FUNDING LOAN AGREEMENT

among

CITIBANK, N.A.,
as Funding Lender

and

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

Dated as of [June __, 2015]

Relating to

New York City Housing Development Corporation
Multi-Family Mortgage Revenue Debt Obligations
(38 Sixth Avenue)
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FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of [June __, 2015] (this "Funding Loan Agreement"), is entered into by CITIBANK, N.A. (together with any successor hereunder, the "Funding Lender"), the NEW YORK CITY HOUSING DEVELOPMENT CORPORATION, a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State of New York (together with its successors and assigns, the "Corporation"), and U.S. BANK NATIONAL ASSOCIATION, as fiscal agent (the "Fiscal Agent").

RECITALS

WHEREAS, the Corporation has been created by and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 44-b of the Consolidated Laws of the State of New York, as amended (the "Act"); and

WHEREAS, Pacific Park 38 Sixth Avenue, LLC and PP 38 Sixth Avenue TC, LLC, each a Delaware limited liability company (collectively, jointly and severally, the "Borrower"), and the Funding Lender have requested the Corporation to enter into this Funding Loan Agreement under which (i) the Funding Lender will advance funds (the "Funding Loan"), in one or more tranches (each a "Tranche"), to or for the account of the Corporation, and (ii) the Corporation will utilize the proceeds of the Funding Loan to make a loan (the "Borrower Loan") to the Borrower to finance the construction and equipping of a multi-family rental housing development in the Borough of Brooklyn in the City and State of New York to be known as "38 Sixth Avenue" (the "Project"); and

WHEREAS, the Borrower Loan will be evidenced by one or more mortgage notes (collectively, the "Borrower Note"), each dated the date hereof, made by the Borrower payable to the order of the Corporation; and

WHEREAS, the Borrower Loan will be secured by, among other things, one or more mortgages (collectively, the "Borrower Mortgage"), each dated as of the date hereof, executed by the Borrower, for the benefit of the Corporation, and encumbering the Project, and pledged to the Fiscal Agent pursuant to this Agreement for the benefit of the Funding Lender; and

WHEREAS, upon the closing of any Tranche of the Retained Portion of the Borrower Loan, the Corporation will execute and deliver to the Funding Lender one of its Multi-Family Mortgage Revenue Debt Obligations (38 Sixth Avenue), dated the date of such closing and in a principal amount corresponding to the principal amount of such Tranche (each a "Corporation Obligation" and collectively the "Corporation Obligations"), evidencing the Corporation’s obligation to make the payments due to the Funding Lender under the Funding Loan, payable solely from the revenues and amounts pledged therefor pursuant to this Funding Loan Agreement, all as provided in this Funding Loan Agreement;

NOW, THEREFORE, THIS FUNDING LOAN AGREEMENT WITNESSETH:
It is hereby covenanted and declared that (i) the Corporation Obligations are to be delivered to evidence the payment obligations of the Corporation pursuant to this Funding Loan Agreement and (ii) the Corporation does hereby covenant and agree to and with the Funding Lender and the Fiscal Agent, for the benefit (except as otherwise expressly provided herein) of the Funding Lender, as follows:

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1. Definitions. For all purposes of this Funding Loan Agreement, except as otherwise expressly provided or unless the context otherwise clearly requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Borrower Loan Documents (as defined herein).

(b) The terms “herein,” “hereof” and “hereunder” and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. The term “heretofore” means before, and the term “hereafter” means after, the effective date of this Funding Loan Agreement. The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(d) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(e) All references in this instrument to a separate instrument are to such separate instrument as the same may be modified, amended or supplemented from time to time pursuant to the applicable provisions thereof.

(f) Words importing persons shall include firms, limited liability companies, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(g) Any moneys, documents, securities, obligations or other items received by the Fiscal Agent pursuant to the terms of this Funding Loan Agreement shall be deemed to have been received by the Corporation.

(h) References to the Funding Loan or the Corporation Obligations as “tax exempt” or to the “tax exempt status” of the Funding Loan or the Corporation Obligations are to the exclusion of interest on the Corporation Obligations from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) (other than any period during which any Corporation Obligation is held by a person
who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the Funding Loan or a "related person").

(i) As used in this Funding Loan Agreement:

"Act" shall have the meaning set forth in the first WHEREAS clause hereto.

"Administrative Fee" shall mean the administrative and servicing fee of the Corporation in the amount set forth in the Commitment, which shall be included in the interest rate on the Retained Portion of the Borrower Loan.

"Authorized Amount" shall mean $[__________], the maximum principal amount of the Funding Loan represented by the Corporation Obligations under this Funding Loan Agreement.

"Authorized Officer" shall mean (a) when used with respect to the Corporation, the Chairperson, Vice-Chairperson, President, any Executive Vice President or any Senior Vice President of the Corporation and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Corporation then authorized to perform such act or discharge such duty; (b) when used with respect to the Borrower, any member or officer of the Borrower then authorized to act for the Borrower and, in the case of any act to be performed or duty to be discharged, any other officer or employee of the Borrower then authorized to perform such act or discharge such duty; (c) when used with respect to the Fiscal Agent, any Managing Director, Director, Vice President, Assistant Vice President, trust officer or corporate trust administrator of the Fiscal Agent then authorized to act for the Fiscal Agent and, in the case of any act to be performed or duty to be discharged, any other officer or employee of the Fiscal Agent then authorized to perform such act or discharge such duty; and (d) when used with respect to the Funding Lender, any Managing Director or Vice President of the Funding Lender and, in the case of any act to be performed or duty to be discharged, any other officer or employee of the Funding Lender then authorized to perform such act or discharge such duty.

"Beneficiary Parties" shall mean the Corporation, the Fiscal Agent, the Funding Lender, any Servicer and their respective successors and assigns.

"Borrower" shall have the meaning set forth in the second WHEREAS clause hereto.

"Borrower Loan" shall have the meaning set forth in the second WHEREAS clause hereto.

"Borrower Loan Agreement" shall mean that certain Building and Project Loan Agreement, dated as of the date hereof, among the Corporation and the Borrower, as the same may be modified, amended or supplemented from time to time.

"Borrower Loan Documents" shall mean, collectively, (i) the Borrower Loan Agreement, (ii) the Borrower Note, (iii) the Borrower Mortgage, (iv) the Borrower Tax Certification, (v) related UCC financing statements, (vi) such assignments of management agreements, contracts and other rights as may be reasonably required in connection with the Borrower Loan, (vii) all other documents and agreements evidencing, securing, governing or otherwise pertaining to the Borrower Loan, (viii) the Continuing Disclosure Agreement, dated as of the date hereof,
between the Borrower and the Funding Lender, as dissemination agent thereunder, and (ix) all amendments, modifications, renewals and substitutions of any of the foregoing. Notwithstanding the foregoing, “Borrower Loan Documents” shall not include the Commitment, the Regulatory Agreement or any indemnification of the Borrower or the Guarantor for the benefit of the Corporation.

“Borrower Mortgage” shall have the meaning set forth in the fourth WHEREAS clause hereto.

“Borrower Note” shall have the meaning set forth in the third WHEREAS clause hereto.

“Borrower Tax Certification” shall mean the tax certification of the Borrower delivered to the Corporation, Tax Counsel and the Funding Lender in connection with the closing of the initial Tranche.

“Business Day” shall mean any day other than (a) a Saturday or a Sunday, (b) a day on which the Federal Reserve Bank of New York is authorized or obligated by law or executive order to remain closed, or (c) a day on which (i) the permanent home office of the Funding Lender, (ii) banking institutions located in the City or (iii) the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

“Carryforward End Date” shall mean [__________].

“Certificate” shall mean (a) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Funding Loan Agreement or (b) the report of an accountant as to audit or other procedures called for by this Funding Loan Agreement.

“City” shall mean The City of New York, a municipal corporation organized and existing under and pursuant to the laws of the State.

“Closing Costs” shall mean all items of expense, directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization and closing of the Borrower Loan, including, but not limited to, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Fiscal Agent, legal fees and charges, fees and disbursements of consultants and professionals, the financing fee of the Corporation, and any other cost, charge or fee in connection with the closing of the Borrower Loan.

“Closing Date” shall mean the Initial Closing Date and, with respect to each subsequent Tranche, the date of delivery of the related Supplement, as the case may be.

“Code” shall have the meaning set forth in Section 1.1(h) hereof.

“Commitment” shall mean the Construction and Permanent Financing Commitment and Agreement of the Corporation, dated [__________], accepted and agreed to by the Borrower, and accepted and agreed to in part by the Guarantor, as the same may be modified, amended or supplemented from time to time.
“Contingency Draw-Down” shall have the meaning set forth in Section 7.10(b) hereof.

“Corporation Obligations” shall have the meaning set forth in the fifth WHEREAS clause hereto.

“Current Tax Counsel” shall have the meaning set forth in Section 7.10(b) hereof.

“Date of Purchase” shall have the meaning set forth in Section 9.2(c) hereof.

“Draw-Down Notice” shall have the meaning set forth in Section 7.10(b) hereof.

“Escrow Payments” shall mean and include all amounts whether paid directly to the Corporation or the Servicer representing payments to obtain or maintain mortgage insurance or any subsidy with respect to the Borrower Loan or the mortgaged premises or payments in connection with real estate taxes, assessments, water charges, sewer rents, fire or other insurance, replacement or operating reserves, the Administrative Fee or other like payments in connection therewith.

“Fiscal Agent” shall mean the Fiscal Agent designated herein and its successor or successors and any other person at any time substituted in its place pursuant hereto.

“Funding Loan” shall have the meaning set forth in the second WHEREAS clause hereto.

“Funding Loan Documents” shall mean, collectively, (i) this Funding Loan Agreement, (ii) the Corporation Obligations, (iii) the Regulatory Agreement, (iv) each Tax Certificate, (v) the Borrower Loan Documents, (vi) all other documents and agreements evidencing, securing, governing or otherwise pertaining to the Funding Loan and (vii) all amendments, modifications, renewals and substitutions of any of the foregoing.

“Government Obligations” shall mean (i) direct obligations of or obligations guaranteed by the United States of America, including, but not limited to, United States Treasury Obligations and Separate Trading of Registered Interest and Principal of Securities (STRIPS), provided the underlying United States Treasury Obligation is not callable prior to maturity, and (ii) obligations of the Resolution Funding Corporation, including, but not limited to, obligations of the Resolution Funding Corporation stripped by the Federal Reserve Bank of New York.

“Guarantor” shall mean Atlantic Yards Venture, LLC d/b/a Greenland Forest City Partners.

“Guaranty” shall mean each of (i) the Completion Guaranty, dated as of the date hereof, by the Guarantor for the benefit of the Beneficiary Parties, (ii) the Exceptions to Non-Recourse Guaranty, dated as of the date hereof, by the Guarantor for the benefit of the Beneficiary Parties, and (iii) the Agreement of Environmental Indemnification, dated as of the date hereof, by the Borrower and the Guarantor for the benefit of the Beneficiary Parties.

“Initial Closing Date” shall mean [June __, 2015].

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"Investment Securities" shall mean and include any of the following obligations, to the extent the same are at the time legal for investment of funds of the Corporation under the Act, including the amendments thereto hereafter made, or under other applicable law, for investment of any moneys held under this Funding Loan Agreement:

(a) Government Obligations;

(b) any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Farm Credit System Banks Consolidated Obligations, Banks for Cooperatives, Tennessee Valley Authority, Washington Metropolitan Area Transportation Authority, United States Postal Service, Farmers’ Home Administration and Export-Import Bank of the United States;

(c) any bond, debenture, note, participation certificate or other similar obligation issued by any Federal agency and backed by the full faith and credit of the United States of America;

(d) any other obligation of the United States of America or any Federal agencies which may be purchased by New York State Savings Banks;

(e) deposits in interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements (i) secured by any of the obligations described above, or (ii) fully insured by the Federal Deposit Insurance Corporation or (iii) made with banking institutions, or their parents which either (a) have unsecured debt rated in one of the three highest rating categories of a nationally recognized rating service or (b) are deemed by a nationally recognized rating service to be an institution rated in one of the three highest rating categories of such rating service;

(f) any participation certificate of the Federal Home Loan Mortgage Corporation and any mortgage-backed securities of the Federal National Mortgage Association;

(g) short-term corporate obligations, known as Commercial Paper, with a maturity of up to 90 days which are issued by corporations that are deemed by a nationally recognized rating service to be in the highest rating category of such rating service;

(h) obligations of the City or the State;

(i) obligations of the New York City Municipal Water Finance Authority;

(j) obligations, the principal and interest of which, are guaranteed by the City or the State;
(k) obligations in which the Comptroller of the State of New York is authorized to invest in as specified in Section 98 of the State Finance Law, as amended from time to time; or

(l) any other investment permitted under the Corporation's investment guidelines adopted August 14, 1984, as amended from time to time.

"Letter of Representation and Indemnity Agreement" shall have the meaning set forth in Section 6.1(o) hereof, and the form of which is attached hereto as EXHIBIT E.

"Loan Year" means, with respect to a Tranche, a twelve-month period ending on the anniversary of the related Closing Date in any year.

"Maturity Date" shall mean, with respect to each Tranche, the Maturity Date set forth in the related Supplement.

"Maximum Rate" shall mean fifteen percent (15%) per annum.

"Mortgage Assignment Event" shall have the meaning given to such term in Section 9.1 hereof.

"Mortgage Participation" shall mean, collectively, a participation or participations by another party or other parties in the Borrower Loan, pursuant to the Servicing Agreement or any other agreement whereby the Funding Lender (and other co-lending parties thereunder, as the case may be) may purchase from the Corporation one or more Mortgage Participations up to the aggregate amount necessary to fully fund the Borrower Loan, provided, however, that Pledged Revenues relating to the Retained Portion of the Borrower Loan and all amounts held in any Account (other than the Mortgage Participation Proceeds Account), including investments thereof, shall not secure Mortgage Participations.

"Negative Arbitrage Account" shall mean the Negative Arbitrage Account established pursuant to this Funding Loan Agreement.

"Opinion of Counsel" shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Funding Lender and the Corporation, with experience in the matters to be covered in the opinion; provided that whenever an Opinion of Counsel is required to address the exclusion of interest on the Corporation Obligations from gross income for Federal income tax purposes, such opinion shall be provided by Tax Counsel.

"Participation" shall have the meaning set forth in Section 2.5(b) hereof.

"Permitted Encumbrances" shall mean such liens, encumbrances, declarations, reservations, easements, rights-of-way and other clouds on title as do not materially impair the use or value of the Project for the intended purposes.

"Permitted Transferee" shall have the meaning set forth in Section 8.2(d) hereof.
"Pledged Revenues" shall mean the amounts pledged under this Funding Loan Agreement to secure the payment of principal, interest and premium, if any, due on the Funding Loan, as evidenced by the Corporation Obligations, consisting of the following: (i) all income, revenues, proceeds, including insurance and condemnation proceeds, and other amounts to which the Corporation is entitled (other than the Administrative Fee) received by the Fiscal Agent or the Corporation and derived from or in connection with the Project and the Funding Loan Documents, including all amounts due under the Borrower Loan Documents and all amounts obtained through the exercise of the remedies provided in the Funding Loan Documents, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon, but shall not mean or include amounts required to be deposited into the Rebate Fund, any Escrow Payments, late charges or any amount entitled to be retained by the Servicer, as administrative, financing, extension or settlement fees of the Servicer.

"Precipitating Event" shall have the meaning set forth in Section 9.2(a)(x) hereof.

"Proceeds Account" shall mean the Proceeds Account established pursuant to this Funding Loan Agreement.

"Project" shall have the meaning set forth in the second WHEREAS clause hereto.

"Purchase Price" shall have the meaning set forth in Section 9.2(c) hereof.

"Rebate Amount" shall have the meaning set forth in Section 7.9(b) hereof.

"Rebate Fund" shall mean the Rebate Fund established pursuant to this Funding Loan Agreement.

"Recycled Tranche" shall mean any Tranche with respect to which New York State private activity bond volume cap has been "recycled" pursuant to Section 146(i)(6) of the Code.

"Regulatory Agreement" shall mean the Regulatory Agreement, dated as of the date hereof, by and among the Corporation, the Borrower and The City of New York, acting by and through its Department of Housing Preservation and Development, and acknowledged and consented to by the New York State Urban Development Corporation d/b/a Empire State Development, as the same may be modified, amended or supplemented from time to time.

