LOAN AGREEMENT
(2013A Refunding Loan)

Dated as of _____ 1, 2013

by and among

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION,

____________, AS TRUSTEE,

and

NEW YORK CITY HOUSING AUTHORITY

New York City Housing Development Corporation

Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program)

Series 2013A
LOAN AGREEMENT

THIS LOAN AGREEMENT (2013A REFUNDING LOAN) (the “Agreement”) is entered into as of __1, 2013 by and among the NEW YORK CITY HOUSING DEVELOPMENT CORPORATION (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation, created and existing under the laws of the State of New York (the “State”), _____, a ____ banking company, as Trustee pursuant to the Master Trust Indenture, dated as of __ 1, 2013 between the Corporation and the Trustee (the “Master Indenture”) and the First Supplemental Trust Indenture for the Corporation’s Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013A, in the principal amount of $____ (the “Series 2013A Bonds”) between the Corporation and the Trustee (the “First Supplement,” and, collectively with the Master Indenture, as supplemented and amended, the “Indenture”), and the NEW YORK CITY HOUSING AUTHORITY (“NYCHA”), a municipal housing authority and a body corporate and politic organized and existing under the laws of the State.

RECATS

Pursuant to the provisions of the Act (such term and all other capitalized terms used herein shall have the meaning set forth in Article I hereof, unless defined elsewhere in this Agreement), the Corporation will issue and sell the Series 2013A Bonds pursuant to the Indenture, the proceeds of which are to fund the Loan (as defined herein) under the terms of this Agreement.

AGREEMENTS

NOW, THEREFORE, in consideration of the representations and obligations contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1. Definitions. Capitalized terms used in this Agreement are defined in, and shall have the meanings given in, the Recitals to, and the first paragraph of, this Agreement, and this Section 1.1, and if not otherwise defined herein shall have the meanings given in the Indenture unless the context clearly indicates otherwise:

“ACC” means the Consolidated Annual Contributions Contract between NYCHA and HUD, as amended from time to time.

“Act” means the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of the State of New York), as amended.

“Agent” means any official, officer, employee, contractor, or agent.
“Annual Capital Fund ACC Amendment” means the annual amendment to the ACC to be executed by NYCHA and HUD for the obligation of annual Capital Fund Grant Monies.

“Annual Plan” means and includes the Annual Statement submitted by NYCHA to HUD and approved by HUD for spending its Capital Fund Grant Monies during each Fiscal Year pursuant to the Capital Fund Program and HUD’s rules and regulations pursuant thereto.

“Authorized Corporation Representative” means the Authorized Officer (as such term is defined in the Indenture) of the Corporation designated to take a particular action on behalf of the Corporation.

“Authorized NYCHA Representative” means the Authorized Officer (as such term is defined in the Indenture) of NYCHA designated to take a particular action on behalf of NYCHA.

“Banking Day” means a day on which banking institutions in the State of New York are not required or authorized to remain closed.

“Bond Counsel” means Hawkins Delafield & Wood LLP, or any other attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporation.

“Bond Discount” means the amount, if any, of the principal amount of the Series 2013A Bonds representing underwriters' discount and original issue discount to the public.

“Bond Premium” means the amount, if any, paid by the initial purchasers of the Series 2013A Bonds in excess of the principal amount of the Series 2013A Bonds.

“Bond Year” means, with respect to the Series 2013A Bonds, the initial period beginning on [date], 2013 and terminating on June 30, 2014, and thereafter each period of twelve (12) consecutive months beginning on July 1 and terminating on June 30.

“Business Day” means a day of the year, except (a) a Saturday or Sunday, (b) days on which banks located in the city in which the Designated Corporate Trust Office of the Trustee is located, are required or authorized to remain closed, or (c) any day on which the New York Stock Exchange is closed.

“Capital Fund Financing Amendment” means the Capital Fund Financing Amendment to the ACC between NYCHA and HUD attached hereto as Exhibit A-1.

“Capital Fund Program” means the federal housing assistance program established by Section 9(d) of the 1937 Act, together with all successor or replacement federal programs pursuant to which NYCHA receives funds for the purpose of development, financing, modernization, improvement or otherwise in connection with the capital costs of public housing projects and the other purposes set forth in said Section 9(d).
“Capital Fund Grant Monies” means funds allocated and distributed by HUD to or on behalf of NYCHA pursuant to the Capital Fund Program (but excludes any Replacement Housing Factor Funds as described in the Capital Fund Program).

“Claim” means any claim of liability, loss, or expense.


“Corporation’s Outstanding 2005A Bonds (NYCHA)” means the Corporation’s Capital Fund Program Revenue Bonds (New York City Housing Authority Program), Series 2005A issued under that Master Trust Indenture, dated as of April 1, 2005, as supplemented, between the Corporation and The Bank of New York, as trustee.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale and issuance of the Series 2013A Bonds, as set forth in Exhibit E, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, bond insurance premiums, surety bond premiums, underwriting discount or fees, initial fees and charges of any Fiduciary, legal fees including bond and underwriter counsel fees and charges, fees and disbursements of consultants and professionals, cost of credit ratings, fees and charges for preparation, execution, initial registration, transportation and safekeeping of the Series 2013A Bonds, the financing fee of the Corporation, and any other cost, charge or fee in connection with the original issuance of the Series 2013A Bonds.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund established pursuant to the Indenture.

“Debt Service Reserve Requirement” means, as of any date of calculation, the amount equal to one-half (½) of the maximum Debt Service in any given Bond Year on the Outstanding Series 2013A Bonds.

“Defeasance Amendment” means the Capital Fund Financing Defeasance Amendment to the ACC between NYCHA and HUD [attached hereto as Exhibit A-2].

“Designated Corporate Trust Office” means, with respect to the Trustee, _____.

“Documents” means this Agreement, the ACC, the Capital Fund Financing Amendment, the HUD Letter and NYCHA General Tax Certificate.

“Disclosure Agreement” means the Continuing Disclosure Agreement between NYCHA and the Trustee (as Dissemination Agent) relating to the Series 2013A Bonds, dated as of __________ 1, 2013.

“Eligible Costs” means costs that are reimbursable under the rules and regulations of HUD under the Capital Fund Program, and shall include prepayment of the NYCHA 2005A Loan, deposit, if any, to the Debt Service Reserve Fund, payment of rebate amounts pursuant to Section 3.4(e), and Costs of Issuance.
“Event of Default” means the events specified in Section 6.1.

“First Supplemental Indenture” means the First Supplemental Trust Indenture, dated as of 1, 2013, between the Corporation and the Trustee, amending and supplementing the Master Trust Indenture in connection with the issuance of the Series 2013A Bonds.

“Fitch” means Fitch Ratings, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

“Fund” means any of the funds or accounts created and established by, or pursuant to, the Indenture.

“Government Obligations” shall have the meaning set forth therefor in the Indenture.

“HUD” means the United States Department of Housing and Urban Development and its successors and assigns.

“HUD Letter” means the letter from HUD to NYCHA approving the Series 2013A Bonds, and authorizing NYCHA to pledge and assign the Revenues pursuant to this Agreement. A copy of the HUD Letter is attached hereto as Exhibit D.

“Indenture” means the Master Trust Indenture, dated as of 1, 2013, as supplemented and amended, including by the First Supplemental Trust Indenture and the Second Supplemental Trust Indenture, each dated as of 1, 2013, and each between the Corporation and the Trustee.

“Investment Securities” shall have the meaning set forth therefor in the Indenture.

“Loan” means the loan from the Corporation to NYCHA funded from the proceeds of the Series 2013A Bonds pursuant to this Agreement, the amount of which when first funded shall equal the principal amount of the Series 2013A Bonds on the date of issue.

“Loan Expense Fee” means, as certified to the Trustee and NYCHA from time to time by the Corporation, to be included as a component of interest cost in the amount of Loan Debt Service, the amount in each Bond Year sufficient to pay, or reimburse the Corporation for the payment of, the costs under the Program of any required financial audits, cash flows, Code arbitrage calculations and rebate analysis, Trustee fees and expenses, including as continuing disclosure dissemination agent, rating agency fees and expenses of analytical services rendered for rating agencies. The Loan Expense Fee shall in all cases include a one-time origination fee payable to the Corporation on the date of issuance of the Series 2013A Bonds (to the extent not included in Costs of Issuance) equal to 0.10% (10 basis points of the Loan amount), plus an ongoing servicing fee, payable monthly to the Corporation, equal to 0.04% (4 basis points) of the Loan amount per year for as long as the Series 2013A Bonds are Outstanding.
“Loan Fund” means the Loan Fund established pursuant to Section 3.3, consisting of the Series 2013A Project Loan Account therein.

