Further, following the occurrence of an extraordinary event with respect to the Mortgaged Property, or if a failure to take any such action at such time would be inconsistent with the Servicing Standard, the Special Servicer may take actions with respect to the Mortgaged Property before consulting with the Operating Advisor (or prior to finishing such consultation) if the Special Servicer reasonably determines in accordance with the Servicing Standard that failure to take such actions prior to such consultation (or completion of such consultation) would materially and adversely affect the interests of the owners of the Series 2014 Bonds, and the Special Servicer has made a reasonable effort to contact the Operating Advisor.

**FEES AND EXPENSES**

[TO COME]

**DESCRIPTION OF THE MANAGEMENT AGREEMENT AND THE PROPERTY MANAGER**

**Property Manager**

FirstService Residential New York, Inc. (F/K/A Cooper Square Realty, Inc.) (the "Property Manager"), a New York corporation, is the manager and leasing agent with respect to the Mortgaged Property. The Property Manager is an independent contractor engaged in the business of managing, operating and maintaining commercial real estate, and is a licensed real estate broker in the State of New York.

**Management Agreement**

The Borrower entered into an Amended and Restated Management Agreement, dated December 20, 2012 (the "Property Management Agreement"), between the Borrower and the Property Manager, with respect to the Mortgaged Property. Pursuant to the Property Management Agreement, the Property Manager has been appointed as the Borrower’s exclusive agent to effect leases with respect to the Mortgaged Property, and manage, coordinate, supervise, operate and maintain the ordinary and usual day-to-day management of the Mortgaged Property.

**Leasing Agent**

[TO COME]

**Property Management**

The Borrower has appointed the Property Manager as the sole agent for the management of the Mortgaged Property, and the Property Manager has agreed to perform its obligations and services pursuant to the highest standards of professional property management. The Property Manager has agreed to fulfill and perform specific duties, obligations and services, including, supervise the work of, and to hire, discharge, and pay employees of, the Mortgaged Property, supervise the execution of all capital repair or improvements projects and tenant improvement projects performed at the Mortgaged Property, and process all leases and lease renewals for the residential tenant units at the Mortgaged Property.

The Borrower has designated the Property Manager as its leasing agent, and the Property Manager is authorized to act as Borrower’s agent, solely and exclusively in regard to the approval and execution of any lease, lease renewal, extension, sublet or similar agreement for occupancy of the residential units by tenants with respect to the Mortgaged Property.

The Property Manager is responsible for overseeing the collection of rents, security deposits, late fees and other income and for minimizing accounts receivable and bad debts. The Property Manager has agreed to use commercially reasonable efforts to collect all rents and other charges that may become due at any time from any tenant. The Property Manager shall, immediately upon learning of a default of any obligation or duty
of any tenant, notify such tenant of the nature and extent of such default. In the event the defaulting party fails to cure such default, the Property Manager shall immediately advise the Borrower of such failure and request the Borrower's approval to engage counsel in order to initiate or commence legal proceedings against such defaulting party. The Property Manager has agreed to give the Borrower reasonable assistance in the defense or other disposition of all legal action.

The Property Manager has agreed to maintain a comprehensive system of accounting records, books and reports employing generally accepted accounting practices and principles. The Borrower is authorized at all times to have access to such records, accounts and books and to all vouchers, files and all other information and materials pertaining to the Mortgaged Property. All books, records, lease and sale information, correspondence and Mortgaged Property-related records acquired by the Property Manager during the term of the Property Management Agreement are property of the Borrower.

The Property Manager is authorized to make all necessary disbursements for expenses incurred by the Property Manager pursuant to the Property Management Agreement. To the extent the Property Manager is required to pay expenses from its own funds in connection with the performance of its obligations, the Borrower shall fully reimburse the Property Manager for such expenditures provided such costs were included in the annual operating budget approved by the Borrower. The Borrower shall have no obligation to reimburse the Property Manager for any expenditures not included in the approved budget unless otherwise approved in writing by the Borrower.

If the Property Manager is called upon to perform any extraordinary services, not customarily a part of the usual services performed by a property manager, the Property Manager shall receive an additional fee therefor in an amount to be agreed upon between the parties.

Annual Operating Budget

Not later than August 1 of each year, or such other date specified in writing from the Borrower to the Property Manager, the Property Manager has agreed to deliver to the Borrower a preliminary annual operating budget estimating income and expenses, on a cash and accrual basis, during the next succeeding calendar year in order to maintain, operate and manage the Mortgaged Property. After the preliminary annual operating budget is reviewed by the Borrower, the Property Manager shall deliver to the Borrower a proposed annual budget which shall become the annual operating budget.

Compensation

During the term of the Property Management Agreement, the Borrower has agreed to pay the Property Manager a one-time management fee in the amount of $48,665.00, an annual fee of $661,495.00 for the period beginning on February 1, 2013 to January 31, 2014, after which such fee was increased by three percent (3%) effective each February 1, starting February 1, 2014, and certain other additional fees, as the Property Manager's compensation.

Insurance

The Borrower has agreed to carry comprehensive general liability insurance and excess and umbrella liability insurance coverage as may be necessary for the protection of the interests of the Borrower and the Property Manager. In each such policy of insurance, the Borrower has agreed to designate the Property Manager as an additional insured.

The Borrower has agreed to hold and save the Property Manager, its affiliates, principals, officers, directors, agents, and employees free and harmless from any claim for damages or injuries arising from the performance of the Property Manager's obligations and services, including claims arising from events occurring prior to the date Property Manager became manager of the Mortgaged Property or occurring after the
termination of the Property Management Agreement. However, the Property Manager shall remain responsible to the Borrower for all criminal activity, willful misconduct, gross negligence, or material breach of its obligations to the Borrower.

Termination

In the event the Property Manager commits gross negligence, fraud, or willful misconduct, or is under criminal felony indictment, the Borrower shall have the right to immediately terminate the Property Management Agreement upon notice to the Property Manager. If the Property Manager fails to perform any of its material obligations to the Borrower, the Borrower shall have the right to terminate the Property Management Agreement on thirty (30) days notice. In the event of either termination, the Property Manager shall be entitled to receive only the compensation which has accrued to the Property Manager on a per diem basis, as of the date of the termination, with respect to the Mortgaged Property.

The Borrower shall have the right to terminate Property Management Agreement without cause or breach or default of the Property Manager at any time on thirty (30) days notice. In the event of any sale of the Mortgaged Property by the Borrower to a third party, the Borrower shall have the right to terminate the Property Management Agreement as of the closing date of such sale. In the event that the Property Manager or any of its affiliates shall file a petition for voluntary bankruptcy or request a reorganization under any insolvency laws, or the Borrower determines that the Property Manager or any of its affiliates is unable to meet its financial obligations on a timely basis, then the Borrower shall have the right to immediately terminate the Property Management Agreement upon notice to the Property Manager.

The Property Manager shall have the right to terminate the Property Management Agreement at any time upon a minimum sixty (60) days notice to the Borrower, and the Property Manager shall be entitled to only such compensation which has accrued as of the date of termination.

