the Authority.

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

By: /s/ John J. McFadden
Chairman

Appendix I:

Financial Statements for the Year Ended December 31, 2001

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2001
&
INDEPENDENT AUDITORS' REPORT
&
ADDITIONAL INFORMATION

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Delaware Valley Regional Finance Authority
Media, Pennsylvania:

We have audited the accompanying balance sheet of the Delaware Valley Regional Finance Authority (the "Authority") as of December 31, 2001, and the related statements of revenues, expenses, and changes in fund equity and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delaware Valley Regional Finance Authority as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with auditing standards generally accepted in the United States of America.

/s/ Parente Randolph, LLC

Media, Pennsylvania
March 22, 2002

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

BALANCE SHEET
DECEMBER 31, 2001

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 82,247,355
Restricted cash equivalents	79,968,750
Accrued interest receivable:	
Loans	702,763
Interest rate swaps	5,937,917
Investments in cash equivalents	234,532
Prepaid expenses	75,645
Loans to local governments, current	21,274,810
Total current assets	190,441,772
OTHER ASSETS:	
Loans to local governments, net of current portion	554,714,494
Unamortized prepaid interest rate swap expense	15,644,695
Bond original issue discount, net	117,755
Bond issuance costs, net	9,602,448
Total other assets	580,079,392
TOTAL	$770,521,164

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:	
Accrued expenses	$ 197,932
Bond principal payable, current	720,000
Estimated rebate liability, current	421,164
Accrued interest payable:	
Swaps	632,149
Bonds	11,342,179
Total current liabilities	13,313,424
LONG TERM LIABILITIES:	
Bonds payable, net	717,090,000
Loan original issue discount, net	117,755
Bond original issue premium, net	21,825,820
Estimated rebate liability	915,271
Unamortized loan origination fees	(56,737)
Total long term liabilities	739,892,109
Total liabilities	753,205,533
FUND EQUITY	17,315,631
TOTAL	$770,521,164

See Notes to Financial Statements

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY FOR THE YEAR ENDED DECEMBER 31, 2001

REVENUES:	
Interest income:	
Loans	$16,770,877
Interest rate swaps	20,050,213
Investments in cash equivalents	7,810,690
Amortization of bond original issue premium	826,513
Amortization of loan original issue discount	6,414
Amortization of loan origination fees	51,250
Total Revenues	45,515,957
EXPENSES:	
Interest expense:	
Bonds	32,420,720
Interest rate swaps	11,325,235
Credit or liquidity facility fees	505,361
Administrative expenses	823,258
Amortization of bond original issue discount	6,414
Estimated rebate expense	(1,021,512)
Amortization of bond issuance costs	406,943
Total Expenses	44,466,419
EXCESS OF REVENUES OVER EXPENSES	1,049,538
FUND EQUITY, BEGINNING	16,266,093
FUND EQUITY, ENDING	$17,315,631

See Notes to Financial Statements

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

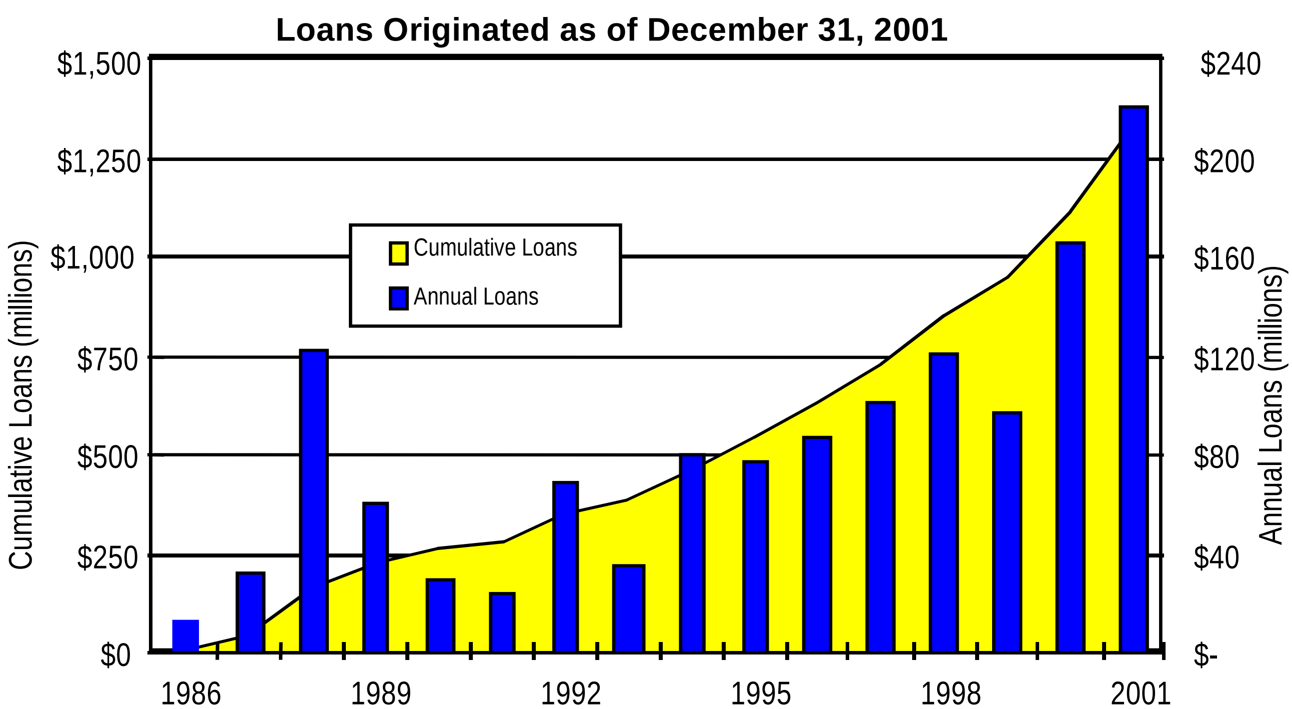
CASH FLOWS FROM OPERATING ACTIVITIES:	
Excess of revenues over expenses	$ 1,049,538
Add interest expense on bonds and interest rate swap expense	43,745,955
Less interest earned on loans to local governments and interest rate swap income	(36,821,090)
Excess of operating revenues over operating expenses	7,974,403
Loans to local governments	(220,283,000)
Principal repayments of loans to local governments	106,783,132
Interest received on loans to local governments and interest rate swap agreements	37,614,276
Loan origination fees	12,421
Adjustments for revenues not generating cash:	
Amortization of loan origination fees	(51,250)
Amortization of loan original issue discount	(6,414)
Amortization of bond original issue premium	(826,513)
Adjustments for expenses not reducing cash:	
Amortization of bond original issue discount	6,414
Estimated rebate expense	(1,021,512)
Amortization of bond issuance costs	406,943
Adjustments for changes in assets and liabilities	
Accrued interest receivable on investments	441,275
Prepaid expenses	(6,660)
Accrued expenses	24,662
Net cash used in operating activities	(68,931,823)
CASH FLOWS FROM INVESTING ACTIVITIES,	
Decrease in investments	37,472,551
CASH FLOWS USED IN NONCAPITAL FINANCING ACTIVITIES:	
Payment of bond principal	(685,000)
Payment of interest on bonds and interest rate swap agreements	(44,094,014)
Net cash used in financing activities	(44,779,014)
DECREASE IN CASH AND CASH EQUIVALENTS	(76,238,286)
CASH AND CASH EQUIVALENTS, BEGINNING	158,485,641
CASH AND CASH EQUIVALENTS, ENDING	$ 82,247,355

See Notes to Financial Statements

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Delaware Valley Regional Finance Authority was formed in 1985 by Bucks, Chester, Delaware, and Montgomery Counties, Pennsylvania. The purpose of the Authority is to provide funds for capital projects to local governments and authorities within the Commonwealth of Pennsylvania. Eligible borrowers include school districts, townships, boroughs, authorities, cities, and counties. The Authority has issued $721 million of bonds to fund loan programs. Each of the Authority's series of bonds is secured by the loan agreements and funds related to that respective series. Each loan agreement is secured by a full faith, credit, and tax pledge of a local government. In 2001, the Authority originated 37 new loans with a principal amount of more than $220 million. As of December 31, 2001, the Authority had originated 207 loans with a cumulative principal amount exceeding $1.3 billion.



The Board of the Authority is comprised of five members appointed by the four counties. Each year, on a rotating basis, one of the founding counties appoints one board member to a term of five years. The Authority members appoint the program administrator, solicitor, bond counsel, remarketing agent, credit facility providers, and trustees who manage the daily operations of the Authority and its loan programs.

BASIS OF ACCOUNTING

Operations of the Authority are intended to be self-supporting, primarily from loan repayments, investment earnings, origination fees, and administrative fees. Accordingly, the Authority is accounted for as a proprietary enterprise fund and utilizes the accrual basis of accounting in which revenues are recognized when earned and expenses are recognized when incurred.

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH EQUIVALENTS

The Authority considers all highly liquid debt instruments purchased with a maturity of 90 days or less, except for restricted cash equivalents, to be cash equivalents. The Authority also considers the Guaranteed Investment Contracts for the funds of the 1997 Series Bonds and the 1998 Series Bonds to be highly liquid debt instruments and cash equivalents, except for restricted cash equivalents. Investments with a maturity of more than 90 days are recorded at fair value.

LOANS TO LOCAL GOVERNMENTS

Loans are originated in amounts of $100,000 or more from available funds. The Authority provides both fixed rate and variable interest rate loans with terms of up to thirty years. Each loan is secured by the full faith, credit, and taxing power of a local government.

BONDS PAYABLE

The Authority has issued five series of bonds, with a total par amount of approximately $721,000,000. Each series is secured by the revenues and assets of that series. The Authority has no taxing power.

CREDIT FACILITIES

Each series of bonds issued by the Authority is secured by a credit facility that guarantees the timely payment of principal and interest to bondholders. The 1985 Series and 1986 Series Bonds are secured by a letter of credit from Credit Suisse First Boston, New York Branch. The 1996 Series, 1997 Series, and 1998 Series Bonds are secured by bond insurance policies from Ambac Assurance Corporation. The 1997 Series A Bonds are also secured by a standby bond purchase agreement with Credit Suisse First Boston, New York Branch.

ESTIMATED REBATE LIABILITY

The Internal Revenue Code obligates the Authority to rebate to the United States Treasury investment earnings in excess of 5.786% on the proceeds of the 1996 Series Bonds, 5.165% (estimated as of December 31, 2001) on the proceeds of the 1997 Series Bonds, and 5.141% (estimated as of December 31, 2001) on the proceeds of the 1998 Bonds. Since components of the interest costs of the 1997 Series and 1998 Series Bonds are variable rate, the rebate rate is recalculated after each reset of the interest rate. The 1985 and 1986 Series Bonds are not subject to rebate. The rebate payment must be calculated and paid every five years. The Authority has recorded the estimated accrued rebate expense and liability through December 31, 2001.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH EQUIVALENTS

The Authority's cash as of and for the year ended December 31, 2001, was invested with the Trustees (J.P. Morgan Trust Company, National Association, Commerce Bank/Pennsylvania, National Association, and First Union National Bank) in U.S. Treasury and Agency money market funds. The Authority's cash equivalents and restricted cash equivalents are comprised of investments with maturities of 90 days or less and the Guaranteed Investment Contracts. The Guaranteed Investment Contracts are treated as cash equivalents and restricted cash equivalents because the interest rates are adjusted weekly and because the Authority can withdraw funds at par with no more than 7 days notice. In 2001, the Authority invested some funds designated for future loans for terms as long as 92 days. The Authority had no realized gains or losses on investments during 2001. Restricted cash and cash equivalents are held as security for debt service payments on the Authority's bond issues. The Authority's Cash, Cash Equivalents, and Restricted Cash Equivalents at December 31, 2001, allocated by loan program, are set forth below.

