MASTER ESCROW AND CUSTODY AGREEMENT

by and among

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

and

FEDERAL FINANCING BANK

and

__________, as Custodian

Dated as of ____, 2014

Certificates of Participation
(FHA Risk-Sharing Insured Mortgage Loans)
# TABLE OF CONTENTS

**ARTICLE I**

**SHORT TITLE, DEFINITIONS AND INTERPRETATION**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Short Title</td>
<td>3</td>
</tr>
<tr>
<td>1.2</td>
<td>Definitions</td>
<td>3</td>
</tr>
<tr>
<td>1.3</td>
<td>Interpretation</td>
<td>8</td>
</tr>
</tbody>
</table>

**ARTICLE II**

**TERMS OF CERTIFICATES**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Authorization for Agreement and Certificates</td>
<td>10</td>
</tr>
<tr>
<td>2.2</td>
<td>Nature of Certificates</td>
<td>10</td>
</tr>
<tr>
<td>2.3</td>
<td>Authorization, Principal Amount and Purpose of Certificates</td>
<td>10</td>
</tr>
<tr>
<td>2.4</td>
<td>Execution and Delivery of Certificates</td>
<td>10</td>
</tr>
<tr>
<td>2.5</td>
<td>Conditions Precedent to Delivery of Certificates</td>
<td>10</td>
</tr>
</tbody>
</table>

**ARTICLE III**

**GENERAL TERMS AND PROVISIONS OF CERTIFICATES**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Medium of Payment, Denominations, Maturities, Form and Date</td>
<td>13</td>
</tr>
<tr>
<td>3.2</td>
<td>Legends</td>
<td>13</td>
</tr>
<tr>
<td>3.3</td>
<td>Certificates Mutilated, Destroyed, Stolen or Lost</td>
<td>14</td>
</tr>
<tr>
<td>3.4</td>
<td>Cancellation and Destruction of Certificates</td>
<td>14</td>
</tr>
<tr>
<td>3.5</td>
<td>Execution</td>
<td>14</td>
</tr>
</tbody>
</table>

**ARTICLE IV**

**APPLICATION, CUSTODY AND INVESTMENT OF PROCEEDS AND OTHER AMOUNTS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Application of Proceeds</td>
<td>15</td>
</tr>
<tr>
<td>4.2</td>
<td>Financing of Mortgage Loans; Conditions Precedent</td>
<td>15</td>
</tr>
<tr>
<td>4.3</td>
<td>Investment of Certain Funds</td>
<td>15</td>
</tr>
<tr>
<td>4.4</td>
<td>Valuation of Investments</td>
<td>16</td>
</tr>
<tr>
<td>4.5</td>
<td>Deposits</td>
<td>16</td>
</tr>
</tbody>
</table>
ARTICLE V
ACCOUNTS

Section 5.1. Establishment of Accounts ................................................................. 18
Section 5.2. Purchase Proceeds Account ............................................................... 18
Section 5.3. Maintenance of Escrows ................................................................. 19
Section 5.4. Revenue Account ................................................................. 19
Section 5.5. Mortgage Reserve Account ............................................................ 20

ARTICLE VI
PARTICULAR COVENANTS

Section 6.1. Covenants with Respect to Mortgage Loans ................................................ 21
Section 6.2. Personnel and Servicing of Mortgage and Mortgage Note .................................. 21
Section 6.3. Late Charge ...................................................................................... 22

ARTICLE VII
AMENDMENTS OF AGREEMENT

Section 7.1. Limitation on Modifications .................................................................. 24
Section 7.2. Supplemental Agreement Part of this Escrow Agreement ......................... 24

ARTICLE VIII
CONCERNING THE CUSTODIAN

Section 8.1. Appointment and Acceptance of Duties of Custodian ................................. 25
Section 8.2. Responsibility of Custodian ................................................................... 25
Section 8.3. Evidence on Which the Custodian May Act .............................................. 25
Section 8.4. Compensation .................................................................................... 26
Section 8.5. Resignation of Custodian ..................................................................... 26
Section 8.6. Removal of Custodian .......................................................................... 26
Section 8.7. Appointment of Successor Custodian ...................................................... 26
Section 8.8. Transfer of Rights and Property to Successor Custodian ............................ 27
Section 8.9. Merger or Consolidation ...................................................................... 27
Section 8.10. Evidence of Signatures of Certificate Owners and Ownership of Certificates .......................................................... 27
Section 8.11. Preservation and Inspection of Documents ........................................... 27
ARTICLE IX

TERMINATION;
MISCELLANEOUS PROVISIONS

Section 9.1. Termination.................................................................29
Section 9.2. Severability ..............................................................29
Section 9.3. Notices .................................................................29
Section 9.4. Conflicts ...............................................................29
Section 9.5. Governing Law .......................................................29
Section 9.6. Counterparts ..........................................................29
MASTER ESCROW AND CUSTODY AGREEMENT

This Master Escrow and Custody Agreement (this “Escrow Agreement”) dated as of _____, 2014, by and among the NEW YORK CITY HOUSING DEVELOPMENT CORPORATION (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation, the FEDERAL FINANCING BANK, a _____ (the “Bank”), and _________, as escrow and custody agent (the “Custodian”), a _____, duly organized and validly existing under the laws of ________ (those capitalized terms that are not defined in the recitals and granting clauses shall have the meanings assigned in Article I hereof):

WITNESSETH:

WHEREAS, the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”) authorizes the Corporation to make and to contract for the making of loans secured by mortgages insured or coinsured by the federal government for the acquisition, construction or rehabilitation of housing accommodations containing five or more dwelling units for the purpose of providing housing accommodations for occupancy by persons and families for whom the ordinary operations of private enterprise cannot provide an adequate supply of safe, sanitary and affordable housing accommodations or for units located in an area designated as blighted;

WHEREAS, in furtherance of such authorization, the Corporation intends, from time to time, to originate mortgage loans that have the benefit of FHA risk-sharing mortgage insurance and to convey to the Bank beneficial ownership of the mortgage loans to the extent of the principal amount thereof and a designated portion of the interest payable thereon;

WHEREAS, the beneficial ownership interest so conveyed by the Corporation to the Bank shall be evidenced by the delivery to the Bank by the Custodian under this Escrow Agreement of Certificates of Participation (the “Certificates”) representing an interest in permanent mortgage loans made with respect to individual housing projects; and

WHEREAS, the parties hereto wish to provide for the execution and delivery of Certificates, custody of related mortgage loans, flow of funds received with respect to mortgage loans, reserves, and other matters incident thereto;

NOW THEREFORE, THIS MASTER ESCROW AND CUSTODY AGREEMENT WITNESSETH:

TRANSFER INTO ESCROW AND CUSTODY

The parties hereto agree that the Mortgage Loan Documents related to Mortgage Loans, beneficial ownership of which is the subject of conveyance to the Bank (and as to which the Corporation will retain legal title), will be considered a part of the escrow established pursuant to this Escrow Agreement but shall be held and administered by the related Servicer. All amounts paid with respect to such Mortgage Loans, and all reserves established with respect thereto under this Escrow Agreement, shall be held in escrow and custody by the Custodian
under this Escrow Agreement in order to provide for the remittance to the holders of the Certificates and to the Corporation, as their respective interests may be, of their respective shares of such amounts as set forth in this Escrow Agreement. The terms of this Escrow Agreement also provide for the investment of any monies prior to their expenditure.