Assignment

The Property Manager has agreed not assign any of its rights or obligations, or transfer ownership, control or operation of its business to another person or entity other than an entity controlled by or under common control with the Property Manager, or permit any change in the personnel who are in effective control of the management of the Mortgaged Property, without first obtaining the Borrower’s prior written consent, which the Borrower may withhold. Any such assignment or transfer without the prior written consent of the Borrower shall be void and constitute a material breach and default by the Property Manager.

The Borrower is authorized to assign its rights and obligations to any successor in title to the Mortgaged Property.

DESCRIPTION OF THE ASSIGNMENT OF MANAGEMENT AGREEMENT

In connection with the making of the Loan, the Borrower will enter into an Assignment and Subordination of Management Agreement and Consent of Manager, to be dated the Bond Issuance Date (the “Assignment of Management Agreement”), between the Borrower and the Issuer, for the benefit of the Bondholders, and consented and agreed to by the Property Manager. Pursuant to the Assignment of Management Agreement, (i) the Borrower assigned its right, title and interest in and to the Management Agreement to the Issuer as described below, and (ii) the Property Manager subordinated its right, title and interest in and to the Mortgaged Property and the Management Fee to, among other things, the Mortgage as described below. The following is a summary of certain of the principal provisions of the Assignment of Management Agreement.
Assignment

As additional collateral security for the Loan, the Borrower transferred, set over and assigned to the Issuer all of the Borrower’s right, title and interest in and to the Management Agreement, said transfer and assignment shall automatically become a present, unconditional assignment, at the Issuer’s option, upon the occurrence and during the continuance of an Event of Default. At all times during the term of the Loan, all portions of the Rents, security deposits, issues, proceeds, profits and other revenues of the Mortgaged Property collected by Manager will be handled and applied in accordance with the Loan Agreement.

Subordination

The Management Agreement, and all of Manager’s right, title and interest in and to the Mortgaged Property, are and all rights and privileges of Manager to the Management Fee paid thereunder are and will at all times be subject and subordinate to the Mortgage and the lien thereof, to all the terms, conditions and provisions of the Mortgage and to each and every advance made or thereafter made under the Mortgage, and to all the rights, privileges and powers of the Issuer under the Mortgage, the Loan Agreement, the Note and the other Loan Documents so that at all times the Mortgage will be and remain a lien on the Mortgaged Property prior and superior to the Management Agreement for all purposes.

Attornment

The Borrower and the Manager have agreed that upon conveyance of title to the Mortgaged Property to the Successor Owner, Manager shall attorn to the [Successor Owner] and will continue to perform all of Manager’s obligations under the terms of the Management Agreement with respect to the Mortgaged Property in accordance with the terms of the Management Agreement. Notwithstanding the foregoing, Manager will be under no obligation to so attorn unless the Successor Owner, within twenty (20) days after the date of Foreclosure, assumes all of the obligations of the “the Borrower” under the Management Agreement which arise from and after the date of Foreclosure, pursuant to a written assumption agreement delivered to Manager; provided, however, pursuant to the Assignment of Management Agreement and at the Issuer’s option, Manager and Successor Owner, as applicable, must terminate the then-existing Management Agreement and enter into a new management agreement on the same terms and conditions as the then-existing Management Agreement, which shall be effective as of the date that Successor Owner obtains title to the Mortgaged Property.

DESCRIPTION OF THE REGULATORY AGREEMENT

[TO COME]

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS

Pledge under the Indenture

In order to secure the payment of the principal or Redemption Price, if applicable, of, and interest on the Series 2014 Bonds, the Issuer, pursuant to the Indenture, has pledged and assigned to the Indenture Trustee, among other things, (i) all right, title and interest of the Issuer in and to, the Note and the Loan Documents, including all loan payments, revenues and receipts payable or receivable thereunder, excluding, however, the Reserved Rights, which Reserved Rights may be enforced by the Issuer and the Indenture Trustee [(in consultation with the Master Servicer)] jointly or severally subject to the limitations contained in the Loan Documents, the Servicing Agreement and the Indenture, (ii) all moneys and securities from time to time held by the Indenture Trustee under the terms of the Indenture including amounts set apart and transferred to the Revenue Fund or any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Revenue Fund or such special funds for the benefit of the Bondholders in accordance with the provisions of the Servicing Agreement and the Indenture; provided, however, there is expressly excluded from any assignment, pledge, lien or security interest granted to the Indenture Trustee, any amounts
set apart and transferred to the Rebate Fund and amounts in the Purchase Fund, which shall be held only for the benefit of the Bondholders to be paid the Tender Price therefrom, and (iii) any and all other property of any kind conveyed, mortgaged, pledged, assigned or transferred including, without limitation, the Mortgage, the Loan Agreement and the other Loan Documents as and for additional security under the Indenture by the Issuer or by any other Person, with or without the consent of the Issuer, to the Indenture Trustee.

The Series 2014 Bonds Outstanding from time to time are special revenue obligations of the Issuer and the principal or Redemption Price of, if applicable, and interest on which are payable by the Issuer solely from the amounts to be paid under the Note and the Loan Agreement and otherwise as provided in the Indenture and in the Loan Agreement, which amounts are specifically pledged under the Indenture to the payment thereof in the manner and to the extent therein specified.

The Series 2014 Bonds are special obligations of the New York City Housing Development Corporation, a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State of New York. The Series 2014 Bonds are not a debt of the State of New York or The City of New York and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Series 2014 Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

The Loan Agreement and the Note

Concurrently with the issuance by the Issuer of the Series 2014 Bonds pursuant to the Indenture, the Issuer will make the Loan to the Borrower from the proceeds of the Series 2014 Bonds in the principal amount of $[680,000,000]* pursuant to the Loan Agreement. See “DESCRIPTION OF THE LOAN AGREEMENT” herein. Pursuant to the Loan Agreement, the Borrower will be obligated to pay on each Payment Date (the [nineth] day of each month) through and including the Maturity Date, the (i) Monthly Payment Amount and (ii) with respect to the Tax Exempt Components, the Monthly Administrative Fee. From and after the Anticipated Repayment Date, interest in excess of the Initial Interest Rate shall accrue and be added to the Debt and shall earn interest at the Revised Interest Rate (“Accrued Interest”). Accrued Interest shall be deferred and accrue on the unpaid principal balance of each Component at the applicable Revised Interest Rate. On each Payment Date occurring after the Anticipated Repayment Date, Excess Cash shall be applied first in reduction of the outstanding principal balance of the Loan until the entire outstanding principal balance of each Component of the Loan is paid in full, and thereafter to the payment of all deferred Accrued Interest. Any amounts applied to the Debt from and after the Anticipated Repayment Date shall be applied (a) first, to the reduction of the outstanding principal balance of Component A until reduced to zero, (b) second, to the reduction of the outstanding principal balance of Component B until reduced to zero, (c) third, to the reduction of the outstanding principal balance of Component C until reduced to zero, (d) fourth, to the reduction of the outstanding principal balance of Component D until reduced to zero, (e) fifth, to the reduction of the outstanding principal balance of Component E until reduced to zero, (f) sixth, to the reduction of the outstanding principal balance of Component F until reduced to zero, (g) seventh, to the reduction of the outstanding principal balance of Component G until reduced to zero and (h) eighth, then to Accrued Interest.