Cash, Cash Equivalents, and Restricted Cash Equivalents

Type of Current Asset	*1985 Series*	*1986 Series*	*1996 Series*	*1997 Series*	*1998 Series*	*Total*
Cash	$ 218,128	$ 304,157	$ 480	$ -	$ -	$ 522,765
Cash equivalents	4,068,696	50,610,929	-	13,411,598	13,633,367	81,724,590
Subtotal	4,286,824	50,915,086	480	13,411,598	13,633,367	82,247,355
Restricted cash equivalents	24,468,750	11,500,000	-	14,000,000	30,000,000	79,968,750
Total	$ 28,755,574	$ 62,415,086	$ 480	$ 27,411,598	$ 43,633,367	$ 162,216,105

The Indentures for the 1985 Series, 1986 Series, and 1996 Series Bonds permit the Authority to invest in certain types of securities which include (i) obligations issued or guaranteed by the federal government, (ii) time deposits of banks with minimum ratings of "Aa" or "AA", (iii) commercial paper with minimum ratings of "P-1" or "A-1", (iv) obligations of state or local governments with a minimum rating of "Aa" or "AA", (v) repurchase agreements collateralized with obligations issued or guaranteed by the federal government, and (vi) mutual funds that invest in obligations issued or guaranteed by the federal government. The Authority's cash, cash equivalents, and restricted cash equivalents are held by the Trustees for the benefit of the bondholders. The cash, cash equivalents, and restricted cash equivalents are not collateralized by the Trustees and are not insured by the Federal Deposit Insurance Corporation.

The bond insurance policies, issued by Ambac Assurance Corporation ("Ambac"), that secure the Authority's 1997 Series Bonds and 1998 Series Bonds, require the Authority to invest all of the funds of the 1997 Series and 1998 Series loan programs in a Guaranteed Investment Contract ("GIC") approved by Ambac. CDC Funding Corp. ("CDCFC"), a wholly owned subsidiary of Caisse des Depots Group ("CDC"), a French public sector financial institution, provides the GIC for the 1997 Series loan program. Bayerishe Landesbank Girozentale ("BLB") provides the GIC for the 1998 Series loan program. CDCFC and BLB pay the Authority an investment rate equal to a spread over the Bond Market Association Municipal Swap Index. CDC guarantees the obligations of CDCFC under the Guaranteed Investment Contracts. If the ratings of CDC or BLB drop below "Aa3" or "AA-," Ambac may direct CDCFC or BLB to (i) provide at least 104% collateralization of its obligations under the respective GIC with U.S. Treasury or certain Agency securities or (ii) to terminate the respective GIC and to pay the Authority the principal and accrued interest due. If Ambac directs collateralization, the collateral must be held by a third party, segregated, and marked to market at least weekly. Both CDC and BLB were rated "Aaa" and "AAA" by Moody's Investors Services and Standard and Poor's Rating Group, respectively, on December 31, 2001.

The cost and fair value of the instruments that constitute the Cash Equivalents, and Restricted Cash Equivalents held by the Authority on December 31, 2001, are summarized below. The Authority records the fair value of the cash equivalents and restricted cash equivalents at the cost because the instruments either mature or can be liquidated at par within 90 days.

Cash Equivalents and Restricted Cash Equivalents
Cost and Fair Value as of December 31, 2001

Instrument	*Loan Program*	*Maturity*	*Cost*	*Fair Value*
Commercial paper	1985 Series	2-Jan-02	$ 20,000,198	$ 20,000,198
Commercial paper	1985 Series	2-Jan-02	8,537,248	8,537,248
Commercial paper	1986 Series	2-Jan-02	21,284,676	21,284,676
Commercial paper	1986 Series	2-Jan-02	40,826,252	40,826,252
Guaranteed investment contract	1997 Series	28-Jun-27	27,411,598	27,411,598
Guaranteed investment contract	1998 Series	27-Jul-28	43,633,367	43,633,367
Total			$ 161,693,339	$ 161,693,339

Cash and cash equivalents include funds held to originate loans in the future and all of the Authority's operating funds. Funds held to originate new loans were provided originally from the proceeds of the Authority's bond issues. Other funds were provided from the Authority's operations. The Authority's cash and cash equivalents as of December 31, 2001, allocated by type of fund, are set forth below.

Cash and Cash Equivalents Allocated by Type of Fund

Type of Fund	*1985 Series*	*1986 Series*	*1996 Series*	*1997 Series*	*1998 Series*	*Total*
Funds designated to originate loans (1)	$ 504,851	$ 48,446,067	$ -	$ 7,413,450	$ 5,385,000	$ 61,749,368
Other funds	3,781,973	2,469,019	480	5,998,148	8,248,367	20,497,987
Total	$ 4,286,824	$ 50,915,086	$ 480	$ 13,411,598	$ 13,633,367	$ 82,247,355

(1) Funded from bond proceeds.

3. LOANS TO LOCAL GOVERNMENTS

The Authority originates loans to local governments to fund various capital projects pursuant to the terms, conditions, covenants and restrictions contained in the respective Bond Indentures, Promissory Notes, and Financial Agreements. Pledges of the full faith, credit, and taxing power of local government units secure the Loan Agreements. Principal on the loans is paid in accordance with amortization schedules established at closing. The interest rates on variable rate loans vary with market conditions. The average interest rate on variable rate loans during 2001 was 2.613% for loans from the 1985 and 1986 Series loan programs and 2.610% for loans from the 1997 Series and 1998 Series loan programs. Fixed interest rates to borrowers in the 1996 Series loan program ranged from 4.50% to 6.00% for maturities of one to twenty-six years. Fixed interest rates to borrowers in the 1997 Series and 1998 Series loan programs ranged from 2.930% to 5.427% for loans with maturities of three to twenty-nine years.

Variable rate borrowers may prepay their loans in whole or part, with no penalty, with 40 days notice for the 1985 and 1986 Series loan programs and 30 days notice for the 1997 and 1998 Series loan programs. Fixed rate borrowers from the 1996 Series loan program may prepay their loans, with no penalty, commencing on July 1, 2006. Fixed rate borrowers from the 1997 and 1998 Series loan programs may prepay in accordance with the provisions established at the time that the fixed rate interest rate swap for their respective loans was executed.

The Authority had 127 loans with a principal amount of $575,989,304 outstanding with 85 different local governments as of December 31, 2001. Delaware County had principal amounts of loans outstanding that constituted approximately 23.65% of the total loans outstanding.

The program administrator and the credit enhancer of the Authority's bonds must review and approve the credit of each borrower. The program administrator and the credit enhancer also monitor, at least annually, the financial condition of all the borrowers. Given the review process and the general obligation pledge that secures every loan, the Authority does not reasonably expect to suffer any defaults. If a borrower did default, the Authority, the respective trustee, and/or the respective credit enhancer would exercise their legal rights to remedy the default; however, the enforcement of these legal rights may be limited by and subject to the provisions of the federal bankruptcy laws or other laws of equitable principles which may affect enforcement of the creditor's rights.

The Authority assesses and collects loan origination fees at the closing of the loans. The Authority has subsidized the costs of origination for some borrowers. The subsidies were given to existing borrowers in the 1985 Series and 1986 Series loan programs that preferred a loan that could be converted to a fixed rate. For purposes of income recognition, these origination fees and subsidies are amortized over the respective terms of the loans.

Interest on the variable rate loans from the Authority's 1985, 1986, 1997, and 1998 Series loan programs is payable monthly in arrears; interest on fixed rate loans from the 1997 and 1998 Series loan programs is payable monthly; and interest on fixed rate loans from the 1996 Series Bonds is payable semiannually. Principal on the loans is paid according to an amortization schedule established at closing. Interest paid by borrowers on variable rate loans from the 1985 and 1986 Series loan programs is based on the remarketing rates of the Authority's 1985 Series and 1986 Series Bonds. Interest paid on the fixed rate loans of borrowers from the 1996 Series loan program is based on the interest rates of the 1996 Series Bonds. Interest rates of fixed and variable rate loans from the 1997 and 1998 Series loan programs are based on the interest rates payable by the Authority under interest rate swap agreements executed for those loans.

Each year, the program administrator determines the administrative fee, if any, to assess borrowers from each series of bonds for all of the costs incurred by the Authority. The amount charged to each borrower is based on the principal amount of the loan outstanding. No administrative fee has been assessed for the 1985 Series since 1990 and for the 1986 Series since 1993. An administrative fee of 0.04% was assessed briefly for the 1997 Series; that charge was eliminated effective March 5, 1998. No administrative fee has been assessed for the 1996 Series or 1998 Series loan programs.

The minimum principal payments due from local government units are set forth below.

Minimum Loan Principal Repayments Due

Year Ending December 31	1985 Series	1986 Series	1996 Series	1997 Series	1998 Series	Total
2002	$ 834,210	$ 626,000	$ 720,000	$ 5,964,600	$ 13,130,000	$ 21,274,810
2003	15,826,840	670,000	750,000	5,450,600	14,479,000	37,176,440
2004	1,370,427	21,445,000	795,000	3,246,000	15,523,000	42,379,427
2005	1,292,673	1,523,000	825,000	3,371,700	15,658,000	22,670,373
2006	1,351,681	4,315,000	735,000	3,476,700	13,093,000	22,971,381
Thereafter	99,393,990	26,328,933	13,985,000	97,076,950	192,732,000	429,516,873
Total	$ 120,069,821	$ 54,907,933	$ 17,810,000	$ 118,586,550	$ 264,615,000	$ 575,989,304

4. BONDS PAYABLE

The Authority has issued bonds periodically to provide funds (a) to lend to local government units to finance and refinance the costs of projects; (b) to create debt service reserve funds and capitalized interest funds; and (c) to pay all or a portion of the costs of issuance of the bonds. Pertinent information regarding bonds payable at December 31, 2001, is presented below:

Bond Issues Outstanding on December 31, 2001

Bond Issue	Credit Enhancement	Par Amount Outstanding	Unamortized Premium (Discount)	Outstanding Balance
1985 Series	Letter of credit (1)	$ 145,000,000	$ -	$ 145,000,000
1986 Series	Letter of credit (1)	115,000,000	-	115,000,000
1996 Series	Bond insurance (2)	17,810,000	(117,755)	17,692,245
1997 Series	Bond insurance (2)(3)	140,000,000	2,416,040	142,416,040
1998 Series	Bond insurance (2)	300,000,000	19,409,780	319,409,780
	Total	$ 717,810,000	$ 21,708,065	$ 739,518,065

(1) Provided by Credit Suisse First Boston, New York Branch. Term expires on May 1, 2002.
(2) Provided by Ambac Assurance Corporation for term of bond issue.
(3) A Standby Bond Purchase Agreement provided by Credit Suisse First Boston, New York Branch, provides a liquidity facility for the remarketing of the $70,000,000 Series A Bonds. Term expires on June 30, 2027.

The bonds are limited obligations of the Authority, payable from and secured solely by the respective trust estate. The trust estate consists of the revenues from, and an assignment of, the loan agreements. The revenues consist of all (a) amounts received by the Authority pursuant to the loan agreements and the related security instruments; (b) monies and securities from time-to-time on deposit in the funds and accounts established by the Trust Indentures; and (c) proceeds derived from any of the funds and accounts.