“Loan Debt Service” means the payments of interest and principal due on the Loan for any particular Bond Year as set forth in Exhibit C, as such Exhibit may be amended from time to time with the consent of the Corporation, NYCHA and HUD.

“Master Trust Indenture” means the Master Trust Indenture, dated as of ___ 1, 2013, between the Corporation and the Trustee.

“Moody's” means Moody's Investors Service, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

“Net Loan Proceeds” means, (i) that amount equal to the principal amount of the Series 2013A Bonds, plus (ii) the Bond Premium, minus the aggregate of (x) the Costs of Issuance, (y) the Debt Service Reserve Requirement to the extent not satisfied with Cash Equivalents, and (z) the Bond Discount.

“1937 Act” means the United States Housing Act of 1937, as amended, including implementing regulations thereunder.

“Notice” means a written communication addressed to the Person to whom the communication is to be given, at the addresses set forth below with respect to the Corporation, the Rating Agencies, NYCHA, and the Trustee:

Corporation: New York City Housing Development Corporation
110 William Street
New York, New York 10038
Attention: President
Tel: (212) 227-3600
Fax: (212) 227-6756

Trustee:

Moody's: Moody's Investor Services, Inc.
99 Church Street
New York, NY 10008
Attention: Public Finance Group
Tel: (212) 553-0300
Fax: (212) 553-4791
S&P: Standard & Poor's Ratings Services
55 Water Street
New York, NY 10041
Attention: Wendy Dolber
Tel: (212) 438-2063
Fax: (212) 438-2157

NYCHA: New York City Housing Authority
250 Broadway, 12th Floor
New York, New York 10007
Attention: General Manager
Tel: (212) 306-3416
Fax: (212) 306-8888

HUD: Assistant Secretary for Public and Indian Housing
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410
Tel: (202) 708-0950
Fax: (202) 619-8478

Any of the Persons listed above may, by Notice, designate additional or different addresses to which subsequent notices, certificates, or other communications shall be sent. Any Notices under this Agreement shall be in writing and shall be deemed to be delivered when hand delivered (receipt acknowledged), the next business day when delivered by overnight courier, or the third business day when delivered by certified mail, postage prepaid, return receipt requested (or when delivery is refused).

"NYCHA Act" means Chapter 44-A of the Consolidated Laws of the State of New York, as amended from time to time.

"NYCHA General Tax Certificate" means NYCHA General Tax Certificate as to Federal income tax matters dated as of the date of issuance of the Series 2013A Bonds and executed and delivered by the officers and representatives of NYCHA, attached hereto as Exhibit B, including all exhibits and attachments thereto.

"NYCHA Program" means the participation by NYCHA in the Capital Fund Program evidenced by the Loan.

"2005A Escrow Deposit Agreement" means the Escrow Deposit Agreement, dated as of___, 2013, between the Corporation and____, as Escrow Deposit Agent.

"2005A NYCHA Loan" means the loan made by the Corporation to NYCHA pursuant to the Loan and Oversight Agreement, dated as of April 1, 2005, among NYCHA, the Trustee and the Corporation.

"Official Statement" means the Official Statement of the Corporation prepared in connection with the marketing of the Series 2013A Bonds.
“Operative Documents” means, collectively, this Agreement, the Indenture, the Bonds, and all other documents now or hereafter executed and delivered in connection with the Loan and the Bond Purchase Agreement.

“Payment Date” means (i) the Business Day before each January 1 and July 1, beginning July 1, 2014, and (ii) any other date on which a payment of principal or interest is due on the Loan, including any prepayment of the Loan.

“Person” or “person” means and includes an association, unincorporated organization, a corporation, a partnership (including limited partnerships), a limited liability corporation, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

“Program Guidelines” means all statutes, rules, regulations, procedures, guidelines, or requirements established by HUD with respect to the Capital Fund Program.

“Rating Agency” means at least one of (i) Moody’s, (ii) S&P, (iii) Fitch and (iv) any other nationally recognized securities rating agency, to the extent any such agency described in (i) through (iv) above has been requested by the Corporation to issue a rating on the Series 2013A Bonds and such agency has issued and continues to assign a rating on such Series 2013A Bonds at the time in question.

“Revenue Fund” means the Revenue Fund established pursuant to Section 3.4 and the Indenture.

“Revenues” as used in this Agreement, means that portion of NYCHA’s Capital Fund Grant Monies permitted by HUD to be paid to the Trustee (whether directly from HUD on behalf of NYCHA or, with respect to Revenues that were to be paid directly to the Trustee but were, in error, paid to NYCHA, from NYCHA), subject to the availability of appropriations, for Loan Debt Service in accordance with the terms of this Agreement and pursuant to the HUD Letter and the Capital Fund Financing Amendment. Revenues may include any Capital Fund Grant Monies available to NYCHA for payment of Loan Debt Service and under any effective Annual Plan and/or Annual Capital Fund ACC Amendment, including funds received from NYCHA which remain unobligated from previous NYCHA fiscal years, without regard to the NYCHA fiscal year for which those funds were initially made available (but only to the extent necessary for Loan Debt Service). Revenues shall also include any sums received by NYCHA under Section 5.7 or paid by NYCHA under Article VI (other than Section 6.2(b)) for application to payment due under the Loan in accordance with Section 6.5.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., New York, New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

“SEC” means the United States Securities and Exchange Commission.


“Stabilized Base Unit Count” means 177,223, which is the number of public housing units subject to NYCHA’s Annual Contributions Contract with HUD as adjusted for planned anticipated additions and subtractions as of the date of issuance of the Series 2013A Bonds.

“Term of Agreement” shall have the meaning set forth therefor in Section 7.1.

“Trustee” means ___, a ___ banking company with trust powers and having a corporate trust office in ___, and its successor or successors and any other person at any time substituted in its place pursuant to the Indenture.

Section 1.2. Rules of Construction.

The words “hereof,” “herein,” “hereunder,” “hereto,” “Agreement,” and similar words refer to this Agreement in its entirety. Unless specified otherwise, all Exhibits are exhibits to this Agreement and all references to Sections and Articles are references to sections and articles of this Agreement. The headings contained herein are for convenience only and shall not define or limit the meaning of their provisions. All references made in the neuter, masculine, or feminine gender include all genders.

Any reference to particular sections or subsections of the Code shall include any successor provisions of law, to the extent they apply to the Series 2013A Bonds.

ARTICLE II

THE LOAN

Section 2.1. The Loan. (a) General. The Corporation agrees, upon the terms and subject to the conditions set forth in this Agreement, to make the Loan from the proceeds of the Series 2013A Bonds to NYCHA in the principal amount of $___ upon the terms and conditions set forth herein.

(b) Repayment Terms. Interest shall accrue on the outstanding principal balance of the Loan beginning on the date of delivery of the Series 2013A Bonds until fully paid. Interest is payable on each Payment Date beginning the Business Day preceding July 1, 2014 through the date of payment in full of the outstanding balance of the Loan. Loan Debt Service is repayable in accordance with the schedule set forth as Exhibit C. The portion of the Loan Debt Service representing the Loan Expense Fee shall be used to pay the cost of, or reimburse the Corporation for the cost of, any required financial audits, cash flows, Code arbitrage calculations and rebate analysis, Trustee fees and expenses, including as continuing disclosure dissemination agent, rating agency fees and expenses of analytical services rendered for rating agencies.
(c) Prepayment of the Loan. Except as otherwise set forth herein, the Loan is not subject to prepayment at the option of NYCHA prior to ____. The Loan is subject to prepayment at the option of NYCHA, in whole or in part, at any time on or after ____ in an amount equal to 100% of the principal amount to be prepaid, plus unpaid interest accrued to the date fixed for redemption of the Series 2013A Bonds. Notice of any such optional prepayment must also be given to HUD, and written evidence of such notice must be provided to the Trustee.

The Loan is subject to prepayment at the option of NYCHA or the Corporation in the event that NYCHA reduces its Stabilized Base Unit Count by more than five percent (5%) in an amount necessary to maintain the required coverage ratio established by HUD in the HUD Letter.

The Loan shall also be prepaid in the event of a casualty loss or condemnation action to the extent required by Section 2.4(c) of the First Supplemental Indenture.

Any partial prepayment of the Loan shall be in a minimum amount equal to the lesser of the outstanding principal balance of the Loan or $5,000 and integral multiples of $5,000. Any partial prepayment shall be applied to principal installments due under the Loan in any order determined by the Corporation after consultation with NYCHA.