PROVIDED, HOWEVER, that if all Mortgage Loans that are the subject of this Escrow Agreement (and the related Certificates) are fully paid, then upon such final payment and the written direction of the Corporation and the Bank, this Escrow Agreement and the rights hereby granted shall cease, terminate and be void and the Custodian shall thereupon cancel and discharge this Escrow Agreement and execute and deliver to the Corporation and the Bank such instruments in writing as shall be requisite to evidence the discharge hereof.

ARTICLE I

SHORT TITLE, DEFINITIONS AND INTERPRETATION

Section 1.1. Short Title. This Escrow Agreement may hereafter be cited by the Corporation and is hereinafter sometimes referred to as the "Escrow Agreement".

Section 1.2. Definitions. In this Escrow Agreement, unless the context otherwise requires, the following words and terms shall have the following meanings:

"Account" means one of the special accounts created and established pursuant to this Escrow Agreement.

"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.

"Authorized Officer" means (i) 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, and (ii) with respect to the Bank, ________.

"Bank" means the Federal Financing Bank and its successors.

"Business Day" means any day on which both FFB and the Federal Reserve Bank of New York are open. [FFB and the Federal Reserve Bank of New York are open on the Friday immediately following Thanksgiving; and they are closed on Veterans’ Day and Columbus Day.]

"Business Day Convention" has the meaning set forth therefor in Section 6.3 hereof.

"Certificate" means one of the Certificates of Participation to be executed and delivered pursuant to this Escrow Agreement.
"Certificate Pass-Through Payments” means the portion of Net Scheduled Mortgage Receipts representing principal due on such Mortgage Loan and the portion of interest due on such principal calculated at a rate of interest equal to the Purchaser Pass-Through Rate.

"Certificate Payment Date” means the fifteenth (15th) day of each month commencing on the date set forth in the Supplemental Agreement for a Mortgage Loan; provided, that if such day is not a Business Day, the Certificate Payment Date shall be the next succeeding Business Day.

"Certificates Owner” means the Bank, the registered owner of all Outstanding Certificates and its permitted successors and assigns.

"Corporation” means the New York City Housing Development Corporation, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of the Corporation.

"Corporation Counsel’s Opinion” means an opinion signed by Hawkins Delafield & Wood LLP or, as selected by the Corporation, any other attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing.

"Costs of Delivery” means, with respect to the execution and delivery of one or more Certificates with respect to a Mortgage Loan, all items of expense, directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale, execution and delivery of Certificates, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Custodian, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution, transportation and safekeeping of Certificates, and any other cost, charge or fee in connection with the original execution and delivery of Certificates.

"Custodian” means the Custodian designated as Custodian herein and its successor or successors and any other person at any time substituted in its place pursuant to this Escrow Agreement.

"Custodian Counsel’s Opinion” means ______.

"Cut-Off Date” means, with respect to a particular Mortgage Loan, the date as of which payments due on a Mortgage Loan become a part of the Purchased Assets, as set forth in the related Mortgage Loan Description.

"Escrow Agreement” means this Master Escrow and Custody Agreement and any amendments or supplements made in accordance with its terms.

"Escrow Payments” means and includes all amounts paid to the related Servicer representing payments to obtain or maintain mortgage insurance or any subsidy with respect to a Mortgage 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 or other like payments in connection therewith.
“Federal Housing Commissioner” means the Secretary of the United States Department of Housing and Urban Development (or successor thereof) or the Federal Housing Commissioner of the Federal Housing Administration (or successor thereof) or a duly authorized agent thereof.

“FHA Risk-Sharing Insurance” means the federal risk-sharing mortgage insurance for multi-family rental housing developments authorized pursuant to Section 542(b) or 542(c) of the Housing and Community Development Act of 1992 (12 U.S.C. 1707), as amended, including any regulations promulgated thereunder.

“Financing of Mortgage Loans” means, with respect to one or more Mortgage Loans, (i) originating Mortgage Loans, including increasing Mortgage Loan amounts, (ii) acquiring Mortgage Loans previously originated, (iii) reimbursing the Corporation for costs previously incurred for the financing or acquiring of Mortgage Loans, and/or (iv) funding the payment of bonds, notes or other obligations of the Corporation issued for the purpose of financing or acquiring Mortgage Loans.

“HUD” means the federal Department of Housing and Urban Development.

“Investment Securities” means (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, (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, and (iii) with the Bank’s prior written consent, any other investment permitted under the Corporation’s investment guidelines adopted August 14, 1984, as amended from time to time.

“Late Charge” means the interest charge imposed for Overdue Amounts payable, in accordance with the provisions of Section 6.3 hereof, as part of the Purchased Assets.

“Late Charge Rate” has the meaning set forth therefor in Section 6.3 hereof.

“Monthly Custodian Report” has the meaning set forth therefor in Section 5.4(A) hereof.

“Mortgage” means a mortgage or mortgages or other instruments securing a Mortgage Loan.

“Mortgage Insurance Premium” means the premium due for FHA Risk-Sharing Insurance of a Mortgage Loan.

“Mortgage Loan” means an interest-bearing loan constituting a part of Purchased Assets and deemed a part of the escrow established by this Escrow Agreement which is the subject of FHA Risk-Sharing Insurance and made from, acquired with, or representing reimbursement to the Corporation from, the sale of beneficial ownership thereof to the Bank, evidenced by a Mortgage Note and secured by a Mortgage, for a Project.
“Mortgage Loan Description” means each individual document identifying each Mortgage Loan that is the subject of a sale under the Purchase and Sale Agreement, executed by the Seller and the Purchaser and annexed to the Purchase and Sale Agreement, as the same may be hereafter supplemented, each such schedule and any supplement thereto setting forth certain information with respect to the related Mortgage Loan.

“Mortgage Loan Documents” means, with respect to a Mortgage Loan, the related Mortgage, Mortgage Note and Servicing Agreement.

“Mortgage Loan Escrow and Custody Accounts” means, for a Mortgage Loan, the individual Purchase Proceeds Account, Revenue Account, and Mortgage Reserve Account established under the related Supplemental Agreement pursuant to the requirements of Section 2.5 hereof.