Bond issuance costs consist of underwriting and professional fees incurred in connection with issuance of the various series of bonds. These costs are amortized using the straight-line method over the term of the respective bond issues.

1985 SERIES AND 1986 SERIES BONDS

The 1985 Series and 1986 Series Bonds are currently remarketed in a weekly rate mode. The remarketing agent resets the interest rates on the Bonds effective every Wednesday. The interest rates are set at the minimum rate of interest, in the opinion of the remarketing agent, necessary to remarket the bonds in a secondary market transaction at par. The maximum interest rate, as defined in the respective letters of credit, is 15%. Interest on weekly rate bonds is paid monthly. Holders of the Bonds may, with seven days of notice, tender the bonds to the remarketing agent at par. Bonds are subject to optional redemption, in whole or part, and purchase by the Authority at par in the event that the Authority cannot or chooses not to operate the loan programs. The Bonds are also subject to mandatory redemption and purchase at par if the rating of the bonds is reduced as a consequence of the substitution of the letter of credit, if the Authority elects to switch to another interest rate mode as permitted in the Trust Indenture, or if certain other events have occurred as defined in each respective Trust Indenture.

The 1985 Series and 1986 Series Bonds fund revolving loan pool programs. When loans are repaid, the repayments are used to fund new loans to local governments. The scheduled maturities of the 1985 Series and 1986 Series Bonds are set forth below:

Principal Amortization Schedules

1985 Series Bonds			**1986 Series Bonds**	
Due on December 1	*Amount*		*Due on August 1*	*Amount*
2017	$ 5,000,000		2016	$ 115,000,000
2018	5,000,000			
2019	10,000,000			
2020	125,000,000			
Total	$ 145,000,000			

1996 SERIES BONDS

The 1996 Series Bonds were issued in the par amount of $20,930,000, with an original issue discount of $152,594. The original issue discount is being amortized using the straight-line method over the maturities of the bonds sold at the original issue discount. The bonds were issued at coupons ranging from 3.80% to 6.00%, based on the maturity dates. Interest payments are due semiannually and principal payments are due annually. The 1996 Series is subject to optional redemption by the Authority, in whole or part, at par, commencing on April 15, 2007. The term bonds that mature in 2016 and 2026 are subject to mandatory redemption at par commencing in 2013 and 2017, respectively. In the event of a default by one or more borrowers, Ambac Assurance Corporation, which has issued a municipal bond insurance policy to secure the bondholders of the 1996 Series Bonds, may direct an extraordinary redemption at par of the bonds allocable to the defaulting local government.

The 1996 Series Bonds funded a dedicated pool of loans. Loan repayments match debt service payments on the Bonds. The loan repayments will be used to retire the 1996 Series Bonds. The Authority will not originate any new loans from the 1996 Series Bonds.

The maturities of the 1996 Series Bonds over the next five years are set forth below:

Principal Amortization Schedule
1996 Series Bonds

Due on April 15	*Amount*
2002	$ 720,000
2003	750,000
2004	795,000
2005	825,000
2006	735,000
Thereafter	13,985,000
Total	$ 17,810,000

1997 SERIES BONDS

The 1997 Series Bonds were issued in three series with a total par amount of $140,000,000. The 1997 Series Bonds are secured by a municipal bond insurance policy issued by Ambac Assurance Corporation. The interest rate on the $70,000,000 Series A Bonds is set at a variable rate, adjusted semiannually, equal to a spread over the Consumer Price Index. The maximum interest rate on the Series A Bonds is 15%, and the minimum interest rate is 0%. The $60,000,000 Series B Bonds and the $10,000,000 Series C Bonds were issued at fixed rates ranging from 5.60% to 7.75%. Interest on the 1997 Series Bonds is payable semiannually, and principal is payable annually. The Series C Bonds were issued at an original issue premium of $2,842,400; the original issue premium will be amortized over the 30 year term of the bonds using the straight line method.

The 1997 Series Bonds are not subject to optional or mandatory redemption. Under certain circumstances defined in the Trust Indenture, principally the inability to originate loans for a protracted period of time, the Bonds may be subject to extraordinary redemption. In the event of such an extraordinary redemption, Series A Bonds would be redeemed first, Series B Bonds second, and Series C Bonds last. Series A and Series B Bonds would be redeemed at par; Series C Bonds would be redeemed at the premiums set forth in the Trust Indenture.

The Series A Bonds will be remarketed on July 1, 2007. The Series A Bonds may be remarketed again as bonds indexed to the Consumer Price Index, as fixed rate bonds, or as weekly, variable rate demand bonds. The remarketing of the Series A Bonds is secured by a standby bond purchase agreement issued by Credit Suisse First Boston, New York Branch. If the Series A Bonds were to be purchased by Credit Suisse First Boston under the standby bond purchase agreement, the maximum interest rate of the Series A Bonds would be 25%.

The Authority entered into an interest rate swap agreement for each series of bonds. Under the terms of the interest rate swap agreements, the Authority pays a rate indexed to the Bond Market Association Municipal Swap Index and receives payments indexed to the Consumer Price Index for the Series A Bonds and fixed rate payments for the Series B and Series C Bonds. The interest rate swap agreements allow the Authority to create a variable rate loan program comparable to the 1985 Series and 1986 Series loan programs. The ability to initiate new swap agreements enables the Authority to provide fixed rate loans to local governments from the same loan program.

The 1997 Series Bonds fund a revolving loan pool. Principal loan repayments will be used to originate new loans to local government units. The principal amortization schedule of the 1997 Bonds is set forth below:

Principal Amortization Schedule
1997 Series Bonds

Due on July 1	*Series A* (1)	*Series B*	*Series C*	*Total*
2017	$ -	$42,000,000	$ -	$ 42,000,000
2027	70,000,000	18,000,000	10,000,000	98,000,000
Total	$70,000,000	$60,000,000	$10,000,000	$140,000,000

(1) Subject to mandatory tender for remarketing on July 1, 2007.

1998 SERIES BONDS

The 1998 Series Bonds were issued in three series with a total par amount of $300,000,000. The 1998 Series Bonds are secured by a municipal bond insurance policy issued by Ambac Assurance Corporation. The interest rate on the $250,000,000 Series A Bonds is set at a fixed rate of 5.50%. The aggregate interest on the $25,000,000 Series B Bonds and the $25,000,000 Series C Bonds is equal to a fixed rate of 5.50%. Interest is paid to the holders of the Series B Bonds every four weeks, and the interest rate is determined by an auction that is held the business day prior to the interest payment date. Interest is paid semiannually to the holders of the Series C Bonds. The amount of interest paid to the holders of the Series C Bonds equals the difference between (a) 5.50% on the aggregate par amount of the Series B and Series C Bonds and (b) the amount of interest paid, or accrued for payment, to the holders of the Series B Bonds. The Series A Bonds were issued at an original issue premium of $18,060,000, and the Series B and Series C Bonds were issued at an aggregate premium of $3,785,000. The original issue premium will be amortized over the term of the bonds using the straight line method.

The 1998 Series Bonds are not subject to optional or mandatory redemption. Under certain circumstances defined in the Trust Indenture, principally the inability to originate loans for a protracted period of time, the 1998 Bonds may be subject to extraordinary redemption at the premiums set forth in the Trust Indenture.

The Authority entered into interest rate swap agreements for each series of the 1998 Bonds. Under the terms of the interest rate swap agreements, the Authority pays amounts indexed to the Bond Market Association Municipal Swap Index and receives fixed payments. The interest rate swap agreements allow the Authority to create a variable rate loan program comparable to the 1985 Series, 1986 Series, and 1997 Series loan programs. The ability to initiate new swap agreements enables the Authority to provide fixed rate loans to local governments from the same loan program.

The 1998 Series Bonds fund a revolving loan pool. Principal loan repayments will be used to originate new loans to local government units. The principal amortization schedule of the 1998 Bonds is set forth below:

Principal Amortization Schedule
1998 Series Bonds

Due on August 1	*Series A*	*Series B*	*Series C*	*Total*
2018	$ -	$25,000,000	$25,000,000	$ 50,000,000
2028	250,000,000	-	-	250,000,000
Total	$250,000,000	$25,000,000	$25,000,000	$300,000,000

5. CREDIT FACILITIES

1985 SERIES BONDS

The Authority, as required by the Trust Indenture, maintains a direct draw letter of credit in the amount of $147,681,507 as security for principal and accrued interest on the bonds. The Authority entered into an agreement with Credit Suisse First Boston, New York Branch, to provide the letter of credit effective May 1, 1997; the term of this letter of credit expires on May 1, 2002. Fees totaling $237,072 were incurred during 2001 by the Authority for the direct draw letter of credit.

1986 SERIES BONDS

The Authority, as required by the Trust Indenture, maintains a direct draw letter of credit in the amount of $117,126,713 as security for principal and accrued interest on the bonds. The Authority entered into an agreement with Credit Suisse First Boston, New York Branch, to provide the letter of credit effective May 1, 1997; the term of this letter of credit expires on May 1, 2002. Fees totaling $184,316 were incurred during 2001 by the Authority for the direct draw letter of credit.

1996 SERIES BONDS

The payment of interest on and principal of the 1996 Series Bonds is secured by a municipal bond insurance policy issued by Ambac Assurance Corporation. Fees for the bond insurance were paid at closing; these fees were treated as a cost of issuance. The bond insurance is in effect for the term of the 1996 Series Bonds.

1997 SERIES BONDS

The payment of interest on and principal of the 1997 Series Bonds is secured by a municipal bond insurance policy issued by Ambac Assurance Corporation. Fees for the bond insurance were paid at closing; these fees were treated as a cost of issuance. The bond insurance is in effect for the term of the 1997 Series Bonds. As required by the Trust Indenture and the bond insurance policy, the Authority also maintains a standby bond purchase agreement in the amount of $75,293,150 as security for the principal and accrued interest on the 1997 Series A Bonds for the remarketing of those bonds on July 1, 2007. The Authority entered into an agreement with Credit Suisse First Boston, New York Branch, to provide the standby bond purchase agreement effective July 1, 1997; the term of this standby bond purchase agreement expires on June 30, 2027. Fees totaling $83,973 were incurred during 2001 by the Authority for the standby bond purchase agreement.

1998 SERIES BONDS

The payment of interest on and principal of the 1998 Series Bonds is secured by a municipal bond insurance policy issued by Ambac Assurance Corporation. Fees for the bond insurance were paid at closing; these fees were treated as a cost of issuance. The bond insurance is in effect for the term of the 1998 Series Bonds.

6. DERIVATIVE FINANCIAL INSTRUMENTS

The Authority executed a Master Agreement for interest rates swaps with Merrill Lynch Capital Services ("MLCS"), a wholly owned subsidiary of Merrill Lynch & Co. ("Merrill Lynch"), dated as of June 30, 1997. Ambac Assurance Corporation insures the Authority's obligations under the Master Agreement. Merrill Lynch guarantees the obligations of MLCS under the Master Agreement. As of December 31, 2001, Merrill Lynch was rated "Aa3" and "AA-" by Moody's Investors Services and Standard & Poor's Rating Group, respectively. If the rating of Merrill Lynch is reduced below "Aa3" by Moody's Investors Services or "AA-" by Standard and Poor's Rating Group, Ambac may require MLCS to execute and deliver a collateral agreement to secure its obligations under the Master Agreement. Ambac must approve the execution of any Confirmation for an interest rate swap under the Master Agreement.