NYCHA shall notify the Corporation of any proposed optional prepayment of the Loan at least 60 but not more than 90 days before the date of the proposed prepayment (the "Date of Prepayment"). On receipt of the notice, the Corporation shall determine the date Series 2013A Bonds will be redeemed (the "Date of Redemption") with the proceeds of the prepayment and will so notify NYCHA. In the case of an optional prepayment, on the Date of Prepayment, in addition to the prepayment, NYCHA shall pay interest on the prepaid portion of the Loan at the loan interest rate to the Date of Prepayment, plus all reasonable costs and expenses incurred by the Corporation and the Trustee in connection with the prepayment (including but not limited to negative arbitrage and any costs in connection with the redemption of the Series 2013A Bonds being redeemed with the prepayment) calculated to the Date of Redemption.

HUD shall be notified in writing of any proposed prepayment hereunder at least 60 (sixty) days prior to the next date on which HUD is scheduled to pay Loan Debt Service to the Trustee. Should HUD incorrectly pay all or a portion of Loan Debt Service to the Trustee after a prepayment, the Trustee shall return such overpayment to HUD within three days of the receipt by the Trustee thereof.

Any prepayment shall be applied (i) first, at the option of the Corporation, to the extent that amounts on deposit in the Debt Service Reserve Fund are less than the Debt Service Reserve Requirement (after giving effect to the change, if any, in Loan Debt Service payments after such Prepayment) to bring the balance in the Debt Service Reserve Fund up to the Debt Service Reserve Requirement, and (ii) second, to be paid to the Trustee (and credited against amounts due under the Loan) for application to the redemption of Series 2013A Bonds in accordance with the Indenture and this Agreement not later than the Business Day prior to the date fixed for redemption of the Series 2013A Bonds. In the event of a partial prepayment of the Loan, the Corporation, with the consent of each Rating Agency, NYCHA and HUD, shall revise the Loan Debt Service payment schedule as set forth in Exhibit C, provided (i) the Corporation
files with the Trustee, in its capacity as Trustee for the Series 2013A Bonds, and the Rating Agencies a Cash Flow Statement (as defined in the Indenture) with respect to the availability of funds to pay the outstanding balance of the Series 2013A Bonds, (ii) NYCHA files with HUD the revised Loan Debt Service payment schedule, which shall have been agreed upon by NYCHA and the Corporation, for purpose of causing direct payments to be made to the Trustee in accordance therewith, (iii) the Trustee receives from NYCHA and HUD a revised Capital Fund Financing Amendment or other written approval, which reflects HUD's commitment to make the payments set forth in such revised Loan Debt Service payment schedule, and (iv) the Trustee receives confirmation from each of the Rating Agencies that such revised Loan Debt Service payment schedule will not adversely affect the then current rating on the Bonds.

(d) Payments to Corporation; Pledge of Revenues. Payments on the Loan and other Loan Debt Service shall be made by a transfer to the Trustee by HUD (subject to the availability of appropriations), on behalf of NYCHA, of Capital Fund Grant Monies, which payments on the Loan are required hereunder to be made by NYCHA in an amount equal to the Loan Debt Service payable during the related Federal fiscal year pursuant to the Capital Fund Financing Amendment and the HUD Letter for deposit into the Revenue Fund in accordance with Section 3.4. NYCHA hereby irrevocably pledges and assigns to the Corporation and the Trustee, as security for the Loan, such Capital Fund Grant Monies as are paid to the Trustee by HUD pursuant to the Capital Fund Financing Amendment, the Defeasance Amendment, the HUD Letter, and all amounts in the Funds.

(e) Annual Plan and Annual Capital Fund ACC Amendments. NYCHA agrees to budget from amounts to be received pursuant to the Capital Fund Program in each Federal fiscal year amounts sufficient to make the foregoing deposits and payments, and further agrees not to obligate, requisition from HUD (subject to the availability of appropriations) or expend amounts to be received pursuant to the Capital Fund Program in any Federal fiscal year if the effect of such obligation, requisition or expenditure would be to reduce the amount of Revenues to be received by the Trustee pursuant to the Capital Fund Program for such Federal fiscal year below the amount needed to pay the annual Loan Debt Service scheduled to be paid from funds received with respect to such Federal fiscal year and any previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement), or otherwise materially adversely affect the availability of Revenues or other payments made by NYCHA, at the times required, to make the foregoing deposits and payments. NYCHA agrees to submit each Annual Plan in timely fashion as required, and to execute each Annual Capital Fund ACC Amendment in at least the amount necessary for payment of annual Loan Debt Service and any previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement, if any). NYCHA agrees to submit the executed Annual Capital Fund ACC Amendment to HUD (subject to the availability of appropriations) in at least an amount necessary to pay Loan Debt Service and any previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement) not later than 75 days prior to the start of each Federal fiscal year or the earliest date on which such Amendment may be executed under the rules and regulations of HUD (if such date is later); provided, that NYCHA shall submit the executed Annual Capital Fund ACC Amendment to HUD in the amount necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement upon any drawing on amounts held in the Debt
Service Reserve Fund (including Cash Equivalents therein) to fund debt service on the Series 2013A Bonds (and any Capital Fund Grant Monies received in response to such submission shall be deposited directly into the Debt Service Reserve Fund). NYCHA further covenants and agrees that if in any Federal fiscal year, (i) the applicable Annual Plan shall not have been approved by HUD or (ii) the Annual Capital Fund ACC Amendment shall not have been executed, in either case by the later of (i) October 1 of the first year following the end of the applicable Federal fiscal year with respect to which such funds were appropriated or (ii) 60 days prior to the first scheduled Loan Debt Service payment date following such October 1, NYCHA shall promptly submit to HUD an Annual Plan and/or an Annual Capital Fund ACC Amendment to the extent and in an amount sufficient to make the applicable Loan Debt Service payment, subject to the availability of appropriations (which HUD has agreed, in the HUD Letter issued in connection with the Series 2013A Bonds, subject to the availability of appropriations and as provided by law, to approve immediately upon receipt from NYCHA). In all events, NYCHA shall not deduct from Loan Debt Service shown in any Annual Plan or Annual Capital Fund ACC Amendment any amounts otherwise available under the Indenture for payment of Loan Debt Service, including amounts held in the Debt Service Reserve Fund and interest earnings on funds and accounts.

Section 2.2. Liability of NYCHA for Loan Debt Service. NYCHA shall be liable for payments hereunder for Loan Debt Service solely to the extent of Capital Fund Grant Monies paid by HUD for such purpose; provided, that in the event that Capital Fund Grant Monies paid for the purpose of Loan Debt Service shall have been delivered to NYCHA in error (rather than directly to the Trustee), NYCHA shall be liable to pay such funds over to the Trustee.

Section 2.3. Eligible Costs to be Paid by NYCHA, subject to HUD Approval. NYCHA acknowledges that, upon issuance of the Series 2013A Bonds, a portion of the Loan proceeds will be deposited into the Costs of Issuance Fund held by the Trustee pursuant to the Indenture and used by the Corporation to pay the Costs of Issuance in the amount set forth in Exhibit E hereto. NYCHA covenants and agrees that Net Loan Proceeds will be applied solely for the defeasance and advance refunding of the Corporation’s Outstanding 2005A Bonds (NYCHA) as a result of the advance of funds to NYCHA for the future prepayment of the 2005A NYCHA Loan in full on July 1, 2015.

Section 2.4. Reimbursement of Costs Incurred. If an Event of Default occurs hereunder, and the Trustee or the Corporation employs attorneys or incurs other expenses for the collection of amounts due under this Agreement or the enforcement of any covenant herein, or if the Trustee shall incur extraordinary expenses in connection with its duties under the Indenture, NYCHA shall on demand pay to the Trustee or the Corporation, as the case may be, from any available funds of NYCHA, the reasonable fees of their attorneys and any other reasonable expenses so incurred. In no event shall costs described in this Section 2.4 be payable from federal funds.

Section 2.5. Interest on Additional Payments and Reimbursements. Whenever any sum other than principal, premium (if any), and interest is due and payable from NYCHA to the Trustee, the Corporation, or any other party, as a direct payment, reimbursement, or otherwise, and no specific provision is made with respect to the payment or rate of interest
thereon, the sum due and payable shall bear interest from such due date, until paid in full at the Loan rate.

Section 2.6. Claims Relating to the NYCHA Program.

To the extent permitted by applicable law, NYCHA shall and hereby agrees to indemnify and save the Corporation and the Trustee, without duplication, harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the NYCHA Program during the Term of Agreement, including, without limitation, (a) any condition of the NYCHA Program, (b) any breach or default on the part of NYCHA in the performance of any of its obligations under this Agreement, (c) any act of fraud, willful misconduct or negligence of NYCHA or of any of its agents, contractors, servants, employees or licensees, (d) any claim or request for payment by NYCHA's contractors, subcontractors or vendors. NYCHA shall indemnify and save the Corporation and the Trustee harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon and upon notice from the Corporation or the Trustee, NYCHA shall defend them or any of them in any such action or proceeding. All amounts owing from NYCHA hereunder shall be payable from any available funds of NYCHA (but not from any federal funds).