“Mortgage Note” means the note or notes evidencing a Mortgage Loan.

“Mortgagor” means a mortgagor with respect to a Mortgage Loan.

“Mortgage Reserve Account” means, for each Mortgage Loan, the related Mortgage Reserve Account established pursuant to Section 5.1 of this Escrow Agreement and the related Supplemental Agreement.

“Mortgage Reserve Account Requirement” means, for each Mortgage Loan, as of any date of calculation, an amount equal to the aggregate of the maximum amount of the Scheduled Mortgage Payments accrued and to accrue on the Mortgage Loan in any period of two consecutive months.

“Net Scheduled Mortgage Receipts” means all amounts received by the Custodian representing payments, in whole or in part, of Scheduled Mortgage Payments due on a Mortgage Loan, net of amounts to be applied by the Servicer in payment of the Mortgage Insurance Premium and the Servicing Fee.

“Outstanding”, when used with reference to Certificates, means, as of any date, all Certificates theretofore or thereupon being executed and delivered by the Custodian under this Escrow Agreement except:

1. any Certificate cancelled by the Custodian or delivered to the Custodian for cancellation at or prior to such date; or

2. any Certificate in lieu of or in substitution for which other Certificates shall have been executed and delivered pursuant to Article III.

“Overdue Amount” has the meaning set forth therefor in Section 6.3 hereof.

“Project” means a multi-family housing development located in The City of New York and the subject of a Mortgage Loan.
“Purchase and Sale Agreement” means the Master Purchase and Sale Agreement, dated as of __, 2014, between the Corporation and the Bank, as amended and supplemented.

“Purchased Assets” means the “Purchased Assets” sold to the Bank pursuant to the terms of the Purchase and Sale Agreement.

“Purchaser Pass-Through Rate” means, with respect to each Mortgage Loan, the portion of the stated rate of interest thereon reflected in the related Mortgage Loan Description.

“Purchase Price” means, with respect to any conveyance of Purchased Assets under the Purchase and Sale Agreement and the accompanying execution and delivery of Certificates, the purchase price established therefor as reflected in the related Mortgage Loan Description.

“Purchase Proceeds Account” means, with respect to each Mortgage Loan, the Purchase Proceeds Account established pursuant to Section 5.1 of this Escrow Agreement and the related Supplemental Agreement.

“Recoveries of Principal” means all amounts received by the Custodian as a recovery of the principal amount disbursed by the Corporation in connection with a Mortgage Loan, including any premium or penalty with respect thereto, on account of (i) the advance payment of principal amounts to become due pursuant to such Mortgage Loan, at the option of the Mortgagor, (ii) the sale, assignment, endorsement or other disposition thereof, (iii) the acceleration of payments due thereunder or other remedial proceedings taken in the event of the default thereon, (iv) proceeds of FHA Risk-Sharing Insurance, (v) proceeds of any insurance award resulting from the damage or destruction of a Project or failure of title which are required to be applied to payment of a Mortgage Note pursuant to a Mortgage, (vi) proceeds of any condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Project or any portion thereof, which proceeds are required to be applied to payment of a Mortgage Note pursuant to a Mortgage, and (vii) the prepayment or refunding undertaken at the direction of HUD, if, or with respect to, a Mortgage Loan if HUD determines that the prepayment or refunding will avoid a claim for FHA Risk-Sharing Insurance and is therefore in the best interest of the Federal government.

“Revenue Account” means the Revenue Account established pursuant to Section 5.1 of this Escrow Agreement and the related Supplemental Agreement.

“Revenues” means (i) all Net Scheduled Mortgage Receipts received by the Custodian, (ii) Recoveries of Principal, (iii) the aggregate Late Charge, and (iv) amounts contributed by the Corporation for deposit to the Revenue Account.

“Scheduled Mortgage Payments” means, with respect to a Mortgage Loan, the scheduled payments required by the Mortgage Loan and paid or to be paid from any source for each month, excluding Recoveries of Principal.
“Servicer” means each of the entities servicing the Mortgage Loans, initially the Corporation or any entity, approved by the Certificates Owner, duly appointed by the Corporation to perform the Corporation's duties as Servicer, provided, that, in the event the Corporation determines not to act or is unable to act as Servicer or to appoint a Servicer, as communicated to the Custodian in writing, the Custodian shall thereupon serve as Servicer (not in its capacity as Custodian).

“Servicing Fee” means the fee due to the related Servicer for servicing of a Mortgage Loan.

“State” means the State of New York.

“Supplemental Agreement” means any agreement supplemental to or amendatory of this Escrow Agreement, duly executed and delivered by the parties hereto and effective in accordance with Article VII and, if providing for the execution and delivery of Certificates, Article II.

“Written Certification” means 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 Escrow Agreement.

Section 1.3. Interpretation. (A) In this Escrow Agreement, unless the context otherwise requires:

(1) the terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Escrow Agreement, refer to this Escrow Agreement, and the term “heretofore” means before, and the term “hereafter” means after, the date of execution and delivery of this Escrow Agreement;

(2) words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa;

(3) words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) any headings preceding the texts of the several Articles and Sections of this Escrow Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect;

(5) whenever in this Escrow Agreement the Corporation is named or referred to, it shall and shall be deemed to include its successors and assigns whether so expressed or not. 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 Escrow Agreement shall bind and inure to the benefit of such 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 Escrow
Agreement; and

(B) Nothing in this Escrow Agreement expressed or implied is intended or
shall be construed to confer upon, or to give to, any person, other than the Corporation, the
Custodian and the Certificates Owner, any right, remedy or claim under or by reason of this
Escrow 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 Custodian and the Certificates
Owner.

(C) All references to Section numbers or Article numbers which do not
specify the document to which such Section numbers or Article numbers relate shall be deemed
to refer to Section numbers or Article numbers, as the case may be, contained in this Escrow
Agreement.
ARTICLE II

TERMS OF CERTIFICATES

Section 2.1. Authorization for Agreement and Certificates. This Escrow Agreement has been duly authorized by the Corporation, the Bank and the Custodian. The Corporation has ascertained and it is hereby determined and declared that the execution and delivery of this Escrow Agreement is necessary to carry out certain of the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the Corporation in accordance with the Act and to carry out powers expressly given in the Act, and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better service the Certificates and the other obligations governed by this Escrow Agreement and are contracts or agreements necessary, useful or convenient to carry out and effectuate the purposes of the Corporation under the Act.

Section 2.2. Nature of Certificates. This Escrow Agreement authorizes the execution and delivery by the Custodian, with respect to each individual Mortgage Loan, of one Certificate representing an undivided interest in Purchased Assets related solely to such Mortgage Loan. The Certificate related to a particular Mortgage Loan shall be payable solely from payments constituting Purchased Assets related to such Mortgage Loan. No Certificates shall be payable with respect to more than one Mortgage Loan and there shall be no cross-defaults as among multiple Mortgage Loans or related Certificates. The Certificates are not a debt of the United States of America, the United States Department of Housing and Urban Development, or any other federal governmental agency. The Certificates shall contain on their face a statement that the Certificates shall not be a debt of either the State of New York or of The City of New York and neither the State nor said City shall be liable thereon, nor shall the Certificates be payable out of any funds other than related Purchased Assets.