"Remaining Tranche Amount" shall have the meaning set forth in Section 7.10(b) hereof.

"Required Transferee Representations" shall mean the representations in substantially the form attached to this Funding Loan Agreement as EXHIBIT A, duly executed by the holder or any proposed holder of the Corporation Obligation and delivered to the Corporation and the Fiscal Agent pursuant to Section 2.5(a) hereof.

"Resolution" shall mean the Resolution Approving the Funding Loan Agreement, Authorizing the Issuance of the Multi-Family Mortgage Revenue Debt Obligations (38 Sixth Avenue) and Authorizing the Adoption of the Multi-Family Mortgage Revenue Bonds (38 Sixth Avenue) Bond Resolution and Certain Other Matters in Connection Therewith, adopted by the Corporation on [______].
“Retained Portion” shall mean, when used in conjunction with the Borrower Note, the Borrower Mortgage or the Borrower Loan, the portion thereof that is not subject to any Mortgage Participation.

“Revenue Account” shall mean the Revenue Account established pursuant to this Funding Loan Agreement.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Security” shall mean the security for the performance by the Corporation of its obligations under the Corporation Obligations and this Funding Loan Agreement, as more fully set forth in Article IV hereof.

“Servicer” shall mean any person appointed to service the Borrower Loan in accordance with Section 8.5 hereof, which may be the Funding Lender.

“Servicing Agreement” shall mean the Servicing Agreement with respect to, among other things, the Borrower Loan, among the Corporation, the Borrower and the Servicer, as the same may be modified, amended or supplemented from time to time.

“State” shall mean the State of New York.

“Supplement” shall mean any Supplement to this Funding Loan Agreement, effective in accordance with Section 2.1 hereof.

“Tax Certificate” shall mean, with respect to a Tranche, the Tax Regulatory Certificate, dated the related Closing Date, executed and delivered by the Corporation and the Borrower.

“Tax Counsel” shall mean Hawkins Delafield & Wood LLP or any other attorney or firm of attorneys designated by the Corporation and approved by the Funding Lender having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

“Tax Counsel Approving Opinion” shall mean, with respect to a Tranche, an opinion of Tax Counsel (in a form acceptable to the Corporation and the Funding Lender) substantially to the effect that the related Corporation Obligation is a valid and legally binding special revenue obligation of the Corporation and that, under existing statutes and court decisions, interest on the related Corporation Obligation (or portions thereof, as provided in said opinion) is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

“Tax Counsel No Adverse Affect Opinion” shall mean an opinion of Tax Counsel (in a form acceptable to the Corporation and the Funding Lender) substantially to the effect that the taking of the action specified therein, in and of itself, will not adversely affect the exclusion of interest on the Corporation Obligations from gross income for Federal income tax purposes pursuant to Section 103 of the Code (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).
“Tranche” shall have the meaning set forth in the second WHEREAS clause hereto.

“UCC-1s” shall have the meaning set forth in Section 9.3(4) hereof.

“Work-Out Certificate” shall have the meaning set forth in Section 9.2(a) hereof.

Section 1.2. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.3. Date of Funding Loan Agreement. The date of this Funding Loan Agreement is intended as and for a date for the convenient identification of this Funding Loan Agreement and is not intended to indicate that this Funding Loan Agreement was executed and delivered on said date. The effective date of this Funding Loan Agreement is set forth in Section 12.10 hereof.

Section 1.4. Designation of Time and Date for Performance. Except as otherwise expressly provided herein, any reference in this Funding Loan Agreement to the time of day shall mean the time of day in the City. When used in this Funding Loan Agreement, if an action is specified to occur on a certain day, the term “day” shall mean a Business Day, unless the context requires otherwise.

Section 1.5. Interpretation. The parties hereto acknowledge that each of them and their respective counsel have participated in the drafting and revision of this Funding Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Funding Loan Agreement or any amendment or supplement or exhibit hereto or thereto.

ARTICLE II

FUNDING LOAN; CORPORATION OBLIGATIONS

Section 2.1. Funding Loan. (a) The Funding Lender hereby agrees to originate the Funding Loan in one or more Tranches, subject to the provisions of Section 6.1 hereof and only upon the delivery to the Fiscal Agent of a Supplement with respect to each Tranche, executed by the Corporation and the Funding Lender, which shall specify:

(1) the principal amount of such Tranche; provided, however, that the aggregate principal amount of all Tranches of the Funding Loan shall not exceed the Authorized Amount;

(2) whether such Tranche will be originated on a draw-down basis and the provisions related thereto;

(3) the date of origination and the Maturity Date with respect to such Tranche;

(4) the rate at which interest shall accrue and be paid on the related Corporation Obligation, provided that such rate shall not exceed the Maximum Rate;
the form of the related Corporation Obligation; and

any other provisions deemed advisable by an Authorized Officer of the Corporation not in conflict with the provisions of this Funding Loan Agreement.

(b) The Corporation Obligations issued to evidence the Corporation’s obligations under this Funding Loan Agreement will be issued, in part, as a refunding issue under the provisions of Section 146(i)(6) of the Code (the “Refunding Portion”) and, in part, pursuant to an allocation of a portion of the State’s private activity volume cap under the provisions of Section 146(a) of the Code (the “Volume Cap Portion”). The proceeds of the Funding Loan will be allocated so that $[_________] of the proceeds of the Volume Cap Portion and $[_________] of the proceeds of the Refunding Portion will be allocated to the funding of the costs of constructing the residential units in the Project that are low-income residential units within the meaning of Section 142(d) of the Code and $[_________] of the proceeds of the Volume Cap Portion and $[_________] of the proceeds of the Refunding Portion will be allocated to the funding of the costs of constructing residential units in the Project that are not low-income residential units within the meaning of Section 142(d) of the Code. The outstanding amounts set forth in this Section 2.1(b) may be adjusted subsequent to and as a result of a prepayment of any portion of the Funding Loan, such adjusted outstanding amounts to be set forth in a Certificate of an Authorized Officer of the Corporation delivered to the Funding Lender and the Fiscal Agent, accompanied by a Tax Counsel No Adverse Affect Opinion, on the date of such adjustment.

Section 2.2. Principal; Corresponding Payments.

(a) The outstanding principal amount of the Funding Loan, as evidenced by the Corporation Obligations, as of any given date shall be the total amount advanced by the Funding Lender to the Fiscal Agent for the account of the Corporation pursuant to the Supplements, less any payments of principal of the Corporation Obligations previously received by the Fiscal Agent upon payment of corresponding principal amounts under the Retained Portion of the Borrower Note pursuant to paragraph (b) of this Section 2.2, less the principal portion of the Purchase Price paid, or deemed paid, by the Funding Lender upon the occurrence of a Mortgage Assignment Event pursuant to Section 9.2 hereof.

(b) The payment or, subject to the provisions of Section 3.1 and Section 3.2 hereof, the prepayment of principal, interest and premium, if any, and any other amounts due on the Funding Loan, as evidenced by the Corporation Obligations, shall be identical with and shall be made on the same dates, in the same amounts and on the same terms and conditions, as the payment of principal, interest, premium, if any, fees, charges and other amounts due on the Retained Portion of the Borrower Loan (less the Administrative Fee) as set forth in the Borrower Note. Notwithstanding the foregoing, (x) upon receipt by the Fiscal Agent of a payment on the Retained Portion of the Borrower Note on any day, the Fiscal Agent shall forward the corresponding payment to the Funding Lender (less the Administrative Fee) no later than 2:00 p.m., New York City time, on the following Business Day, and (y) the Corporation shall not be in default of its obligations under this Funding Loan Agreement and the Corporation Obligations for any failure to pay principal, interest and premium, if any, and any other amounts due on the Funding Loan, as evidenced by the Corporation Obligations, as a result of a default by the Borrower of its payment obligations under the Borrower Note (regardless of whether such
default constitutes a Mortgage Assignment Event), but interest shall continue to accrue (but not in excess of the Maximum Rate) on any scheduled interest on the Corporation Obligations and not paid as a result of the foregoing provision, as well as any other amounts due on the Corporation Obligations and not paid when due, at the then applicable interest rate on the Corporation Obligations until the earlier of (i) the time that such interest is paid and (ii) the occurrence of a Mortgage Assignment Event. Any payment or prepayment of the Retained Portion of the Borrower Loan shall constitute a corresponding payment or prepayment of the Funding Loan, as evidenced by the Corporation Obligations, in accordance with this subsection (b), and the outstanding principal amount of the Corporation Obligations shall be reduced by an amount equal to such payment or prepayment. The Corporation Obligations shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(c) The Fiscal Agent shall keep a record of all principal advances and principal repayments made of the Funding Loan and the Retained Portion of the Borrower Loan and shall, upon receipt of any advance pursuant to a Supplement and upon receipt of any payment or prepayment pursuant to this Section 2.2, provide the Corporation with notice thereof together with a statement of the outstanding principal balance of the Corporation Obligations.

Section 2.3. Form of Corporation Obligation; Registration; Transfer.

(a) As evidence of its obligation to repay the Funding Loan, simultaneously with the delivery of this Funding Loan Agreement to the Funding Lender, and simultaneously with the delivery of any Supplement, the Corporation hereby agrees to execute and deliver the related Corporation Obligation. Each Corporation Obligation, or any interest therein, shall be issued solely in fully-registered form, without coupons, substantially in the form attached to the related Supplement, with such necessary and appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement and such Supplement. In addition to the title “Multi-Family Mortgage Revenue Debt Obligation (38 Sixth Avenue)”, each Corporation Obligation will bear the additional designation “Number _” (with the appropriate designation of “1”, “2” or other numerical designation being inserted in the blank) and each as so designated will be entitled “Multi-Family Mortgage Revenue Debt Obligation (38 Sixth Avenue), Number _” (with the appropriate designation of “1”, “2” or other numerical designation being inserted in the blank).

(b) The Corporation Obligations shall be negotiable, subject to the provisions for registration, transfer and exchange contained in this Funding Loan Agreement and in the Corporation Obligations. So long as the Corporation Obligations shall remain outstanding, the Corporation shall maintain and keep, at the corporate trust office of the Fiscal Agent, books for the registration, registration of transfer and exchange of Corporation Obligations. Upon presentation thereof for such purpose at said office, the Corporation shall register or cause to be registered in such books, and permit to be transferred thereon, under such reasonable regulations as it or the Fiscal Agent may prescribe, the Corporation Obligations entitled to registration or registration of transfer. So long as the Corporation Obligations remains outstanding, the Corporation shall make all necessary provisions to permit the exchange of Corporation Obligations at the corporate trust office of the Fiscal Agent.
(c) The Corporation shall not purchase or hold any Corporation Obligation except for the purpose of presenting such Corporation Obligation to the Fiscal Agent for cancellation. Upon termination of this Funding Loan Agreement pursuant to Section 12.2 hereof, all Corporation Obligations shall be cancelled and delivered to the Fiscal Agent. The cancelled Corporation Obligations may, upon direction of the Corporation, be cremated or otherwise destroyed by the Fiscal Agent, and the Fiscal Agent may execute a certificate of cremation or destruction in duplicate, and one executed certificate shall be filed with the Corporation and the other executed certificate shall be retained by the Fiscal Agent.

(d) The Corporation Obligations shall be transferable only upon the books of the Corporation, which shall be kept for such purpose at the corporate trust office of the Fiscal Agent, by the registered owner thereof in person or by such person's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or such registered owner's duly authorized attorney. Upon the registration of transfer of any Corporation Obligation, the Corporation shall issue in the name of the transferee a new fully registered Corporation Obligation of the same principal amount and maturity as the surrendered Corporation Obligation.

(e) The Corporation and the Fiscal Agent may deem and treat the person in whose name the Corporation Obligations shall be registered upon the books of the Corporation as the absolute owner of the Corporation Obligations, whether the Corporation Obligations shall be overdue or not, for the purpose of receiving payment of principal, interest and premium, if any, on the Corporation Obligations and for all other purposes and all such payments so made to any such registered owner or upon such registered owner's order shall be valid and effectual to satisfy and discharge the liability upon the Corporation Obligations to the extent of the sum or sums so paid, and neither the Corporation nor the Fiscal Agent shall be affected by any notice to the contrary.

(f) In all cases in which the privilege of exchanging the Corporation Obligations or transferring the Corporation Obligations is exercised, the Corporation shall authenticate and deliver the Corporation Obligations in accordance with the provisions of this Funding Loan Agreement. For every such exchange or transfer of the Corporation Obligations, the Corporation or the Fiscal Agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charges required to be paid with respect to such exchange or transfer, and may charge a sum sufficient to pay the cost of preparing the new Corporation Obligations issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Corporation shall not be obliged to make any such exchange or transfer of any Corporation Obligation during the 15 days preceding a date on which interest is to be paid on such Corporation Obligation pursuant to the related Supplement or after notice of prepayment of the Corporation Obligations has been given pursuant to Section 3.3 hereof.

(g) Notwithstanding the foregoing, (i) the provisions of this Section 2.3 shall be subject to the provisions of Section 2.5 hereof, and (ii) the Corporation Obligations shall not be transferred through the services of the Depository Trust Company or any other third party depository.
Section 2.4. Execution and Delivery of Corporation Obligations. The Corporation Obligations shall be executed in the name and on behalf of the Corporation by the manual or facsimile signature of an Authorized Officer of the Corporation and the corporate seal of the Corporation (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of any other Authorized Officer of the Corporation, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any Corporation Obligation shall cease to be such officer or employee before such Corporation Obligation so signed and sealed shall have been actually delivered, such Corporation Obligation may, nevertheless, be delivered as herein provided, as if the person who signed or sealed such Corporation Obligation had not ceased to hold such office or be so employed. Each Corporation Obligation may be signed and sealed on behalf of the Corporation by such persons as at the actual time of the execution of such Corporation Obligation shall be duly authorized or hold the proper office in or employment by the Corporation, although at the date of such Corporation Obligation such persons may not have been so authorized or have held such office or employment. The Corporation Obligation shall bear thereon a certificate of authentication, executed manually by the Fiscal Agent. No Corporation Obligation shall be entitled to any right or benefit under this Funding Loan Agreement or be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Fiscal Agent. Such certificate of the Fiscal Agent upon any Corporation Obligation executed on behalf of the Corporation shall be conclusive evidence that such Corporation Obligation has been so authenticated and delivered under this Funding Loan Agreement and that the owner thereof is entitled to the benefits hereof.

Section 2.5. Transfer and Participation Restrictions.

(a) The Corporation Obligations may be sold in whole (but not in part) to a bank, national bank, trust company, savings bank, savings and loan association, or any wholly-owned subsidiary thereof, as such terms are used in Section 23-c(3) of the Act, having capital and surplus of $5,000,000,000 or more, that (i) is also a Qualified Institutional Buyer as defined in Rule 144A of the Securities Act, (ii) is authorized to do business in the State, (iii) shall first have delivered to the Corporation and the Fiscal Agent a signed Required Transferee Representations in substantially the form attached hereto as EXHIBIT A, (iv) is approved in writing by the Corporation (such approval not to be unreasonably withheld), (v) assumes the obligations of the Funding Lender under this Funding Loan Agreement, (vi) is itself purchasing the Corporation Obligations for its own account and not with a view to the resale or distribution thereof (subject to its right to transfer the Corporation Obligations or sell participations therein as provided in this Section 2.5) and acknowledges that it has conducted its own review of the credit for the Corporation Obligations and further acknowledges that any transfer of the Corporation Obligations or any participations therein will require such assurances from any succeeding purchaser, and (vii) agrees to be bound by the provisions of paragraph (b) of this Section 2.5.

(b) The Funding Lender shall be entitled to sell a participation interest in the Corporation Obligations (a “Participation”), but only to the extent, and subject to, the following conditions:
(i) as among the Corporation, the Fiscal Agent and the Funding Lender, the Funding Lender shall remain 100% liable for its obligations under this Funding Loan Agreement and shall remain the beneficial owner of the Corporation Obligations;

(ii) the Participation must be for both (a) a principal amount of the Corporation Obligations of at least one million dollars ($1,000,000) and (b) a corresponding portion of the Funding Lender’s obligations under this Funding Loan Agreement;

(iii) the entity to which each Participation is sold, including subsequent sales, if any, must be a bank, national bank, trust company, savings bank, savings and loan association, or any wholly-owned subsidiary thereof, as such terms are used in Section 23-c(3) of the Act, having capital and surplus of $5,000,000,000 or more, that is also a Qualified Institutional Buyer as defined in Rule 144A of the Securities Act, that is authorized to do business in the State and that shall first have delivered to the Corporation and the Fiscal Agent a signed letter in substantially the form attached hereto as EXHIBIT B; and

(iv) the Funding Lender pays to the Corporation, on the date of any sale of a Participation, a fee equal to 0.05% of the principal amount of the Corporation Obligations that are subject to such Participation.