The Authority has executed a series of interest rate swaps as part of the plans of finance for the 1997 Series Bonds and the 1998 Series Bonds. The swaps enabled the Authority to create a variable rate loan pool at a lower cost than it could have achieved by issuing variable rate debt directly. At the request of some of the local governments that participate in the 1997 Series and 1998 Series loan programs, the Authority has also executed a series of interest rate swaps to fix the interest rate on all or a portion of their loans. The Authority accrues the interest rate swap payments and receipts. Transactions for the year ended December 31, 2001, are reflected in the statement of revenues and expenses. A summary of the interest rate swap agreements is set forth below:

Interest Rate Swap Agreements

	Notional Amounts		
Description	*Initial Amount of Transaction*	*Outstanding as of December 31, 2001*	*Termination Value* (1)
1997 Series Bonds	$ 140,000,000	$ 140,000,000	$ 4,752,356
1997 Series Loans	106,552,000	97,573,100	415,525
Subtotal	246,552,000	237,573,100	5,167,881
1998 Series Bonds	300,000,000	300,000,000	13,713,576
1998 Series Loans	69,780,000	66,599,000	(859,773)
Subtotal	369,780,000	366,599,000	12,853,803
Total	$ 616,332,000	$ 604,172,100	$ 18,021,684

(1) The amount that the Authority would have received (paid) if the interest rate swap agreements were terminated on December 31, 2001.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of the Authority's financial instruments as of December 31, 2001, are set forth below:

Comparisons of Carrying Value and Fair Value

	Carrying Value	*Fair Value*
Assets:		
Cash and cash equivalents	$ 82,247,355	$ 82,247,355
Restricted cash equivalents	79,968,750	79,968,750
Loans receivable		
1985 Series	120,069,821	120,069,821
1986 Series	54,907,933	54,907,933
1996 Series (1)	17,692,245	19,163,993
1997 Series		
Variable rate loans	21,485,450	21,485,450
Fixed rate loans	97,101,100	96,685,575
1998 Series		
Variable rate loans	198,016,000	198,016,000
Fixed rate loans	66,599,000	67,458,773
Unamortized prepaid interest rate swap expense (2)	15,644,695	16,051,903
Liabilities:		
Bonds payable		
1985 Series	145,000,000	145,000,000
1986 Series	115,000,000	115,000,000
1996 Series (1)	17,692,245	19,163,993
1997 Series (1)	142,416,040	145,649,035
1998 Series (1)	319,409,780	310,346,955
Derivative financial instruments (2)	-	1,969,780

(1) Carrying value includes unamortized original issue discount or premium.
(2) Fair value is the net amount the Authority would have received (paid) if the interest rate swap agreements had been terminated on December 31, 2001.

The costs of the cash equivalents and restricted cash equivalents are reasonable estimates of the fair values because the cash equivalents and restricted cash equivalents have maturities of, or can be liquidated at par, in 90 days or less. The Authority uses the purchase prices of the variable rate loans receivable from the 1985, 1986, 1997, and 1998 Series loan programs and the costs of the bonds payable from the 1985 and 1986 Series as reasonable estimates of the fair values because the interest rates on those instruments are adjusted weekly with market conditions. Fair values of the fixed rate loans receivable from the 1996 Series, 1997 Series, and 1998 Series loan programs, and the bonds payable of the 1996 Series, 1997 Series, and 1998 Series have been estimated based upon market rates for similar securities with similar terms on December 31, 2001. The fair values of the interest rate swap agreements have been estimated based upon the termination payment the Authority would have received (paid) if the swap agreements were terminated on December 31, 2001.

Independent Auditors' Report
On Additional Information

Board of Directors
Delaware Valley Regional Finance Authority
Media, Pennsylvania:

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 19 through 21 is presented for purposes of additional analysis of the basic financial statements rather than to present the financial position, results of operations and cash flows of the individual bond issues, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Parente Randolph, LLC

Media, Pennsylvania
March 22, 2002

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

ADDITIONAL BALANCE SHEET INFORMATION
DECEMBER 31, 2001

	1985 Series	1986 Series	1996 Series	1997 Series	1998 Series	Total
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	$ 4,286,824	$ 50,915,086	$ 480	$ 13,411,598	$ 13,633,367	$ 82,247,355
Restricted cash equivalents	24,468,750	11,500,000	-	14,000,000	30,000,000	79,968,750
Accrued interest receivable						
Loans	110,293	56,723	213,317	88,024	234,406	702,763
Interest rate swaps	-	-	-	-	5,937,917	5,937,917
Investments in cash equivalents	91,774	112,368	-	11,024	19,366	234,532
Prepaid expenses	27,275	17,500	3,370	10,000	17,500	75,645
Loans to local governments, current	834,210	626,000	720,000	5,964,600	13,130,000	21,274,810
Total current assets	29,819,126	63,227,677	937,167	33,485,246	62,972,556	190,441,772
OTHER ASSETS:						
Loans to local governments, net of current portion	119,235,611	54,281,933	17,090,000	112,621,950	251,485,000	554,714,494
Unamortized prepaid interest rate swap expense	-	-	-	172,414	15,472,281	15,644,695
Bond original issue discount, net	-	-	117,755	-	-	117,755
Bond issuance costs, net	1,381,446	602,847	314,653	2,671,288	4,632,214	9,602,448
Total other assets	120,617,057	54,884,780	17,522,408	115,465,652	271,589,495	580,079,392
TOTAL	$ 150,436,183	$ 118,112,457	$ 18,459,575	$ 148,950,898	$ 334,562,051	$ 770,521,164
LIABILITIES AND FUND EQUITY						
CURRENT LIABILITIES:						
Accrued expenses	$ 101,887	$ 74,879	$ -	$ 21,166	$ -	$ 197,932
Bond principal payable, current	-	-	720,000	-	-	720,000
Estimated rebate liability, current	-	-	-	421,164	-	421,164
Accrued interest payable:						
Swaps	-	-	-	201,122	431,027	632,149
Bonds	159,897	117,363	213,317	4,199,248	6,652,354	11,342,179
Total current liabilities	261,784	192,242	933,317	4,842,700	7,083,381	13,313,424
LONG TERM LIABILITIES:						
Bonds payable, net	145,000,000	115,000,000	17,090,000	140,000,000	300,000,000	717,090,000
Loan original issue discount, net	-	-	117,755	-	-	117,755
Bond original issue premium, net	-	-	-	2,416,040	19,409,780	21,825,820
Estimated rebate liability	-	-	-	-	915,271	915,271
Unamortized loan origination fees	62,397	23,314	46,517	5,562	(194,527)	(56,737)
Total long term liabilities	145,062,397	115,023,314	17,254,272	142,421,602	320,130,524	739,892,109
Total liabilities	145,324,181	115,215,556	18,187,589	147,264,302	327,213,905	753,205,533
FUND EQUITY	5,112,002	2,896,901	271,986	1,686,596	7,348,146	17,315,631
TOTAL	$ 150,436,183	$ 118,112,457	$ 18,459,575	$ 148,950,898	$ 334,562,051	$ 770,521,164

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

ADDITIONAL STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2001

	1985 Series	*1986 Series*	*1996 Series*	*1997 Series*	*1998 Series*	*Total*
REVENUES:						
Interest income:						
Loans	$ 2,785,672	$ 2,020,284	$ 1,019,949	$ 4,185,629	$ 6,759,343	$ 16,770,877
Interest rate swaps	-	-	-	7,638,620	12,411,593	20,050,213
Investments in cash equivalents	1,808,719	1,758,640	151	974,262	3,268,918	7,810,690
Amortization of bond original issue premium	-	-	-	94,747	731,766	826,513
Amortization of loan original issue discount	-	-	6,414	-	-	6,414
Amortization of loan origination fees	20,199	27,226	2,996	5,532	(4,703)	51,250
Total Revenues	4,614,590	3,806,150	1,029,510	12,898,790	23,166,917	45,515,957
EXPENSES:						
Interest expense:						
Bonds	3,813,302	3,024,342	1,019,949	8,063,127	16,500,000	32,420,720
Interest rate swaps	-	-	-	4,742,313	6,582,922	11,325,235
Credit or liquidity facility fees	237,072	184,316	-	83,973	-	505,361
Administrative expenses	303,245	225,223	5,574	86,522	202,694	823,258
Amortization of bond original issue discount	-	-	6,414	-	-	6,414
Estimated rebate expense	-	-	-	65,378	(1,086,890)	(1,021,512)
Amortization of bond issuance costs	73,227	41,339	12,984	104,756	174,637	406,943
Total Expenses	4,426,846	3,475,220	1,044,921	13,146,069	22,373,363	44,466,419
EXCESS OF REVENUES OVER EXPENSES	187,744	330,930	(15,411)	(247,279)	793,554	1,049,538
TRANSFERS	(2,026)	-	6,020	-	(3,994)	-
FUND EQUITY, BEGINNING	4,926,284	2,565,971	281,377	1,933,875	6,558,586	16,266,093
FUND EQUITY, ENDING	$ 5,112,002	$ 2,896,901	$ 271,986	$ 1,686,596	$ 7,348,146	$ 17,315,631

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

ADDITIONAL STATEMENT OF CASH FLOWS INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2001

	1985 Series	1986 Series	1996 Series	1997 Series	1998 Series	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Excess of revenues over (under) expenses	$ 187,744	$ 330,930	$ (15,411)	$ (247,279)	$ 793,554	$ 1,049,538
Add interest expense on bonds and interest rate swap expense	3,813,302	3,024,342	1,019,949	12,805,440	23,082,922	43,745,955
Less interest earned on loans to local governments and interest rate swap income	(2,785,672)	(2,020,284)	(1,019,949)	(11,824,249)	(19,170,936)	(36,821,090)
Excess of operating revenues over (under) operating expenses	1,215,374	1,334,988	(15,411)	733,912	4,705,540	7,974,403
Loans to local governments	(40,000,000)	(39,000,000)	-	(16,039,000)	(125,244,000)	(220,283,000)
Principal repayments of loans to local governments	19,079,632	48,813,000	685,000	12,858,500	25,347,000	106,783,132
Interest received on loans to local governments and interest rate swap agreements	3,037,584	2,163,851	1,026,891	11,995,959	19,389,991	37,614,276
Loan origination fees	18,400	19,500	-	6,388	(31,867)	12,421
Adjustments for revenues not generating cash:						
Amortization of loan origination fees	(20,199)	(27,226)	(2,996)	(5,532)	4,703	(51,250)
Amortization of loan original issue discount	-	-	(6,414)	-	-	(6,414)
Amortization of bond original issue premium	-	-	-	(94,747)	(731,766)	(826,513)
Adjustments for expenses not reducing cash:						
Amortization of bond original issue discount	-	-	6,414	-	-	6,414
Estimated rebate expense	-	-	-	65,378	(1,086,890)	(1,021,512)
Amortization of bond issuance costs	73,227	41,339	12,984	104,756	174,637	406,943
Adjustments for changes in assets and liabilities						
Accrued interest receivable on investments	140,711	177,393	-	14,893	108,278	441,275
Prepaid expenses	(681)	-	(562)	(2,500)	(2,917)	(6,660)
Accrued expenses	5,456	(1,960)	-	21,166	-	24,662
Net cash (used in) provided by operating activities	(16,450,496)	13,520,885	1,705,906	9,659,173	(77,367,291)	(68,931,823)
CASH FLOWS FROM INVESTING ACTIVITIES, Decrease in investments	5,838,741	31,633,810	-	-	-	37,472,551
CASH FLOWS USED IN NONCAPITAL FINANCING ACTIVITIES:						
Transfers	(2,026)	-	6,020	-	(3,994)	-
Payment of bond principal	-	-	(685,000)	-	-	(685,000)
Payment of interest on bonds and interest rate swap agreements	(4,179,129)	(3,258,734)	(1,026,891)	(12,895,031)	(22,734,229)	(44,094,014)
Net cash used in financing activities	(4,181,155)	(3,258,734)	(1,705,871)	(12,895,031)	(22,738,223)	(44,779,014)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(14,792,910)	41,895,961	35	(3,235,858)	(100,105,514)	(76,238,286)
CASH AND CASH EQUIVALENTS, BEGINNING	19,079,734	9,019,125	445	16,647,456	113,738,881	158,485,641
CASH AND CASH EQUIVALENTS, ENDING	$ 4,286,824	$ 50,915,086	$ 480	$ 13,411,598	$ 13,633,367	$ 82,247,355