To the extent permitted by applicable law, the Corporation shall and hereby agrees to indemnify and save NYCHA harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the NYCHA Program during the Term of Agreement, that is the result of any act of fraud, willful misconduct or negligence of the Corporation. The Corporation shall indemnify and save NYCHA harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon and upon notice from NYCHA, the Corporation shall defend them or any of them in any such action or proceeding.

Section 2.7. General Indemnification Provisions.

Notwithstanding the fact that it is the intention of the parties hereto that none of the Corporation or the Trustee shall incur any liability by reason of the terms of this Agreement or the undertakings required of the Corporation or the Trustee hereunder, by reason of the Commitment, by reason of the issuance of the Bonds, by reason of the execution and delivery of the Indenture, by making the Loan or by reason of the performance of any act requested of the Corporation or the Trustee by NYCHA and its agents and employees, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulation pertaining to the foregoing, if the Corporation or the Trustee should incur any such liability, then NYCHA shall indemnify and hold the Corporation and the Trustee harmless against all claims, demands or causes of action whatsoever, by or on behalf of any person, firm or corporation or other legal entity arising out of the same and, with respect to the Corporation, any matter in connection with the Bonds, the Loan, or any other Operative Document, and all costs and expenses (including, without limitation, reasonable attorneys' and experts' fees, disbursements and expenses, court costs, and discovery costs) incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Corporation.
or the Trustee, NYCHA shall defend the Corporation or the Trustee, as the case may be, in any such action or proceeding.

All references to the Corporation or the Trustee in this Article 2 shall be deemed to include its members (in the case of the Corporation only), officers, directors, employees and agents. The obligations of NYCHA under Sections 2.6 through 2.9 shall survive the payment of the Bonds and termination of this Agreement.

Notwithstanding anything to the contrary contained herein, NYCHA shall have no liability to indemnify the Corporation or the Trustee against claims or damages resulting from any of the Corporation's or the Trustee's gross negligence, fraud or willful misconduct.

NYCHA may not use for indemnification public housing assets derived from Federal public housing assistance (e.g., Operating Fund, Capital Fund Program, related accounts, or public housing property under the ACC and Declaration of Trust, as all such terms are used for purposes of the 1937 Act). Any amount payable by NYCHA pursuant to this Article 2 shall be paid from any other funds of NYCHA lawfully available for such payments. No obligation or agreement contained herein or made in connection with this Agreement shall apply to any Agent of NYCHA in his or her individual capacity.

Section 2.8. Indemnity Procedure.

Promptly after receipt by any party or parties that have the benefit of indemnification under this Agreement (the "Indemnified Parties") of notice of any claim or the commencement of any action, suit or proceeding, the Indemnified Parties shall notify the party or parties that have the burden of such indemnification (the "Indemnifying Parties") in writing of the commencement thereof; but the omission to so notify shall not relieve the Indemnifying Parties from any obligation hereunder unless such failure to so notify shall materially prejudice the Indemnifying Parties' ability or opportunity to assume the defense of the Indemnified Parties in such claim, action, suit or proceeding. The Indemnifying Parties shall assume the investigation and defense thereof (with counsel of the Indemnifying Parties' choice who shall be reasonably satisfactory to the Indemnified Parties), including the employment of counsel and payment of all expenses. The Indemnified Parties shall have the right to employ separate counsel in any such action or proceeding and to participate in the defense thereof, but the Indemnifying Parties 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 the Indemnifying Parties, provided however, if single counsel, who is representing the Indemnified Parties and Indemnifying Parties hereunder, shall have concluded in good faith that a conflict of interest exists between or among any two or more of such parties and if the Indemnifying Parties determine that the conflict is not one that can be waived, or for any other reason elect not to waive the conflict, then each such party shall have the right to retain separate counsel and to participate in the defense of any such action on its own behalf, and all reasonable costs and expenses incurred by each such party shall be borne by Indemnifying Parties; 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, and if the Indemnified Parties determine that the conflict is not one that can be waived, or for any other reason elect not to waive the conflict, then 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 reasonable costs and expenses incurred by each such party shall be borne by Indemnifying Parties; provided that any such parties who do not have a conflict with each other shall be represented by the same counsel. Any separate counsel shall be approved by Indemnifying Parties, which approval shall not be unreasonably withheld or delayed. If separate counsel is employed as described above, Indemnifying Parties 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 the Indemnified Parties 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 Indemnifying Parties 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 that any separate counsel representing the Indemnified Parties use its reasonable efforts to avoid duplication of legal work undertaken by Lead Counsel to reduce fees and costs that may be due hereunder. All settlements of any proceeding made in accordance with these provisions, which are consented to in writing by Indemnifying Parties, shall be paid in full by Indemnifying Parties in accordance with its consent. The Indemnified Parties shall approve the terms of any settlement that affects the Indemnified Parties, except that Indemnifying Parties shall have the sole right to approve the amount of any financial settlement. Indemnifying Parties agree that they shall not (1) settle any claims wherein the settlement of such claims would contain admission of fault, guilt or wrongdoing on the part of the Indemnified Parties without the prior written consent of the Indemnified Parties, or (ii) except in the case of a settlement, refrain from the appeal of any decision that is adverse to the Indemnified Parties, without the consent of the Indemnified Parties, which consent shall not be unreasonably withheld or delayed.

If Indemnifying Parties fail to pay all or any portion of any amounts, including the reasonable legal fees, due under this Article 2 within thirty (30) days from demand of the Indemnified Parties, (which demand shall include, in reasonable detail, a description of the services provided and expenses incurred and the bases for calculating such fees and expenses, and shall be accompanied by such receipts and documentation as shall be sufficient to support an expense deduction for accounting and tax purposes), the amount of such legal fees and all other sums payable by Indemnifying Parties to the Indemnified Parties under Sections 2.6 through 2.8 shall bear interest from the date of demand at the prime rate of interest as reported from day to day in The Wall Street Journal as the base rate on corporate loans posted by at least 75% of the national's thirty largest banks, plus four percent (4%) per annum, or, if such rate is no longer available, the base rate or prime rate of interest of any "Money Center" bank designated by the Indemnified Parties in their sole discretion, plus four percent (4%) per annum. Indemnifying Parties hereby agree to pay all reasonable costs, charges and expenses, including reasonable attorneys' fees and actual out-of-pocket expenses and including costs of collection, that may be incurred by the Indemnified Parties in enforcing the covenants and agreements of Indemnifying Parties under this Article 2.
Section 2.9. **Indemnification of Trustee.**

NYCHA shall and hereby agrees to indemnify the Trustee for, and hold the Trustee harmless against, any loss, liability or expense (including the costs and expenses of defending against any claim of liability) incurred unless the Trustee has acted with gross negligence, fraud or willful misconduct in its capacity as the Trustee under the Indenture. All amounts owing to the Trustee hereunder shall be payable from any available funds of NYCHA (but not from any federal funds).

Section 2.10. **Surviving Rights.** All of the rights of the Trustee and the Corporation set forth in Sections 2.4 through 2.6 shall survive the termination of this Agreement.

Section 2.11. **Payments Due on Non-Business Days.** Whenever a payment is due under this Agreement on a day other than a Business Day, the payment shall be made on the next preceding Business Day.

Section 2.12. **Unconditional Obligations of NYCHA.** The payment of the Loan from the sources identified herein shall be absolute and unconditional, regardless of any defense or any rights of set-off, recoupment, or counterclaim that NYCHA might otherwise have against the Trustee, the Corporation, or any other parties to this transaction. During the term of this Agreement, NYCHA shall make all Loan payments from the sources identified herein without abatement or set-off notwithstanding any bankruptcy, insolvency, liquidation, dissolution, or nonexistence of the Corporation, the nonperformance by the Trustee or the Corporation of any obligation under the Series 2013A Bonds, or any other circumstance or event that might otherwise relieve NYCHA from its obligation to make the prescribed payment. Until the principal, premium, if any, and interest on the Loan has been fully paid, NYCHA (i) will perform all of the obligations and agreements contained in this Agreement, and (ii) will not terminate this Agreement for any reason, including but not limited to: commercial frustration of purpose; the occurrence of any acts or circumstances that may constitute a failure of consideration; any change in the tax laws of the United States of America or of the State or any political subdivision thereof; or any failure of the Trustee or the Corporation to perform and observe any agreement or obligation, express or implied, arising in connection with this Agreement.