Section 2.3. Authorization, Principal Amount and Purpose of Certificates. In order to provide sufficient funds to finance or refinance all or any portion of one or more Projects, Certificates are hereby authorized by the Corporation and the Bank to be executed and delivered by the Custodian without limitation as to amount except as may be provided by law. No Certificates shall be executed and delivered unless and until the conditions contained in Section 2.5 are satisfied. Certificates may only be executed and delivered to provide funds for the Financing of Mortgage Loans and the conveyance of the related Purchased Assets to the Certificates Owner.

Section 2.4. Execution and Delivery of Certificates. Upon direction from the Corporation and the Bank as set forth in the related Supplemental Agreement, each Certificate representing an interest in Purchased Assets related to a particular Mortgage Loan shall be executed and delivered to the Certificates Owner by the Custodian substantially in the form appended hereto as Exhibit A.

Section 2.5. Conditions Precedent to Delivery of Certificates. Certificates shall be executed by the Custodian for delivery to the Certificates Owner, but only upon the receipt by the Custodian of:
(1) a copy of this Escrow Agreement and a Supplemental Agreement authorizing such Certificates, consented to and certified by the Authorized Officers of the Corporation and the Bank, which Supplemental Agreement shall specify:

(a) the establishment, with respect to the related Mortgage Loan, of the related Mortgage Loan Escrow and Custody Accounts;

(b) the authorized principal amount and designation of such Certificate;

(c) the purposes for which such Certificate is being delivered;

(d) the Purchaser Pass-Through Rate applicable to such Certificate (or the manner of determining such rate) and the Certificate Payment Dates therefor;

(e) the manner of dating, numbering and lettering, such Certificate;

(f) the Certificate Pass-Through Payments to be passed through to the Certificates Owner;

(g) amounts, if any, to be contributed by the Corporation or the Mortgagor for deposit to the Mortgage Reserve Account;

(h) the manner of payment of proceeds thereof to the Corporation

(i) denominations of the Certificates if more than one Certificate evidences the undivided interests in the related Purchased Assets;

(j) direction to the Custodian to execute and deliver the Certificate;

and

(j) any other provisions deemed advisable by the Corporation and the Bank as shall not conflict with the provisions hereof;

(2) a Corporation Counsel’s Opinion to the effect that (i) this Escrow Agreement and the Supplemental Agreement have been duly and lawfully authorized and executed by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency and other laws affecting creditors’ rights and remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)), and (ii) execution and delivery of the Certificates evidence conveyance of beneficial ownership of the related Purchased Assets pursuant to the terms of this Escrow Agreement;

(3) a Custodian Counsel’s Opinion to the effect that this Escrow Agreement and the Supplemental Agreement have been duly and lawfully authorized and executed by the Custodian and are in full force and effect and are valid and binding upon the
Custodian and enforceable in accordance with their terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency and other laws affecting creditors' rights and remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)) and to the effect that the related Certificates have been duly executed and delivered by an authorized officer of the Custodian;

(4) written order as to the delivery of such Certificate, signed by an Authorized Officer of each of the Corporation and the Bank; and

(5) such further documents and moneys as are required by the provisions of Article VII.
ARTICLE III

GENERAL TERMS AND PROVISIONS OF CERTIFICATES

Section 3.1. Medium of Payment, Denominations, Maturities, Form and Date. (A) The Certificates 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.

(B) A Certificate shall be executed in a single denomination equal to the principal amount of the related Mortgage Loan.

(C) Certificates shall be executed solely in fully registered form, substantially in the form set forth in Exhibit A hereto. The parties hereto acknowledge that amounts included in Scheduled Mortgage Payments will be applied by the Servicer for payment of the Mortgage Insurance Premium and the Servicing Fee prior to Net Scheduled Mortgage Receipts being forwarded by the Servicer to the Custodian for deposit to the Revenue Account.

(D) (1) Certificates shall be executed and delivered only to the Certificates Owner upon payment of the Purchase Price for the related Mortgage Loan. Except as provided in subparagraph (2) below of this Section 3.1(E), in acquiring a Certificate, the Certificates Owner is deemed to represent that it is acquiring the Certificate for its own account, for investment purposes, and not with a view to the resale of the Certificate or any interest therein, and specifically that the Certificates Owner will not deposit the Certificate in a fund or trust, sell participation interests in the Certificate, or use the Certificate as collateral for other obligations.

(2) Notwithstanding the provisions of subparagraph (1) above of this Section 3.1(E), the Certificates Owner may sell, assign, or otherwise transfer all of any Certificate or any participation share thereof to an agency or instrumentality of the United States or a trust fund or other government account under the authority or control of the United States or any officer or officers thereof, and the Certificates Owner will deliver to the Corporation and the Custodian written notice of such sale, assignment, or other transfer promptly after such sale, assignment or other transfer. In the absence of receipt of such notice, the Custodian shall assume that no such sale, assignment or other transfer has taken place and shall make all payments on the Certificates to the Bank.

(E) Interest payable under a Certificate on each Certificate Payment Date shall relate to interest accruing on the related Mortgage Loan, initially from the date set forth in the related Mortgage Loan Description.

(F) The Custodian shall keep books of registry identifying the Certificates Owner(s).

Section 3.2. Legends. The Certificates may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Escrow Agreement as may be necessary or desirable to comply with custom, or otherwise.
Section 3.3. **Certificates Mutilated, Destroyed, Stolen or Lost.** In the event that any Certificate shall be lost, stolen, destroyed, or mutilated, the Custodian shall, upon request of the Certificates Owner, execute and deliver, in replacement thereof, a new Certificate of like tenor. Upon delivery of such replacement Certificate, all payment obligations hereunder with respect to the lost, stolen, or destroyed Certificate shall be released and discharged hereunder. If the Certificate being replaced has been mutilated, such mutilated Certificate shall be surrendered to the Custodian for cancellation.

Section 3.4. **Cancellation and Destruction of Certificates.** All Certificates paid, either at or before maturity, shall be delivered to the Custodian when such payment is made, and such Certificates shall thereupon be promptly cancelled.