Section 2.6. No Rating. The parties agree that no rating shall be sought from any rating agency with respect to the Funding Loan or any Corporation Obligation.

ARTICLE III
PREPAYMENT

Section 3.1. Prepayment of the Corporation Obligations.

(a) The Funding Loan, as evidenced by the Corporation Obligations, shall be subject to prepayment, in whole or in part, to the extent and in the manner and on any date that the Borrower Note is subject to prepayment as set forth therein, at a prepayment price equal to the principal balance of the Retained Portion of the Borrower Note to be prepaid, plus interest on the Retained Portion of the Borrower Note to the date of prepayment, plus any other amounts paid under the Retained Portion of the Borrower Note or the Borrower Loan Agreement in connection with such prepayment.

(b) Notwithstanding anything to the contrary contained in the Corporation Obligations, this Funding Loan Agreement or any other Funding Loan Document, any payment due from the Corporation to the Funding Lender as a result of the receipt by the Fiscal Agent of a voluntary prepayment by the Borrower under the Borrower Note shall be paid on the Corporation Obligations at the direction of the Corporation no later than the first to occur of (i) the date that is 45 days after the date on which the prepayment is received by the Fiscal Agent and (ii) a Mortgage Assignment Event.
(c) All prepayments of the Funding Loan (voluntary or involuntary) shall be applied to the payment of the Funding Loan prior to being applied to pay Mortgage Participations, if any.

Section 3.2. Prepayment by Corporation. The Funding Loan, as evidenced by the Corporation Obligations, shall be subject to voluntary prepayment, in whole or in part, by the Corporation, at any time prior to the Maturity Date, with the written consent of the Funding Lender, from any funds of the Corporation, including, but not limited to, amounts received by the Corporation under the Retained Portion of the Borrower Note as described in Section 3.1(a) hereof or from the proceeds of bonds, notes or other obligations of the Corporation, at a prepayment price equal to the principal balance of the Funding Loan prepaid, plus interest on the Funding Loan to the date of prepayment; provided, however, that the consent of the Funding Lender shall not be required if (i) the Servicer has been grossly negligent or fraudulent in the performance of its servicing responsibilities under the Servicing Agreement or (ii) the Servicer shall be adjudged bankrupt or insolvent by a court of competent jurisdiction, or an order shall be made by a court of competent jurisdiction for the appointment of a receiver, liquidator or trustee of the Servicer or of all or substantially all of its property or (iii) an order approving any petition filed against the Servicer for its reorganization shall remain in force or unstayed for a period of 90 days or (iv) the Servicer shall institute proceedings for voluntary bankruptcy, or shall file a petition seeking reorganization under the Federal Bankruptcy Laws (as such term is defined in the Serving Agreement) or for relief under any laws for the relief of debtors, or shall make a general assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts generally as they become due, or (v) any rating assigned to the long-term senior debt of the Funding Lender by Standard & Poor’s Ratings Services is reduced below the level of “BBB-” or any rating assigned to the long-term senior debt of the Funding Lender by Moody’s Investors Services, Inc. is reduced below the level of “Baa3” (or, in either case, if the long-term senior debt is not rated, the long-term bank deposit rating) or (vi) the Funding Lender fails to fund the balance of the Funding Loan for deposit into the Proceeds Account on the Carryforward End Date.

Section 3.3. Notice of Prepayment. Notice of prepayment of the Funding Loan pursuant to Section 3.1 hereof shall be deemed given to the extent that notice of prepayment of the Borrower Note is timely and properly given to the Funding Lender and the Corporation in accordance with the terms of the Borrower Loan Documents, and no separate notice of prepayment of the Funding Loan is required to be given. Notice of prepayment of the Funding Loan pursuant to Section 3.2 hereof shall be given in writing by the Corporation to the Fiscal Agent and the Funding Lender not less than 15 days prior to the date of such prepayment.

ARTICLE IV
SECURITY

Section 4.1. Security.

(a) This Funding Loan Agreement creates a continuing pledge and lien on the Pledged Revenues and assets pledged hereunder to secure the full and final payment of principal, interest and premium, if any, due on the Funding Loan as evidenced by the Corporation Obligations. The Corporation Obligations shall be special revenue obligations of the
Corporation payable solely from the Pledged Revenues and assets pledged therefor pursuant to this Funding Loan Agreement. The Corporation Obligations shall contain on their face a statement that the Corporation Obligations shall not be a debt of either the State of New York or of The City of New York and neither the State nor the City shall be liable thereon, nor shall the Corporation Obligations be payable out of any funds of the Corporation other than those of the Corporation pledged therefor.

(b) The Pledged Revenues relating to the Retained Portion of the Borrower Loan and all amounts held in any funds and accounts established under this Funding Loan Agreement, including investments thereof, are hereby pledged to the Fiscal Agent for the benefit of the Funding Lender to secure the payment of principal, interest and premium, if any, due on the Funding Loan as evidenced by the Corporation Obligations, all in accordance with its terms and the provisions of this Funding Loan Agreement, subject only to the provisions of this Funding Loan Agreement permitting the use and application thereof for or to the purposes and on the terms and conditions set forth herein. The foregoing pledge does not include (i) amounts on deposit or required to be deposited in the Rebate Fund and the Mortgage Participation Proceeds Account or (ii) moneys in the Revenue Account relating to Mortgage Participations, if any. To the fullest extent provided by the Act and other applicable laws, the money and property hereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and such lien shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice hereof.

(c) To secure the payment of principal, interest and premium, if any, due on the Funding Loan as evidenced by the Corporation Obligations, the Corporation does hereby pledge to the Fiscal Agent, for the benefit of the Funding Lender, all of its right, title and interest in and to the Retained Portion of the Borrower Loan and the Borrower Loan Documents, including but not limited to all rights to receive payments on the Retained Portion of the Borrower Note (other than the Administrative Fee), including all proceeds of insurance or condemnation awards, which pledge shall be valid and binding from and after the effective date of this Funding Loan Agreement. To the fullest extent provided by the Act and other applicable laws, the revenues and property hereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and such lien shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice hereof.

ARTICLE V

LIMITED LIABILITY

Section 5.1. Obligation of the Corporation with respect to the Funding Loan. The Corporation Obligations shall be special revenue obligations of the Corporation payable solely from the Pledged Revenues and assets pledged therefor pursuant to this Funding Loan Agreement. The Corporation Obligations shall not be a debt of either the State of New York or The City of New York and neither the State nor the City shall be liable thereon, nor shall the Corporation Obligations be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.
Section 5.2. **No Recourse under this Funding Loan Agreement or the Corporation Obligations.** All covenants, stipulations, promises, agreements and obligations of the Corporation contained in this Funding Loan Agreement and the Corporation Obligations shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Corporation and not of any member, officer or employee of the Corporation in such member’s, officer’s or employee’s individual capacity, and no recourse shall be had for the payment of principal, interest and premium, if any, on the Corporation Obligations or for any claim based thereon or on this Funding Loan Agreement against any member, officer or employee of the Corporation or any natural person executing this Funding Loan Agreement or the Corporation Obligations.

**ARTICLE VI**

**CLOSING CONDITIONS**

Section 6.1. **Conditions Precedent to Closing.** Closing of each Tranche of the Funding Loan on the related Closing Date shall be conditioned upon the satisfaction or waiver by the Funding Lender of those items that are conditions precedent of the Funding Lender and the satisfaction or waiver by the Corporation of those items that are conditions precedent of the Corporation, as the case may be, including, but not limited to, the following:

(a) Receipt by the Funding Lender and the Fiscal Agent of an original of the related Supplement, delivered pursuant to Section 2.1 hereof;

(b) Receipt by the Funding Lender of the original of the related Corporation Obligation executed by the Corporation and authenticated by the Fiscal Agent;

(c) With respect to the Initial Closing Date only, receipt by the Corporation and the Funding Lender of executed counterparts of this Funding Loan Agreement, the Borrower Loan Documents and the Regulatory Agreement;

(d) With respect to the Initial Closing Date only, receipt by the Funding Lender of a certified copy of the Resolution;

(e) Delivery into escrow of all amounts required to be paid in connection with the origination of such Tranche and the related portion of the Borrower Loan;

(f) Receipt by the Corporation of a Tax Counsel Approving Opinion, together with a letter, dated as of the related Closing Date, from Tax Counsel addressed to the Funding Lender and the Fiscal Agent stating that the Funding Lender and the Fiscal Agent may rely on such opinion as though it was addressed to the Funding Lender and the Fiscal Agent;

(g) Receipt by the Corporation and the Funding Lender of an Opinion of Counsel, dated as of the related Closing Date, from Tax Counsel substantially to the effect that the related Corporation Obligation is exempt from registration under the Securities Act, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;
(h) Receipt by the Funding Lender of an opinion, dated as of the related Closing Date, of the General Counsel of the Corporation, in form and substance acceptable to the Funding Lender;

(i) With respect to the Initial Closing Date only, receipt by the Corporation of an opinion, dated as of the Initial Closing Date, of Jones Day, New York, New York, special counsel to the Funding Lender, in form and substance acceptable to the Corporation;

(j) With respect to the Initial Closing Date only, receipt by the Corporation and the Funding Lender of an opinion, dated as of the Initial Closing Date, of counsel to the Fiscal Agent, in form and substance acceptable to the Corporation and the Funding Lender;

(k) Receipt by the Corporation and the Funding Lender of an opinion, dated as of the related Closing Date, of counsel or counsels to the Borrower and the Guarantor, in form and substance acceptable to the Corporation and the Funding Lender;

(l) Receipt by the Corporation and the Funding Lender of evidence of (i) the approval of the terms of the Funding Loan, as evidenced by the Corporation Obligation, by the Comptroller of The City of New York, (ii) the approval of the Mayor with respect to the Corporation Obligation pursuant to Section 147(f) of the Code, and (iii) if applicable, the extension of the expiration date of the Corporation’s statutory authority to issue bonds set forth in Subdivision 23-c of Section 654 of the New York Private Housing Finance Law to not prior to the related Closing Date;

(m) Receipt by the Funding Lender of evidence of (i) with respect to any Recycled Tranche, the Corporation satisfying the requirements of Section 146(i)(6) of the Code, or (ii) with respect to any other Tranche, an allocation of New York State private activity bond volume cap, received by the Corporation pursuant to Section 146 of the Code;

(n) Receipt by the Corporation, contemporaneously with the delivery of the Corporation Obligation, of a receipt for the Corporation Obligation delivered by the Funding Lender, in form satisfactory to Tax Counsel;

(o) Receipt by the Corporation and the Funding Lender of executed counterparts of the related Tax Certificate and a Letter of Representation and Indemnity Agreement of the Borrower and the Guarantor, dated the related Closing Date, in substantially the form attached hereto as EXHIBIT E (the “Letter of Representation and Indemnity Agreement”); and

(p) Receipt by the Funding Lender, the Corporation and Tax Counsel of any other documents or opinions that the Funding Lender, the Corporation or Tax Counsel may require.

ARTICLE VII

FUNDS AND ACCOUNTS

Section 7.1. Establishment of Funds. (a) There are established with the Fiscal Agent the following funds and accounts:
(1) The Proceeds Account;

(2) The Revenue Account;

(3) The Rebate Fund;

(4) The Negative Arbitrage Account; and


(b) All such funds and accounts shall be held and maintained by the Fiscal Agent and shall be identified by the Corporation and the Fiscal Agent according to the designations herein provided in such manner as to distinguish such funds and accounts from the funds and accounts established by the Corporation for any other of its obligations. All moneys or securities held by the Fiscal Agent pursuant to this Funding Loan Agreement shall be held in trust and applied only in accordance with the provisions of this Funding Loan Agreement and the Act.

(c) Earnings on all funds and accounts required to be deposited into the Rebate Fund, if any, shall be deposited, at least as frequently as the end of each fifth Loan Year and at the time that the obligations of the Corporation evidenced by the related Corporation Obligation is discharged, into the Rebate Fund, and earnings on all funds and accounts not required to be deposited into the Rebate Fund, except for interest income representing a recovery of the premium and accrued interest, if any, included in the purchase price of any Investment Security, which shall be retained in the particular fund or account for which the Investment Security was purchased, shall be deposited, as realized, into the Revenue Account.

(d) All moneys, including earnings on amounts deposited therein, deposited or to be deposited in the Rebate Fund shall be held in trust and applied only in accordance with the provisions of this Funding Loan Agreement and the Act and shall not be pledged to secure any obligations under this Funding Loan Agreement.

Section 7.2. Deposits. (a) In order to permit amounts held by the Fiscal Agent under this Funding Loan Agreement to be available for use at the time when needed, any such amounts may, if and as directed in writing by the Corporation, be deposited in the corporate trust department of the Fiscal Agent which may honor checks and drafts on such deposit with the same force and effect as if it were not the Fiscal Agent. The Fiscal Agent shall allow and credit on such amounts at least such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(b) All amounts deposited by the Fiscal Agent pursuant to paragraph (a) above shall be continuously and fully secured (i) by lodging with the Fiscal Agent as custodian, as collateral security, Investment Securities having a market value (exclusive of accrued interest) not less than the amount of such deposit, and (ii) in such other manner as may then be required by applicable Federal or state laws and regulations regarding security for the deposit of public funds. It shall not be necessary, unless required by applicable law, for the Fiscal Agent to give security under this Section 7.2 for the deposit of any amounts to the extent that such deposit is insured by the Federal Deposit Insurance Corporation, or its successor, or which are held in trust and set aside by the Fiscal Agent for the payment of the obligations of the Corporation evidenced by the
Corporation Obligations, or for the Fiscal Agent to give security for any moneys which shall be represented by obligations or certificates of deposit (of issuers other than the Fiscal Agent) purchased as an investment of such moneys.

(c) All amounts so deposited by the Fiscal Agent shall be credited to the particular fund or account from which such amounts were derived.

Section 7.3. Investment of Certain Funds. (a) Subject to the right of the Corporation to direct the investment or deposit of funds hereunder, moneys in any fund or account shall be continuously invested and reinvested or deposited and redeposited, at the written direction of the Corporation, by the Fiscal Agent in the highest yield Investment Securities that may be reasonably known to the Fiscal Agent, or deposited and redeposited as provided in Section 7.2 hereof, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. The Corporation shall consult with the Fiscal Agent from time to time as to the investment of amounts in the funds and accounts established or confirmed by this Funding Loan Agreement. The Corporation shall (except as provided below) direct the Fiscal Agent in writing to invest and reinvest the moneys in any fund or account in Investment Securities so that the maturity date or date of redemption at the option of the owner thereof shall coincide as nearly as practicable with (but in no event later than) the times at which moneys are needed to be expended. The Investment Securities purchased shall be held by the Fiscal Agent, or for its account as Fiscal Agent, and shall be deemed at all times to be part of such fund or account, and the Fiscal Agent shall keep the Corporation advised as to the details of all such investments.

(b) Investment Securities purchased as an investment of moneys in any fund or account held by the Fiscal Agent under the provisions of this Funding Loan Agreement shall be deemed at all times to be a part of such fund or account but the income or interest earned and gains realized in excess of losses suffered by an fund or account due to the investment thereof shall be deposited, as realized, in the Revenue Account or shall be credited as Pledged Revenues to the Revenue Account from time to time and reinvested, except as otherwise provided in Section 7.1(c) hereof and except for interest income representing a recovery of the premium and accrued interest, if any, included in the purchase price of any Investment Security, which shall be retained in the particular fund or account for which the Investment Security was purchased.

(c) To the extent permitted by law, the Fiscal Agent may commingle any amounts on deposit in the funds and accounts held under this Funding Loan Agreement for the purpose of purchasing Investment Securities. However, the Fiscal Agent shall maintain and keep separate accounts of such funds and accounts at all times.