On the Maturity Date the Borrower shall pay the outstanding principal balance of each Component of the Loan, all accrued and unpaid interest, including, without limitation, any Accrued Interest and all other amounts due under the Loan Agreement and under the Note, the Mortgage and the other Loan Documents.

The obligation of the Borrower under the Loan Agreement to make such loan payments will be further evidenced by the Note payable to the order of the Issuer, the Indenture Trustee and the Indenture Trustee. Recourse against the Borrower under the Loan Agreement and under the Note will generally be limited to the Mortgaged Property and the related collateral held under the Loan Documents.

Simultaneous with the original issuance of the Note, and pursuant to the Indenture, the Issuer will pledge and assign to the Indenture Trustee, as security for the Series 2014 Bonds, all of the Issuer’s right, title
and interest in and the Note and the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder, excluding, however, the Reserved Rights which may be enforced by the Issuer or the Indenture Trustee [(in consultation with the Master Servicer)] jointly or severally through an action for specific performance. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS — The Loan Agreement and the Note” and “DESCRIPTION OF THE LOAN AGREEMENT” herein. See also “DESCRIPTION OF THE SERVICING AGREEMENT” herein.

The Mortgage

Pursuant to the Mortgage, the Borrower will grant to the Issuer as mortgagee, as security for the Obligations under the Note, the Loan Agreement, the Indenture and any and all other Loan and Loan Documents to secure a principal indebtedness of $[_______], a mortgage Lien on, pledge and security interest in, among other collateral comprising the Mortgaged Property (as defined in the Mortgage), the Borrower’s interest in the Real Property, the Mortgaged Unit, the Leases, the Rents, all Net Insurance Proceeds, all Net Condemnation Proceeds [terms to be defined] and all Accounts established pursuant to the Loan Documents.

Assignment of Mortgaged Rents

The Borrower has absolutely and unconditionally assigned to the Issuer all of the Borrower’s right, title and interest in and to all current and future Leases and Rents, it being intended by the Borrower that the assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of the Loan Documents, including the Mortgage, the Issuer grants to the Borrower a revocable license to collect, receive, use and enjoy the Rents, and the Borrower shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the outstanding principal amount set forth in, and evidenced by, the Loan Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to the Issuer in respect of the Loan under the Note, the Loan Agreement, the Mortgage or any other Loan Document (the “Debt”), for use in the payment of such sums.

Mortgage Obligations

The Mortgage secures the Debt as well as the performance of the following (the “Other Obligations”): (a) all other obligations of the Borrower contained in the Mortgage; (b) each obligation of the Borrower contained in the Loan Agreement and each other Loan Document; and (c) each obligation of the Borrower contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of each evidence of the Note, Loan Agreement or any other Loan Document. The Borrower’s obligations for the payment of the Debt, and the performance of the Other Obligations, are referred to collectively herein as the “Obligations”.

No Sale/Encumbrance

The Borrower may not cause or permit a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest in the Mortgaged Property or any part thereof, the Borrower or any Restricted Party, other than in accordance with the applicable provisions of the Loan Agreement, without the prior written consent of the Issuer.

Mortgage Event of Default

The term “Mortgage Event of Default” as used in the Mortgage has the meaning assigned to the term “Event of Default” in the Loan Agreement.
Remedies

Upon the occurrence and during the continuance of any Event of Default, the Issuer may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Mortgaged Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Issuer may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Issuer:

(a) declare the entire unpaid Debt to be immediately due and payable;

(b) institute proceedings, judicial or otherwise, for the complete foreclosure of the Mortgage under any applicable provision of law, in which case the Mortgaged Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(c) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of the Mortgage for the portion of the Debt then due and payable, subject to the continuing Lien and security interest of the Mortgage for the balance of the Debt not then due, unimpaired and without loss of priority;

(d) sell for cash or upon credit the Mortgaged Property or any part thereof and all estate, claim, demand, right, title and interest of Borrower therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entirety or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained in the Mortgage, in the Note, the Loan Agreement or in the other Loan Documents;

(f) recover judgment on the Note either before, during or after any proceedings for the enforcement of the Mortgage or the other Loan Documents;

(g) apply for the appointment of a receiver, trustee, liquidator or conservator of the Mortgaged Property, without notice and without regard for the adequacy of the security for the Debt and without regard to the solvency of Borrower or any other Person liable for the payment of the Debt;

(h) the license granted to Borrower pursuant to the Mortgage will automatically be revoked and the Issuer may enter into or upon the Mortgaged Property, either personally or by its agents, nominees or attorneys and dispossess Borrower and its agents and servants therefrom, without liability for trespass, damages or otherwise, and exclude Borrower and its agents or servants wholly therefrom, and take possession of all books, records and accounts relating thereto and Borrower will surrender possession of the Mortgaged Property and of such books, records and accounts to the Issuer upon demand, and thereupon the Issuer may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Mortgaged Property and conduct the business therewith; (ii) complete any construction on the Mortgaged Property in such manner and form as the Issuer deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property; (iv) exercise all rights and powers of Borrower with respect to the Mortgaged Property, whether in the name of Borrower or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents of the Mortgaged Property and every part thereof; (v) require Borrower to pay monthly in advance to the Issuer, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be occupied by Borrower; (vi) require Borrower to vacate and surrender possession of the Mortgaged Property to the Issuer or to such receiver and, in default thereof, Borrower may be evicted by summary proceedings or otherwise; and
(vii) apply the receipts from the Mortgaged Property to the payment of the Debt, in such order, priority and proportions as the Issuer deems appropriate in its sole discretion after deducting therefrom all expenses (including reasonable, out-of-pocket attorneys’ fees and expenses) incurred in connection with the aforesaid operations and all amounts necessary to pay the Property Taxes, Other Charges, Insurance Premiums and other expenses in connection with the Mortgaged Property, as well as just and reasonable compensation for the services of the Issuer, its counsel, agents and employees;

(i) exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing: (i) the right to take possession of the Fixtures, the Equipment, the Personal Property or any part thereof, and to take such other measures as the Issuer may deem necessary for the care, protection and preservation of the Fixtures, the Equipment, the Personal Property, and (ii) request Borrower at its expense to assemble the Fixtures, the Equipment, the Personal Property and make it available to the Issuer at a convenient place acceptable to the Issuer. Any notice of sale, disposition or other intended action by the Issuer with respect to the Fixtures, the Equipment, the Personal Property sent to Borrower in accordance with the provisions of the Mortgage at least ten (10) days prior to such action, shall constitute commercially reasonable notice to Borrower;

(j) apply any sums then deposited or held in escrow or otherwise by or on behalf of the Issuer in accordance with the terms of the Loan Agreement, the Mortgage or any other Loan Document to the payment of the following items in any order in its sole discretion: (i) Property Taxes and Other Charges; (ii) Insurance Premiums; (iii) interest on the unpaid principal balance of the Note; (iv) amortization of the unpaid principal balance of the Note; (v) all other sums payable pursuant to the Note, the Loan Agreement, the Mortgage and the other Loan Documents, including, without limitation, advances made by the Issuer pursuant to the terms of the Mortgage;

(k) surrender the Policies maintained pursuant to the Loan Agreement, collect the unearned insurance premiums for the Policies and apply such sums as a credit on the Debt in such priority and proportion as the Issuer in its discretion deems proper, and in connection therewith, Borrower appointed the Issuer as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for Borrower to collect such insurance premiums;

(l) apply the undisbursed balance of any Net Proceeds Deficiency deposit, together with interest thereon, to the payment of the Debt in such order, priority and proportions as the Issuer deems appropriate in its discretion; or

(m) pursue such other remedies as the Issuer may have under applicable law.