See Notes to Financial Statements

Appendix II:

Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is dated as of May 1, 2002, and is executed by the Delaware Valley Regional Finance Authority (the "Authority") and Wilmington Trust Company, as dissemination agent (the "Dissemination Agent") in connection with the issuance of Delaware Valley Regional Finance Authority, Local Government Revenue Bonds, Series of 2002, in the aggregate principal amount of $300,000,000 (the "2002 Bonds"). The 2002 Bonds are being issued pursuant to a Trust Indenture, dated as of May 1, 2002, between the Authority and Wilmington Trust Company (the "Trust Indenture"). The proceeds of the 2002 Bonds are expected to be provided by the Authority to certain local government units (individually each a "Borrower" and collectively the "Borrowers") pursuant to Loan Agreements between the Authority and each Borrower (the "Loan Agreements"). The Authority and the Trustee as Dissemination Agent, as defined below, covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the Bondholders and in order to comply with the Rule as hereinafter defined.

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Indenture or the Loan Agreements, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or elsewhere in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean each Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Bondholder" shall mean the person or persons in whose name a Series 2002 Bond is registered on the books of the Authority kept by the Dissemination Agent for that purpose in accordance with the Trust Indenture and the 2002 Bonds. For so long as any Series 2002 Bond shall be registered in the name of the Securities Depository or its nominee, the term "Bondholder" shall also mean and include, for the purposes of this Disclosure Agreement, the owners of book-entry credits evidencing beneficial ownership interest in the 2002 Bonds; provided, however, that the Dissemination Agent shall have no obligation to determine the identity of beneficial owners of the 2002 Bonds.

"Disclosure Representative" shall mean Calhoun, Baker Inc., Program Administrator for the Authority, on behalf of the Authority, or such other person as the Authority shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean Wilmington Trust Company, acting in the capacity as Dissemination Agent hereunder, or any entity which is a successor trustee under the Trust Indenture or any successor Dissemination Agent designated in writing by the Authority and which has accepted in writing and filed such designation with the Authority.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"National Repository" shall mean each Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are the National Repositories:

Bloomberg Municipal Repositories
P.O. Box 840
Princeton, New Jersey 08542-0840
Phone: (609) 279-3200
Fax: (609) 279-5962
Internet: MUNIS@Bloomberg.com

Interactive Data
Attn: Repository
100 Williams Street
New York, New York 10038
Phone: (212) 771-6899
Fax: (212) 771-7390
Internet: NRMSIR @ interactivedata.com

Standard & Poor's J.J. Kenny Repository
55 Water Street, 45th Floor
New York, New York 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Internet: nrmsir_repository@sandp.com

DPC Data, Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-Mail: NRMSIR@DPCDATA.com

"Participating Underwriter" or "Underwriter" shall mean any of the original underwriters of the 2002 Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

“Securities Depository” shall mean The Depository Trust Company, New York, NY, or its nominee, Cede & Co., or any successor thereto appointed pursuant to the Trust Indenture.

"State" shall mean the Commonwealth of Pennsylvania.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purposes of the Rule. As of the date of this Agreement, there is no State Repository.

“Trustee” shall mean the Trustee of the Local Government Revenue Bonds, 2002 Series issued by the Delaware Valley Regional Finance Authority, initially WILMINGTON TRUST COMPANY.

SECTION 3. Provision of Annual Financial Information.

(a) The Authority shall, not later than July 1 of each year, commencing on July 1, 2002, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report.

(b) If by ten (10) Business Days prior to the date specified in Section 3(a) for providing the Annual Report to the Repositories the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Disclosure Representative and request that the Annual Report be provided.

(c) If the Dissemination Agent has not received the Annual Report and is unable to verify that an Annual Report has been provided to the Repositories by the date required in Section 3(a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent shall determine each year twenty (20) Business Days prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any, it being understood that the Dissemination Agent may rely on an opinion of counsel concerning the identity of each entity designated as a National or State

Repository and provide such information to the Authority.

SECTION 4. Content of Annual Financial Information. Each Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements for the Authority prepared in accordance with generally accepted accounting principles ("GAAP"), or in accordance with the reporting requirements of the Department of Community and Economic Development of the Commonwealth of Pennsylvania if GAAP statements are not prepared;

(b) Updates of the sections of the Official Statement captioned: "THE AUTHORITY."

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Authority is an "obligated person" (as defined in the Rule), which have been filed with each of the National Repositories and the State Repository, if any, or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Authority shall clearly identify each such document so incorporated by reference.

The Authority reserves the right to modify from time to time the specific types of information provided and the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Authority; provided that the Authority agrees that any such modification will be done in a manner consistent with the Rule. The Authority may, at its option, satisfy this obligation by providing an official statement for one or more series of bonds or by specific reference, in accordance with the Rule, to one or more official statements previously provided and available from the MSRB.

SECTION 5. Reporting of Significant Events.

(a) The Authority agrees that it shall provide through the Dissemination Agent, in a timely manner, to the MSRB, each National Repository, and each State Repository, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material within the meaning of the Rule:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements, if any, reflecting

financial difficulties;

5. Substitution of credit or liquidity providers, if any, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the 2002 Bonds;

7. Modifications to the rights of the holders of the 2002 Bonds;

8. Series 2002 Bond calls;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the 2002 Bonds; and

11. Rating changes.

The foregoing eleven (11) events are substantially quoted from the Rule.

(b) The Dissemination Agent shall, within five (5) Business Days of the day on which a responsible officer in the Dissemination Agent's corporate trust group with responsibility for the 2002 Bonds obtains actual knowledge of or receives written notice of the occurrence of any of the Listed Events (except events listed in Section 5(a)(1), (8) or (9) contact the Disclosure Representative and request that the Disclosure Representative promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(f).

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to Section 5(b) or otherwise, the Disclosure Representative shall as soon as possible determine if such event would constitute material information for Bondholders of 2002 Bonds.

(d) If the Disclosure Representative has determined that knowledge of the occurrence of a Listed Event would be material, the Disclosure Representative shall promptly notify the Dissemination Agent in writing. Such notice shall contain the text of any Listed Event that is to be included in the notice filed pursuant to Section 5(f) and shall instruct the Dissemination Agent to report the occurrence pursuant to Section 5(f).

(e) If in response to a request under Section 5(b), the Disclosure Representative determines that the Listed Event would not be material, the Disclosure Representative shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to Section 5(f).

(f) If the Dissemination Agent has been instructed by the Disclosure Representative to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence, together with a cover sheet substantially in the form attached hereto as Exhibit B, with the Municipal Securities Rulemaking Board and each National Repository and State Repository, if any, with a copy to the Disclosure Representative. Notwithstanding the foregoing:

(1) Subject to the knowledge requirements of Section 5(b) notice of the occurrence of a Listed Event described in Section 5(a)(1), (8) or (9) shall be given by the Dissemination Agent;

(2) Notice of Listed Events described in Section 5(a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Bondholders of affected 2002 Bonds pursuant to the Trust Indenture; and

(3) If the Disclosure Representative fails to give the Dissemination Agent notice pursuant to Section 5(d) or (e) with respect to a Listed Event other than as described in Section 5(a)(1), (8) or (9) the Dissemination Agent shall deliver the notices provided for in this Section 5(f).

(g) Nothing in this Disclosure Agreement is intended to modify or limit the right of WILMINGTON TRUST COMPANY in its capacity as Trustee under the Trust Indenture to provide notices and other information to Bondholders and such other parties as it deems appropriate in the performance of its duties as Trustee.

(h) Each notice of occurrence of a Listed Event filed pursuant to the first sentence of Section 5(f) shall contain on the cover page in bold face type the following: "The information contained herein is being filed by the Delaware Valley Regional Finance Authority for the purpose of complying with its obligations under Securities and Exchange Commission Rule 15c2-12. The information contained herein is as of the date set forth below. WILMINGTON TRUST COMPANY as Dissemination Agent has not participated in the preparation of this notice, has not examined its contents and makes no representation concerning the accuracy and completeness of the information contained herein."

SECTION 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate (1) upon the defeasance, prior redemption or payment in full of all of the 2002 Bonds, (2) upon repeal or rescission of Section (b)(5) of the Rule or (3) upon a final determination that Section (b)(5) of the Rule is invalid or unenforceable.

SECTION 7. Amendment: Waiver. The Authority and the Dissemination Agent may amend this Disclosure Agreement only in a manner which is consistent with the Rule. Prior to executing any amendment, the Authority or the Dissemination Agent may request that an opinion be provided by counsel, knowledgeable in Federal Securities laws and acceptable to the Authority and the Dissemination Agent, as to consistency of the amendment with the Rule. The Disclosure Representative shall provide notice of any amendment to the Dissemination Agent and the Dissemination Agent shall promptly file such notice with the MSRB and each Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, the Bondholders' sole remedy shall be to institute an action against the Authority for specific performance of its obligations hereunder, and such failure shall not constitute an Event of Default under the Trust Indenture under which the 2002 Bonds were issued.

SECTION 10. Duties, Immunities and Liabilities of Disclosure Representative and Dissemination Agent.

(a) The Authority hereby appoints Wilmington Trust Company to serve as Dissemination Agent under this Agreement. The Authority may discharge the Dissemination Agent, with or without appointing a successor to it. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Agreement. If at any time there is not a designated Dissemination Agent, the Authority shall perform all duties and obligations of the "Dissemination Agent" under this Agreement.

(b) The Dissemination Agent accepts and agrees to perform the duties imposed upon it by this Agreement, but only upon the terms and conditions set forth herein. To the extent thatWilmington Trust Company’s duties as Dissemination Agent conflict with its duties as Trustee under the Trust Indenture, the duties of Wilmington Trust Company as Trustee shall take precedence.

(c) The Disclosure Representative and the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority releases the Disclosure Representative and the Dissemination Agent from any claim arising out of the discharge of any duties hereunder and the Authority agrees to indemnify and defend and save the Disclosure Representative, the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Disclosure Representative or the Dissemination Agent. The obligations of the Authority under this Section shall survive the resignation or removal of the Dissemination Agent and payment of the 2002 Bonds.

(d) The Dissemination Agent shall be under no obligation to institute any suit, or to take any proceeding under this Disclosure Agreement, or to enter any appearance or in any way defend in any suit in which it may be made a defendant, or to take any steps in the execution of the duties hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and expenses and other reasonable disbursements, and against all liability. The Dissemination Agent may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Dissemination Agent, without indemnity, and in such case the Authority shall reimburse the Dissemination Agent upon demand for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred and against all liabilities in connection therewith.