Section 3.5. **Execution.** After their authorization pursuant to a Supplemental Agreement, Certificates shall, upon direction from the Corporation, be executed by the Custodian for delivery to the Certificates Owner. Execution of the Certificates shall be by manual or facsimile signature of an authorized officer of the Custodian.
ARTICLE IV
APPLICATION, CUSTODY AND INVESTMENT OF
PROCEEDS AND OTHER AMOUNTS

Section 4.1. Application of Proceeds. The proceeds of sale of Purchased Assets represented by Certificates shall be remitted to the Corporation in accordance with the procedures contained in the Supplemental Agreement executed pursuant to Section 2.5(l) hereof.

Section 4.2. Financing of Mortgage Loans: Conditions Precedent. Amounts shall not be disbursed for Financing of a Mortgage Loan unless the Bank shall have been provided with proofs satisfactory to the Bank (evidenced by the related Mortgage Note) that a Mortgage Note evidencing the Mortgage Loan shall have been endorsed for FHA Risk-Sharing Insurance by the Federal Housing Administration, in an amount at least equal to the stated amount of the Mortgage Loan.

The Custodian shall not be responsible for verifying compliance with the requirements of this Section 4.2.

Section 4.3. Investment of Certain Funds. (A) Subject to the right of the Corporation to direct the investment or deposit of funds hereunder, moneys in any Account shall be continuously invested and reinvested by the Custodian in the highest yielding Investment Securities that may be reasonably known to the Custodian, or deposited and redeposited as provided in Section 4.5, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. The Corporation shall consult with the Custodian from time to time as to the investment of amounts in the Accounts established or confirmed by this Escrow Agreement. Moneys in any Account shall be invested in Investment Securities so that the maturity date or date of redemption at the option of the obligor 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 Custodian, or for its account as Custodian and shall be deemed at all times to be part of such Account, and the Custodian shall keep the Corporation advised as to the details of all such investments. The Custodian shall sell at the best price obtainable, or present for redemption, any Investment Securities purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment from such Account.

(B) Investment Securities purchased as an investment of moneys in any Account held by the Custodian under the provisions of this Escrow Agreement shall be deemed at all times to be a part of such Account but the income or interest earned and gains realized in excess of losses suffered by an Account due to the investment thereof shall be deposited in the Revenue Account (provided, that such amounts attributable to investment of Mortgage Reserve Account deposits shall remain in the Mortgage Reserve Account), 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 Account for which the Investment Security was purchased.
(C) To the extent permitted by law, the Custodian may commingle any amounts on deposit in the Accounts held under this Escrow Agreement for the purpose of purchasing Investment Securities. However, the Custodian shall maintain and keep separate accounts of such Accounts at all times. An Investment Security may be credited on a pro-rata basis to more than one Account and need not be sold in order to provide for the transfer of amounts from one Account to another.

(D) The Custodian shall sell at the best price obtainable, or present for redemption or exchange, any Investment Security purchased by it pursuant to this Escrow Agreement whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Account for which such investment was made. The Custodian shall advise the Corporation in writing, on or before the fifth (5th) day of each calendar month, of all investments held for the credit of each Account in its custody under the provisions of this Escrow Agreement as of the end of the preceding month.

(E) Monies held by the Custodian under this Escrow Agreement shall be invested by the Custodian, and Investment Securities shall be sold by the Custodian, only upon direction from the Corporation, given or confirmed in writing, instructing the Custodian to purchase or sell, as the case may be, specified Investment Securities.

(F) Upon receipt of written instructions from an Authorized Officer of the Corporation, the Custodian shall exchange any coin or currency of the United States of America or Investment Securities held by it pursuant to this Escrow Agreement for any other coin or currency of the United States of America or Investment Securities of like amount.

Section 4.4. Valuation of Investments. In computing the amount in any Account, obligations purchased as an investment of moneys therein shall be valued at amortized value or if purchased at par, at par.

Section 4.5. Deposits. (A) In order to permit amounts held by the Custodian under this Escrow 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 Custodian which may honor checks and drafts on such deposit with the same force and effect as if it were not the Custodian. The Custodian 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 Custodian pursuant to subsection (A) above shall be continuously and fully secured (a) by lodging with the Custodian as custodian, as collateral security, Investment Securities having a market value (exclusive of accrued interest) not less than the amount of such deposit, and (b) 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 Custodian to give security under this Section 4.5 for the deposit of any amounts to the extent that such deposit is insured by the Federal Deposit Insurance Corporation, or its successor, or for the Custodian to give security for any moneys which shall be represented by obligations or certificates of deposit (of issuers other than the Custodian) purchased as an investment of such moneys.
(C) All amounts so deposited by the Custodian shall be credited to the particular Account from which such amounts were derived.
ARTICLE V

ACCOUNTS

Section 5.1. Establishment of Accounts. (A) The Corporation shall, pursuant to a Supplemental Agreement, establish the following special accounts (with additional identification by Project name) with respect to each Mortgage Loan:

(1) Purchase Proceeds Account;

(2) Revenue Account (including the Interest Subaccount, the Principal Subaccount, the Late Charge Subaccount and the Recoveries of Principal Subaccount); and

(3) Mortgage Reserve Account.

(B) In addition to the foregoing, the Corporation may by such Supplemental Agreement establish such other Accounts as it deems necessary or desirable. All such Accounts shall be held and maintained by the Custodian. All moneys or securities held by the Custodian pursuant to this Escrow Agreement shall be applied only in accordance with the provisions of this Escrow Agreement.

Section 5.2. Purchase Proceeds Account. (A) There shall be deposited in the Purchase Proceeds Account the proceeds of the sale of the related Purchased Assets to the Bank, representing principal or premium or other amounts required to be deposited therein pursuant to this Escrow Agreement and any other amounts determined by the Corporation to be deposited therein from time to time, including amounts paid for deposit therein by the related Mortgagor of a Mortgage Loan in payment of Costs of Delivery. Accrued interest on a Mortgage Loan paid by the Bank to the Corporation as part of the “Purchase Price” provided for in the Purchase and Sale Agreement shall be property of the Corporation for disbursement in its discretion and shall not be governed by, or deposited under, this Escrow Agreement.

(B) Amounts in the Purchase Proceeds Account shall be expended only (i) for Financing of Mortgage Loans, in accordance with Section 4.2; (ii) to pay Costs of Delivery; and (iii) to pay principal of and interest payable on the Certificates when due, in accordance with subsection (D) of this Section, to the extent amounts in the Revenue Account and Mortgage Reserve Account are insufficient for such purpose.

(C) The Custodian shall pay out and permit the withdrawal of amounts on deposit in the Purchase Proceeds Account at any time for the purpose of making payments pursuant to this Section, but only upon receipt of:

(1) a written requisition of an Authorized Officer of the Servicer or the related Mortgagor, 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; and
(2) a Written Certification of an Authorized Officer of the Corporation identifying such requisition and stating that the amount to be withdrawn from the Purchase Proceeds Account pursuant to such requisition is a proper charge thereon and that, if such requisition is in connection with the Financing of a Mortgage Loan, such Mortgage Loan complies with the provisions of this Escrow Agreement, and that the amount of all payments theretofore or thereupon made by the Corporation does not exceed the amount of such Mortgage Loan.