In the event of a sale, by foreclosure, power of sale or otherwise, of less than all of the Mortgaged Property, the Mortgage will continue as a lien and security interest on the remaining portion of the Mortgaged Property unimpaired and without loss of priority. Notwithstanding any provisions of the Mortgage to the contrary, if any Event of Default [related to the bankruptcy of the Borrower] as described in the Loan Agreement occurs, the entire unpaid Debt will be automatically due and payable, without any further notice, demand or other action by the Issuer.

Application of Proceeds

The purchase money, proceeds and avails of any disposition of the Mortgaged Property, and or any part thereof, or any other sums collected by the Issuer pursuant to the Note, the Mortgage or the other Loan Documents, may be applied by the Issuer to the payment of the Debt in such priority and proportions as the Issuer in its discretion deems proper, to the extent consistent with any Legal Requirements and the terms of the Loan Agreement.
Right to Cure Defaults

Upon the occurrence and during the continuance of any Event of Default, the Issuer may, but without any obligation to do so and upon 5 days written notice to the Borrower and without releasing Borrower from any obligation under the Mortgage, make any payment or do any act required of Borrower under the Mortgage in such manner and to such extent as the Issuer may deem necessary to protect the security of the Mortgage. The Issuer may enter upon the Mortgaged Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Mortgaged Property or to foreclose the Mortgage or collect the Debt, and the reasonable out-of-pocket costs and expenses thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this paragraph, will constitute a portion of the Debt and will be due and payable to the Issuer upon demand. All such costs and expenses incurred by the Issuer in remedying such Event of Default or such failed payment or act or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Rate, for the period after notice from the Issuer that such cost or expense was incurred to the date of payment to the Issuer. All such costs and expenses incurred by the Issuer together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by the Mortgage and the other Loan Documents and shall be immediately due and payable upon demand by the Issuer therefor.

Actions and Proceedings

Upon five (5) days' prior written notice to Borrower, the Issuer will have the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding, in the name and on behalf of Borrower, which the Issuer, in its discretion, decides should be brought to protect its interest in the Mortgaged Property.

Recovery of Sums Required To Be Paid

Subject to the Loan Agreement, the Issuer shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of the Issuer thereafter to bring an action of foreclosure, or any other action, for a default or Event of Default by Borrower existing at the time such earlier action was commenced.

Right to Release Any Portion of the Mortgaged Property

The Issuer may release any portion of the Mortgaged Property for such consideration as the Issuer may require without, as to the remainder of the Mortgaged Property, in any way impairing or affecting the lien or priority of the Mortgage, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the Obligations under the Mortgage have been reduced by the actual monetary consideration, if any, received by the Issuer for such release, and may accept by assignment, pledge or otherwise any other property in place thereof as the Issuer may require without being accountable for so doing to any other lienholder. The Mortgage will thereafter continue as a lien and security interest in the remaining portion of the Mortgaged Property.

Bankruptcy

(a) Upon or at any time after the occurrence of an Event of Default, the Issuer shall have the right to proceed in its own name or in the name of Borrower in respect of any claim, suit, action or proceeding relating to the rejection of any Lease, including, without limitation, the right to file and prosecute, to the exclusion of Borrower, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of the lessee under such Lease under the Bankruptcy Code (as defined below).
(b) If there shall be filed by or against Borrower a petition under 11 U.S.C. § 101 et seq., as the same may be amended from time to time (the "Bankruptcy Code"), and Borrower, as lessee under any Lease, shall determine to reject such Lease pursuant to Section 365(a) of the Bankruptcy Code, then Borrower shall give the Issuer not less than ten (10) days' prior written notice of the date on which Borrower shall apply to the bankruptcy court for authority to reject the Lease. The Issuer shall have the right, but not the obligation, to serve upon Borrower within such ten (10) day period a notice stating that (i) the Issuer demands that Borrower assume and assign the Lease to the Issuer pursuant to Section 365 of the Bankruptcy Code and (ii) the Issuer covenants to cure or provide adequate assurance of future performance under the Lease. If the Issuer serves upon Borrower the notice described in the preceding sentence, Borrower shall not seek to reject the Lease and shall comply with the demand provided for in clause (i) of the preceding sentence within thirty (30) days after the notice shall have been given, subject to the performance by the Issuer of the covenant provided for in clause (ii) of the preceding sentence.

Subrogation

If any or all of the proceeds of the Note have been used to extinguish, extend or renew any indebtedness heretofore existing against the Mortgaged Property, then, to the extent of the funds so used, the Issuer shall be subrogated to all of the rights, claims, liens, titles, and interests existing against the Mortgaged Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of the Issuer and are merged with the lien and security interest created herein as cumulative security for the repayment of the Debt, the performance and discharge of Borrower's obligations hereunder, under the Loan Agreement, the Note and the other Loan Documents and the performance and discharge of the Other Obligations.

Usury Laws

All agreements and communications between the Borrower, the Issuer and the Indenture Trustee are automatically limited so that, after taking into account all amounts deemed interest, the interest contracted for, charged or received by the Indenture Trustee shall never exceed the Maximum Legal Rate. In calculating whether any interest exceeds the Maximum Legal Rate, all such interest shall be amortized, prorated, allocated and spread over the full amount and term of all principal indebtedness of the Borrower to the Indenture Trustee. If through any contingency or event, the Indenture Trustee or the Issuer receives or is deemed to receive interest in excess of the Maximum Legal Rate, any such excess shall be deemed to have been applied toward payment of the principal of any and all then outstanding indebtedness of the Borrower to the Indenture Trustee and the Indenture Trustee, or if there is no such indebtedness, shall immediately be returned to the Borrower.

Maximum Debt Secured

The maximum principal amount of indebtedness which is or under any contingency may be secured at the date of execution of the Mortgage or at any time thereafter by the Mortgage is [__________] and 00/100 dollars ($[__________]), plus all amounts expended by the Issuer or Indenture Trustee during the continuance of an event of default to preserve, protect and enforce the lien of the Mortgage or to protect the property, or the value thereof, including, without limitation, all amounts in respect of insurance premiums and all real estate taxes, charges or assessments imposed by law upon said premises, or any other amount, cost or charge to which the Issuer may become subrogated upon payment as a result of Borrower's failure to pay as required by the terms of the Mortgage, plus all accrued but unpaid interest on the obligations secured by the Mortgage.
Insurance Proceeds

In the event of any conflict, inconsistency or ambiguity between the provisions of the Loan Documents and the provisions of subsection 4 of Section 254 of the Real Property Law of New York covering the insurance of buildings against loss by fire, the provisions of the Loan Documents shall control.