(d) The Fiscal Agent shall, at the written direction of the Corporation, sell at the best price obtainable, or present for redemption or exchange, any Investment Security purchased by it pursuant to this Funding Loan Agreement whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made. The Fiscal Agent shall advise the Corporation in writing, on or before the twentieth day of each calendar month, of all investments held for the credit of each fund or account in its custody under the provisions of this Funding Loan Agreement as of the end of the preceding month.
(e) Upon receipt of written instructions from an Authorized Officer of the Corporation, the Fiscal Agent shall exchange any coin or currency of the United States of America or Investment Securities held by it pursuant to this Funding Loan Agreement for any other coin or currency of the United States of America or Investment Securities of like amount.

Section 7.4. Valuation and Sale of Investments. (a) In computing the amount in any fund or account, obligations purchased as an investment of moneys therein shall be valued at amortized value or if purchased at par, at par.

(b) Except as otherwise provided herein, the Fiscal Agent shall sell at the best price obtainable, or present for redemption, any Investment Security whenever it shall be requested in writing by an Authorized Officer of the Corporation to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any fund or account held by it. An Investment Security may be credited on a pro rata basis to more than one fund or account and need not be sold in order to provide for the transfer of amounts from one fund or account to another.

Section 7.5. Proceeds Account.

(a) All proceeds of the Funding Loan advanced by the Funding Lender from time to time shall be deposited to the Proceeds Account and disbursed as provided herein and in the Servicing Agreement and the Borrower Loan Agreement. There shall also be deposited in the Proceeds Account any other amounts determined by the Corporation to be deposited therein from time to time.

(b) Amounts in the Proceeds Account shall be expended only (i) to finance the Retained Portion of the Borrower Loan (including Closing Costs), in accordance with Section 7.6 hereof, (ii) with the prior written consent of the Funding Lender, to fund the repurchase by the Corporation of Mortgage Participations, if any, and (iii) to make transfers to the Revenue Account in accordance with paragraph (d) of this Section 7.5.

(c) The Fiscal Agent shall pay out and permit the withdrawal of amounts on deposit in the Proceeds Account at any time for the purpose of making payments pursuant to clause (i) of paragraph (b) of this Section 7.5, but only upon receipt of:

(1) a written requisition, executed by an Authorized Officer of the Borrower pursuant to the Servicing Agreement and the Borrower Loan Agreement, setting forth the amount to be paid, the person or persons to whom such payment is to be made (which may be or include the Corporation) and, in reasonable detail, the purpose of such withdrawal;

(2) a Certificate of the Servicer (which may be a Certificate of the Servicer delivered pursuant to the Servicing Agreement) approving such requisition, which shall constitute evidence that (i) the amount to be withdrawn from the Proceeds Account pursuant to such requisition is a proper charge thereon, (ii) the Borrower Loan complies with the provisions of this Funding Loan Agreement, (iii) the amount of all payments theretofore or thereupon made by the Corporation for financing the Retained Portion of the Borrower Loan does not exceed the amount of the Retained Portion of the Borrower Loan.
Loan and (iv) the Servicer has not sent a notice of a default after the expiration of any applicable notice and/or cure periods under the Borrower Loan Documents;

(3) a Certificate of an Authorized Officer of the Borrower (which may be the requisition described in item (1) above) that neither the amount of the requisition nor the application of the amounts so requisitioned will jeopardize the ability of the Borrower to deliver the Certificates required by Sections 7.6(5) and (6) hereof; and

(4) a Certificate of an Authorized Officer of the Borrower (which may be the requisition described in item (1) above) that, as of the date of such Certificate, (i) the Borrower has not been advised that the Tax Counsel Approving Opinion may no longer be relied upon, (ii) to the knowledge of the Borrower, there has been no adverse change in pertinent existing law or regulations or interpretations thereof, including, but not limited to, regulations, rulings and interpretations of the Internal Revenue Service, subsequent to the date of issuance of the Tax Counsel Approving Opinion, (iii) the representations, covenants, certifications and statements contained in the Borrower Tax Certification are true and accurate and are being complied with, and (iv) to the knowledge of the Borrower, no litigation is pending affecting the issuance, legality or validity of any Corporation Obligation or the exclusion of interest on any Corporation Obligation from gross income for Federal income tax purposes.

(d) At any time and upon three (3) days’ prior written notice to the Funding Lender, the Corporation may direct the Fiscal Agent in writing to transfer moneys in the Proceeds Account not required for the financing of the Retained Portion of the Borrower Loan to the Revenue Account to apply such moneys directly to the payment or prepayment of principal, interest and premium, if any, due on the Funding Loan and the Corporation Obligations, whereupon the Fiscal Agent shall comply with such direction of the Corporation.

(e) Immediately prior to any prepayment of the Funding Loan in whole (but not in part) pursuant hereto, any amounts then remaining in the Proceeds Account shall, at the written direction of the Corporation, be transferred to the Revenue Account to be applied to the prepayment of the Funding Loan pursuant hereto.

(f) The Fiscal Agent shall pay out and permit the withdrawal of amounts on deposit in the Proceeds Account at any time for the purpose of making payments pursuant to clause (ii) of subsection (b) of this Section 7.5, but only in accordance with the terms of the Mortgage Participation.

Section 7.6. Financing of the Borrower Loan: Conditions Precedent. Amounts in the Proceeds Account shall not be disbursed for financing the Retained Portion of the Borrower Loan, including either advances during construction or permanent financing thereof, as applicable, unless:

(1) prior to the payment of the first requisition of amounts on deposit in the Proceeds Account, the Borrower Loan Documents shall have been duly executed and delivered, and, in the opinion of counsel, who may be counsel to the Borrower, constitute valid and binding agreements between the parties thereto enforceable in accordance with
their terms, except as such enforcement may be limited by operation of bankruptcy, insolvency or similar laws affecting the rights and remedies of creditors;

(2) prior to the payment of the first requisition of amounts on deposit in the Proceeds Account, there shall have been filed with the Fiscal Agent, an opinion of counsel, who may be counsel to the Corporation, to the effect that the Borrower Loan complies with all provisions of the Act and this Funding Loan Agreement;

(3) prior to the payment of any requisition of amounts on deposit in the Proceeds Account, the Borrower Mortgage is the subject of a policy of title insurance, in an amount not less than the amount of the unpaid principal balance of the Borrower Loan, issued by a company or companies satisfactory to the Corporation, insuring in favor of the Corporation, a first mortgage lien, subject only to Permitted Encumbrances, on the real property securing the Borrower Loan;

(4) prior to the payment of the first requisition of amounts on deposit in the Proceeds Account, the Project is insured against loss by fire and other hazards as required by the Corporation; such insurance shall be in an amount necessary to prevent the Corporation from becoming a co-insurer and in any event in an amount at least equal to the lesser of (i) 80% of the insurable value of the Project or (ii) the unpaid principal balance of the Borrower Loan. Such policy shall be endorsed with the standard mortgagee clause with loss payable to the Corporation;

(5) prior to the payment of the requisition of any portion of the final 10% of amounts deposited in the Proceeds Account, the Corporation and Tax Counsel have received, a Certificate of an Authorized Officer of the Borrower satisfactory to them that (i) the Borrower has complied with the Borrower Tax Certification delivered on or prior to the Initial Closing Date, and (ii) the Borrower will be able to deliver or cause delivery of the Accountant’s and Architect’s Certificate for Final Draw-Down of Funds and the Developer’s Certificate as to Use of Loan Proceeds (each as set forth in the Borrower Tax Certification) at the time of final draw-down in form and substance substantially the same as the certificates specified in the Borrower Tax Certification and delivered on or prior to the Initial Closing Date; and

(6) prior to the payment of the final requisition of amounts on deposit in the Proceeds Account, and provided that the Funding Loan has been advanced in full, the Corporation and Tax Counsel have received, the Accountant’s and Architect’s Certificate for Final Draw-Down of Funds and the Developer’s Certificate as to Use of Loan Proceeds (each as set forth in the Borrower Tax Certification) in form and substance satisfactory to the Corporation and Tax Counsel.

Section 7.7. Maintenance of Escrows. (a) All amounts, if any, received by the Corporation or the Servicer of the Borrower Loan as Escrow Payments shall be deposited as promptly as possible in escrow accounts maintained by the Servicer. Amounts in such escrow accounts, or in any sub-account therein, shall be within the control of the Servicer, and may, but need not, be held by the Fiscal Agent. Such amounts may be set aside and held with any similar funds similarly held and may be applied to any lawful purpose of the Servicer, subject to the
terms of the Borrower Loan with respect to which such amounts were received and of any agreement between the Corporation and the Borrower relating to the Borrower Loan. All Escrow Payments and all Pledged Revenues and other payments received and held by a depository with respect to the Borrower Loan shall be separately identified.

(b) Upon the happening of a Mortgage Assignment Event, the Corporation shall take any and all steps necessary in order to effectuate the assignment of all the Corporation's right, title and interest in and to the Escrow Payments to the Funding Lender.

Section 7.8. Revenue Account. (a) The Fiscal Agent shall deposit into the Revenue Account any amounts received from the Borrower, the Servicer or the Corporation as payments of principal, interest or premium, if any, on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement. There shall also be deposited in the Revenue Account any other amounts determined by the Corporation to be deposited therein from time to time.

(b) The Fiscal Agent shall apply all amounts on deposit in the Revenue Account in the following order of priority:

(1) first, to pay or provide for the payment of the Administrative Fee;

(2) second, to pay or provide for the payment of the interest then due on the Funding Loan;

(3) third, to pay or provide for the payment or the prepayment of principal on the Funding Loan, provided moneys have been transferred or deposited into the Revenue Account for such purpose; and

(4) fourth, to pay or provide for the payment of the Funding Loan on the Maturity Date.

(c) On or before each date amounts are payable with respect to Mortgage Participations, if any, after providing for the payments set forth in subsection (b) above, the Fiscal Agent shall withdraw from the Revenue Account and pay to the appropriate party the amounts due with respect to Mortgage Participations, if any.

Section 7.9. Rebate Fund. (a) The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Fiscal Agent or the Funding Lender or any other person other than as set forth herein.

(b) The Fiscal Agent, upon the concurrent receipt of (i) a certification from an Authorized Officer of the Corporation of the amount, if any, required to be deposited in the Rebate Fund in order to comply with the covenants contained in Section 8.6 hereof with respect to a Tranche (the "Rebate Amount"), and (ii) moneys in an amount equal to the Rebate Amount, shall deposit in the Rebate Fund at least as frequently as the end of each fifth Loan Year and at the time that the obligations of the Corporation evidenced by the related Corporation Obligation is discharged, each such amount delivered to the Fiscal Agent for deposit thereto.
(c) Amounts on deposit in the Rebate Fund shall be invested in the same manner as amounts on deposit in the funds and accounts established under this Funding Loan Agreement, except as otherwise specified by an Authorized Officer of the Corporation to the extent necessary to comply with the covenants contained in Section 8.6 hereof, and except that the income or interest earned and gains realized in excess of losses suffered by the Rebate Fund due to the investment thereof shall be deposited in or credited to the Rebate Fund from time to time and reinvested.

(d) In the event that, on any date of calculation of the Rebate Amount, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Fiscal Agent, upon the receipt of written instructions from an Authorized Officer of the Corporation, shall withdraw such excess amount and deposit it in the Revenue Account.

(e) The Fiscal Agent, upon the receipt of written instructions and certification of the Rebate Amount from an Authorized Officer of the Corporation, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five years after the related Closing Date, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount as of the date of such payment, and (ii) not later than 60 days after the earlier of the related Maturity Date and the date on which the obligations of the Corporation evidenced by the related Corporation Obligations are discharged, 100% of the Rebate Amount as of the date of payment.

Section 7.10. Negative Arbitrage Account; Contingency Draw-Down.

(a) There shall be deposited in the Negative Arbitrage Account from time to time any amounts required to be deposited therein by the Borrower pursuant to the Borrower Loan Agreement. Subject to the provisions of Section 4.1 and Section 7.3 hereof, the monies deposited to the credit of the Negative Arbitrage Account pursuant to Section 11.37 of the Borrower Loan Agreement, including all obligations held as investments thereof and the proceeds of such investments, shall be held in trust and applied only for the purpose of disbursement as permitted by this Section 7.10 and are hereby pledged to the Funding Lender, pending such application, in order to secure the payment of interest on the Corporation Obligations, and shall at all times be subject to the lien of such pledge until paid out and transferred as herein provided.

(b) With respect to any Corporation Obligation evidencing a Tranche of the Funding Loan originated on a draw-down basis, as set forth in the related Supplement:

(1) In the event the Funding Lender determines that legislative, judicial or other developments have occurred or other circumstances have emerged which could result in interest on such Corporation Obligation in an amount equal to the unfunded portion of the related Tranche (such unfunded portion, the "Remaining Tranche Amount") not being excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, or otherwise determines in good faith that it is in its best interest to cause the Remaining Tranche Amount to be fully advanced in order to assure that interest on such Corporation Obligation will remain excluded from gross income for Federal income tax purposes, then the Funding Lender may provide a written
letter of direction (a “Draw-Down Notice”) to the other parties hereto and to the Borrower, with a copy to the Tax Counsel whose Tax Counsel Approving Opinion is then in effect ("Current Tax Counsel"), to cause the Remaining Tranche Amount to be advanced in full (a “Contingency Draw-Down”).

(2) In the event that the Corporation’s statutory authority to issue obligations, including any unfunded portion of the Remaining Tranche Amount, set forth in Subdivision 23-c of Section 654 of the New York Private Housing Finance Law, will, by its terms, be repealed at any time prior to [___________], and said authority is not, on or before the fifth (5th) Business Day preceding any such repeal, extended through the enactment of legislation, then the Funding Lender may provide a Draw-Down Notice to the other parties hereto and to the Borrower, with a copy to Current Tax Counsel, to cause a Contingency Draw-Down.

(3) The Draw-Down Notice, if given, shall take effect on the fifth Business Day (or, in the case of subsection (b)(1) above only, such greater number of Business Days to which the Corporation, the Borrower and the Funding Lender may agree in writing, with written notice to the other parties hereto and Current Tax Counsel) following the date on which the Funding Lender sends the Draw-Down Notice to the other parties hereto, with a copy to Current Tax Counsel. The Draw-Down Notice shall contain substantially the following words: “The Funding Lender elects to advance the Remaining Tranche Amount of the Tranche evidenced by Corporation Obligation Number ___ ($________) on __________ (the “Draw-Down Date”).” The Draw-Down Notice will be delivered in the manner provided for notices hereunder, provided that the Draw-Down Notice will be delivered to the Borrower in the manner set forth in the Borrower Note and to Current Tax Counsel in the manner directed by the Corporation.

(4) Notwithstanding the foregoing, the Funding Lender must deliver a Draw-Down Notice on or prior to the Carryforward End Date electing to advance any Remaining Tranche Amount on the Carryforward End Date.

(c) Promptly after delivery of a timely Draw-Down Notice, the Funding Lender shall advance the Remaining Tranche Amount to the Fiscal Agent for deposit in the Proceeds Account, to be held for disbursements pursuant to the provisions of the Servicing Agreement and Section 7.5 hereof. The advance of the Remaining Tranche Amount shall be treated as the funding of the full remaining principal amount of the applicable portion of the Retained Portion of the Borrower Loan under the Borrower Loan Agreement, a like amount of the Funding Loan shall be deemed concurrently and simultaneously advanced under this Funding Loan Agreement and the applicable Corporation Obligation shall be outstanding in the full amount advanced, including the Remaining Tranche Amount, less any payments of principal of such Corporation Obligation previously received by the Fiscal Agent upon payment of corresponding principal amounts under the Retained Portion of the Borrower Note pursuant to Section 2.2(a) hereof.

(d) Amounts on deposit in the Negative Arbitrage Account shall be disbursed to pay or provide for the payment of the interest due from time to time on the Funding Loan in the same manner as amounts on deposit in the Revenue Account pursuant to Section 7.8(b)(2) hereof.
strictly in accordance with the terms of this Funding Loan Agreement and the Borrower Loan Documents.

(e) The parties hereto each acknowledge that, if given, a Draw-Down Notice will be implemented in a simple form in order to address certain unlikely contingencies in the most expeditious manner possible. The parties hereto further agree to proceed in a good faith manner with such further documentation, clarification, amendment of existing documents and/or supplemental direction as any party hereto may reasonably request in order to implement the spirit of this Section 7.10 and/or to address additional factors or circumstances arising from this Section 7.10 or the delivery of a Draw-Down Notice.