Section 5.3. Maintenance of Escrows. (A) All amounts received by the Corporation or a Servicer 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. All Escrow Payments and all Revenues and other payments, if received and held by a depository with respect to such Mortgage, shall be separately identified.

(B) The Corporation shall apply any Escrow Payments in a manner consistent with applicable HUD regulations which, upon direction of the Corporation, may include the payment of such Escrow Payments to the Custodian for deposit to the credit of the Revenue Account. Such amount, when deposited to the credit of the Revenue Account shall be deemed to be a Recovery of Principal.

Section 5.4. Revenue Account. (A) All Revenues received by the Custodian with respect to a Mortgage Loan, and any other amounts determined by the Corporation to be deposited therein from time to time, shall be deposited in the related Revenue Account, with amounts attributable to interest being deposited in the Interest Subaccount, amounts attributable to principal (other than Recoveries of Principal) being deposited in the Principal Subaccount, amounts attributable to Late Charge being deposited in the Late Charge Subaccount, and Recoveries of Principal being deposited in the Recoveries of Principal Subaccount. The Custodian shall, on the sixteenth (16th) day of each month, provide a report to the Corporation (the “Monthly Custodian Report”) and the Bank as to the aggregate amount of Revenues, the Net Scheduled Mortgage Receipts, the Recoveries of Principal and the aggregate Late Charge, in each case received by the Custodian since the sixteenth (16th) day of the preceding month.

(B) The Custodian shall pay out of the Interest Subaccount and the Principal Subaccount in the Revenue Account, as applicable, without any direction from the Corporation, on each Certificate Payment Date thereafter with respect to the related Certificate, first, to the Certificates Owner the amount of the related interest and principal constituting Certificate Pass-Through Payments due on such Certificate Payment Date, as set forth in Schedule 1 to the related Mortgage Loan Description, second, to the Certificates Owner the amount of Late Charge received with respect to the Certificate Pass-Through Payments due on such Certificate Payment Date, third, to the Mortgage Reserve Account, the amount required to cause the balance therein to equal the related Mortgage Reserve Account Requirement, and, fourth, to the Custodian, an amount equal to the Custodian's unpaid fees and expenses. To the extent amounts in the Revenue Account are insufficient to pay to the Certificates Owner an amount equal to the amount specified in item “first” hereof, the Custodian shall satisfy the shortfall by drawing on the Mortgage Reserve Account for payment of such shortfall. On each Certificate Payment Date, as directed by the Corporation, the Custodian shall remit to the Corporation, free of any further
requirements under this Escrow Agreement, the remainder of the amounts held in such Revenue Account. Notwithstanding the foregoing, amounts on deposit to the credit of the Recoveries of Principal Subaccount shall be paid over by the Custodian on each Certificate Payment Date to the Certificates Owner to be applied for unpaid interest payable with respect to the related Certificate and then to be credited against principal on the Certificate and upon full retirement of such Mortgage Loan and the related Certificate, to the Corporation.

Section 5.5. Mortgage Reserve Account. (A) Upon the execution and delivery of a Certificate or Certificates with respect to a Mortgage Loan, there shall be deposited in the Mortgage Reserve Account an amount equal to or greater than the Mortgage Reserve Account Requirement calculated with respect to such Mortgage Loan and any other amounts received and determined to be deposited therein by the Corporation.

(B) Amounts on deposit in the Mortgage Reserve Account shall be applied, to the extent other funds are not available therefor pursuant to this Escrow Agreement and the applicable Supplemental Agreement, (i) for payment to the Certificates Owner pursuant to the terms of Section 5.4(B) hereof and (ii) for payment of due and unpaid Mortgage Insurance Premium. Whenever the amount in the Mortgage Reserve Account exceeds the Mortgage Reserve Account Requirement, and upon written direction of the Corporation, the Custodian shall withdraw from the Mortgage Reserve Account the amount of any excess therein over the Mortgage Reserve Account Requirement as of the date of such withdrawal and apply the moneys so withdrawn as so directed, free of any further requirements of this Escrow Agreement.
ARTICLE VI

PARTICULAR COVENANTS

Section 6.1. Covenants with Respect to Mortgage Loans. The Corporation shall not take any action in conflict with the regulations or prescribed mortgage documents of the Federal Housing Administration so as to jeopardize the FHA Risk-Sharing Insurance. The Corporation shall promptly advise the Custodian of the occurrence of an Event of Default under a Mortgage or Mortgage Note and shall keep the Custodian advised as to any actions taken to either cure such default and/or to claim the benefits of FHA Risk-Sharing Insurance. If there are insufficient funds in a Revenue Account and Mortgage Reserve Account for the full payment of Certificate Pass-Through Payments on the date which is ten (10) days prior to a Certificate Payment Date, then the Corporation and, in the absence of action by the Corporation, the Custodian shall take such action necessary to receive proceeds of FHA Risk-Sharing Insurance in cash by the next Certificate Payment Date, in accordance with all applicable regulations of the Federal Housing Commissioner, provided, that the Corporation, as FHA mortgagee of record, may cause any payments under FHA Risk-Sharing Insurance to be paid directly to the Custodian for deposit to the Recoveries of Principal Subaccount.

Section 6.2. Personnel and Servicing of Mortgage and Mortgage Note. (A) The Servicer shall duly and properly service each Mortgage and Mortgage Note and enforce the payment and collection of all payments of principal and interest and all Escrow Payments. The Servicer (including the Corporation when acting as Servicer) is hereby authorized by the Bank to provide the services of “Lender” or “Mortgagee” under each Mortgage, and the Servicer (including the Corporation when acting as Servicer) shall, subject to Section 6.1, have sole power and authority to do or refrain from doing any act in connection with the related Mortgage Loan. In the event the Corporation is not acting as Servicer, the Servicer shall execute a servicing agreement with the Corporation and the related Mortgagor providing for the following:

1. all amounts received by such Servicer, except as compensation for its services and except with respect to Mortgage Insurance Premiums, shall be deposited promptly with a depositary (which may be such Servicer) subject to and in accordance with the provisions of this Escrow Agreement;

2. such Servicer shall at all times remain qualified to act as such pursuant to such standards as the Corporation shall prescribe from time to time and shall determine to be reasonable to maintain the security for the Certificates;

3. such Servicer shall maintain servicing facilities that are staffed with trained personnel to adequately service each Mortgage and Mortgage Note in accordance with standards normally employed by private institutional mortgage investors, as determined in the Corporation’s sole discretion, and shall provide regular reports to the Corporation as to collections and delinquencies with respect to a Mortgage and Mortgage Note; and

(B) Upon default in payment of a Mortgage Loan (after expiration of applicable grace periods), the Servicer may, but is not required to, advance its own funds, and if
the Servicer determines not to advance its own funds, the Servicer shall promptly submit the Mortgage Loan to the appropriate officials at the offices of the Federal Housing Commissioner for payment of FHA Risk-Sharing Insurance benefits. In the event the Servicer is no longer able to perform its functions as Servicer, the Custodian shall process such Mortgage Loan for payment of FHA Risk-Sharing Insurance benefits.