**ARTICLE III**

**APPLICATION OF LOAN PROCEEDS; PLEDGE OF FUNDS; ESTABLISHMENT OF FUNDS**

Section 3.1. **Application of Loan Proceeds under the Indenture; Pledge of Funds.** (a) Upon the delivery of the Series 2013A Bonds and at the direction of the Corporation and as set forth in the Indenture, the Trustee shall deposit an amount of the Loan equal to the Costs of Issuance directly into the Cost of Issuance Fund and an amount equal to the Debt Service Reserve Requirement into the Debt Service Reserve Fund. The Trustee shall then [credit the Series 2013A DSR Facility to the Debt Service Reserve Fund] and deposit the Net Loan Proceeds into the Series 2013A Project Loan Account of the Loan Fund.
(b) A pledge of the Revenues is hereby made by NYCHA in favor of the Corporation and the Trustee, and the same are pledged, to secure the payment of Loan Debt Service in the priorities set forth therefor in the Indenture.

(c) To the fullest extent provided by the Public Housing Law of the State 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 in tort, contract or otherwise against NYCHA, irrespective of whether such parties have notice of the claim.

Section 3.2. Establishment of Funds.

(a) There are to be established with the Trustee under the Indenture the following Funds: (i) the Loan Fund (and the individual Series 2013A Project Loan Account therein), (ii) the Revenue Fund, (iii) the Debt Service Fund, (iv) the Debt Service Reserve Fund, (v) the Costs of Issuance Fund and (vi) the Rebate Fund; provided that the Costs of Issuance Fund and the Rebate Fund shall not constitute trust funds under the Indenture.

(b) The following shall be deposited in the Loan Fund (in the Series 2013A Project Loan Account):

(1) Net Loan Proceeds deposited pursuant to Section 3.1, and

(2) interest earnings on the Loan Fund.

(c) The following shall be deposited in the Debt Service Reserve Fund:

(1) the amount of the Loan deposited pursuant to Section 3.1;

(2) to the extent the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, funds shall be deposited by the Trustee into the Debt Service Reserve Fund from the Revenue Fund pursuant to Section 3.5 until the amount on deposit therein is equal to the Debt Service Reserve Requirement.

(3) Funds shall also be deposited in the Debt Service Reserve Fund pursuant to Section 6.5.

(d) The following shall be deposited into the Revenue Fund upon receipt:

(1) all Revenues,

(2) any amounts transferred from the Debt Service Reserve Fund pursuant to Section 3.5, and

(3) any amounts transferred from the Loan Fund pursuant to Section 3.3.
Section 3.3. **The Loan Fund.** Upon the deposit of Net Loan Proceeds into the Series 2013A Project Loan Account of the Loan Fund pursuant to Section 3.1, NYCHA and the Corporation hereby direct the Trustee to transfer the entire amount to be held as a defeasance escrow under the 2005A Escrow Deposit Agreement for the defeasance and advance refunding of the Corporation’s Outstanding 2005A Bonds (NYCHA) as a result of the advance of funds to NYCHA for the future prepayment of the 2005A NYCHA Loan in full on July 1, 2015.

Section 3.4. **Revenue Fund.**

(a) In accordance with Section 2.1(d), the Trustee shall receive from HUD and/or from NYCHA, as the case may be, for deposit in the Revenue Fund, all Revenues, NYCHA having taken the action required hereunder to request delivery of such Revenues in the amount of the Loan Debt Service and previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement). Such amounts shall be transferred by the Trustee:

first, to the Debt Service Fund, the amount necessary to make the payments required pursuant to Section 5.5(A) of the Indenture,

second, to the Debt Service Reserve Fund in the amount required to bring the balance therein to equal the Debt Service Reserve Requirement;

third, to the Debt Service Fund, to be applied to the redemption of Bonds, the proceeds of insurance not applied, pursuant to authority of Section 5.7, to restoration of a project following casualty loss or condemnation;

fourth, to the Corporation in the amount included in a written requisition from the Corporation in payment of any one or more components of the Loan Expense Fee;

fifth, to the Subordinate Obligation Debt Service Fund an amount, if any, equal to the amount required by the First Supplemental Trust Indenture to be applied to the payment of Subordinate Obligations or otherwise deposited therein on such date and without priority, one over the other, to any accounts within the Subordinate Obligation Debt Service Fund, as specified by a Certificate filed with the Trustee,

sixth, to the Rebate Fund, the balance; provided, that to the extent set forth in a Certificate accompanied by a Bond Counsel's Opinion to the effect that any such transfer shall not adversely affect the exclusion of interest on the Bonds from federal income taxation, to the Loan Fund, the balance.

(b) The Trustee may also deposit moneys in the Revenue Fund as provided in Section 6.6(b) and such moneys as may be received from NYCHA directly for components of the Loan Expense Fee to the extent not received directly from HUD.

Section 3.5. **Debt Service Reserve Fund.**

(a) The Trustee shall make disbursements from the Debt Service Reserve Fund on each Payment Date, in an amount equal to the amount of the Loan Debt Service
payment due on such Payment Date, less any amount on deposit in the Revenue Fund for such Loan Debt Service payment.

(b) In the event the amount on deposit in the Debt Service Reserve Fund on any Payment Date (after taking into account any amounts to be paid from the Debt Service Reserve Fund for Loan Debt Service on such date) is less than the Debt Service Reserve Requirement, funds shall be deposited therein to the extent of any such deficiency pursuant to Section 3.5, and notice of such deficiency shall be given to the Rating Agency. To the extent moneys on deposit in the Debt Service Reserve Fund exceed the Debt Service Reserve Requirement, the Corporation shall direct the Trustee in writing to transfer the amount of such moneys not in excess of such excess to NYCHA to be applied for capital costs under the NYCHA Program. Any amount remaining in the Debt Service Reserve Fund that is in excess of the Debt Service Reserve Requirement after the Loan has been paid in full, unmatured Cash Equivalents have been returned to the providers thereof, and any other amounts due and owing to the Corporation under this Agreement have been paid, shall be paid to NYCHA for application in accordance with the Capital Fund Program, provided that no such transfer shall be made until there shall have been filed with the Trustee (a) a statement by an Authorized Corporation Representative that there are no funds owing to the Corporation under this Agreement, and (b) a Bond Counsel's Opinion to the effect that such transfer will not adversely affect the exclusion of interest on the Series 2013A Bonds from gross income for federal income tax purposes.

ARTICLE IV

REPRESENTATIONS, WARRANTIES, AND COVENANTS

Section 4.1. Representations and Warranties of the Corporation.

(a) Authority. The Corporation is a corporate governmental agency constituting a public benefit corporation created and existing under the laws of the State. Under the provisions of the Act, the Corporation has the power to enter into and perform its obligations hereunder and under the Indenture and to carry out the transactions contemplated hereby and thereby.

(b) Necessary Actions. By proper action, the Corporation has authorized the execution and delivery of this Agreement and the Indenture.

(c) Compliance With Laws. The Corporation is not in violation of any laws of the State that would affect its existence or its ability to make the Loan and issue the Series 2013A Bonds.

(d) Maintenance of Existence; Compliance with Laws. The Corporation shall not take any voluntary action towards dissolution unless it has assured the assumption of its obligations under this Agreement and the Indenture by any Person succeeding to its powers. The Corporation shall comply with all laws applicable to this Agreement or the Indenture.

(e) Books and Documents Open to Inspection. The Corporation shall, to the extent required and permitted by law, within a reasonable time after request and during normal
business hours of the Corporation, permit representatives designated by NYCHA to inspect all of
the books and documents in its possession relating to the financing of the Loan.

Section 4.2. Representations, Warranties, and Covenants of NYCHA.

(a) Authority. NYCHA is a municipal housing authority and a body corporate
and politic organized and existing under the laws of the State. NYCHA has full corporate power
and authority (i) to enter into, execute, and deliver the Documents; and (iii) to incur and
perform the obligations provided for in the Documents. The Documents have been duly
authorized by all necessary and proper corporate action, and all material governmental licenses
required for the NYCHA Program have been or will be obtained. NYCHA also represents and
warrants that it has obtained the approval of any other Person or public authority whose approval
is necessary as a condition to the validity or enforceability of the Documents, and HUD has
approved the assignment and pledge of Capital Fund Grant Monies as set forth in the Capital
Fund Financing Amendment and the HUD Letter.

(b) Binding Obligations. This Agreement and each of the other Documents
executed and delivered by NYCHA in connection herewith or therewith, have been properly
executed by NYCHA, constitute valid and legally binding obligations of NYCHA, and are fully
enforceable against NYCHA in accordance with their terms. NYCHA has satisfied all
conditions required by the Constitution and laws of the State that are conditions precedent to the
execution and delivery of this Agreement, including the NYCHA Act.