(e) If at any time it shall be necessary or desirable for the Dissemination Agent to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Dissemination Agent, and in any case in which this Disclosure Agreement provides for permitting or taking any action, the Dissemination Agent may rely upon any certificate required or permitted to be filed with it under the provisions of this Disclosure Agreement, and any such certificate shall be evidence of such fact to protect the Dissemination Agent in any action that it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Disclosure Agreement, any request, notice or other instrument from the Authority to the Dissemination Agent shall be deemed to have been signed by the proper party or parties if signed by the Chairman or Vice-Chairman, and the Dissemination Agent may accept a certificate signed by an individual who represents to the Dissemination Agent in writing that he or she is an authorized officer of the Authority as to any action taken by the Authority.

(f) The Dissemination Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably believed by it to be in accordance with the terms of this Disclosure Agreement, or upon any resolution, order, notice, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Disclosure Agreement, or upon the written opinion of any attorney or accountant, and the Dissemination Agent shall be under no duty to make any investigation or inquiry as to statements contained or matters referred to in any such instrument or opinion, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Dissemination Agent may execute any of the powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of law and its duty hereunder, and the Dissemination Agent shall not be answerable for any act or omission of any such attorney, agent or employee selected by it with reasonable care. The Dissemination Agent shall not be answerable for the exercise of any discretion or power under this Disclosure Agreement or for anything whatever in connection with the performance of its duties hereunder, except only for its own willful misconduct or gross negligence. For purposes of this Disclosure Agreement, matters shall not be deemed to be known to the Dissemination Agent unless they are known by a responsible officer in the Dissemination Agent's corporate trust group with responsibility for the 2002 Bonds.

(g) The Dissemination Agent may resign and thereby become discharged from the duties as such under this Disclosure Agreement by notice in writing mailed, postage prepaid, to the Authority, such resignation to become effective on the tenth (10th) Business Day following the Authority's receipt of notice thereof (or at such different date and time as stated in such notice). Any such resignation shall take effect immediately upon the appointment of a new Dissemination Agent hereunder, if such new Dissemination Agent shall be appointed before the time stated in such notice (if any) and shall then accept the duties of Dissemination Agent hereunder.

SECTION 11. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an Original and all of which shall constitute but one and the same instrument.

SECTION 12. Notices. Any notice or communication to or among the parties to this Disclosure Agreement may be given as follows:

to the Authority:	Delaware Valley Regional Finance Authority 1811 Bethlehem Pike Flourtown Commons, Suite 350 Flourtown, PA 19031
to the Dissemination Agent:	Wilmington Trust Company 1100 North Market St. Rodney Square North Wilmington, DE 19890
to the Disclosure Representative:	Calhoun, Baker Inc. 1811 Bethlehem Pike Flourtown Commons, Suite 350 Flourtown, PA 19031

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriters and the Bondholders and shall create no rights in any other person or entity.

SECTION 14. Compensation of Dissemination Agent. The Authority shall pay or reimburse the Dissemination Agent (within 30 days of notice) for all reasonable expenses, charges and other disbursements including, without limitation, the fees and costs of its officers, directors, attorneys (including in-house counsel), agents and employees incurred in and about the administration and execution of the duties created by this Agreement and the performance of its powers and duties hereunder, and shall indemnify and save the Dissemination Agent and its officers, directors, attorneys and employees harmless from and against any losses, costs, expenses or other liabilities including all costs, expenses, outlays, counsel fees and expenses, and other disbursements which any of them may incur in the exercise and performance of its duties hereunder.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the date and year above first written.

DELAWARE VALLEY REGIONAL
FINANCE AUTHORITY

By:_________________________________
Name:
Title:

WILMINGTON TRUST COMPANY, as
Dissemination Agent

By:_________________________________
Name:
Title:

EXHIBIT A

NOTICE TO REPOSITORIES OF POSSIBLE FAILURE TO FILE ANNUAL REPORT

Name of Authority: Delaware Valley Regional Finance Authority

Name of Bond Issue: $300,000,000 Delaware Valley Regional Finance Authority, Local Government Revenue Bonds, Series of 2002

Name of Obligated Issuer: Delaware Valley Regional Finance Authority

Date of Issuance: May __, 2002

NOTICE IS HEREBY GIVEN that to the best of the knowledge of Wilmington Trust Company as Dissemination Agent, Delaware Valley Regional Finance Authority has not provided an Annual Report with respect to the above-named Series of 2002 Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of May 1, 2002 between the Authority and WILMINGTON TRUST COMPANY, Trustee as Dissemination Agent.

Dated: ____________________________

____
WILMINGTON TRUST COMPANY
Dissemination Agent on behalf of the Delaware Valley Regional Finance Authority.

cc: Delaware Valley Regional Finance Authority

EXHIBIT B

COVER SHEET REPORTING OCCURRENCE OF A MATERIAL EVENT

MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

Issuer’s and/or Other Obligated Person’s Name: ____________________________________

CUSIP Numbers: Nine-digit number(s) to which the information relates:

Number of pages of attached information: ________

Description of Material Event Notice / Financial Information (Check One):

1. __ Principal and interest payment delinquencies
2. __ Non-payment related defaults
3. __ Unscheduled draws on debt service reserves reflecting financial difficulties
4. __ Unscheduled draws on credit enhancements reflecting financial difficulties
5. __ Substitution of credit or liquidity facility providers, or their failure to perform
6. __ Adverse tax opinions or events affecting the tax-exempt status of the security
7. __ Modifications to rights of security holders
8. __ Bond calls
9. __ Defeasances
10. __ Release, substitution, or sale of property securing repayment of the securities
11. __ Rating changes
12. __ Failure to provide annual financial information as required
13. __ Other material event notice (specify)
14. __ Financial Information: Please check all appropriate spaces:

__ CAFR (a) __ includes__ does not include Annual Financial Information

(b) Audited? __ Yes __ No

__ Annual Financial Information: Audited? __Yes __No

__ Operating Data

Fiscal Period Covered: ____

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: ____

Name:___________________ Title: ______________________

Employer: ____

Address:

Telephone Number: ________________

Appendix III:

Covenant Agreement

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

COVENANT AGREEMENT

This Covenant Agreement (the "Agreement") originally adopted on April 9, 2001, by the Delaware Valley Regional Finance Authority (the "Authority") for the benefit of the holders of any and all Bond Series, as defined herein, is hereby amended and restated as of April 23, 2002.

Whereas, the Authority has issued bonds (the "Outstanding Bond Series") to provide funds for loans to local government units (the "Pooled Loan Program"):

1. $145,000,000 Adjustable Rate Local Government Revenue Bonds, Series 1985 A, 1985 B, 1985 C and 1985 D pursuant to the provisions of a Trust Indenture dated December 30, 1985 (the "1985 Indenture").

2. $115,000,000 Local Government Revenue Bonds, Series 1986 Bi-Modal Multiple-Term Format (the "1986 Bonds") pursuant to an Indenture of Trust dated as of August 28, 1986, as amended and restated as of May 13, 1988 (the "1986 Indenture").

3. $20,930,000 Local Government Revenue Bonds, 1996 Series A pursuant to a Trust Indenture dated as of June 15, 1996 (the "1996 Indenture").

4. $140,000,000 Local Government Revenue Bonds, 1997 Series A, B and C (the "1997 Bonds") pursuant to a Trust Indenture dated as of July 1, 1997 (the "1997 Indenture").

5. $300,000,000 Local Government Revenue Bonds, 1998 Series A, B and C (the "1998 Bonds") pursuant to a Trust Indenture dated as of August 1, 1998 (the "1998 Indenture").

Whereas, the 1985 Indenture permits monies in the Earnings Fund, when Parity (as therein defined) exists, to be transferred as otherwise directed by the Program Administrator; the 1986 Indenture permits amounts on deposit in the Surplus Fund to be transferred, *inter alia*, to the Authority free and clear of the trusts created by the 1986 Indenture; the 1997 Indenture permits amounts deposited in the Discretionary Fund, when Parity (as therein defined) exists to be used at the direction of the Authority for any lawful purpose; and the 1998 Indenture permits amounts deposited in the Discretionary Fund when Parity (as therein defined) exists to be used at the direction of the Authority for any lawful purpose.

Whereas, the Authority has accumulated in each of the 1985 Indenture, the 1986 Indenture, the 1997 Indenture and the 1998 Indenture amounts in excess of (i) the amount required for Parity and (ii) the amount, projected by the Program Administrator, to be necessary to pay all expenditures and to provide a reasonable level of liquidity (the "Excess Funds").

Whereas, the Authority may, in the future, issue additional series of bonds (the "Future Bond Series") under other indentures for the purposes of further implementing its Pooled Loan Program.

Whereas, the Authority wishes to enhance the marketability of the Outstanding Bond Series and the Future Bond Series (collectively, the "Bond Series") in order to reduce the costs of its Pooled Loan Program.

NOW, THEREFORE, in consideration of the benefits to be obtained by it as a result of the execution and delivery of this Covenant Agreement, including but not limited to the enhanced marketability of its Bond Series, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority hereby covenants as follows:

1. The Authority hereby authorizes and directs the Program Administrator to transfer Excess Funds to (i) replenish any deficiency of the debt service reserve fund of any Bond Series that cannot be restored from the available funds of that Bond Series or (ii) pay any debt service, regularly scheduled payments on interest rate swap agreements, and Administrative Expenses that cannot be paid from the available funds of a Bond Series.

2. The Authority hereby authorizes and directs the Program Administrator to review the sufficiency of the available funds of each Bond Series and to transfer Excess Funds among the Bond Series, as needed, on a monthly basis.

3. The Authority hereby covenants, as long as any Bond Series is outstanding, to restrict the use of any Excess Funds to (i) replenish any deficiency of the debt service reserve fund of any Bond Series that cannot be restored from the available funds of that Bonds Series or (ii) pay any debt service payments, regularly scheduled payments on interest rate swap agreements, and Administrative Expenses that cannot be paid from the available funds of a Bond Series.

4. As used in this Covenant Agreement, the term "Administrative Expenses" means any expenditures of the Authority reasonably and necessarily incurred by the Authority by reason of its issuance of any Bond Series or for the Pooled Loan Program, as determined by the Program Administrator, including, without limitation, compliance charges with respect to securities disclosure requirements, auditing fees and expenses, termination payments with respect to swap agreements, extraordinary payments with respect to arbitrage rebate or negotiated closing agreements with the Internal Revenue Service, non-asset bond costs, costs associated with rebate compliance, the fees and expenses of trustees, the Program Administrator and rebate analysts, all other legal, financing and administrative expenses incurred by the Authority with respect to the Pooled Loan Program, the maintenance of prudent levels of liquidity to provide sufficient levels of operating cash flow, as determined by the Program Administrator and any expenses incurred by the Authority or trustees to compel full and punctual performance of all the provisions of all documents related to the Pooled Loan Program.

IN WITNESS WHEREOF, the Chairman and Secretary have hereunto set their hands and the seal of the Authority the day and year above first written.