Section 7.11. Mortgage Participation Proceeds Account. (a) There shall be deposited from time to time in the Mortgage Participation Proceeds Account the proceeds of Mortgage Participations, if any, or other amounts required to be deposited therein pursuant to this Funding Loan Agreement and any other amounts determined by the Corporation to be deposited therein from time to time.

(b) Amounts in the Mortgage Participation Proceeds Account shall be expended only to finance the portion of the Borrower Loan other than the Retained Portion of the Borrower Loan in the same manner as amounts on deposit in the Proceeds Account may be expended to finance the Retained Portion of the Borrower Loan pursuant to Section 7.5(c) hereof.

(c) Immediately prior to any prepayment of the Funding Loan in whole (but not in part) pursuant hereto, any amounts then remaining in the Mortgage Participation Proceeds Account shall, at the written direction of the Corporation, be transferred to the Revenue Account to be applied to the payment of amounts due with respect to Mortgage Participations.

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.1. Representations of the Corporation. The Corporation makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Corporation is a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State, created by and pursuant to the Act. The Corporation is authorized by the Act, in furtherance of the public purposes described in the Act, to engage in the transactions contemplated by the Funding Loan Documents to which it is a party.

(b) The Corporation has complied with all provisions of the Constitution and laws of the State, including the Act, and has full power and authority to (i) incur the special revenue obligations represented by the Corporation Obligations and apply the proceeds of the Funding Loan to finance the Retained Portion of the Borrower Loan, (ii) enter into each of the Funding Loan Documents to which it is a party and (iii) carry out and consummate the transactions contemplated by the Funding Loan Documents to which it is a party.
(c) The incurrence of the special revenue obligations represented by the Corporation Obligations, the application of the proceeds of the Funding Loan to finance the Retained Portion of the Borrower Loan and the execution and delivery of the Corporation Obligations and this Funding Loan Agreement and the other agreements contemplated by the Funding Loan Documents to which the Corporation is a party, and compliance with the provisions hereof and thereof, do not and will not conflict with or constitute on the part of the Corporation a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, resolution, mortgage, lease or other instrument to which the Corporation is subject or by which it is or may be bound.

(d) There is no litigation or other proceeding of any nature now pending or threatened against or adversely affecting the Corporation of which the Corporation has notice or, to the Corporation's knowledge, any basis therefor, seeking to restrain or enjoin the incurrence of the special revenue obligations represented by the Corporation Obligations and application of the proceeds of the Funding Loan to finance the Retained Portion of the Borrower Loan, or in any way contesting or affecting the validity of the Corporation Obligations, this Funding Loan Agreement, the other agreements contemplated by the Funding Loan Documents to which the Corporation is a party or any proceedings of the Corporation taken with respect to the incurrence of the special revenue obligations represented by the Corporation Obligations and application of the proceeds of the Funding Loan to finance the Retained Portion of the Borrower Loan, or the pledge, collection or application of any moneys or security provided for the payment of the Corporation Obligations or the Funding Loan, or the existence, powers or operations of the Corporation, or challenging the exclusion of interest on any Corporation Obligation from gross income for Federal income tax purposes.

(e) The revenues and receipts to be derived from the Borrower Loan Documents and this Funding Loan Agreement have not been pledged previously by the Corporation to secure any of its bonds, notes or other obligations (other than the Corporation Obligations).

(f) THE CORPORATION MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE BORROWER LOAN OR THE FUNDING LOAN OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

(g) THE CORPORATION OBLIGATIONS SHALL BE SPECIAL REVENUE OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM THE PLEDGED REVENUES AND ASSETS PLEDGED THEREFOR PURSUANT TO THIS FUNDING LOAN AGREEMENT. THE CORPORATION OBLIGATIONS SHALL NOT BE A DEBT OF EITHER THE STATE OF NEW YORK OR THE CITY OF NEW YORK AND NEITHER THE STATE NOR THE CITY SHALL BE LIABLE THEREON, NOR SHALL THE CORPORATION OBLIGATIONS BE PAYABLE OUT OF ANY FUNDS OF THE CORPORATION OTHER THAN THOSE OF THE CORPORATION PLEDGED THEREFOR. THE CORPORATION HAS NO TAXING POWER.
(h) Nothing in this Funding Loan Agreement, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person, other than the Corporation, the Fiscal Agent, the Borrower and the Funding Lender, any right, remedy or claim under or by reason of this Funding Loan Agreement or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Corporation, shall be for the sole and exclusive benefit of the Corporation, the Fiscal Agent, the Borrower and the Funding Lender.

Section 8.2. Representations of the Funding Lender. The Funding Lender makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Funding Lender has authority to make the Funding Loan, to acquire the Corporation Obligations and to execute this Funding Loan Agreement and any other instruments and documents required to be executed by the Funding Lender in connection herewith and therewith.

(b) The Funding Lender has sufficient knowledge and experience in financial and business matters to be able to evaluate the risk and merits of the investment represented by the Funding Loan and the Corporation Obligations. The Funding Lender is able to bear the economic risks of such investment.

(c) The Funding Lender acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Funding Lender has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Corporation, the Borrower, the Guarantor, the Project, the use of proceeds of the Funding Loan and the Corporation Obligations and the security therefor so that, as a reasonable investor, the Funding Lender has been able to make its decision to make the Funding Loan. The Funding Lender acknowledges that it has not relied upon the Corporation for any information in connection with the making of the Funding Loan (except for the Corporation's representations and warranties set forth in this Funding Loan Agreement) and that no offering document or other offering material has been prepared or will be prepared by or on behalf of the Corporation in connection with the making of the Funding Loan. The Funding Lender is making its decision to make the Funding Loan to the Corporation directly through its credit review and due diligence concerning the Project and the Borrower. The undersigned is acquiring the Corporation Obligations directly from the Corporation and not through a placement of the Corporation Obligations with the Funding Lender through any financial institution acting as an intermediary between the Corporation and the Funding Lender.

(d) The Funding Lender is a bank, national bank, trust company, savings bank, savings and loan association, or any wholly-owned subsidiary thereof, as such terms are used in Section 23-c(3) of the Act, having capital and surplus of $5,000,000,000 or more, that (i) is also a Qualified Institutional Buyer as defined in Rule 144A of the Securities Act, (ii) is authorized to do business in the State, (iii) is itself purchasing the Corporation Obligations for its own account and not with a present view to the resale or distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interest in the Funding Loan and the Corporation Obligations (other than to another transferee (a "Permitted Transferee") that agrees
to sign representations to substantially the same effect as the Required Transferee Representations in substantially the form attached hereto as EXHIBIT A and delivers the same to the Corporation and the Fiscal Agent) and acknowledges that it has conducted its own review of the credit for the Funding Loan and the Corporation Obligations and further promises to require such assurances from any Permitted Transferee and (iv) agrees to be bound by provisions of Section 2.5 of this Funding Loan Agreement.

(e) The Funding Lender acknowledges that the Corporation would not execute and deliver the Corporation Obligations to the Funding Lender without the Funding Lender making the representations contained in this Section 8.2.

(f) The Funding Lender acknowledges that (a) the Corporation Obligations are special revenue obligations of the Corporation, a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State, (b) the Corporation Obligations are not a debt of the State of New York or The City of New York, and neither the State nor the City shall be liable thereon, nor shall the Corporation Obligations be payable out of any funds other than those of the Corporation pledged therefor, and (c) the Corporation has no taxing power.

(g) The Funding Lender will provide the Corporation with a draft of any offering document or other offering material to be prepared and provided to any Permitted Transferee of the Funding Loan and the Corporation Obligations, and the Corporation shall have the right to approve any description of the Corporation, the Funding Loan and the Corporation Obligations therein (which approval shall not be unreasonably withheld).

(h) The Funding Lender acknowledges that, upon the occurrence of a Mortgage Assignment Event, this Funding Loan Agreement and the Corporation’s obligations under the Corporation Obligations shall terminate and the Corporation Obligations shall be cancelled pursuant to Article IX hereof.

(i) The Funding Lender understands that the Corporation shall not be in default of its obligations under this Funding Loan Agreement and the Corporation Obligations for any failure to pay principal, interest and premium, if any, and any other amounts due on the Funding Loan, as evidenced by the Corporation Obligations, as a result of a default by the Borrower of its payment obligations under the Borrower Note (regardless of whether such default constitutes a Mortgage Assignment Event), but interest shall continue to accrue (but not in excess of the Maximum Rate) on any scheduled interest on the Corporation Obligations and not paid as a result of the foregoing provision, as well as any other amounts due on the Corporation Obligations and not paid when due, at the then applicable interest rate on the Corporation Obligations until the earlier of (i) the time that such interest is paid and (ii) the occurrence of a Mortgage Assignment Event.

(j) The Funding Lender understands that the Funding Loan and the Corporation Obligations (a) are not registered under the Securities Act and are not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) are not listed on any stock or other securities exchange and (c) carry no rating from any credit rating agency.
(k) The Funding Lender understands that there are circumstances in which the Tax Counsel Approving Opinion may no longer be relied upon and further understands that neither the Corporation nor any of its members, officers or employees shall be subject to any liability or accountability by reason of the Corporation’s, the Funding Lender’s or the Borrower’s inability to rely on the Tax Counsel Approving Opinion in accordance with its terms.

Section 8.3. **No Encumbrance on Security.** The Corporation shall not knowingly create or knowingly permit the creation of any obligation that will be secured by a superior or, other than the Corporation Obligations or Mortgage Participations, if any, an equal charge and lien on the Pledged Revenues and assets pledged hereunder, except as expressly permitted or contemplated by the Funding Loan Documents.

Section 8.4. **Repayment of Funding Loan.** Subject to the provisions of Section 2.2(a) and Article III hereof, the Corporation shall duly and punctually repay, or cause to be repaid, as herein provided, the principal, interest and premium, if any, due on the Funding Loan, as evidenced by the Corporation Obligations, as and when the same shall become due, all in accordance with the terms of the Corporation Obligations and this Funding Loan Agreement.

Section 8.5. **Servicing.** The Corporation shall appoint a Servicer to duly and properly service the Borrower Loan and enforce the payment and collection of all payments of principal and interest and Escrow Payments thereon. The initial Servicer shall be the Funding Lender.

Section 8.6. **Maintenance of Records; Inspection of Records.**

(a) The Fiscal Agent shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all of its transactions relating to the Funding Loan and all funds and accounts established under this Funding Loan Agreement. The Fiscal Agent shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Funding Loan, subject to the inspection of the Corporation and its representatives at all reasonable times and upon reasonable prior notice.

(b) The Corporation shall at any and all times, upon the reasonable request of the Servicer, the Borrower or the Funding Lender, afford and procure a reasonable opportunity by their respective representatives to inspect the books and records of the Corporation relating to the Retained Portion of the Borrower Loan, the Project and the Funding Loan, and to make copies thereof. The Corporation may authorize or permit the Fiscal Agent to keep such books and records on behalf of the Corporation.

Section 8.7. **Tax Covenants.** The following covenants are made solely for the benefit of the Funding Lender:

(a) The Corporation shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the Corporation Obligations shall be excluded from gross income for Federal income tax purposes, except in the event that the holder of any Corporation Obligation is a “substantial user” of the facilities financed by the Funding Loan or a “related person” within the meaning of the Code.
(b) The Corporation shall not permit at any time or times any of the proceeds of the Funding Loan or any other funds of the Corporation to be used directly or indirectly to acquire any securities, obligations or other investment property, the acquisition of which would cause any Corporation Obligation to be an “arbitrage bond” as defined in Section 148(a) of the Code.

(c) The Corporation shall not permit any person or “related person” (as defined in the Code) to purchase the Corporation Obligations or the Funding Loan, or a participation interest in either, or bonds, notes or other obligations in an amount related to the Retained Portion of the Borrower Loan to be acquired by the Corporation from such person or “related person”.

Section 8.8. Covenants with respect to the Borrower Loan Documents. The Corporation shall not modify, amend or supplement the Borrower Loan Documents in any material way without the prior written consent of the Funding Lender. The parties acknowledge and agree that entering into a document that does not constitute a Borrower Loan Document to circumvent the foregoing provision shall have the effect of modifying, amending or supplementing the Borrower Loan Documents in the manner proscribed hereunder.

ARTICLE IX

MORTGAGE ASSIGNMENT EVENT

Section 9.1. Mortgage Assignment Event. (a) Each of the events numbered (1) through (5) below is hereby declared a “Mortgage Assignment Event” with respect to the Retained Portion of the Borrower Loan:

1. subject to the provisions of Section 9.2(a) below, a default by the Borrower of its payment obligations under the Retained Portion of the Borrower Note; or

2. the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Funding Lender under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect; or

3. the failure by the Funding Lender to honor its obligations set forth in this Article IX; or

4. a material misrepresentation at the time made by the Funding Lender of any of the representations set forth in Section 8.2 hereof; or

5. the purchase by the Funding Lender of the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage pursuant to Section 9.2(b) hereof.

(b) It shall also be a Mortgage Assignment Event if the Funding Lender has failed to deliver to the Corporation and the Fiscal Agent, (i) no later than forty-five (45) days (or such shorter period as shall be acceptable to the Corporation) prior to [_________] (the “Expiration Date”), written notice that the Expiration Date shall be extended for such amount of time as set forth in such notice, but in no event less than sixty (60) days (an “Extension Period”), and (ii) no later than forty-five (45) days (or such shorter period as shall be acceptable to the Corporation)
prior to the end of any Extension Period, written notice that such Extension Period shall be extended for such amount of time as set forth in such notice, but in no event less than sixty (60) days.

Section 9.2. Purchase of the Retained Portion of the Borrower Loan by the Funding Lender.

(a) Immediately upon the occurrence of a Mortgage Assignment Event, the Funding Lender shall be obligated to purchase or, if the Funding Lender does not so purchase, shall be deemed to have purchased, at the hereinafter defined Purchase Price, the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage; provided, however, that

(x) prior to the issuance of a temporary certificate of occupancy and the first unit in the Project being leased and occupied, none of the events described in clauses (1) and (4) of Section 9.1(a) above (each, a “Precipitating Event”) shall constitute a Mortgage Assignment Event until the earlier of (i) receipt by the Corporation and the Fiscal Agent from the Funding Lender of the notice described in Section 9.2(b) hereof that the Funding Lender intends to purchase the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage pursuant to Section 9.2(b) hereof, and (ii) the passage of twenty-four (24) full calendar months subsequent to the occurrence of any Precipitating Event during which time a Plan (as defined below) may be worked out and documented in the manner described in (y) below; provided further, that upon request from the Funding Lender to the Corporation, such twenty-four (24) calendar month period (A) may be extended for at most two (2) additional twelve (12) calendar month periods as may be approved by the Corporation in its discretion and (B) shall be extended to forty-eight (48) calendar months if foreclosure proceedings have been initiated with respect to the Project no later than sixty (60) days prior to the end of the initial twenty-four (24) calendar month period; and

(y) upon and after the issuance of a temporary certificate of occupancy and the first unit in the Project being leased and occupied, none of the Precipitating Events shall constitute a Mortgage Assignment Event until the earlier of (i) receipt by the Corporation and the Fiscal Agent from the Funding Lender of the notice described in Section 9.2(b) hereof that the Funding Lender intends to purchase the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage pursuant to Section 9.2(b) hereof, and (ii) the passage of twelve (12) full calendar months subsequent to the occurrence of any Precipitating Event; provided further, that, with respect to any Precipitating Event, such twelve (12) calendar month period shall be extended to a longer time period under each of the following circumstances (but only if the Funding Lender remains in compliance with (z) below):

(1) to eighteen (18) full calendar months subsequent to the occurrence of any Precipitating Event, provided that, (A) within six (6) full calendar months of the applicable Precipitating Event, the Funding Lender has submitted to the Corporation for its approval, in its discretion, a written business plan for a
workout of existing defaults under the Borrower Loan Agreement or any other of
the Borrower Loan Documents and/or for the enforcement of the Borrower Loan Agreement or any other Borrower Loan Documents, which plan shall provide for
the payment of any accrued and unpaid Administrative Fee in a manner
satisfactory to the Corporation (unless otherwise waived or modified by the
Corporation) and (B) the Corporation has approved such business plan in writing
(the approved business plan, the "Plan"). The Funding Lender and/or the Servicer
shall seek to enter into such documents and agreements as may be reasonably
necessary or desirable to implement and document the Plan, including, but not
limited to any forbearance agreements, waivers and/or amendments as may be
reasonably necessary or desirable to implement and document the Plan;

(2) to thirty (30) full calendar months subsequent to the occurrence of
a Precipitating Event if (A) the parties are unable to enter into definitive
documents memorializing the Plan to the satisfaction of the Corporation and the
Funding Lender within eighteen (18) full calendar months subsequent to the
occurrence of the Precipitating Event as contemplated by clause (1) above, and
(B) the Funding Lender or the Servicer has within eighteen (18) full calendar
months subsequent to the occurrence of the Precipitating Event, commenced an
action or proceeding (other than for foreclosure of the lien of the Borrower
Mortgage) or taken any other remedial actions against the Borrower available to
it; and/or

(3) to thirty-six (36) full calendar months subsequent to the occurrence
of a Precipitating Event if, after the occurrence of a Precipitating Event, the
Funding Lender or the Servicer has commenced a proceeding to foreclose the lien
of the Borrower Mortgage;

and provided further, that if within the time frames described above the terms of a
workout (and with respect to clause (y) in a manner consistent with the Plan, as it may
have been theretofore modified with the consent of the Corporation) shall have been
agreed to and documented to the satisfaction of the Funding Lender (and with respect to
clause (y) to the reasonable satisfaction of the Corporation), the Precipitating Event shall
be deemed to have been cured and no Mortgage Assignment Event with respect thereto
shall occur.