(c) Litigation. There is no litigation or proceeding pending or, so far as
NYCHA knows, threatened before any court or administrative agency that, in the opinion of the
officers of NYCHA, will materially adversely affect the authority of NYCHA to enter into, or
the validity or enforceability of, this Agreement, or any of the other Documents executed and
delivered by NYCHA.

(d) No Conflicting Agreements. There is (i) no provision of any existing
contract or agreement binding on NYCHA or affecting its property, and (ii) no law binding on
NYCHA or affecting its property that would materially conflict with or prevent the execution
and delivery of this Agreement or the performance by NYCHA of its obligations contemplated
by this Agreement or the other Documents or that would be in material default or material
violation as a result of such execution, delivery or performance.

(e) Capital Fund Financing Amendment and HUD Letter. The Capital Fund
Financing Amendment and the HUD Letter attached hereto as Exhibits A and D, respectively,
are true and complete copies of such documents; and such documents are in full force and effect
and have not been amended or modified except as shown in such Exhibits. NYCHA shall take
all actions necessary to timely provide HUD with any post-approval documentation required to
be delivered to HUD by the terms of the HUD Letter.

(f) Official Statement. The information in the Preliminary Official Statement
and the Official Statement with respect to NYCHA is true and correct in all material respects and
such information does not include any untrue statements of a material fact and does not omit to
state a material fact that would otherwise make misleading the statements made therein, in light of the circumstances under which they are to be used.

(g) Further Instruments and Actions. NYCHA shall execute and deliver all additional instruments and take all additional actions that are reasonably required or desirable to carry out the purposes or facilitate the performance of this Agreement.

(h) Truth of Certificates. Any certificate signed by an Authorized NYCHA Representative and delivered to the Corporation shall be deemed a representation and warranty by NYCHA to the Corporation as to the statements made therein.

(i) No Default. To the best of its knowledge, NYCHA is not in breach of or default under any applicable law or administrative regulation of the State or HUD that would impair the performance of its obligations hereunder or the receipt of Capital Fund Grant Monies pledged hereunder.

(j) Corporate Existence. NYCHA shall refrain from taking any voluntary action to terminate its existence as a body corporate and politic of the State.

(k) Compliance With Laws. NYCHA shall comply with all applicable laws.

(l) Books and Records: Inspection. NYCHA shall keep or cause to be kept adequate and proper records and books of account in accordance with generally accepted accounting principles in which complete and accurate entries are made of all transactions relating to the Loan Fund and the Loan. NYCHA shall permit the Corporation, by its Agents, accountants, and attorneys, or the Trustee, by its representatives duly authorized in writing, to visit and inspect properties financed or refinanced in whole or in part by the Loan to examine the records and books of account, and to discuss the affairs, finances, and accounts pertaining to the Loan with Agents of NYCHA at its offices during normal business hours and at other reasonable times.

(m) Program Guidelines. NYCHA shall comply with the Program Guidelines in effect from time to time.

(n) No Personal Liability. No obligation or agreement contained herein shall apply to any Agent of the Corporation or of NYCHA in his or her individual capacity. NYCHA shall not constitute an Agent of the Corporation hereunder.

(o) Tax Covenants. NYCHA shall comply with the tax covenants and restrictions on use of proceeds of the Series 2013A Bonds set forth in NYCHA General Tax Certificate. NYCHA will take any action or execute any document that in the opinion of Bond Counsel shall be required to maintain the exclusion of interest on the Series 2013A Bonds from gross income of the holders thereof for federal income tax purposes. NYCHA, and any related person to NYCHA, shall not purchase Series 2013A Bonds in an amount related to the amount of the Loan.
(p) **Prompt Notice.** NYCHA shall promptly notify the Corporation of the receipt of any notice or other communication received from HUD or otherwise that NYCHA has determined may adversely affect the availability of the Revenues as contemplated hereunder.

(q) **Operation of the Capital Fund Program by NYCHA.** NYCHA shall comply with the requirements of the Capital Fund Program, including, but not limited to, the submission to HUD of all required annual and multi-year plans. NYCHA will not (i) amend or modify the Capital Fund Financing Amendment or (ii) reduce the number of public housing units owned by NYCHA by more than 5% (except to the extent required by HUD or Federal law, or as set forth in the Annual Plan and 5-Year Plan approved by HUD on the date of this Agreement), if the effect of such amendment, modification or reduction would be to impair or reduce materially the security for the Series 2013A Bonds or the payment of Loan Debt Service. NYCHA shall take all reasonable actions, and include all reasonable covenants in construction contracts, necessary or desirable with the goal of ensuring that the NYCHA Program is completed in accordance with scheduled obligation and expenditure targets.

(r) **Acknowledgment of the Terms of the Indenture; Alternative Issuers.** The Indenture has been submitted to NYCHA for its examination and NYCHA acknowledges that it has reviewed and approved the same. NYCHA agrees that any covenant made in the name of NYCHA in the Indenture shall be deemed a covenant by NYCHA hereunder. In accordance with the provisions of Section 2.7 of the Master Trust Indenture and subject to the approval of the Corporation and HUD and the receipt of evidence from the Rating Agencies that such action will not have an adverse effect on the then-current ratings of the Bonds Outstanding, NYCHA may issue additional bonds on a parity basis under a separate indenture either on its own or through an alternative issuer selected by NYCHA with the Corporation's approval. The Corporation agrees that any additional bonds issued by NYCHA, or by an alternative issuer approved by the Corporation, under a separate indenture may be issued on a parity basis without any further approval or consent of the Corporation and shall be the sole responsibility of NYCHA. NYCHA or any such other entity may issue such bonds or other obligations if it enters into a written agreement under which it agrees to be bound by the terms and conditions of Section 7.8 of the Master Trust Indenture (other than 7.8(b)(3)) as if such other obligations were Bonds. In addition, no such bonds or other obligations shall be issued unless there shall be delivered to the Trustee an opinion of Bond Counsel (or other bond counsel of nationally recognized standing in the field of law relating to municipal, state and public agency financing selected by NYCHA or by the alternative issuer) to the effect that the issuance of such bonds or other obligations by such entity is in accordance with such conditions to issuance contained in Section 7.8 and Section 2.7 of the Master Trust Indenture and shall not impair the exclusion of interest on any Outstanding Bonds from federal income taxation.

(s) **Additional Debt Subordinate.** NYCHA covenants and agrees that it will not make any additional pledge of Capital Fund Grant Monies of NYCHA (other than a pledge to secure additional bonds issued on behalf of NYCHA under the Master Indenture, if any) (i) except on a subordinate basis to the pledge of Capital Fund Grant Monies given to secure loans (including the Loan) financed by bonds issued under the Master Indenture, (ii) only after receiving confirmation from each Rating Agency that such issuance will not adversely affect the then current rating of bonds (not taking any bond insurance into account) financed under the Master Indenture and (iii) only with written approval by HUD.
(1) Payment by NYCHA of Certain Amounts. To the extent set forth in the First Supplemental Trust Indenture, NYCHA shall pay or reimburse charges, fees, costs and expenses of the Corporation, the Trustee, investment providers as a general obligation of NYCHA payable from all available funds of NYCHA (but not including any federal funds for such purpose).

Section 4.3. Continuing Disclosure Obligations of NYCHA.

NYCHA acknowledges, agrees and represents that it is an "obligated person" (as defined in the Disclosure Agreement) with respect to the Series 2013A Bonds. NYCHA agrees and covenants to enter into the Disclosure Agreement with the Trustee under which the Trustee has assumed certain obligations, in addition to those assumed under the Trust Indenture, for the benefit of the Bondholders. NYCHA agrees to perform its obligations under the Disclosure Agreement. Notwithstanding any other provision of this Agreement, any failure by NYCHA to comply with any provision of the Disclosure Agreement shall not be a failure or a default, or an Event of Default, under this Agreement or the Indenture.

Section 4.4. Certain Reporting. NYCHA will provide the Trustee, semiannually on January 1 and July 1 of each year, with a statement, certified as correct by an Authorized NYCHA Representative, specifying (i) the amount of its annual allocation of Capital Fund Grant Monies for the most recent Federal fiscal year for which such information is available, (ii) the amount of unobligated Capital Fund Grant Monies for the three most recent Federal fiscal years allocations to NYCHA, (iii) the amount of unexpended Capital Fund Grant Monies for the five most recent Federal fiscal years allocations to NYCHA, and (iv) such additional information as may be required to be provided to the Rating Agencies on an annual basis. In addition, NYCHA will provide the Trustee with notice of and information concerning any plans for demolition or other disposition of units, including any replacement of such units, and, with respect to all unobligated Capital Fund Grant Monies for the current Federal fiscal year, the actions it intends to take to cause such funds to be obligated. The Trustee shall include all such information in connection with its annual filings as Dissemination Agent under Rule 15c2-12 pursuant to any applicable Continuing Disclosure Agreement.