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

Attest: /s/ James H. Shacklett, III
Secretary

By: /s/ John J. McFadden
Chairman

Appendix IV:

Loans Outstanding, Loans in Process, and Loan Applications as of April 30, 2002

Delaware Valley Regional Finance Authority
Principal Amount of Loans Outstanding on April 30, 2002 by Participant and Series

Borrower	*1985 Series*	*1986 Series*	*1996 Series*	*1997 Series*	*1998 Series*	*Total*	*Moody's Rating* (1)	*S&P Rating* (1)
Aston Township	$ 59,000.00	$ -	$ -	$ -	$ -	$ 59,000.00	A3	
Atglen Borough				177,000.00		177,000.00		
Avondale Borough		413,000.00				413,000.00		
Bensalem Township			2,355,000.00	3,602,000.00	8,500,000.00	14,457,000.00	A2	
Bensalem Township School District				2,199,200.00		2,199,200.00	A3	A+
Bristol Borough	572,714.00					572,714.00		
Bristol Township School District				3,655,000.00		3,655,000.00		A
Buckingham Township					3,338,000.00	3,338,000.00	Aa2	
Bucks County		7,000,000.00				7,000,000.00	Aa2	AA
Bucks County Airport Authority				945,000.00	1,983,000.00	2,928,000.00		
Chadds Ford Township			965,000.00			965,000.00		
Chester County	12,500,000.00	60,590,000.00			20,734,000.00	93,824,000.00	Aa2	
Coatesville Area School District					29,285,000.00	29,285,000.00	A3	A
Colonial School District					251,000.00	251,000.00	A1	
Delaware County	76,445,000.00	9,830,000.00		49,960,000.00		136,235,000.00	Aa3	AA
Downingtown Area School District	15,000,000.00					15,000,000.00	Aa3	
East Goshen Municipal Authority				1,186,000.00		1,186,000.00		
East Goshen Township				388,000.00	4,401,000.00	4,789,000.00	A1	
East Lansdowne Borough	45,020.00					45,020.00		
East Norriton Township					1,552,000.00	1,552,000.00		
East Rockhill Township				329,000.00	2,072,000.00	2,401,000.00		
Franklin Township				675,000.00		675,000.00		
Glenolden Borough			950,000.00			950,000.00		
Governor Mifflin School District					6,240,000.00	6,240,000.00	A2	
Kennett Square Borough					2,221,000.00	2,221,000.00	A3	
Limerick Township Municipal Authority					16,267,000.00	16,267,000.00		
London Britain Township				663,450.00		663,450.00		
London Grove Township				482,000.00		482,000.00		
Lower Gwynedd Township					1,695,000.00	1,695,000.00	Aa3	
Lower Makefield Township				8,862,000.00		8,862,000.00	Aa3	
Lower Moreland Township				859,000.00		859,000.00		A+
Lower Pottsgrove Township					1,485,000.00	1,485,000.00		
Lower Pottsgrove Township Authority					10,555,000.00	10,555,000.00		
Lower Salford Township					4,465,000.00	4,465,000.00		
Malvern Borough	171,000.00					171,000.00	A3	
Marple Township					736,000.00	736,000.00	A2	
Middletown Township (Bucks)	802,871.00					802,871.00	A1	
Middletown Township (Delaware)	301,500.00					301,500.00		

Delaware Valley Regional Finance Authority
Principal Amount of Loans Outstanding on April 30, 2002 by Participant and Series

Borrower	*1985 Series*	*1986 Series*	*1996 Series*	*1997 Series*	*1998 Series*	*Total*	*Moody's Rating* (1)	*S&P Rating* (1)
Millersville Borough				4,616,000.00	1,016,000.00	5,632,000.00		
Morrisville Borough School District				3,000,000.00		3,000,000.00		
Morton Borough	249,893.00					249,893.00		
Nether Providence Township			4,120,000.00	590,000.00		4,710,000.00		
New Britain Township				1,310,000.00		1,310,000.00	A1	
New Garden Township Sewer Authority					2,276,000.00	2,276,000.00		
New Hanover Township					7,382,000.00	7,382,000.00		
Norristown Area School District					190,000.00	190,000.00	A1	
North Coventry Township					3,500,000.00	3,500,000.00		
Norwood Borough				859,000.00		859,000.00		
Pennsbury School District					1,300,000.00	1,300,000.00	A1	
Pennsbury Township				534,000.00		534,000.00		
Perkasie Borough					2,906,000.00	2,906,000.00		
Phoenixville Borough	639,000.00				1,562,000.00	2,201,000.00	A3	
Pocopson Township		464,000.00				464,000.00		
Pottstown Borough					3,504,000.00	3,504,000.00		
Pottstown Borough Authority					3,846,000.00	3,846,000.00		
Pottstown School District					12,778,000.00	12,778,000.00		A
Quakertown Community School District	12,500,000.00		6,515,000.00	4,294,000.00	16,320,000.00	39,629,000.00		
Radnor Township School District					15,000,000.00	15,000,000.00	Aa3	
Rockledge Borough				137,000.00		137,000.00		
Sadsbury Township				1,268,000.00		1,268,000.00		
Sharon Hill Borough	53,230.00					53,230.00		
Solebury Township					4,841,000.00	4,841,000.00	A2	
Southern Delaware County Authority				1,512,000.00		1,512,000.00		
Springfield Township				5,650,000.00	2,210,000.00	7,860,000.00		
Swarthmore Borough			945,000.00		1,565,000.00	2,510,000.00		
Tinicum Township					1,525,000.00	1,525,000.00		
Townmencin Township					7,300,000.00	7,300,000.00		
Townmencin Township Infrastructure Authority					9,732,000.00	9,732,000.00		
Trumbauersville Borough		687,000.00				687,000.00		
Upper Dublin Township				4,960,000.00		4,960,000.00	Aa3	
Upper Gwynedd Township					460,000.00	460,000.00		
Upper Providence Township (Delaware)					1,391,000.00	1,391,000.00		
Upper Providence Township (Montgomery)					10,000,000.00	10,000,000.00		
Upper Providence Township Sewer Authority					4,649,000.00	4,649,000.00		
Upper Salford Township				572,000.00		572,000.00		
Upper Southampton Township					3,540,000.00	3,540,000.00	A2	

Delaware Valley Regional Finance Authority
Principal Amount of Loans Outstanding on April 30, 2002 by Participant and Series

Borrower	*1985 Series*	*1986 Series*	*1996 Series*	*1997 Series*	*1998 Series*	*Total*	*Moody's Rating* (1)	*S&P Rating* (1)
Uwchlan Township	533,000.00	2,654,000.00				3,187,000.00		
Wallace Township				700,000.00		700,000.00		
West Chester Area School District		20,000,000.00			12,844,000.00	32,844,000.00	Aa1	
West Chester Borough			400,000.00	8,438,000.00	5,240,000.00	14,078,000.00		
West Goshen Sewer Authority				5,594,000.00		5,594,000.00	A1	
West Goshen Township		1,775,000.00		5,806,000.00		7,581,000.00		
West Grove Borough					1,488,000.00	1,488,000.00		
West Norriton Township				134,000.00		134,000.00		A+
West Vincent Township		84,933.32				84,933.32		
West Whiteland Township				1,691,000.00		1,691,000.00	Aa3	
Westtown Township			840,000.00			840,000.00	A1	
Whitpain Township					9,672,000.00	9,672,000.00		
Wissahickon School District	-	-	-	-	11,130,000.00	11,130,000.00	Aa3	
Total	$ 119,872,228.00	$ 103,497,933.32	$ 17,090,000.00	$ 125,647,650.00	$ 274,947,000.00	$ 641,054,811.32		

(1) Explanations of the ratings may only be obtained from the rating agencies. The ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, information.

Delaware Valley Regional Finance Authority
Loans in Process and Loan Applications as of April 30, 2002

Borrower	*1985 Series*	*1986 Series*	*1996 Series*	*1997 Series*	*1998 Series*	*2002 Series*	*Total*	*Moody's Rating* (1)	*S&P Rating* (1)
Loans in Process									
Birmingham Township	$ -	$ -	$ -	$ 500,000.00	$ -	$ -	$ 500,000.00		
Bucks County (2)						23,000,000.00	23,000,000.00	Aa2	AA
Cumberland Township						1,745,000.00	1,745,000.00		
Marcus Hook Borough				201,000.00			201,000.00		
Swarthmore Borough (2)				780,000.00			780,000.00		
Tinicum Township (2)	-	-	-	-	-	3,500,000.00	3,500,000.00		
Subtotal	-	-	-	1,481,000.00	-	28,245,000.00	29,726,000.00		
Loan Applications Submitted									
Abington Township	-	-	-	645,000.00	-		645,000.00	Aa2	
Brandywine Heights Area School District						32,500,000.00	32,500,000.00	A3	
Central Bucks School District						5,000,000.00	5,000,000.00	Aa3	
Delaware County (2)	40,000,000.00					62,000,000.00	102,000,000.00	Aa3	AA
Hatfield Borough						3,500,000.00	3,500,000.00		
Lower Salford Township (2)						9,000,000.00	9,000,000.00		
Millcreek Township Sewer Authority						3,580,000.00	3,580,000.00		
North Wales Borough						1,173,000.00	1,173,000.00		
Pequea Valley School District						2,600,000.00	2,600,000.00	A2	
Pottstown School District (2)						2,000,000.00	2,000,000.00		A
Southeastern School District						10,000,000.00	10,000,000.00	A2	
Towamencin Township (2)						6,000,000.00	6,000,000.00		
West Chester Area School District (2)	20,000,000.00					20,000,000.00	40,000,000.00	Aa1	
Whitpain Township (2)	-	-	-	-	-	4,000,000.00	4,000,000.00		
Subtotal	60,000,000.00	-	-	645,000.00	-	161,353,000.00	221,998,000.00		
Total Loans in Process and Loan Applications Submitted	$ 60,000,000.00	$ -	$ -	$ 2,126,000.00	$ -	$ 189,598,000.00	$ 251,724,000.00		

(1) Explanations of the ratings may only be obtained from the rating agencies. The ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, information.
(2) Borrower already has at least one loan from the Authority outstanding.

APPENDIX V:

DEFINITIONS OF CERTAIN TERMS

DEFINITIONS OF CERTAIN TERMS

Unless otherwise defined herein, capitalized terms used in this Official Statement shall have the respective meanings ascribed to them in the Indenture.

"2002 Bonds" means the Local Government Revenue Bonds, Series of 2002.

"Act 50" means *Act No. 50 of 1998*.

"Administrative Fees and Expenses" means any expenditures of the Authority reasonably and necessarily incurred by the Authority by reason of its issuance of the 2002 Bonds or for the Loan Program, as determined by the Program Administrator, including, without limitation, Compliance Charges, auditing fees and expenses, Termination Payments, Extraordinary Payments, non-asset bond costs, costs associated with rebate compliance, the fees and expenses of the Trustee, the Administrator and the Rebate Analyst, all other legal, financing and administrative expenses incurred by the Issuer with respect to the Program, the maintenance of prudent levels of liquidity to provide sufficient levels of operating cash flow, as determined by the Program Administrator and any expenses incurred by the Issuer or the Trustee to compel full and punctual performance of all the provisions of the Indenture, the Loan Agreements or the Participant Notes.

"Authority" means the Delaware Valley Regional Finance Authority.

"*Authorities Act*" means the .*Municipality Authorities Act,* 53 Pa. C.S.A. §5601 et.seq.

"BMA Index" or "Municipal Swap Index" means the rate of interest established as the weekly high grade market index comprised of 7-day tax-exempt variable rate demand notes, published weekly and reset each Wednesday by BMA-Municipal Market Data as the BMA Municipal Swap Index, all as determined by the BMA Calculation Agent pursuant to the Swap Agreements, if any, and in the event such rate is no longer determined, any replacement thereof approved by the Administrator.

"Bond Counsel" means Blank Rome Comisky & McCauley LLP or any law firm subsequently designated by**,** or acceptable to, the DVRFA experienced in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds and which is reasonably acceptable to the Trustee.

"*Code*" means the *Internal Revenue Code of 1986*, as amended, and the regulations promulgated or proposed thereunder.