Section 6.3. **Late Charge.** (a) As part of the Purchased Assets, each Certificate shall be entitled to receipt of Late Charges (as defined below) on each Certificate Payment Date during which there shall be Overdue Amounts (as defined below), in accordance with the following provisions:

In the event that any payment of any amount owing under the Mortgage Note is not made when and as due (taking into account the allowed adjustment of a due date which is not a day when the Federal Financing Bank and the Federal Reserve Bank of New York are both open for business to a day when such entities are both open for business (the “Business Day Convention”), the overdue amount (the “Overdue Amount”) shall accrue interest (the “Late Charge”) computed in accordance with the follow steps (1) through (4):

1. The Late Charge shall accrue from the scheduled date of payment for the Overdue Amount (taking into account the Business Day Convention) to the date on which payment is made.

2. The Late Charge shall be computed on the basis of (A) actual days elapsed from (but not including) the scheduled date of payment for such Overdue Amount (taking into account the Business Day Convention) to (and including) the date on which payment is made, and (B) a year of 365 days.

3. The Late Charge shall accrue at a rate (the “Late Charge Rate”) equal to one and one-half times the rate to be determined by the Secretary of the Treasury taking into consideration the prevailing market yield on the remaining maturity of the most recently auctioned 13-week United States Treasury Bills.

4. The initial Late Charge Rate shall be in effect until the earlier to occur of either (A) the date on which payment of the Overdue Amount and the amount of the accrued Late Charge is made, or (B) the first Certificate Payment Date to occur after the scheduled date of payment for such Overdue Amount. In the event that the Overdue Amount and the amount of the accrued Late Charge are not paid on or before such first Certificate Payment Date, then the amount payable shall be the sum of the Overdue Amount and the amount of the accrued Late Charge, plus an additional Late Charge on such sum accruing at a new Late Charge Rate to be then determined in accordance with the principles of subsection (a)(3) of this Section 6.3. For so long as any Overdue Amount remains unpaid, the Late Charge Rate shall be redetermined in accordance with the principles of subsection (a)(3) of this Section 6.3 on Certificate Payment Date to occur thereafter, and shall be applied to the Overdue Amount and all amounts of the accrued Late Charges on each Certificate Payment Date to the date on which payment of the Overdue Amount and all amounts of the accrued Late Charges is made.
(b) Nothing in subsection (a) of this Section 6.3 shall be construed as permitting or implying that the Custodian or the Seller may, without the written consent of the Certificates Owner, modify, extend, alter, or affect in any manner whatsoever (except as explicitly provided here) the right of the Certificates Owner to receive any and all payments on account of the related Certificate on the dates specified in the Certificate.

(c) All Late Charge shall be deposited upon receipt by the Custodian in the Late Charge Subaccount of the Revenue Account. Upon the incurrence of a Late Charge with respect to a Mortgage Loan, Schedule 1 to the Mortgage Loan Description shall be amended by the Custodian at the direction of the Corporation to include the amount of the Late Charge and the first due date therefor.
ARTICLE VII

AMENDMENTS OF AGREEMENT

Section 7.1. Limitation on Modifications. This Agreement shall not be modified or amended in any respect except by a Supplemental Agreement executed by the Corporation and the Bank, provided, that any amendment that relates to the duties and rights of the Custodian shall require the consent of the Custodian.

Section 7.2. Supplemental Agreement Part of this Escrow Agreement. Any Supplemental Agreement executed in accordance with the provisions of this Article shall thereafter form a part of this Escrow Agreement and all the terms and conditions contained in any such Supplemental Agreement as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of this Escrow Agreement for any and all purposes. The Custodian shall execute any Supplemental Agreement entered into in accordance with the provisions of Section 7.1 hereof, provided that the Custodian shall not be obligated to execute any Supplemental Agreement that would impair the Custodian’s rights, duties or immunities hereunder or otherwise.
ARTICLE VIII

CONCERNING THE CUSTODIAN

Section 8.1. Appointment and Acceptance of Duties of Custodian. _____ is appointed as Custodian, and shall signify its acceptance of the duties and obligations of the Custodian hereunder by executing and delivering to the Corporation a written instrument of acceptance. The Custodian so appointed is and shall remain qualified as an FHA-approved mortgagee.

Section 8.2. Responsibility of Custodian. The recitals of fact herein and in the Certificates contained shall be taken as the statements of the Corporation and the Custodian does not assume any responsibility for the correctness of the same. The Custodian makes no representations as to the validity or sufficiency of this Escrow Agreement or of any Certificates issued hereunder or in respect of the security afforded by this Escrow Agreement, and the Custodian shall not incur any responsibility in respect thereof. The Custodian 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 Custodian shall not be under any responsibility or duty with respect to the delivery of the Certificates for value or the application of the proceeds thereof or the application of any moneys paid to the Corporation. The Custodian 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 Custodian shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful default.

Section 8.3. Evidence on Which the Custodian May Act. The Custodian shall be protected in acting upon any notice, agreement, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Custodian 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 Custodian 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 Account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certification signed by an Authorized Officer, and such Written Certification shall be full warrant for any action taken or suffered in good faith under the provisions of this Escrow Agreement upon the faith thereof, but in its sole discretion the Custodian 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 Custodian nor any successor Custodian shall be liable to the Corporation or any other person for any act or omission done or omitted to be done by such Custodian in reliance upon any instruction, direction or certification received by the Custodian pursuant to this Escrow Agreement or for any act or omission done or omitted in good faith and without 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 Custodian
shall be sufficiently executed if executed in the name of the Corporation by an Authorized Officer.

Section 8.4. Compensation. From amounts available therefor in the Revenue Account, the Custodian shall be paid from time to time reasonable compensation for all services rendered under this Escrow Agreement and also all reasonable 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 Escrow Agreement and the Custodian shall have a lien therefor on any and all funds at any time held by it under this Escrow Agreement. The Corporation further agrees to indemnify and save the Custodian 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 8.5. Resignation of Custodian. A Custodian may at any time resign and be discharged of the duties and obligations created by this Escrow Agreement by giving not less than sixty (60) days' written notice to the Corporation and mailing notice thereof specifying the date when such resignation shall take effect, to the Certificates Owner, 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 8.7, in which event such resignation shall take effect immediately on the appointment of such successor; provided, however, no such resignation shall take effect until a successor Custodian has been appointed.