ARTICLE V

USE OF PROCEEDS OF LOAN; INVESTMENT OF FUNDS; DISBURSEMENTS

Section 5.1. Use of Proceeds of Loan. The Net Loan Proceeds shall be retained and administered by the Trustee and disbursed to NYCHA in accordance with this Agreement. While held by the Trustee, the proceeds of the Loan and all amounts held by the Trustee shall constitute part of the security for the Loan and be subject to a lien in favor of the Corporation and the Trustee securing payment of the Loan and payment of all Loan Debt Service. If any Event of Default occurs, funds in the Funds shall, at the option of the Corporation, be applied to redeem all or a portion of the outstanding balance of the Series 2013A Bonds at the earliest possible date and credited to amounts due under the Loan.

Section 5.2. Investment of Funds. (a) Amounts held in any Fund not required for immediate disbursement shall be invested or reinvested as provided in the Master Indenture.
upon direction of the Corporation (after consultation with NYCHA, and with the intent of maximizing returns, taking into consideration HUD investment guidelines, Corporation investment guidelines, and Federal tax requirements). All earnings from the investment or reinvestment of Funds shall be for the benefit of NYCHA, subject to the provisions of the Indenture. Amounts held in Funds under the Indenture may be commingled with amounts held in other Funds held under the Indenture for purposes of investment. The Corporation, NYCHA and the Trustee shall not incur any liability in connection with any such investment.

(b) Funds held in Funds may be invested only in Investment Securities. Because funds held in Funds hereunder may be invested only in Investment Securities, certain amounts may remain uninvested for certain periods of time. NYCHA, the Corporation and the Trustee shall not be liable or responsible for any loss of income resulting from the fact that any funds remain uninvested.

(c) The Trustee may, and to the extent required for payments to be made from any Fund shall, sell any such investments at any time. The proceeds of any such sale, all interest income, and all payments at maturity and upon redemption of the investments shall be credited to the Fund with respect to which such investments were made. Any loss resulting from the investments shall be charged to the Fund with respect to which such investments were made. NYCHA, the Corporation and the Trustee shall not have any liability for any loss incurred by reason of any such investments.

(d) Except as provided in the NYCHA General Tax Certificate, NYCHA shall not knowingly (i) use or permit the use of any proceeds of the Loan, directly or indirectly, to acquire any “investment property” (as defined in Section 148(b)(2) of the Code); or (ii) take or permit to be taken any other action that would cause the Series 2013A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or would otherwise cause interest on the Series 2013A Bonds to be includable in gross income for federal income tax purposes.

(e) NYCHA acknowledges that if after the date of this Agreement, Bond Counsel advises NYCHA and the Corporation that it is necessary to restrict the yield on the investment of any funds, or Funds, held under this Agreement or under the Indenture in order to prevent the Series 2013A Bonds from being considered “arbitrage bonds” within the meaning of Section 148 of the Code, the Corporation and NYCHA will take the action that Bond Counsel deems necessary to restrict the yield on the investment so as to comply with Section 148 of the Code.

Section 5.3. Arbitrage Rebate. NYCHA will comply with the requirements with respect to arbitrage rebate as set forth in the NYCHA General Tax Certificate.

Section 5.4. Action by Corporation Through Others. The Corporation and the Trustee may execute and perform any of their respective duties or powers under this Agreement through attorneys, receivers, or Agents. They shall be entitled to advice of counsel concerning all matters with respect to their respective duties hereunder and shall not be answerable for the default or misconduct of any attorney, receiver, or Agent selected by them with reasonable care or for the exercise of any discretion or power under this Agreement.
Section 5.5. **Trustee and Corporation May Rely Upon Instruments.** Neither the Trustee nor the Corporation shall incur any liability in acting in good faith upon any notice, request, consent, waiver, requisition, or other instrument or electronic communication that it believes in good faith to be genuine and to have been passed or signed by the proper Person or to have been prepared and furnished pursuant to this Agreement. Neither the Trustee nor the Corporation shall be under any duty to make any investigation as to any statements contained in any such instrument but may accept and rely on the instrument as conclusive evidence of, the truth and accuracy of the statements.

Section 5.6. **Authorized Representatives.** Whenever under the provisions of this Agreement, the Corporation or NYCHA is required or authorized to take or approve any action, whether upon its own determination or at the request of any party to this Agreement, unless specifically provided otherwise, the approval or request shall be given on behalf of the Corporation by the Authorized Corporation Representative and on behalf of NYCHA by the Authorized NYCHA Representative. The other parties to this Agreement are authorized to rely on any such approval or request, and neither the Corporation nor NYCHA shall have any complaint against any other party as a result of such reliance.

Section 5.7. **Evidence of Insurance: Covenant to Rebuild; Condemnation.** NYCHA will maintain an owner's policy of insurance covering its properties against hazards such as fire, flood, earthquake and other hazards commonly insured against for properties similar to the properties that were the subject of the 2005A NYCHA Loan and meeting the requirements of HUD. Upon request, NYCHA will provide the Corporation with evidence that NYCHA is the beneficiary of such insurance (the "Insurance").

In the event that any of NYCHA's public housing units are damaged or destroyed, or taken by eminent domain, NYCHA agrees to apply the proceeds of any Insurance or condemnation award ("Insurance/Condemnation Proceeds") received with respect thereto to the repair, rebuilding or replacement of the affected property to the extent permissible under law or to such other uses approved by HUD.

If NYCHA determines for any reason repair, rebuilding or replacement is not permitted with respect to any such destroyed or damaged units, as consented to by HUD, NYCHA agrees that the Loan will be prepaid to the extent of Insurance/Condemnation Proceeds received in the event that any Rating Agency determines that the failure to apply such proceeds to the redemption of the Series 2013A Bonds would result in a reduction or withdrawal of the underlying rating on the Series 2013A Bonds.

**ARTICLE VI**

**EVENTS OF DEFAULT; REMEDIES**

Section 6.1. **Events of Default.** The following events shall be Events of Default under this Agreement:

(a) NYCHA fails to pay (from Revenues delivered by HUD), subject to appropriation and availability of Capital Fund Grant Monies, when due and payable, (i) the
principal of, premium, if any, or interest or any other charges or sums under the Loan (whether upon maturity, on any installment payment date, after notice of prepayment, by call for redemption or otherwise), or (ii) any other payment required by this Agreement to be paid by NYCHA;

(b) Subject to appropriation and availability of Capital Fund Grant Monies, NYCHA defaults in the punctual observance or performance of any other agreement or obligation under any of the Documents, and the default remains unremedied for 30 days (or other cure period specified in the relevant Document) after Notice to NYCHA of the default. If the default cannot be corrected within 30 days (or other applicable cure period), it shall not be an Event of Default if NYCHA is taking appropriate corrective action to cure the default;

(c) NYCHA fails to execute the Annual Capital Fund ACC Amendment (or Annual Plan or any other document necessary for the delivery of the Capital Fund Grant Monies) in sufficient time and in an amount sufficient to insure payment of each semiannual Loan Debt Service payment; or

(d) NYCHA shall fail or refuse to comply with the provisions of this Agreement, or shall default in the performance or observance of any of the covenants, agreement or conditions on its part contained herein, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Corporation, the Trustee or the Owners of not less than 25% in principal amount of the outstanding Series 2013A Bonds (as defined in the Indenture);

provided, however, that notwithstanding anything in this Agreement to the contrary, a failure by NYCHA to make payment of any amounts due hereunder shall not constitute a default or Event of Default hereunder if such failure is directly due to a failure by the U.S. Congress to appropriate funds for the Capital Fund Program, or due to the unavailability of funds to NYCHA which have been appropriated by the U.S. Congress for the Capital Fund Program during the period such funds are held by HUD and not delivered to the Trustee.

Section 6.2. Remedies on Default. Whenever any Event of Default occurs, the Corporation or the Trustee may:

(a) Legal Action.

(i) upon the delivery of Notice to NYCHA, by mandamus or other proceeding at law or in equity, enforce all rights of the Corporation or the Trustee under this Agreement and require NYCHA to carry out any agreement with or for the benefit of the Corporation or the Trustee and to perform its duties under this Agreement, including, and without limitation of any sort, the preparation, submission and execution of any documents required in order to ensure the timely receipt of Capital Fund Grant Monies by the Trustee;

(ii) upon the delivery of Notice to NYCHA, by action in equity, enjoin any acts that may be unlawful or in violation of the rights of the Corporation or the Trustee; or
(iii) upon the delivery of Notice to NYCHA, take any action at law or in equity necessary or desirable to collect the payments and other amounts then due, or exercise any rights or remedies under, or enforce performance and observance of, any obligation or agreement of NYCHA or any other party under this Agreement or under any of the other Documents.