The Assignment of the Property Management Agreement

See "DESCRIPTION OF THE ASSIGNMENT OF MANAGEMENT AGREEMENT" above.

The Class Priority of the Series 2014 Bonds

It is provided in the Indenture that the payment of the principal of and interest on the Series 2014 Bonds are subject to Class Priority such that the (a) the Class A Bonds will be senior in payment priority to the Series 2014 Bonds of Class B through G, inclusive; (b) the Class B Bonds will be senior in payment priority to the Series 2014 Bonds of Classes C through G, inclusive; (c) the Class C Bonds will be senior in payment priority to the Series 2014 Bonds of Classes D through G, inclusive; (d) the Class D Bonds will be senior in payment priority to the Series 2014 Bonds of Classes E through G, inclusive; (e) the Class E Bonds will be senior in payment priority to the Series 2014 Bonds of Classes F through G, inclusive; and (f) the Class F Bonds will be senior in payment priority to the Class G Bonds.

Limitation on Rights of the Indenture Trustee and the Holders of the Series 2014 Bonds

[Servicing Agreement Controls Conflicting Documents. It is provided in the Servicing Agreement that in the event of any conflict with respect to the administration of the Loan between the Servicing Agreement, on the one hand, and any Loan Document, on the other hand, the Servicing Agreement governs.]

Disgorgement of Payments. It is provided in the Servicing Agreement that if a court of competent jurisdiction orders, at any time, that any amount received or collected in respect of the Loan must, pursuant to any insolvency, bankruptcy, fraudulent conveyance or transfer, preference or similar law, be returned to the Borrower or to any other Person, then, the Master Servicer will not be required to distribute any portion thereof to the Indenture Trustee, and the Indenture Trustee will promptly on demand by the Master Servicer repay to the Master Servicer any portion thereof that the Master Servicer has distributed to the Indenture Trustee.

Enforcement of Loan Documents by Servicers. Each of the Issuer and the Indenture Trustee agrees in the Servicing Agreement that the Master Servicer and/or the Special Servicer, acting in accordance with the terms of the Servicing Agreement and the Loan Documents, will have the sole and exclusive authority to take any actions under the terms of the Loan and any insurance policies relating to the Loan (to the extent it has the legal right to do so, but excluding the Issuer's Reserved Rights) and to enforce the terms of, and to exercise any and all approval and enforcement rights of the Indenture Trustee (other than the Reserved Rights, which Reserved Rights may also be enforced by the Issuer or the Indenture Trustee (in consultation with the Master Servicer) jointly or severally through an action for specific performance) under the Loan Documents, and neither the Issuer nor the Indenture Trustee will take any actions with respect to any such policies or Loan Documents.

Exercise of Remedies by Servicers. Each of the Issuer and the Indenture Trustee agrees in the Servicing Agreement that the Servicers, to the extent consistent with the terms of the Servicing Agreement and the Servicing Standard, will have the sole and exclusive authority with respect to the administration of, and exercise of rights and remedies with respect to, the Loan, including, without limitation, the sole authority (consistent with the Servicing Standard) (a) with respect to the voting of all claims with respect to the Loan in any bankruptcy, insolvency or other similar proceedings, whether voluntary or involuntary, including the right to approve or reject any plan of reorganization and (b) to declare or waive any Mortgage Event of Default with respect to the Loan, accelerate the Loan or institute any foreclosure action, and neither the Issuer nor the
Indenture Trustee (except as and to the extent expressly provided for in the Servicing Agreement) will have any voting, consent or other rights whatsoever with respect to the administration by the Servicers or, or exercise of the rights and remedies of the Issuer or the Indenture Trustee with respect to, the Loan, and irrevocably assigns to the Servicers all such rights.

No Action Permitted by Indenture Trustee Relative to Borrower Insolvency Proceedings. Unless directed to do so by the Special Servicer, it is provided in the Servicing Agreement that neither the Issuer nor the Indenture Trustee will institute, file, commence, acquiesce, petition (either by itself or in conjunction with any other Person) under Bankruptcy Code Section 303 or otherwise (or join any Person other than the Master Servicer, the Special Servicer in any such petition) or otherwise invoke or cause any other Person to invoke an Insolvency Proceeding with respect to or against the Borrower or seek to appoint a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official with respect to the Borrower or all or any part of its property or assets or ordering the winding up or liquidation of the affairs of the Borrower. Upon not more than five Business Days receipt of written request from the Special Servicer, the Indenture Trustee will execute, verify, deliver and file in a timely manner any proofs of claim, consents, assignments or other action necessary or appropriate to enforce the obligations of the Borrower to the Indenture Trustee, and vote any claims at any meeting of creditors or for any plan or with respect to any matter as the Special Servicer directs, all in order to preserve and maintain all claims against the Borrower for sums due with respect to the Loan so that the Indenture Trustee will have the benefit of such claims. Upon failure of the Indenture Trustee to do so, the Special Servicer, acting alone, will be deemed to be irrevocably appointed the agent and attorney in fact of the Indenture Trustee to execute, verify, deliver and file any such proofs of claim, consents, assignments or other instruments, to vote any such claims in any Insolvency Proceeding, and to receive and collect any and all payments or other disbursements made thereon in whatever form the same may be paid or issued and to apply the same in the manner provided in the Servicing Agreement. Further, the Indenture Trustee agrees under the Servicing Agreement (i) that it will not make any election, give any consent, file any motion or take any other action under any Insolvency Proceeding without the prior written consent of the Special Servicer, and (ii) that it will not assert or in any way utilize any Series 2014 Bonds as the basis for any set off, offset or recoupment in respect of the Series 2014 Bonds in any action or proceeding brought by the Borrower against it.

Appraisal Reductions, Generally. It is provided in the Servicing Agreement that within sixty (60) days after the occurrence of an Appraisal Event, the Special Servicer will (i) notify the Indenture Trustee, the Issuer and the Master Servicer of such occurrence of an Appraisal Event, (ii) obtain an Appraisal of the Mortgaged Property (provided that the Special Servicer will not be required to obtain an Appraisal of the Mortgaged Property if there exists an Appraisal which is less than nine months old, unless it has actual knowledge of a material adverse change in the market or condition or value of the Mortgaged Property) and (iii) determine on the basis of such Appraisal whether there exists any Appraisal Reduction Amount. Promptly following the receipt of, and based upon, such Appraisal, the Special Servicer will determine and report to the Indenture Trustee and the Master Servicer the then applicable Appraisal Reduction Amount, if any. Annual updates of such Appraisals will be obtained by the Master Servicer or the Special Servicer, as applicable, for so long as an Appraisal Event exists, and promptly following the receipt of, and based upon, such update, the Special Servicer will redetermine and report to the Indenture Trustee and the Master Servicer, the then applicable Appraisal Reduction Amount, if any. The cost of obtaining such Appraisals is required to be paid by the Master Servicer as a Servicing Advance unless it would be a Nonrecoverable Advance, in which case such cost is required to be paid from the Master Account.