(z) During the continuance of any Precipitating Event, the Funding Lender
shall provide, on a monthly basis, a Work-Out Certificate substantially in the form
attached hereto as EXHIBIT C (a "Work-Out Certificate"), demonstrating that (i) the
Funding Lender is actively engaged in resolving the issues giving rise to the Precipitating
Event or (ii) the Funding Lender has commenced foreclosure proceedings with respect to
the Project or (iii) the Funding Lender has commenced deed-in-lieu of foreclosure
proceedings with respect to the Project.

(b) Upon notice from the Funding Lender to the Corporation and the Fiscal Agent
that the Servicer has declared an event of default under the Borrower Note, the Borrower
Mortgage and/or any other Borrower Loan Document (other than a default referred to in clause

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(1) of Section 9.1(a) above), the Funding Lender shall have the absolute right, but not the obligation, to purchase or to be deemed to have purchased the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage. Any purchase pursuant to this Section 9.2(b) shall be at the Purchase Price, subject to the terms and provisions of this Funding Loan Agreement, provided that the Funding Lender shall give the Corporation and the Fiscal Agent not more than 30 days nor less than 10 days prior notice, substantially in the form attached hereto as EXHIBIT D, of the date on which it intends to purchase the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage pursuant to this Section 9.2(b). The Fiscal Agent shall notify the Funding Lender one (1) day prior to the Purchase Date of the Purchase Price.

(c) The purchase price (the “Purchase Price”) of the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage shall be an amount equal to 100% of the principal amount of the Corporation Obligations outstanding, plus accrued and unpaid interest thereon, if any, as of the date of purchase or deemed purchase (the “Date of Purchase”) of the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage by the Funding Lender. The Purchase Price shall be computed by the Fiscal Agent in accordance herewith, and shall be deemed to be conclusive, absent manifest error. The Purchase Price shall be paid by the Funding Lender (in immediately available funds, if paid), or shall be deemed paid, to the Fiscal Agent on the Date of Purchase.

(d) The Funding Lender shall neither be obligated to purchase the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage, nor shall the Funding Lender be deemed to have purchased the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage, if any of the Borrower Loan Agreement, the Borrower Note or the Borrower Mortgage or any Guaranty has been modified, amended or supplemented in any material way without the prior written consent of the Funding Lender.


(f) Notwithstanding any notice from the Funding Lender to the Corporation and the Fiscal Agent pursuant to paragraph (b) of this Section 9.2 to the effect that the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the
Borrower Mortgage will be purchased pursuant to the provisions of this Article IX, the Borrower may pay to the Servicer the amount of any non-payment under the Borrower Loan on any date prior to the Date of Purchase and such payment will be deemed to cancel the purchase or deemed purchase by the Funding Lender of the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage.

Section 9.3. Delivery of Borrower Loan Documents to the Funding Lender. Upon the purchase or deemed purchase by the Funding Lender of the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage, the Corporation, or the Fiscal Agent at the direction of the Corporation, shall, to the extent possible, promptly deliver, or direct the delivery of, the following to the Funding Lender (after the payment by the Servicer of all fees and expenses of the Corporation incurred in connection with such delivery by or on behalf of the Corporation):

1. the original Borrower Note, endorsed by the Corporation without recourse to the Funding Lender;

2. the original Borrower Mortgage or a certified copy thereof from the Office of the City Register, Kings County and a separate assignment to the Funding Lender, executed by the Corporation in recordable form, of the Borrower Mortgage and of all rights thereunder;

3. a general assignment and instrument of transfer conveying all instruments, interests and rights that the Fiscal Agent or the Corporation owns or holds in connection with the Borrower Note, the Borrower Mortgage and the other Borrower Loan Documents;

4. the originals of all instruments, other than those provided to the Funding Lender on the Initial Closing Date, made by the Corporation and the Fiscal Agent or any of their respective successors or assigns in connection with the Borrower Loan including, but not limited to, acknowledgment copies of UCC-1 Financing Statements (the "UCC-1s") executed in connection with the Borrower Loan;

5. UCC-3 Financing Statements in form suitable for filing in the appropriate county and state government offices, which UCC-3 Financing Statements shall reflect the assignment of the UCC-1s to the Funding Lender;

6. if requested by the Funding Lender, an endorsement to the policies of title insurance with respect to the Borrower Mortgage, insuring the Funding Lender as the owner and holder of the Borrower Mortgage as of the date of the assignment thereof referred to in item (2) above;

7. any and all insurance proceeds, condemnation awards or other sums held by the Corporation or the Fiscal Agent pursuant to or in connection with the Borrower Note or the Borrower Mortgage; and

8. such modifications to the Borrower Loan Documents as may be reasonably required by the Funding Lender to evidence the assignment of the Retained
Portion of the Borrower Loan to the Funding Lender separate and apart from the
Subordinate Debt (as defined in the Borrower Loan Agreement); provided, however, the
failure to deliver such modifications shall not limit the effectiveness of the assignment of
the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note or
the Retained Portion of the Borrower Mortgage contemplated hereby.

Any document to be assigned or delivered to the Funding Lender pursuant to this Section 9.3
may instead be delivered to any wholly-owned subsidiary of the Funding Lender, provided that
the Corporation and the Fiscal Agent receive prior written direction to do so.

ARTICLE X

AMENDMENTS

Section 10.1. Amendment of Funding Loan Agreement. Any of the terms of this
Funding Loan Agreement and the Corporation Obligations may be amended or waived only by
an instrument signed by the Funding Lender and the Corporation, which may be a Supplement
delivered pursuant to Section 2.1 hereof. No such amendment shall change or modify any of the
rights or obligations of the Fiscal Agent without its written assent thereto.

Section 10.2. Amendments Require Funding Lender Consent. The Corporation shall not
consent to any amendment, change or modification of a Borrower Loan Document or Funding
Loan Document without the prior written consent of the Funding Lender (such consent not to be
unreasonably withheld or delayed).

Section 10.3. Consents and Opinions. Any amendment to this Funding Loan Agreement
or any other Funding Loan Document entered into under this Article X or any amendment,
change or modification otherwise permitted under this Article X shall not become effective
unless and until (i) the Funding Lender, the Corporation and, if applicable, the Fiscal Agent shall
have approved the same in writing and (ii) the Funding Lender and the Corporation shall have
received, at the expense of the Borrower, a Tax Counsel No Adverse Affect Opinion and an
Opinion of Counsel to the effect that any such proposed amendment is authorized and complies
with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation
of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and
equitable principles limitations.

ARTICLE XI

THE FISCAL AGENT

Section 11.1. Appointment and Acceptance of Duties of Fiscal Agent. (a) U.S. Bank
National Association is appointed as Fiscal Agent and, by its execution of this Funding Loan
Agreement, signifies its acceptance of the duties and obligations of the Fiscal Agent hereunder.

(b) The Fiscal Agent is hereby vested with all the rights, powers and duties of a
trustee permitted to be appointed by bond owners pursuant to the Act and the right of bond
owners to appoint a trustee pursuant to the Act is hereby abrogated as permitted by the Act.
Section 11.2. Responsibility of Fiscal Agent. The recitals of fact herein and in the Corporation Obligations contained shall be taken as the statements of the Corporation, and the Fiscal Agent does not assume any responsibility for the correctness or completeness of the same. The Fiscal Agent makes no representations as to the validity or sufficiency of this Funding Loan Agreement or of the Corporation Obligations (except for its certificate of authentication thereon) or in respect of the security afforded by this Funding Loan Agreement, and the Fiscal Agent shall not incur any responsibility in respect thereof. The Fiscal Agent shall be responsible for the performance only of such duties as are specifically set forth herein, and no duty shall be implied from any provision hereof. The Fiscal Agent shall be responsible for its representations contained in its certificate on the Corporation Obligations. The Fiscal Agent shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified to its satisfaction. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

Section 11.3. Evidence on Which the Fiscal Agent May Act. The Fiscal Agent shall be protected in acting upon any notice, requisition, resolution, request, consent, order, certificate, report, opinion, bond or other paper, document or instrument believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be of counsel to, and/or an employee of, the Corporation, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including payment of moneys out of any fund or account established hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer of the Corporation, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Funding Loan Agreement upon the faith thereof, but in its sole discretion the Fiscal Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Neither the Fiscal Agent nor any successor Fiscal Agent shall be liable to the Corporation, the Funding Lender, or any other person for any act or omission done or omitted to be done by such Fiscal Agent in reliance upon any instruction, direction, certification or opinion received by the Fiscal Agent pursuant to this Funding Loan Agreement or for any act or omission done or omitted in good faith and without negligence or willful or reckless misconduct. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Corporation to the Fiscal Agent shall be sufficiently executed if executed in the name of the Corporation by an Authorized Officer of the Corporation.

Section 11.4. Compensation. The Corporation shall pay or provide for the payment of reasonable compensation to the Fiscal Agent from time to time for all services rendered under this Funding Loan Agreement and also all reasonable fees, expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Funding Loan Agreement and the Fiscal Agent shall have a lien therefor on any and all funds (except funds on deposit in or required to be deposited in the Rebate Fund) at any time held by it under this Funding Loan.
Agreement. The Corporation further agrees to indemnify and save the Fiscal Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or willful default.

Section 11.5. Permitted Acts and Functions. The Fiscal Agent may become the owner of the Corporation Obligations, with the same rights it would have if it were not the Fiscal Agent. The Fiscal Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the holder of the Corporation Obligations or to effect or aid in any reorganization growing out of the enforcement of the Corporation Obligations or this Funding Loan Agreement. The Fiscal Agent may be an underwriter in connection with the sale of any securities offered or issued by the Corporation.

Section 11.6. Resignation of Fiscal Agent. A Fiscal Agent may at any time resign and be discharged of the duties and obligations created by this Funding Loan Agreement by giving not less than 60 days' written notice to the Corporation and mailing notice thereof specifying the date when such resignation shall take effect to the Funding Lender, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 11.8 hereof, and such successor shall have accepted such appointment, in which event such resignation shall take effect immediately on the appointment of and acceptance by such successor; provided, however, no such resignation shall take effect until a successor Fiscal Agent has been appointed and such successor has accepted such appointment.

Section 11.7. Removal of Fiscal Agent. The Corporation may remove the Fiscal Agent at any time for such cause as shall be determined in the sole discretion of the Corporation by filing with the Fiscal Agent and the Funding Lender an instrument signed by an Authorized Officer of the Corporation; provided, however, no such removal shall take effect until a successor Fiscal Agent has been appointed and such successor has accepted such appointment.

Section 11.8. Appointment of Successor Fiscal Agent. (a) In case at any time a Fiscal Agent shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Fiscal Agent, or of its property, shall be appointed, or if any public officer shall take charge or control of a Fiscal Agent, or of its property or affairs, the Corporation covenants and agrees that it will thereupon appoint a successor Fiscal Agent. The Corporation shall mail notice of any such appointment made by it to the Funding Lender.

(b) If in a proper case no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section 11.8 within 45 days after the Fiscal Agent shall have given to the Corporation written notice, as provided in Section 11.6 hereof, or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or the Funding Lender may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Fiscal Agent.
(c) The Fiscal Agent and any Fiscal Agent appointed under the provisions of this Section 11.8 in succession to the Fiscal Agent shall be a trust company or commercial bank, which shall be a Federal depository institution or a state chartered depository institution, having the powers of a trust company within the State, having capital, surplus and undivided profits aggregating at least $100,000,000 if there be such a trust company or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Funding Loan Agreement.

Section 11.9. Transfer of Rights and Property to Successor Fiscal Agent. Any successor Fiscal Agent appointed under this Funding Loan Agreement shall execute, acknowledge and deliver to its predecessor Fiscal Agent, and also to the Corporation, an instrument accepting such appointment, and thereupon such successor Fiscal Agent, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiscal Agent, with like effect as if originally named as Fiscal Agent, but the Fiscal Agent ceasing to act shall nevertheless, on the request of the Corporation, or of its successor Fiscal Agent, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Fiscal Agent all the right, title and interest of the predecessor Fiscal Agent in and to any property held by it under this Funding Loan Agreement, and shall pay over, assign and deliver to the successor Fiscal Agent any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Corporation be required by such successor Fiscal Agent for more fully and certainly vesting in and confirming to such successor Fiscal Agent any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Corporation. Upon the effectiveness of the resignation or removal of the Fiscal Agent, such Fiscal Agent's authority to act pursuant to this Funding Loan Agreement shall terminate and such Fiscal Agent shall have no further responsibility or liability whatsoever for performance of this Funding Loan Agreement as Fiscal Agent.

Section 11.10. Merger or Consolidation. Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor to the Fiscal Agent under Section 11.8 hereof and shall be authorized by law to perform all the duties imposed upon it by this Funding Loan Agreement, shall be the successor to the Fiscal Agent without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

Section 11.11. Adoption of Authentication. In case any Corporation Obligation shall have been authenticated but not delivered, any successor Fiscal Agent may adopt the certificate of authentication of any predecessor Fiscal Agent so authenticating such Corporation Obligation and deliver such Corporation Obligation so authenticated, and in case such Corporation Obligation shall not have been authenticated, any successor Fiscal Agent may authenticate such Corporation Obligation in the name of the predecessor Fiscal Agent or in the name of the successor Fiscal Agent, and in all such cases such certificate shall have the full force which it is
anywhere in such Corporation Obligation or in this Funding Loan Agreement provided that the certificate of authentication of the Fiscal Agent shall have.

Section 11.12. Evidence of Signatures of Ownership of Corporation Obligations. (a) Any request, consent or other instrument which this Funding Loan Agreement may require or permit to be signed and executed by the holder of the Corporation Obligations may be in one or more instruments of similar tenor, and shall be signed or executed by such owner in person or by such owner’s attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the ownership by any person of the Corporation Obligations shall be sufficient for any purpose of this Funding Loan Agreement (except as otherwise herein expressly provided) if made in the following manner, but the Fiscal Agent may nevertheless in its sole discretion require further or other proof in cases where it deems the same desirable. The fact and date of the execution by such owner or such owner’s attorney of such instrument may be proved by a Certificate, which need not be acknowledged or verified, of an officer of a bank or trust company, financial institution or other member of the Financial Industry Regulatory Authority, Inc. satisfactory to the Fiscal Agent or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which such officer purports to act, that the person signing such request or other instrument acknowledged to such officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate owner may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(b) The ownership of the Corporation Obligations and date of holding the same shall be proved by the registry books.

(c) Any request, consent or vote of the owner of the Corporation Obligations shall bind all future owners of the Corporation Obligations in respect of anything done or suffered to be done by the Corporation or any fiduciary in accordance therewith.