(b) Trustee to Enforce Rights of Corporation. Upon the delivery of Notice to NYCHA, the Trustee and its successors and assigns may enforce every right granted to the Corporation under this Agreement. In any case where action by the Trustee requires simultaneous or subsequent action by the Corporation, the Corporation will cooperate with the Trustee and take any action necessary to effectuate the purposes and intent of this Agreement.

(c) No Acceleration. Notwithstanding any other provision of this Agreement or the Indenture, neither the Corporation nor the Trustee shall have the right to declare the principal of the Bonds to be immediately due and payable upon an Event of Default.

Section 6.3. No Remedy Exclusive; Delays or Omissions; Waiver of Breach.

(a) No action taken pursuant to this Article VI shall relieve NYCHA or any other Person of its obligations under this Agreement. All such obligations shall survive any such action by the Corporation or the Trustee, and any of them (to the extent provided above) may take any action at law or in equity necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce the performance and observance of any obligation or agreement of NYCHA under this Agreement, subject however to the provisions of Section 2.2 with respect to payments on the Loan.

(b) No remedy of the Corporation or the Trustee under this Agreement is intended to be exclusive of any other available remedy. Each remedy shall be cumulative and in addition to every other remedy given under this Agreement, under the other Documents, or now or in the future existing at law, in equity, or by statute. If any right or remedy granted hereunder is held to be unlawful, the Corporation or the Trustee shall be entitled to every other right and remedy provided hereunder and by law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission, or failure of performance hereunder shall impair any such right or power or be construed to be a waiver thereof, but any such right and power may be exercised as often as may be deemed expedient. If any agreement contained in this Agreement is breached by NYCHA, and the breach is thereafter waived by the Corporation or the Trustee, the waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach. No waiver, amendment, release, or modification of this Agreement shall be established by conduct, custom, or course of dealing, but solely by an instrument in writing duly executed by the Corporation or the Trustee and all other parties agreeing to the waiver, amendment, release, or modification. The Corporation and the Trustee may exercise any remedy reserved to them in this Article by giving any Notice expressly required herein.

Section 6.4. Termination of Proceeding. If any proceedings initiated by the Trustee or the Corporation after a default are discontinued or abandoned for any reason or are determined adversely to the Trustee or the Corporation, then the Corporation, the Trustee, NYCHA, and all other parties to this transaction shall be restored to then- former positions and
rights hereunder, and all rights, remedies, and powers of the Trustee and the Corporation and the other parties to this transaction shall continue as though no such proceeding had been taken.

Section 6.5. Application of Moneys. All funds collected pursuant to this Article VI shall, after payment of the cost of collection and the expenses, liabilities, and advances incurred or made by the Corporation and the Trustee or others, including interest thereon as provided in Section 2.5, be applied as follows:

First – To the Rebate Fund, for payment of amounts owing to the U.S. Treasury, and then to the Revenue Fund, for payment of all interest then due on the Loan;

Second – To the Revenue Fund, for payment, first, of any unpaid interest on the Loan and, second, for payment of the unpaid principal balance of the Loan;

Third – To the Debt Service Reserve Fund in an amount sufficient to bring the balance in such Fund to equal the Debt Service Reserve Requirement;

Fourth – to the Corporation in the amount included in a written requisition from the Authority not exceeding the Loan Expense Fee;

Fifth – To the payment of any other amounts due under this Agreement; and

Sixth – Any remaining amounts shall be returned to NYCHA.

Section 6.6. Cure of Default.

(a) If upon any such default or breach, the Trustee or the Corporation or any other party to this transaction exercises any of the remedies set forth in this Article, and if the default or breach is remedied and all necessary charges and expenses incurred by reason of the default are paid to the satisfaction of the Trustee and the Corporation, the parties shall each be restored to their former positions and rights hereunder, and all rights, remedies, and powers of the Trustee and the Corporation and the other parties to this transaction shall continue as though no such default or breach had occurred.

(b) If the Loan shall be in default under Section 6.1 (a), and if NYCHA shall thereafter pay all outstanding amounts due, together with any penalties and costs due as a consequence of such default (which penalties and costs shall be paid by NYCHA with funds other than federal funds), said default shall be cured.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Duration of Agreement. This Agreement shall become effective on the date hereof and shall continue in full force and effect to and including [July 1, 2033] or until the Loan and all other amounts due hereunder and under the Indenture are fully paid, except as provided in Section 2.10 (the "Term of Agreement").
Section 7.2. **Binding Effect; Successors; No Assignment.** This Agreement shall inure to the benefit of and shall be binding upon each of the parties and their respective successors and permitted assigns. Any successor trustee appointed by the Corporation pursuant to the Indenture shall, without further action or deed but upon Notice to NYCHA, become fully vested with all of the Funds and succeed to all of the rights and responsibilities assigned to the Trustee hereunder. Except as set forth in the previous sentence and Section 7.7, this Agreement may not be assigned without the prior written consent of the other parties hereto.

Section 7.3. **Illegality.** If performance of any obligation under this Agreement is determined to be illegal or invalid at the time of performance, the scope of the obligation to be performed shall be reduced to the limit of its legality or validity. If any provision of this Agreement operates or would prospectively operate to invalidate this Agreement in whole or in part, then that provision only shall be void, and the remainder of this Agreement shall remain in full force and effect.

Section 7.4. **Amendment.** This Agreement may not be amended except by a written instrument executed by all of the parties hereto and (i) with the prior written consent of HUD, (ii) confirmation that any such amendment will not adversely affect the then current rating of the Bonds by the Rating Agencies, and (iii) to the extent that any such amendment would be materially adverse to the Owner of any Bond, as determined by the Trustee, with the prior written consent of a majority in principal amount of the Owners of the Bonds so affected at the time such consent is given.

Section 7.5. **Execution of Counterparts.** This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one instrument.

Section 7.6. **Governing Law.** This Agreement shall be interpreted in accordance with and governed by the laws of the State.

Section 7.7. **Successors and Assigns.** This Agreement may not be assigned, in whole or in part, by NYCHA without the prior written consent of the Corporation, except to a duly authorized governmental successor or court appointed receiver for NYCHA that has been approved by HUD as authorized to receive Capital Fund Program moneys to the extent described herein.

Section 7.8. **Limitation of Rights.** With the exception of the rights herein expressly conferred, nothing expressed or to be implied by this Agreement is intended or shall be construed to give any person other than the parties hereto any legal or equitable right, remedy or claim under or with respect to this Agreement or any covenants, conditions and provisions hereof.

Section 7.9. **Conflict with Laws.** To the extent that any of the foregoing is in conflict with the requirements of the 1937 Act, the applicable provisions of Title 24 of the Code of Federal Regulations (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the Annual Contribution Contract, as amended, the HUD-approved Declarations of Trust or Declarations of Restrictive Covenants in favor of HUD recorded against the Projects,
and all applicable Federal statutory, executive orders and regulatory requirements, as those requirements may be amended from time to time ("Federal public housing requirements"), such Federal public housing requirements shall control and govern in such instances of conflict.

Section 7.10. Concerning the Trustee. The provision of Sections 11.1, 11.2, 11.3, 11.5, 11.6 and 11.9 of the Indenture shall govern the rights, duties, responsibilities and liabilities of the Trustee hereunder, and references to the Indenture in such Sections shall be deemed to refer to this Agreement. In the event a successor trustee is appointed in accordance with the provisions of Section 11.7 of the Indenture, such successor trustee shall become the Trustee under this Agreement without further act or deed and all funds held hereunder and all Funds held pursuant to the Indenture shall be transferred to such successor trustee upon the direction of the Corporation.

[SIGNATURES ON FOLLOWING PAGE]
IN WITNESS WHEREOF, the Corporation, the Trustee and NYCHA have caused this Agreement to be executed on their behalf by duly authorized officers as of the day and year first written above.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: ________________________________

NEW YORK CITY HOUSING AUTHORITY

By: ________________________________

_______ as Trustee

By: ________________________________
EXHIBIT A-1

Capital Fund Financing Amendment
EXHIBIT A-2

Defeasance Amendment

[see Tab ___]
EXHIBIT B

Form of NYCHA General Tax Certificate

[see Exhibit ___ to Tab ___]
EXHIBIT C

LOAN DEBT SERVICE SCHEDULE
EXHIBIT D
HUD LETTER

[see Tab ___]
EXHIBIT E

COSTS OF ISSUANCE