Reductions of Interest Advances. While an Appraisal Reduction Amount exists, (i) the interest portion of any Interest Advance shall be reduced as provided in the Servicing Agreement and (ii) the existence thereof will be taken into account for purposes of determining Voting Rights, and will be allocated solely for determining Voting Rights first, to the Class [___] Bonds to reduce their Principal Balance until such balance is reduced to zero, second, to the Class [___] Bonds to reduce their Principal Balance until such balance is reduced to zero, and third, to the Class [___] Bonds to reduce their Principal Balance until such balance is reduced to zero.
Reduction of Voting Rights.

Allocation of Realized Losses. Realized Losses shall be allocated on the Master Servicer Remittance Date (immediately following the distributions to the Indenture Trustee on the Master Servicer Remittance Date), first, to the Class [___] Bonds to reduce their Principal Balance until such balance is reduced to zero, second, to the Class [___] Bonds to reduce their Principal Balance until such balance is reduced to zero, and third, to the Class [___] Bonds to reduce their Principal Balance until such balance is reduced to zero. The Indenture Trustee agrees to cause any such applicable reduction to be made to the Principal Balance of each applicable Bond pursuant to the Indenture.

Application of Amounts on Deposit in the Master Account. The Available Distribution Amount is paid by the Master Servicer from withdrawals made from the Master Account. It is provided in the Servicing Agreement that the Master Servicer, the Special Servicer and the Indenture Trustee will in all cases have a right prior to any other person to any particular funds on deposit in the Master Account from time to time for the reimbursement or payment of compensation, Advances (with interest thereon at the Reimbursement Rate) and their respective expenses under the Servicing Agreement, but only if and to the extent such compensation, Advances (with interest) and expenses are to be reimbursed or paid from such particular funds on deposit in the Master Account or the Revenue Fund (but not from any Reserve Account) pursuant to the express terms of the Servicing Agreement. Moreover, the disbursement of amounts from the Master Account by the Master Servicer as provided above under "DESCRIPTION OF THE SERVICING AGREEMENT — Permitted Withdrawals from the Master Account" is not subject to any stated order of priority for such withdrawals.

Modifications, Waivers, Amendments and Consents Relative to the Obligations. The Servicing Agreement will permit (i) the Master Servicer, if the Loan is a Performing Loan and the subject modification, waiver or amendment does not constitute a Major Decision, or (ii) the Special Servicer, if the subject modification, waiver or amendment constitutes a Major Decision (whether or not the Loan is a Performing Loan) and at all times when the Loan is a Specially Serviced Loan, to modify, waive or amend any term of the Loan if such modification, waiver or amendment (a) does not constitute a significant modification of the Loan under Treasury Regulations Section 1.1001-3 or modify the amount or timing of any payment of principal or interest on the Loan, unless a Mortgage Event of Default has occurred and is continuing or is reasonably foreseeable, (b) does not cause an Adverse Tax-Exempt Bonds Event, as evidenced by an Opinion of Bond Counsel (the cost of which will be covered by, and reimbursable as, a Servicing Advance), (c) would not have the effect of permanently extinguishing principal or interest (other than Default Interest) (other than as a result of Liquidation Proceeds being insufficient to pay any of such amounts) on the Loan, and (d) is consistent with the Servicing Standard. In addition to the foregoing, in no event may the Master Servicer or the Special Servicer permit (i) an extension of the Stated Maturity Date of the Loan beyond a date that is five (5) years prior to Rated Final Date for the Loan (and no extension of the Stated Maturity Date of the Loan may be made without the consent of 75% of the Voting Rights of the Voting Eligible Bonds), or (ii) with regard to the Loan, an extension of any Debt Service Payment beyond a date that is more than five (5) years after the originally scheduled Due Date of the first Debt Service Payment that is extended, unless such extension will not cause an Adverse Tax-Exempt Bonds Event (provided that this requirement may be waived by the Indenture Trustee), as evidenced by an Opinion of Bond Counsel (the cost of which will be covered by, and reimbursable as, a Servicing Advance).

Prior to implementing any modification that involves the following actions, the Master Servicer or the Special Servicer, as applicable, will be required to obtain a No Downgrade Confirmation with respect to such modification:

(i) any substitution of collateral for the Loan, except as expressly permitted by the Loan Documents.
(ii) any determination not to enforce a “due-on-sale” or “due-on-encumbrance” clause (unless such clause is not exercisable under Applicable Law or such exercise is reasonably likely to result in successful legal action by the Borrower);

(iii) any material modifications of any material terms of the Loan Agreement;

(iv) any transfer of the Mortgaged Property or any portion thereof, or any transfer of any direct or indirect ownership interest in the Borrower, except in each case as expressly permitted by the Loan Documents;

(v) any consent to incurrence of additional debt by the Borrower or mezzanine debt by a direct or indirect parent of the Borrower except in each case as expressly permitted by the Loan Documents, including modification of the terms of any document evidencing or securing any such additional debt and of any intercreditor or subordination agreement executed in connection therewith and any waiver of or amendment or modification to the terms of any such document or agreement; and

(vi) approval of the termination or replacement of the Property Manager, to the extent approval of the applicable holders of the Loan is required by the Loan Documents.

[The Loan Documents may be corrected at the request of the Indenture Trustee or the Issuer to correct any mistake, cure any ambiguities or to make such tax changes as may be requested or required unless such modification or waiver would (i) cause an Adverse Tax-Exempt Bonds Event or (ii) have a material adverse effect on the Loan; provided, that in each case a No Downgrade Confirmation is obtained (or each Rating Agency waives its right to provide a No Downgrade Confirmation).

[Notwithstanding the foregoing, neither the Master Servicer nor the Special Servicer shall modify, waive or amend the Loan if such modification, waiver or amendment would constitute a Major Decision as to which the Issuer has objected in writing within ten (10) Business Days after receipt of a written recommendation and analysis (provided that if such written objection has not been received by the Master Servicer or the Special Servicer, as applicable, within such ten (10) Business Day period, then the Issuer will be deemed to have approved such action). Notwithstanding the rights of the Issuer set forth in the immediately preceding sentence, either the Master Servicer or the Special Servicer, as applicable, may make any modification, waiver or amendment that would constitute an [Issuer Decision] before the expiration of the aforementioned ten (10) Business Day period if the Special Servicer determines that immediate action with respect thereto is necessary to protect the interests of the Bondholders.

In the event the Special Servicer or Master Servicer, as applicable, determines that a refusal to consent by the Issuer would cause the Special Servicer or Master Servicer, as applicable, to violate the terms of the Loan, Applicable Law or the Loan Agreement, including without limitation, the Servicing Standard, the Special Servicer or Master Servicer, as applicable, shall disregard such refusal to consent and notify the Issuer, the Indenture Trustee and the Rating Agencies of its determination, including a reasonably detailed explanation of the basis therefor. The taking of, or refraining from taking, any action by the Master Servicer or Special Servicer in accordance with the direction of or approval of the Issuer that does not violate the terms of the Loan, Applicable Law or the Servicing Standard or any other provisions of the Loan Agreement, will not result in any liability on the part of the Master Servicer or the Special Servicer. A modification, waiver or amendment of the Loan will not be considered an Adverse Tax-Exempt Bonds Event, if, prior to the modification, waiver or amendment (i) there is obtained an Opinion of Bond Counsel that such action will not constitute an Adverse Tax-Exempt Bonds Event and (ii) any conditions required by such bond counsel for the delivery of such opinion are satisfied, which may include (a) execution by the Issuer and the Borrower of a new tax certificate for the Series 2014 Bonds dated the date of the modification, waiver or amendment, (b) filing with the IRS of a new Form 8038 (or such other information return as is then required by the Code) with respect to the Series 2014 Bonds, (c) computation and payment of any rebate required with respect to the Series 2014 Bonds by Section 148(f) of the Code within 60 days following such modification, waiver or amendment, and (d)
compliance with such other conditions as such bond counsel determines are reasonably necessary for the modification, waiver or amendment to not constitute an Adverse Tax-Exempt Bonds Event.