Section 11.13. Preservation and Inspection of Documents. All documents received by the Fiscal Agent under the provisions of this Funding Loan Agreement (or microfilm, microcard or similar photographic reproduction thereof) shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Corporation, the Servicer and the Funding Lender and their agents and their representatives, any of whom may make copies thereof.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Notices.

(a) All notices, demands, requests and other communications required or permitted to be given by any provision of this Funding Loan Agreement shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier,
telegraph, telex, telexcopier or facsimile transmission, air or other courier, or hand delivery to the party to be notified addressed as follows:

If to the Corporation: New York City Housing Development Corporation 110 William Street New York, New York 10038 Attention: President

with a copy to: New York City Housing Development Corporation 110 William Street New York, New York 10038 Attention: General Counsel
If to the Borrower:

Pacific Park 38 Sixth Avenue, LLC and
PP 38 Sixth Avenue TC, LLC
% Atlantic Yards Venture, LLC d/b/a Greenland
Forest City Partners
One MetroTech Center, 23rd Floor
Brooklyn, New York 11201
Attention: Livia M. Corredor, Co-Director of Legal Affairs

with a copy to

Pacific Park 38 Sixth Avenue, LLC and
PP 38 Sixth Avenue TC, LLC
% Atlantic Yards Venture, LLC d/b/a Greenland
Forest City Partners
One MetroTech Center, 23rd Floor
Brooklyn, New York 11201
Attention: Christopher Clayton

with a copy to

Pacific Park 38 Sixth Avenue, LLC and
PP 38 Sixth Avenue TC, LLC
% Greenland USA
777 South Figueroa Street, Suite 4650
Los Angeles, California 90017-5856

with a copy to

Pacific Park 38 Sixth Avenue, LLC and
PP 38 Sixth Avenue TC, LLC
% Greenland USA
777 South Figueroa Street, Suite 4650
Los Angeles, California 90017-5856
Attention: Ms. Ifei Chang

with a copy to:

Katten Muchin Rosenman LLP
575 Madison Avenue
New York, New York 10022-2585
Attention: Martin Siroka, Esq.

If to the Fiscal Agent:

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Corporate Trust Services
If to the Funding Lender: Citibank, N.A.
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Account Specialist
RE: 38 Sixth Avenue – Deal # [_____]
Facsimile: (212) 723-8209

and

325 East Hillcrest Drive, Suite 160
Thousand Oaks, California 91360
Attention: Operations/Asset Management
RE: 38 Sixth Avenue – Deal # [_____]
Facsimile: (805) 557-0924

and a copy of any notices of default sent to
388 Greenwich Street
New York, New York 10013
Attention: General Counsel’s Office
RE: 38 Sixth Avenue – Deal # [_____]
Facsimile: (646) 291-5754

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Funding Loan Agreement: (i) three (3) Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other telecommunication device, provided any telecopier or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Funding Loan Agreement shall constitute a legal, valid and binding execution thereof by such Person.

Any party to this Funding Loan Agreement may change such party’s address for the purpose of notice, demands, requests and communications required or permitted under this Funding Loan Agreement by providing written notice of such change of address to all of the parties by written notice as provided herein.

Section 12.2. Term of Funding Loan Agreement.

(a) Subject to the provisions of paragraph (b) of this Section 12.2, this Funding Loan Agreement shall be in full force and effect until all payment obligations of the Corporation
hereunder have been paid in full and the Funding Loan has been retired or the payment thereof has been provided for; except that on and after payment in full of the Corporation Obligations, this Funding Loan Agreement shall be terminated, without further action by the parties hereto.

(b) Notwithstanding the provisions of paragraph (a) of this Section 12.2, this Funding Loan Agreement and the Corporation's obligations under the Corporation Obligations shall terminate upon the occurrence of a Mortgage Assignment Event.

Section 12.3. Successors and Assigns. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the Corporation contained in this Funding Loan Agreement and in the Corporation Obligations shall bind and inure to the benefit of its successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Corporation, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Funding Loan Agreement and in the Corporation Obligations.

Section 12.4. Parties in Interest. Nothing in this Funding Loan Agreement and in the Corporation Obligations expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Corporation, the Fiscal Agent, the Borrower, the Funding Lender and the and the holder of the Corporation Obligations, any right, remedy or claim under or by reason of this Funding Loan Agreement and in the Corporation Obligations or any covenant, condition or stipulation herof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Corporation, shall be for the sole and exclusive benefit of the Corporation, the Fiscal Agent, the Borrower, the Funding Lender and the and the holder of the Corporation Obligations.

Section 12.5. Payments Due on Days Not Business Days. If the date for making any payment of principal, interest or premium, if any, due on the Funding Loan shall be a day other than a Business Day, then payment of such principal, interest or premium, if any, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date originally fixed for such payment, except that no interest shall continue to accrue on any unpaid principal to such next succeeding Business Day.

Section 12.6. Governing Law. This Funding Loan Agreement shall be governed by and construed in accordance with the applicable laws of the State.

Section 12.7. Severability. If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Corporation Obligations or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Corporation or the Funding Lender only to the full extent permitted by law.
Section 12.8. **Execution in Several Counterparts.** This Funding Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 12.9. **Electronic Transactions.** The transactions described in this Funding Loan Agreement may be conducted and related documents and may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12.10. **Effective Date.** This Funding Loan Agreement shall be effective and binding on the parties hereto on the Initial Closing Date.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]
IN WITNESS WHEREOF, the Funding Lender, the Corporation and the Fiscal Agent have caused this Funding Loan Agreement to be duly executed as of the date first written above.

CITIBANK, N.A.,
as Funding Lender

By: ____________________________
   Name: Tricia Yarger
   Title: Vice President

NEW YORK CITY HOUSING
DEVELOPMENT CORPORATION,
as Corporation

By: ____________________________
   Name: Ellen K. Duffy
   Title: Senior Vice President for Debt Issuance and Finance

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: ____________________________
   Name: 
   Title: 

Signature page to Funding Loan Agreement
EXHIBIT A

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS

New York City Housing
Development Corporation
110 William Street
New York, New York 10038

Re: New York City Housing Development Corporation
Multi-Family Mortgage Revenue Debt Obligations
(38 Sixth Avenue) (the “Corporation Obligations”)

The undersigned, on behalf of _________ (the “Purchaser”) of the above-referenced Corporation Obligations, hereby represents that:

1. The Purchaser has authority to purchase the Corporation Obligations and execute this Required Transferee Representations and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Corporation Obligations. The undersigned is a duly appointed, qualified and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this Required Transferee Representations on behalf of the Purchaser.

2. The Purchaser has sufficient knowledge and experience in financial and business matters to be able to evaluate the risk and merits of the investment represented by the Corporation Obligations. The Purchaser is able to bear the economic risks of such investment.

3. The Purchaser acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Corporation, the Borrower, the Guarantor, the Project, the use of proceeds of the Funding Loan and the Corporation Obligations and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Corporation Obligations. The Purchaser acknowledges that it has not relied upon the Corporation for any information in connection with the Purchaser’s purchase of the Corporation Obligations and that no offering document or other offering material has been prepared or will be prepared by or on behalf of the Corporation in connection with the Purchaser’s purchase of the Corporation Obligations. The Purchaser is making its decision to purchase the Corporation Obligations and to assume the obligations of the Funding Lender under the Funding Loan Agreement directly through its credit review and due diligence concerning the Project and the Borrower. The undersigned is purchasing the Corporation Obligations directly from _________ and not through a placement of the Corporation Obligations with the Purchaser through any financial institution acting as an intermediary between _________ and the Funding Lender.

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4. The Purchaser is a bank, national bank, trust company, savings bank, savings and loan association, or any wholly-owned subsidiary thereof, as such terms are used in Section 23-c(3) of the Act, having capital and surplus of $5,000,000,000 or more, that (i) is also a Qualified Institutional Buyer as defined in Rule 144A of the Securities Act, (ii) is authorized to do business in the State, (iii) is approved in writing by the Corporation, (iv) assumes the obligations of the Funding Lender under the Funding Loan Agreement, (v) is itself purchasing the Corporation Obligations for its own account and not with a present view to the resale or distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Corporation Obligations (provided, however, that the Purchaser reserves the right to transfer the Corporation Obligations or interests therein as permitted under the Funding Loan Agreement), and acknowledges that it has conducted its own review of the credit for the Funding Loan and the Corporation Obligations and further acknowledges that any transfer of the Corporation Obligations or any participations therein will require such assurances from any succeeding purchaser, and (vi) agrees to be bound by the provisions of Section 2.5 of the Funding Loan Agreement.

5. The Purchaser acknowledges that the sale of the Corporation Obligations to it is being made in reliance on its representations contained in this Required Transferee Representations.

6. The Purchaser acknowledges that (a) the Corporation Obligations are special revenue obligations of the Corporation, a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State, (b) the Corporation Obligations are not a debt of the State of New York or The City of New York, and neither the State nor the City shall be liable thereon, nor shall the Corporation Obligations be payable out of any funds other than those of the Corporation pledged therefor, and (c) the Corporation has no taxing power.

7. The Purchaser will provide the Corporation with a draft of any offering document or other offering material to be prepared and provided to any permitted transferee of the Corporation Obligations, and the Corporation shall have the right to approve any description of the Corporation, the Funding Loan and the Corporation Obligations therein (which approval shall not be unreasonably withheld).

8. The Purchaser acknowledges that, upon the occurrence of a Mortgage Assignment Event, the Funding Loan Agreement and the Corporation’s obligations under the Corporation Obligations shall terminate and the Corporation Obligations shall be cancelled.

9. The Purchaser acknowledges that the Corporation shall not be in default of its obligations under the Funding Loan Agreement and the Corporation Obligations for any failure to pay principal, interest and premium, if any, and any other amounts due on the Funding Loan, as evidenced by the Corporation. Obligations, as a result of a default by the Borrower of its payment obligations under the Borrower Note (regardless of whether such default constitutes a Mortgage Assignment Event), but interest shall continue to accrue (but not in excess of the Maximum Rate) on any scheduled interest on the Corporation Obligations and not paid, as well as any other amounts due on the Corporation Obligations and not paid when due, at the then
applicable interest rate on the Corporation Obligations until the earlier of (i) the time that such
interest is paid and (ii) the occurrence of a Mortgage Assignment Event.

10. The Purchaser understands that the Funding Loan and the Corporation Obligations (a) are not registered under the Securities Act and are not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) are not listed on any stock or other securities exchange and (c) carry no rating from any credit rating agency.

11. The Purchaser understands that there are circumstances in which the Tax Counsel Approving Opinion may no longer be relied upon and further understands that neither the Corporation nor any of its members, officers or employees shall be subject to any liability or accountability by reason of the Corporation’s, the Purchaser’s or the Borrower’s inability to rely on the Tax Counsel Approving Opinion in accordance with its terms.

Capitalized terms used herein and not otherwise defined have the meanings given such
terms in the Funding Loan Agreement, dated as of [June __, 2015] (the “Funding Loan Agreement”), among the Corporation, the Funding Lender and U.S. Bank National Association, as the Fiscal Agent named therein.

IN WITNESS WHEREOF, _________ has caused this Required Transferee
Representations to be executed by the undersigned authorized officer this ___ day of
______.

__________________________
as Purchaser

By _________________________

Name:

Title:
EXHIBIT B

FORM OF PARTICIPANT LETTER

New York City Housing
Development Corporation
110 William Street
New York, New York 10038

Re: New York City Housing Development Corporation
Multi-Family Mortgage Revenue Debt Obligations
(38 Sixth Avenue) (the "Corporation Obligations")

The undersigned, on behalf of __________ (the "Participant"), with respect to the above-referenced Corporation Obligations, hereby represents that:

1. The Participant has authority to purchase a participation interest in the Corporation Obligations (the "Participation") and to execute this Participant Letter and any other instruments and documents required to be executed by the Participant in connection with the purchase of the Participation. The undersigned is a duly appointed, qualified and acting officer of the Participant and is authorized to cause the Participant to make the certifications, representations and warranties contained herein by execution of this Participant Letter on behalf of the Participant.

2. The Participant has sufficient knowledge and experience in financial and business matters to be able to evaluate the risk and merits of the investment represented by the Participation. The Participant is able to bear the economic risks of such investment.

3. The Participant acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Participant has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Corporation, the Funding Lender, the Borrower, the Guarantor, the Project, the use of proceeds of the Funding Loan and the Corporation Obligations and the security therefor so that, as a reasonable investor, the Participant has been able to make its decision to purchase the Participation. The Participant acknowledges that it has not relied upon the Corporation for any information in connection with the Participant's purchase of the Participation and that no offering document or other offering material has been prepared or will be prepared by or on behalf of the Corporation in connection with the Participant’s purchase of the Participation.

4. The Participant is a bank, national bank, trust company, savings bank, savings and loan association, or any wholly-owned subsidiary thereof, as such terms are used in Section 23-c(3) of the Act, having capital and surplus of $5,000,000,000 or more, that (i) is also a Qualified Institutional Buyer as defined in Rule 144A of the Securities Act and (ii) is authorized to do business in the State.
5. The Participant acknowledges that the sale of the Participation to it is being made in reliance on its representations contained in this Participant Letter.

6. The Participant acknowledges that (a) the Corporation Obligations are special revenue obligations of the Corporation, a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State, (b) the Corporation Obligations are not a debt of the State of New York or The City of New York, and neither the State nor the City shall be liable thereon, nor shall the Corporation Obligations be payable out of any funds other than those of the Corporation pledged therefor, and (c) the Corporation has no taxing power.

7. The Participant acknowledges that the Participation is for both (a) a principal amount of the Corporation Obligations of at least one million dollars ($1,000,000) and (b) a corresponding portion of the Funding Lender’s obligations under the Funding Loan Agreement.

8. The Participant acknowledges that, upon the occurrence of a Mortgage Assignment Event, the Funding Loan Agreement and the Corporation’s obligations under the Corporation Obligations shall terminate and the Corporation Obligations shall be cancelled.

9. The Participant acknowledges that the Corporation shall not be in default of its obligations under the Funding Loan Agreement and the Corporation Obligations for any failure to pay principal, interest and premium, if any, and any other amounts due on the Funding Loan, as evidenced by the Corporation Obligations, as a result of a default by the Borrower of its payment obligations under the Borrower Note (regardless of whether such default constitutes a Mortgage Assignment Event), but interest shall continue to accrue (but not in excess of the Maximum Rate) on any scheduled interest on the Corporation Obligations and not paid, as well as any other amounts due on the Corporation Obligations and not paid when due, at the then applicable interest rate on the Corporation Obligations until the earlier of (i) the time that such interest is paid and (ii) the occurrence of a Mortgage Assignment Event.

10. The Participant understands that the Funding Loan and the Corporation Obligations (a) are not registered under the Securities Act and are not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) are not listed on any stock or other securities exchange and (c) carry no rating from any credit rating agency.

11. The Participant understands that there are circumstances in which the Tax Counsel Approving Opinion may no longer be relied upon and further understands that neither the Corporation nor any of its members, officers or employees shall be subject to any liability or accountability by reason of the Corporation’s, the Purchaser’s, any Participant’s or the Borrower’s inability to rely on the Tax Counsel Approving Opinion in accordance with its terms.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in Funding Loan Agreement, dated as of [June __, 2015] (the “Funding Loan Agreement”), among the Corporation, the Funding Lender and U.S. Bank National Association, as the Fiscal Agent named therein.
IN WITNESS WHEREOF, _______ has caused this Participant Letter to be executed by the undersigned authorized officer this ___ day of _______.