"Compliance Charges" means amounts payable by the Participants under the Loan Agreements and Participant Notes in respect of compliance with the disclosure requirements of Rule 15c(2)-12 of the SEC.

"Continuing Disclosure Agreement" means the agreement to be executed by the Authority that is intended to comply with the provisions of Rule 15c(2)-12 of the SEC.

"Counties" means Bucks, Chester, Delaware, and Montgomery Counties.

"Covenant Agreement" means the agreement adopted by the Board of the Authority on April 9, 2001, and amended and restated on April 23, 2002, under which the Authority covenants to transfer Excess Funds to (i) replenish any deficiency of the debt service reserve fund of any bond series that cannot be restored from the available funds of that bond series or (ii) pay any debt service, regularly scheduled payments on interest rate swap agreements, and administrative expenses, as defined therein, that cannot be paid from the available funds of a bond series.

"*Debt Act*" means the *Local Government Unit Debt Act,* 53 Pa. C.S.A. §8001 et. seq.

"Demand Survey" means the survey conducted by the Program Administrator to assess the demand by Local Government Units and other political subdivisions for loans from the Authority.

"DTC" means the Depository Trust Company.

"DTCC" means the Depository Trust Clearing Company.

"Early Termination" means the termination of any Swap Agreement prior to its stated maturity due to the occurrence of an event of default or certain other events that the Authority expects to be defined in the Swap Agreements.

"Eligible Credit Enhancement" means a municipal bond insurance policy, letter of credit, or other enhancement issued by an Eligible Credit Enhancer to secure the Repayments of a Participant under its Loan Agreement.

"Eligible Credit Enhancer" means a municipal bond insurer or other financial institution with claims paying ability ratings (or equivalent ratings) of "Aa3" or higher by Moody's and "AA-" or higher by S&P, that provides Eligible Credit Enhancement.

"Excess Funds" means the amount in each bond series issued by the Authority in excess of (i) the amount required to maintain Parity and (ii) the amount, projected by the Program Administrator, to be necessary to pay all expenditures and to provide a reasonable level of liquidity..

"Extraordinary Payment" means (a) any arbitrage rebate payments that may be required in connection with a subsequent change in the interpretation or application of federal tax law to the 2002 Bonds or (b) payments made pursuant to a negotiated closing agreement reached with the Internal Revenue Service in order to maintain the tax-exempt status of interest on the 2002 Bonds.

"Favorable Opinion of Bond Counsel" means, when used with respect to or in connection with any action, a written opinion of Bond Counsel or Special Tax Counsel to the effect that such action or failure to take action shall not adversely affect the excludability of interest paid on the Bonds from gross income for Federal or State income tax purposes.

"Guarantee" means a guarantee of timely Repayments of a Participant, other than a Participant which is a Local Government Unit, executed by a Guarantor.

"Guarantor" means a Local Government Unit that pledges its full faith, credit and taxing power to guarantee the timely Repayments of a Participant, other than a Participant which is a Local Government Unit..

"Indenture" means the Trust Indenture dated as of May 1, 2002, from the Authority to Wilmington Trust Company, Wilmington, Delaware, as Trustee, to secure the 2002 Bonds.

"Investment Agreement" means initially, the Investment Agreement or Investment Agreements entered into on the date of issuance of the 2002 Bonds, and any written investment agreement or repurchase agreement relating to the 2002 Bonds hereafter entered into by the Trustee for the purpose of investing moneys deposited in certain of the Funds, which investment agreement or repurchase agreement, and any amendments thereto or replacements thereof, is subject to the approval of the Authority.

"Investment Agreement Provider" means a financial institution with long-term, senior, unsecured debt ratings (or equivalent ratings) of "Aa3" or higher by Moody's and "AA-" or higher by S&P, or with a guaranty from an Investment Guarantor, that provides an Investment Agreement.

"LIBOR" means London Interbank Borrowing Rate.

"Loan" means a loan of a portion of the proceeds of the 2002 Bonds to a Participant pursuant to the terms of a Loan Agreement, through the purchase by the Trustee of the Participant Note evidencing the Participant's obligations to repay principal and interest on such loan.

"Loan Agreement" means an agreement, including the exhibits attached thereto, which is entered into by the Authority and a Participant pursuant to the Indenture. The term "Loan Agreement" shall also include the Participant Note and the Participant Resolution.

“Loan Program” means the program of the Authority to originate loans to Participants to fund Projects, as defined in the *Debt Act*, from the funds provided by the 2002 Bonds.

“Loan Repayments” or **“Repayments”** mean the payments of principal of, premium, if any, and interest on the Participant Notes, Termination Payments, if any, and any other amounts payable by a Participant pursuant to the provisions of a Loan Agreement, including Monthly Finance Charges.

“Local Government Unit” means a county, city, township, borough, school district, or any other entity with taxing power located in Pennsylvania as defined in the *Debt Act*.

“*Local Tax Enabling Act*” means *P.L. 1257*, approved December 31, 1965, effective January 1, 1966.

“Monthly Finance Charge” means the charges from time to time made to a Participant representing such Participant’s allocable share of the Administrative Fees and Expenses, including any adjustments required to be made to any prior Monthly Finance Charges.

“Moody’s” means Moody’s Investors Service, Inc.

“Parity” means, for the 2002 Bonds, an excess of (a) the sum of (i) cash, cash equivalents and investments; (ii) restricted cash, cash equivalents and investments (other than deposits in the Rebate Fund); (iii) accrued income from Loans, investments and Swap Agreements; (iv) prepaid expenses; and (v) the Outstanding Balances of the Loans; over (b) the sum of (i) the principal of the Bonds Outstanding and (ii) the accrued expenses of the 2002 Bonds, Swap Agreements (other than Termination Payments), Rebate Amount and/or Yield Reduction Amount and other Administrative Fees and Expenses.

“Participant” means and includes (i) a Local Government Unit located in the State, that is legally authorized to borrow money for a Project under the provisions of the *Debt Act*, that executes a Loan Agreement and Participant Note pursuant to this Indenture and that pledges its full faith, credit and taxing power to guarantee its obligations under the Participant Note and Loan Agreement in accordance with the provisions of the *Debt Act*, and (ii) a political subdivision located in the State, that is legally authorized to borrow money for a Project under the provisions of the *Act,* and that executes a Loan Agreement and Participant Note pursuant to this Indenture that is guaranteed by a pledge of the full faith, credit and taxing power of a Guarantor, in accordance with the provisions of the *Debt Act*.

“Participant Continuing Disclosure Agreement” means the agreement referred to in Section 5.14 of the Loan Agreement, intended to comply with the provisions of Rules 15c(2)-12 and 10b-5 of the Securities and Exchange Commission, attached as an exhibit to the Loan Agreement.

“Participant Note” means the note executed and delivered by each Participant to evidence its obligation to make all payments under a Loan Agreement.

“Participant Resolution” means the ordinance enacted or the resolution adopted by a Participant, in accordance with the provisions of the *Act* or the *Debt Act*, authorizing the issuance of the Participant Note and the sale thereof to the Issuer, and approving the execution and delivery of the Participant’s Loan Agreement.

“Participant Tax Compliance Agreement” means a written undertaking to comply with certain covenants, which, based upon the advice of Bond Counsel, are believed to be sufficient in order that the interest on the 2002 Bonds to remain excludible from the gross income of the holders thereof under the *Code*.

“Program Administrator” means initially Calhoun, Baker Inc. and any successor Administrator (which may include the Authority) duly appointed by the Authority and acting as Administrator hereunder; provided, however that the Issuer, as Administrator, may hereafter delegate to any person, firm or corporation qualified to do business in the State as servicing agent, any of the duties and responsibilities of the Administrator hereunder, upon written notice thereof to the Trustee.

"Project" means certain projects defined in the *Debt Act*, and which include, but are not limited to: (i) items of construction, acquisition, extraordinary maintenance, or repair, (ii) preliminary studies, testing, planning, or design work, (iii) acquisition of land or rights in land, (iv) furnishings, machinery, and equipment, (v) revision of assessment of real property, (vi) funding of all or a portion of a reserve for liability insurance and self-insurance, (vii) funding of an unfunded actuarial liability, (viii) funding or refunding of debt incurred for any or all of the foregoing purposes, and (ix) funding a deficit or creating a revolving fund for improvements.

"*Public School Code*" means the *Public School Code of 1949*, as amended by *Act 150 of 1975* 24 P.S. §1-101 et. seq. (P.L. 511).

"Rebate Analyst" means Calhoun, Baker Inc., or such other law firm or accounting firm specializing in federal arbitrage "rebate" matters under Section 148(f) of the Code.

"Resolution" means the resolution adopted by the Board of the Authority that authorized the issuance of the 2002 Bonds.

"Respondent" means a Local Government Unit or other political subdivision selected by the Program Administrator to participate in the Demand Survey.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"SEC" means the Securities and Exchange Commission.

"Sinking Fund Depository" means the bank, trust company, or a bank and trust company, located and lawfully conducting business in Pennsylvania, appointed by a Local Government Unit to maintain the bank account, or sinking fund, to receive payments for debt incurred pursuant to the *Debt Act*.

"Swap Agreements" means written agreements approved as to form and substance by the Administrator, which may be entered into, from time to time, between the Issuer and a Swap Counterparty.

"Swap Counterparty" means one or more financial institutions, with long-term, senior, unsecured debt ratings (or equivalent ratings) of "Aa3" or higher by Moody's and "AA-" or higher by S&P, which executes a Swap Agreement.

"Swap Guarantor" means a financial institution with long-term, senior, unsecured debt ratings (or equivalent ratings) of "Aa3" or higher by Moody's and "AA-" or higher by S&P that guarantees the obligations of a Swap Counterparty under a Swap Agreement.

"Swap Payment" means under a Swap Agreement, an amount payable to a Swap Counterparty equal to the amounts accruing on the notional amount specified in such Swap Agreement at a variable rate or a fixed rate computed in accordance with such Swap Agreement, but excluding any Termination Payment.

"Swap Receipts" means under a Swap Agreement, the amounts payable by a Swap Counterparty, in respect of the notional amount specified in ~~a~~ such Swap Agreement, at a variable rate or a fixed rate computed in accordance with such Swap Agreement, but excluding any Termination Payments.

"Termination Payment" means, under a Swap Agreement, an amount payable by the Issuer or the Swap Counterparty upon the Early Termination of a Swap Agreement, but excluding Swap Payments and Swap Receipts.

"Trust Estate" means the security for the performance of the obligations of the Authority under the Indenture, including the payments due on the 2002 Bonds and on any Swap Agreements other than Termination Payments, all right, title, and interest of the Authority in and under (i) the Revenues, the Participant Notes and Loan Agreements, all other payments, revenues and receipts receivable by the Authority thereunder or with respect thereto (except for certain rights of the Authority for indemnification and payment of expenses); (ii) the Swap Agreements, if any; and the revenues therefrom; (iii) the Investment Agreements; (iv) all Eligible Credit Enhancements; and (v) all moneys and securities (including the investment income therefrom) and all other property of every kind and of every name and nature which are now or from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for security to the Trustee by the Authority or by anyone on its behalf, or with its written consent or as otherwise permitted, and all cash and securities now or hereafter held in the Funds (excluding the Revenue Fund and the Discretionary Fund to the extent provided in the Covenant Agreement) created or established under this Indenture, and all investment earnings thereon.

"Trustee" means initially Wilmington Trust Company, 1100 North Market Street, Rodney Square North, Wilmington, Delaware 19890, acting as trustee, registrar and paying agent.