If the Borrower requests any consent, modification, waiver, amendment or other action while no Servicing Transfer Event has occurred or is in effect and such action would constitute a Major Decision, the Master Servicer will be required to forward such request to the Special Servicer and the Special Servicer will handle that request. Any such Major Decision will be subject to consultation with the Operating Advisor in all other circumstances.

In no event will the Master Servicer or the Special Servicer take any action or refrain from taking any action if the taking of such action or the refraining from taking such action would result in an Adverse Tax-Exempt Bonds Event, unless such requirement with respect to an Adverse Tax-Exempt Bonds Event is waived by the Indenture Trustee. With respect to any proposed modification of payment terms (including without limitation prepayment restrictions) of the Loan, the Master Servicer or the Special Servicer, as applicable, must obtain an Opinion of Bond Counsel concluding that no Adverse Tax-Exempt Bonds Event would result from such modification (which may be waived by the Indenture Trustee).

[Limitations on Remedies of Indenture Trustee and Owners of Series 2014 Bonds Upon the Occurrence of an Event of Default under the Indenture. If there occurs an “Event of Default” under the Indenture:

(i) by reason of the failure to pay principal or Redemption Price of, or interest on, any Series 2014 Bonds and a Liquidation shall have occurred, the Indenture Trustee will declare the principal or Redemption Price, if any, of all Series 2014 Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately (which acceleration may be rescinded by the Indenture Trustee at the direction of the Special Servicer);

(ii) by reason of either (a) the failure of the Issuer to observe or perform any covenant, condition or agreement in the Series 2014 Bonds or under the Indenture on its part to be performed (except as set forth in paragraph (i) above), or, (b) the occurrence of an “Event of Default” under the Loan Agreement, such default under clause (a) or (b) above will only constitute an “Event of Default” under the Indenture if the Special Servicer by written notice to the Indenture Trustee consents thereto, and no acceleration of the Series 2014 Bonds will result therefrom without the further prior written consent of the Special Servicer; and

(iii) the Indenture Trustee will proceed to protect the rights of the Bondholders under the Series 2014 Bonds, the Loan Agreement, the Note, the Indenture and any other Loan Document, if and to the extent directed by the Special Servicer in accordance with the Servicing Agreement.

Amendments to the Indenture. It is provided in the Indenture that if any Supplemental Indenture is believed by the Indenture Trustee, the Borrower, the Master Servicer or the Special Servicer to adversely affect its rights, immunities and duties under the Indenture, such Supplemental Indenture will not be effective without the written consent thereto of the Indenture Trustee, the Borrower, the Master Servicer or the Special Servicer, as applicable.

Waivers of Default. It is provided in the Indenture that the Indenture Trustee shall, at the direction of the Special Servicer, waive any Event of Default under the Indenture and its consequences and rescind any declaration of acceleration.]

Limited Obligations

THE SERIES 2014 BONDS ARE SPECIAL OBLIGATIONS OF THE NEW YORK CITY HOUSING DEVELOPMENT CORPORATION, A CORPORATE GOVERNMENTAL AGENCY, CONSTITUTING A PUBLIC BENEFIT CORPORATION, ORGANIZED AND EXISTING UNDER THE

DESCRIPTION OF THE LOAN AGREEMENT

The following is a summary of the principal provisions of the Loan Agreement. Except to the extent defined below, certain defined terms are used as defined in Appendix A to this Official Statement. References to the “Lender” in the case of the Loan Agreement shall be deemed to refer to the Master Servicer or Special Servicer, as their respective roles require under the Servicing Agreement. This summary does not purport to be complete, and is qualified in its entirety, by reference to the Loan Agreement, the Note and the other Loan Documents.

General

Loan

The Loan from the Issuer to the Borrower will be originated on the Closing Date pursuant to the Loan Agreement and will be evidenced by the Note. The principal balance of the Loan as of the Closing Date is $680,000,000. The Loan and the Note will be secured by the Mortgage and the other Loan Documents.

The Issuer will transfer the Loan pursuant to the Indenture to the Indenture Trustee. The Series 2014 Bonds will be issued pursuant to the Indenture.

Principal and Interest

Loan

Payments of interest on the Loan will be due on the [nineth] day of each calendar month, beginning in [_______], 20[____] (or if such day is not a Business Day, the immediately preceding Business Day) (each, a “Loan Payment Date”). Interest on the outstanding principal balance of each Component of the Loan shall accrue from the Closing Date up to but excluding the Maturity Date at the Applicable Initial Interest Rate. [Interest shall be paid in arrears.] [An initial payment of interest will be deposited in the Master Account on the Closing Date for that portion of the interest that is accrued from the Bond Issuance Date through, but not including, [_______], 2014, and required to pay the Series 2014 Bonds on [_______], 2014, the first interest payment of the Series 2014 Bonds.]

For purposes of accruing interest and applying principal payments on the Loan, it will be deemed to consist of [7] components (each, a “Component”) having the respective original principal balances set forth in the table below. Interest will accrue on the outstanding principal balance of the Loan at a per annum rate equal to the weighted average of the Component Interest Rates set forth in the table below during the related Interest Period (such weighted average rate for the related Interest Period, the “Note Rate”).

<table>
<thead>
<tr>
<th>Loan Components</th>
<th>Component Principal Balance</th>
<th>Maturity</th>
<th>Component Interest Rate</th>
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<td>Component A</td>
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<td>Component B</td>
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* Preliminary, subject to change.
The initial weighted average interest rate on the Loan is [_______]% per annum. Interest on the outstanding principal balance of each Component of the Loan will be calculated assuming each month has 30 days and a 360-day year, except that interest due and payable for a period of less than a full month will be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on a 360-day year. (The Interest Period with respect to the Loan and any Loan Payment Date will commence on the [ninth] day of the immediately preceding calendar month and end on (and include) the [eighth] day of the calendar month in which such Loan Payment Date occurs. The initial payment of interest due in [_______], 20[____], in the amount of $[_______], will be put in escrow at origination, in an amount calculated as equal to accrued interest from the Bond Issuance Dates through but not including [_______], 20[____]. On each Loan Payment Date, beginning in [_______], 20[____], interest will be payable in an amount equal to the interest accrued on the Loan at the applicable Initial Interest Rate (with respect to the Loan, the “Monthly Payment Amount”). Upon the occurrence and during the continuance of a Bond Payment Default under the Indenture, the applicable interest rates on the Note Principal Balance (and in respect of the Series 2014 Bonds) will increase by four percent (4%) per annum (the “Default Rate”).