Section 8.6. Removal of Custodian. A Custodian shall be removed by the Corporation for such cause as shall be determined in the sole discretion of the Corporation by filing with the Custodian an instrument signed by an Authorized Officer of the Corporation.

Section 8.7. Appointment of Successor Custodian. (A) In case at any time a Custodian 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 Custodian, or of its property, shall be appointed, or if any public officer shall take charge or control of a Custodian, or of its property or affairs, the Corporation and the Bank covenant and agree that the Corporation shall thereupon appoint a successor Custodian.

(B) If in a proper case no appointment of a successor Custodian shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Custodian shall have given to the Corporation written notice, as provided in Section 8.5, or after a vacancy in the office of the Custodian shall have occurred by reason of its inability to act, the Custodian or the Certificates Owner may apply to any court of competent jurisdiction to appoint a successor Custodian. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Custodian.

(C) Any Custodian appointed under the provisions of this Section in succession to the Custodian shall be a trust company or bank having the powers of a trust company within or outside the State, qualified as an FHA-approved mortgagee, and having capital surplus and undivided profits aggregating at least $50,000,000 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 Escrow Agreement.
Section 8.8. Transfer of Rights and Property to Successor Custodian. Any successor Custodian appointed under this Escrow Agreement shall execute, acknowledge and deliver to its predecessor Custodian, and also to the Corporation, an instrument accepting such appointment, and thereupon such successor Custodian, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Custodian, with like effect as if originally named as Custodian, but the Custodian ceasing to act shall nevertheless, on the request of the Corporation, or of its successor Custodian, 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 Custodian all the right, title and interest of the predecessor Custodian in and to any property held by it under this Escrow Agreement, and shall pay over, assign and deliver to the successor Custodian any money or other property subject to the conditions herein set forth. Should any deed, conveyance or instrument in writing from the Corporation be required by such successor Custodian for more fully and certainly vesting in and confirming to such successor Custodian 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 Custodian, such Custodian's authority to act pursuant to this Escrow Agreement shall terminate and such Custodian shall have no further responsibility or liability whatsoever for performance of this Escrow Agreement as Custodian.

Section 8.9. Merger or Consolidation. Any company into which the Custodian 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 Custodian may sell or transfer all or substantially all its corporate trust business, provided such company shall be qualified to be a successor to the Custodian under Section 8.7 and shall be authorized by law to perform all the duties imposed upon it by this Escrow Agreement, shall be the successor to the Custodian without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

Section 8.10. Evidence of Signatures of Certificates Owner and Ownership of Certificates. (A) Any request, consent or other instrument which this Escrow Agreement may require or permit to be signed and executed by the Certificates Owner may be in one or more instruments of similar tenor, and shall be signed or executed by an Authorized Officer of the Certificates Owner in person or by its attorneys appointed in writing.

(B) The ownership of Certificates and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

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

Section 8.11. Preservation and Inspection of Documents. All documents received by the Custodian, if any, under the provisions of this Escrow Agreement or any Supplemental 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 and the Certificates Owner and their agents and their representatives, any of whom may make copies thereof.
ARTICLE IX

TERMINATION;
MISCELLANEOUS PROVISIONS

Section 9.1. **Termination.** This Escrow Agreement shall be deemed terminated with respect to any Certificate upon payment in full of the related Mortgage Loan and such Certificate.

Section 9.2. **Severability.** If any one or more of the covenants or agreements, or portions thereof, provided in this Escrow Agreement on the part of the Corporation or of the Custodian to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the remaining provisions of this Escrow Agreement or of the Certificates; but the Owners of Certificates shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 9.3. **Notices.** [TO COME]

Section 9.4. **Conflicts.** In the event of a conflict between the provisions of this Escrow Agreement and HUD regulations or prescribed mortgage documents, the provisions of such regulations or documents, as the case may be, shall control.

Section 9.5. **Governing Law.** This Agreement and the rights and obligations of the parties hereunder shall be shall be governed by, and construed and interpreted in accordance with, Federal law and not the law of any state or locality, except that the authority and powers of the Corporation shall be governed by and construed in accordance with the laws of the State of New York. To the extent that a court looks to the laws of any state to determine or define the Federal law, it is the intention of the parties hereto that such court shall look only to the laws of the state of New York without regard to the rules of conflicts of laws.

Section 9.6. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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29
IN WITNESS WHEREOF, the Corporation, the Bank and the Custodian have executed this Escrow Agreement as of the day first above written.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: _____________________________
   Name: __________________________
   Title: __________________________

FEDERAL FINANCING BANK

By: _____________________________
   Name: __________________________
   Title: __________________________

[__________],
as Custodian

By: _____________________________
   Name: __________________________
   Title: __________________________

(Signature page to Master Escrow and Custody Agreement)
CERTIFICATE OF PARTICIPATION  
(FHA RISK-SHARING INSURED MORTGAGE LOAN) 

No. ___
Mortgage Loan ID number: ________________
Project Name: __________________________

This is to certify that the FEDERAL FINANCING BANK, a __ located at ___ (the “Bank”), is the registered beneficial owner of Purchased Assets, as defined in the Master Purchase and Sale Agreement, dated as of ___, 2014, between the New York City Housing Development Corporation (the “Corporation”) and the Bank, as amended and supplemented, including the proceeds of Federal Housing Administration risk-sharing mortgage insurance authorized under Section 542(b) or 542(c) of the Housing and Community Development Act of 1992 (12 U.S.C. 1707), as amended. Administration of the related Mortgage Loan identified above (the “Mortgage Loan”), including payments thereon, shall be pursuant to the terms of the Master Escrow and Custody Agreement, dated as of ___, 2014, as amended and supplemented, among the Corporation, the Federal Financing Bank, and ___, as Custodian (the “Escrow Agreement”).

The owner of this Certificate is entitled to receive Certificate Pass-Through Payments on the Mortgage Loan as set forth in Schedule 1 hereto. In addition, amounts received as prepayments, voluntary and involuntary, of the Mortgage Loan, and Late Charges, shall be passed through in payment on this Certificate as required by the Escrow Agreement. Upon payment in full of the Mortgage Loan and remittance of amounts to the owner hereof pursuant to the Escrow Agreement in exchange for this Certificate, this Certificate will be cancelled by the Custodian.

The Escrow Agreement defines and limits certain of the rights of the owner of this Certificate and the terms of the Escrow Agreement are incorporated herein.

This Certificate may be transferred only as permitted by the Escrow Agreement.

This Certificate shall not be a debt of either the State of New York or of The City of New York and neither the State nor said City shall be liable thereon, nor shall the Certificates be payable out of any funds or assets other than related Purchased Assets.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by ___, as Custodian acting pursuant to the Escrow Agreement.

Dated: __________

_________________________, Custodian

By ________________________________

A-1