_____________________,
as Participant

By ____________________________
Name: __________________________
Title: __________________________
EXHIBIT C

FORM OF WORK-OUT CERTIFICATE

TO: NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
    110 William Street, 10th Floor
    New York, New York 10038

PROJECT: 38 Sixth Avenue
    Brooklyn, New York

On behalf of Citibank, N.A. (the “Funding Lender”), the undersigned, a duly authorized officer of the Funding Lender, hereby certifies that, pursuant to Section 9.2(a) of the Funding Loan Agreement, dated as of [June __, 2015] (the “Funding Loan Agreement”), among you, the Funding Lender and U.S. Bank National Association, as the Fiscal Agent named therein, EITHER:

1. the Funding Lender is actively engaged in resolving the issues giving rise to the Precipitating Event, as well as cooperating with the Corporation in connection with the resolution of any default(s) continuing under the Regulatory Agreement; OR

2. on [date], the Funding Lender commenced foreclosure proceedings; OR

3. as of [date], the Funding Lender is engaged in good faith negotiations to accept a deed in lieu of foreclosure; AND, IF APPLICABLE

4. the Funding Lender requests that the Corporation extend by one (1) month the twelve-month period referred to in Section 9.2(a) of the Funding Loan Agreement.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in Funding Loan Agreement

CITIBANK, N.A.,
as Funding Lender

By: ____________________________
    Name: ________________________
    Title: _________________________

Date: ____________________________

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EXHIBIT D

FORM OF MORTGAGE ASSIGNMENT CERTIFICATE

TO: NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
110 William Street, 10th Floor
New York, New York 10038

U.S. BANK NATIONAL ASSOCIATION
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Corporate Trust Services

PROJECT: 38 Sixth Avenue
Brooklyn, New York

On behalf of Citibank, N.A. (the “Funding Lender”), the undersigned, a duly authorized officer of the Funding Lender, hereby notifies you, pursuant to Section 9.2(b) of the Funding Loan Agreement, dated as of [June __, 2015] (the “Funding Loan Agreement”), among you and the Funding Lender, that the Servicer has declared an event of default under the Borrower Note, the Borrower Mortgage and/or any other Borrower Loan Document and the Funding Lender is hereby exercising its right to purchase the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage. The Funding Lender intends to so purchase the Retained Portion of the Borrower Loan, the Retained Portion of the Borrower Note and the Retained Portion of the Borrower Mortgage on ______________, which date is not more than 30 days nor less than 10 days following the date of this notice.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in Funding Loan Agreement

CITIBANK, N.A.,
as Funding Lender

By: ____________________________
   Name:
   Title: __________________________

Date:

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EXHIBIT E

FORM OF LETTER OF REPRESENTATION AND INDEMNITY AGREEMENT

[Closing Date]

New York City Housing
Development Corporation
110 William Street, 10th Floor
New York, New York 10038

Citibank, N.A.
390 Greenwich Street
New York, New York 10013

Re: New York City Housing Development Corporation
Multi-Family Mortgage Revenue Debt Obligation
(38 Sixth Avenue), Number [] (the “Corporation Obligation”)

Ladies and Gentlemen:

We have delivered this letter to you today in connection with your execution of the Supplement dated [_______] to the Funding Loan Agreement, dated as of [June __, 2015] (the “Agreement”), and the issuance by the Corporation of the above-referenced Corporation Obligation evidencing its obligation under the Agreement to make the payments due on the Funding Loan, the proceeds of which will be used by the Corporation for the purpose of providing funds to finance the Borrower Loan for the construction and equipping of the Project.

Unless otherwise defined in this letter, capitalized terms used herein which are defined in the Agreement shall have the respective meanings therein specified.

In order to induce you to enter into the Agreement and the Corporation to issue the Corporation Obligation, the undersigned, Pacific Park 38 Sixth Avenue, LLC (“Pacific M/MB”) and PP 38 Sixth Avenue TC, LLC (“Pacific LIB”; Pacific M/MB and Pacific LIB are each a “Borrower” and, collectively, the “Borrowers”), and Atlantic Yards Venture, LLC d/b/a Greenland Forest City Partners (the “Guarantor”), each a Delaware limited liability company, hereby represent, warrant and covenant to each of you at the date hereof, that:

(a) Pacific M/MB is duly organized, validly existing and in good standing as a limited liability company in the State of Delaware; Pacific LIB is duly organized, validly existing and in good standing as a limited liability company in the State of Delaware; each Borrower has the power and authority to own properties and to carry on its business as now contemplated to be conducted; each Borrower has full legal right, power and authority to enter into each of the Funding Loan Documents to which it is a party and this Letter of Representation and Indemnity Agreement (such Funding Loan Documents, together with this Letter of Representation and Indemnity Agreement, being referred to herein collectively as the “Borrower’s Documents”) and to consummate the transactions contemplated by the Borrower’s Documents; and the Guarantor is duly organized, validly existing and in good standing as a
limited liability company in the State of Delaware and has the power and authority to execute and deliver each Guaranty to which it is a party and this Letter of Representation and Indemnity Agreement and to perform its obligations thereunder and hereunder;

(b) As of the date hereof, each Borrower and the Guarantor has duly authorized and approved the execution and delivery of, and the performance by each Borrower and the Guarantor of its respective obligations contained in, this Letter of Representation and Indemnity Agreement and each of the other Borrower's Documents and the consummation by each Borrower of the transactions contemplated thereby;

(c) Neither any Borrower nor its members nor the Guarantor is in breach of or in default under, or has received any notice of a breach of or default under, any law, administrative regulation or ordinance applicable to it, or any applicable judgment or decree of any court having jurisdiction, and, upon the issuance of the Corporation Obligation, neither any Borrower nor its members nor the Guarantor will be in breach of or in default under any loan agreement, note, bond, resolution, certificate or other agreement or instrument to which it is a party or is otherwise subject; except, in any such case, where such breach or default shall not have, either alone or in the aggregate, a material adverse effect on (i) the business, operations, properties or condition (financial or other) of any Borrower or its members or the Guarantor or (ii) any Borrower's ability to perform its obligations hereunder or under the other Borrower's Documents or the Guarantor's ability to perform its obligations hereunder or under any Guaranty; and the execution and delivery by each Borrower of the Borrower's Documents and the performance by each Borrower of its obligations thereunder will not conflict with or constitute a breach of or default under any law or administrative regulation or any applicable judgment or decree of any court having jurisdiction, or any provision of any organizational document, loan agreement, note, bond, resolution, ordinance, certificate or other agreement or instrument to which such Borrower or its members is a party or otherwise subject; and the execution and delivery by the Guarantor hereof and of any Guaranty and the performance by the Guarantor of its obligations hereunder or under any Guaranty will not conflict with or constitute a breach of or default under any law or administrative regulation or any applicable judgment or decree of any court having jurisdiction, or any provision of any organizational document, loan agreement, note, bond, resolution, ordinance, certificate or other agreement or instrument to which any Borrower or its members or the Guarantor is a party or otherwise subject;

(d) Except as set forth in the Borrower's Documents, there are no approvals, consents or orders of any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance by the Borrower of its obligations under the Borrower's Documents; and there are no approvals, consents or orders of any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance by the Guarantor of its obligations hereunder or under any Guaranty; nor has any Borrower or the Guarantor received notice of the necessity of any such approval, consent or order;

(e) Each of the Borrower's Documents, when executed and delivered by each Borrower and the other respective parties thereto, if any, will constitute a legal, valid and binding obligation of each Borrower enforceable in accordance with its terms except as enforceability may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws.
affecting the enforcement of creditors' rights generally or by general principles of equity; and each Guaranty and this Letter of Representation and Indemnity Agreement, when executed and delivered by the Guarantor and the other respective parties thereto, if any, will constitute a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms except as enforceability may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity;

(f) No litigation of any nature is now pending or, to the knowledge of any Borrower or its members or the Guarantor, threatened against or in any way adversely affecting the existence of any Borrower or its members or the Guarantor, involving the Project in any material respect, or seeking to restrain or enjoin the issuance, execution or delivery of the Corporation Obligation, or the financing of the Funding Loan or the Borrower Loan, or the construction or equipping of the Project, or in any way contesting or affecting the validity or enforceability of the Corporation Obligation or the Borrower's Documents, or any proceedings of the Borrower taken with respect to the execution or delivery thereof, or the application of any moneys or security provided for the payment of the Corporation Obligation, or contesting the existence, powers or authority of any Borrower with respect to the Borrower's Documents or, to the knowledge of any Borrower or its members, without independent inquiry, challenging the exclusion of interest on the Corporation Obligation from gross income for federal income tax purposes; and no litigation is pending or, to the knowledge of any Borrower or its members or the Guarantor, threatened in any court in any way affecting the Guarantor that could materially adversely affect the Guarantor's ability to satisfy its obligations under each Guaranty, this Letter of Representation and Indemnity Agreement or the Commitment; and

(g) The Borrower will not take or omit to take any action which action or omission will in any way cause the interest on the Corporation Obligation to be included in gross income for federal income tax purposes.

Neither the Corporation nor any of its members, officers or employees shall be subject to any liability or accountability by reason of the Corporation's, the Funding Lender's, any Borrower's or the Guarantor's inability to rely on the Tax Counsel Approving Opinion in accordance with its terms. Each Borrower and the Guarantor agree to indemnify, hold harmless and defend the Corporation against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Corporation has consented to such settlement) and amounts paid to discharge judgments) to which the Corporation may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to the Corporation's, the Funding Lender's, any Borrower's or the Guarantor's inability to rely on the Tax Counsel Approving Opinion in accordance with its terms.

To the extent it may legally do so, each Borrower and the Guarantor (each an "Indemnitor" and, collectively, the "Indemnitors") jointly and severally, absolutely and unconditionally, agrees to indemnify and hold harmless the Corporation, the Funding Lender and each person, if any, who controls the Funding Lender and each of the respective officers, members, partners and employees and agents of each of the foregoing (collectively, the
“Indemnified Parties”) against any and all losses, claims, damages and liabilities arising out of (a) any breach by any Indemnitee of the representations and warranties contained in this Letter of Representation and Indemnity Agreement, (b) any action or failure to take action on the part of any Borrower or within control of any Borrower (unless such action or failure to take action is at the direction of the Corporation) with respect to the proceeds of the Funding Loan, the Corporation Obligation or the Project which adversely affects the exclusion from gross income of interest on the Corporation Obligation under Section 103(a) of the Internal Revenue Code of 1986, as amended, (c) any action or failure to take action on the part of any Borrower or within control of any Borrower (unless such action or failure to take action is at the direction of the Corporation) which adversely affects the validity of the Corporation Obligation, or (d) any action or failure to take action on the part of any Borrower or within control of any Borrower (unless such action or failure to take action is at the direction of the Corporation) which prevents any Indemnified Party from relying on the Tax Counsel Approving Opinion in accordance with its terms.

In case any claims shall be made or action brought against any Indemnified Party based upon the aforesaid, in respect of which indemnity may be sought against any Indemnitee or Indemnitors, such Indemnified Party shall promptly notify such Indemnitee, in writing, setting forth the particulars of such claim or action, and such Indemnitee shall assume the defense thereof including the employment of counsel (who shall be reasonably satisfactory to the Indemnified Party). Any Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the defense thereof, but such Indemnitee shall not be required to pay the fees and expenses of such separate counsel unless the counsel is employed with the written approval and consent of such Indemnitee; provided however, if single counsel, who is representing an Indemnified Party and an Indemnitee hereunder, shall have concluded in good faith that a conflict of interest exists between or among any one or more of such parties and such Indemnitee, such parties shall have the right to retain separate counsel and to participate in the defense of any such action on its own behalf, and all costs and expenses incurred by each such party shall be borne by such Indemnitee; and further provided, if such single counsel shall have concluded in good faith that a conflict of interest exists between or among any two or more of the Indemnified Parties, each such party, with respect to which such a conflict exists, shall have the right to retain separate counsel and to participate in the defense of any such action on its own behalf, and all costs and expenses incurred by each such party shall be borne by such Indemnitee; provided that any such parties who do not have a conflict with each other shall be represented by the same counsel. If separate counsel are employed as described above, such Indemnitee and any such party agree to cooperate as may reasonably be required in order to ensure the proper and adequate defense of any such action, suit or proceeding, including, but not limited to, making available to each other, and their counsel and accountants, all books and records relating to such action, suit or proceeding, but if any such counsel reasonably determines that the rendering of such assistance will adversely affect the defense of its client, such counsel shall not be required to comply with the terms of this sentence. Notwithstanding the foregoing, each counsel selected by any Indemnified Party due to the existence of a conflict of interest as provided above shall be permitted to participate in the defense of such action provided that counsel selected by such Indemnitee shall be lead counsel (“Lead Counsel”) with respect to such defense and shall (except to the extent of a conflict of interest) control such defense. It is the intent of the Indemnified Parties and each Indemnitee that any separate counsel representing any Indemnified Party use its reasonable efforts to avoid
duplication of legal work undertaken by Lead Counsel to reduce fees and costs which may be due hereunder. The Indemnified Parties shall approve the terms of any settlement which affects the Indemnified Parties, except that such Indemnitor shall have the sole right to approve the amount of any financial settlement. Each Indemnitor agrees that it shall not (i) settle any claims wherein the settlement of such claims would contain an admission of fault, guilt or wrongdoing on the part of any Indemnified Party, without the prior written consent of such Indemnified Party, or (ii) except in the case of a settlement, refrain from the appeal of any decision which is adverse to any Indemnified Party, without the consent of such Indemnified Party.

If the indemnification provided for in this Letter of Representation and Indemnity Agreement is unavailable or insufficient to hold harmless an Indemnified Party under the second preceding paragraph, then the Indemnitors, jointly and severally, shall contribute to the amount paid or payable by such Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the second preceding paragraph (i) in such proportion as is appropriate to reflect the relative benefits received by the Indemnitors, jointly and severally, on the one hand and the Funding Lender and/or the Corporation, as the case may be, on the other from the issuance of the Corporation Obligation or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Indemnitors, jointly and severally, on the one hand and the Funding Lender and/or the Corporation, as the case may be, on the other which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Indemnitors on the one hand and the Funding Lender and/or the Corporation, as the case may be, on the other shall be deemed to be in the same proportion as the total gross proceeds from the Borrower Loan (the benefit deemed received by the Indemnitors) bear to $[_____] (the benefit deemed received by the Funding Lender) and/or $[_____] (the benefit deemed received by the Corporation), as the case may be. The amount paid by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this paragraph shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any action or claim which is the subject of this paragraph. Notwithstanding the provisions of this paragraph, the Funding Lender shall not be required to contribute any amount in excess of $[_____] and the Corporation shall not be required to contribute any amount in excess of $[______]. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party under this paragraph, notify such party from whom contribution may be sought, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have hereunder or otherwise than under this paragraph. Nothing in this paragraph shall create an implication that the Indemnitors' liability provided for in this paragraph shall be any greater than that provided for in the second preceding paragraph, assuming the provisions described in such paragraph were held to be enforceable.

This Letter of Representation and Indemnity Agreement is made solely for the benefit of the signatories hereto (including the successors or assigns of the Funding Lender and
the Corporation) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements in this Letter of Representation and Indemnity Agreement shall survive the delivery of the Corporation Obligation.

[Remainder of Page Intentionally Left Blank. Signature Pages Follow.]
Kindly confirm your acceptance of this Letter of Representation and Indemnity Agreement by signing and returning to the undersigned a duplicate hereof.

Very truly yours,

PACIFIC PARK 38 SIXTH AVENUE, LLC,
a Delaware limited liability company

By: Atlantic Yards Venture, LLC
d/b/a Greenland Forest City Partners,
a Delaware limited liability company,
its sole member

By: ____________________________
Name: ____________________________
Title: Authorized Signatory of Greenland Member

By: ____________________________
Name: ____________________________
Title: Authorized Signatory of Forest City Member

PP 38 SIXTH AVENUE TC, LLC,
a Delaware limited liability company

By: PP 38 Sixth Avenue TC Manager, LLC,
a Delaware limited liability company,
its managing member

By: Pacific Park 38 Sixth Avenue, LLC,
a Delaware limited liability company,
its sole member

By: Atlantic Yards Venture, LLC
d/b/a Greenland Forest City Partners,
a Delaware limited liability company,
its sole member

By: ____________________________
Name: ____________________________
Title: Authorized Signatory of Greenland Member

By: ____________________________
Name: ____________________________
Title: Authorized Signatory of Forest City Member
Accepted and confirmed as of the date first above written.

CITIBANK, N.A.

By: ______________________
    Name: Tricia Yarger
    Title: Vice President

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: ______________________
    Name: Ellen K. Duffy
    Title: Senior Vice President for Debt Issuance and Finance

Agreed to and accepted by the undersigned additional Indemnitor:

ATLANTIC YARDS VENTURE, LLC
d/b/a GREENLAND FOREST CITY PARTNERS,
a Delaware limited liability company

By: ______________________
    Name:
    Title: Authorized Signatory of Greenland Member

By: ______________________
    Name:
    Title: Authorized Signatory of Forest City Member
EXHIBIT F

EXECUTED COPY OF BORROWER NOTE