Payment Through and Including the Maturity Date. (On the Closing Date, Borrower is required to pay to the Lender the interest for the Interim Interest Accrual Period) and on each Loan Payment Date through and including the Maturity Date, the Borrower is required to pay to the Lender the (i) Monthly Payment Amount and (ii) with respect to the Tax Exempt Components, the Monthly Administrative Fee (which includes the Master Servicing Fee, Trustee Fee and certain other administrative fees). On the Maturity Date the Borrower is required to pay the outstanding principal balance of each Component of the Loan, all accrued and unpaid interest, including, without limitation, any Accrued Interest and all other amounts due under the Loan Agreement, the Note, the Mortgage and the other Loan Documents.

Payment After Anticipated Repayment Date. From and after the Anticipated Repayment Date, to the fullest extent permitted under applicable law, interest in excess of the Initial Interest Rate shall accrue and be added to the Debt and shall earn interest at the Revised Interest Rate (“Accrued Interest”). Accrued Interest shall be deferred and accrue on the unpaid principal balance of each Component at the applicable Revised Interest Rate. On each Loan Payment Date occurring after the Anticipated Repayment Date, Excess Cash shall be applied first in reduction of the outstanding principal balance of each Component of the Loan until the entire outstanding principal balance of the Loan is paid in full, and thereafter to the payment of all deferred Accrued Interest. Any amounts applied to the Debt from and after the Anticipated Repayment Date shall be applied (a) first, to the reduction of the outstanding principal balance of Component A until reduced to zero, (b) second, to the reduction of the outstanding principal balance of Component B until reduced to zero, (c) third, to the reduction of the outstanding principal balance of Component C until reduced to zero, (d) fourth, to the reduction of the outstanding principal balance of Component D until reduced to zero, (e) fifth, to the reduction of the outstanding principal balance of Component E until reduced to zero, (f) sixth, to the reduction of the outstanding principal balance of Component F until reduced to zero, (g) seventh, to the reduction of the outstanding principal balance of Component G until reduced to zero and (h) eighth, then to Accrued Interest.

Payment on Maturity. Borrower shall pay to Lender on the Maturity Date the outstanding principal balance of each Component of the Loan, all accrued and unpaid interest, including, without limitation, any
Accrued Interest and all other amounts due under the Loan Agreement and under the Note, the Mortgage and the other Loan Documents.

**Application of Payments.** Prior to the occurrence of an Event of Default, (i) each Monthly Payment Amount made as scheduled pursuant to the Loan Agreement and the Note shall be applied to each Component of the Loan (in the order set forth under "—Payments After Anticipated Repayment Date" above) to the payment of interest (exclusive of Accrued Interest) computed at the Initial Interest Rate and (ii) each monthly installment of Excess Cash made as required under the Loan Agreement shall be applied first (in the order set forth under "—Payments After Anticipated Repayment Date" above) to the reduction of the principal amount of each Component of the Loan until paid in full and the balance to Accrued Interest with respect to each Component of the Loan until paid in full. Following the occurrence of an Event of Default, any payment made on the Debt shall be applied to accrued but unpaid interest, late charges, accrued fees, the unpaid principal amount of the Debt, and any other sums due and unpaid to Lender in connection with the Loan, in such manner and order as Lender may elect in its sole and absolute discretion.

If the Borrower fails to pay any principal or interest payment on or before the applicable Loan Payment Date, a late fee equal to the lesser of (i) 4% of the unpaid amount, or (ii) the maximum amount permitted by Applicable Law will be payable by the Borrower.

The Borrower must also promptly pay to the Series 2014 Bonds Lender the amount of any Rebate Requirement, as defined in the Tax Certificate, that the Issuer is obligated to pay to the United States Department of the Treasury.

All payments made by the Borrower under the Note or the Loan Agreement will be required to be made irrespective of, and without any deduction for, any setoff (other than as described in the Indenture), defense or counterclaims; provided, that that Borrower's payment obligations shall be deemed satisfied to the extent amounts held in the Deposit Account are available for the payment thereof.

**Prepayment**

The Borrower is not permitted to voluntarily prepay the Loan [without the consent of the Lender] and until after the expiration of the period beginning on the Closing Date and ending on (and including) [___________], 20[ ] (the "Lockout Period"). After the Lockout Period, and upon giving the Series 2014 Bonds Lender at least 20 (but not more than 90) days prior written notice, the Borrower may voluntarily prepay the Loan in whole until the Anticipated Repayment Date and in whole or in part thereafter in accordance with the Loan Agreement and the Indenture without payment of any penalty; provided, that such restriction on prepayments shall not apply to reductions in the outstanding principal balance of the Loan permitted under and made after the Anticipated Repayment Date in accordance with the terms of the Loan Agreement. In connection with any voluntary prepayment of the Loan after the Lockout Period, the Borrower shall pay, in addition to any portion of the principal balance of the Loan being prepaid, all accrued and unpaid interest on the portion of the Loan being prepaid and, if the prepayment is made on a date other than a Due Date, any additional amounts required to pay interest on the related Series 2014 Bonds through and including the redemption or prepayment date.

[In connection with any involuntary prepayment of the Loan prior to the expiration of the Lockout Period, the Borrower will be required to pay, in addition to any portion of the principal balance of the Loan being prepaid, all accrued and unpaid interest on the portion of the Loan being prepaid and, if the prepayment is made on a date other than a Loan Payment Date, a sum equal to the amount of interest which would have accrued under the Note on the amount of such prepayment if such prepayment had occurred on the next Loan Payment Date.]

[No voluntary or involuntary Prepayment of the Loan shall be made unless the principal component of the prepayment is sufficient to redeem or defease, pursuant to the Indenture, a like principal amount of Series]
2014 Bonds selected by the Borrower and the interest component of the prepayment is sufficient to pay interest on such Series 2014 Bonds until their redemption or payment date.]

In the event of a principal prepayment allocated to the Loan, and so long as no Event of Default under the Loan Agreement has occurred and is continuing, such principal prepayments, will be applied toward (a) first, to the reduction of the outstanding principal balance of Component A until reduced to zero, (b) second, to the reduction of the outstanding principal balance of Component B until reduced to zero, (c) third, to the reduction of the outstanding principal balance of Component C until reduced to zero, (d) fourth, to the reduction of the outstanding principal balance of Component D until reduced to zero, (e) fifth, to the reduction of the outstanding principal balance of Component E until reduced to zero, (f) sixth, to the reduction of the outstanding principal balance of Component F until reduced to zero and (g) seventh, to the reduction of the outstanding principal balance of Component G until reduced to zero. Following the occurrence and during the continuance of an Event of Default, any payment made on the Loan shall be applied, sequentially to each Component in accordance with the Indenture.

Notwithstanding any provisions of Loan Agreement to the contrary, at any time prior to the end of the Lockout Period, the Borrower may prepay the Loan (inclusive of all Components) in whole, but not in part, upon the satisfaction of the following conditions:

(i) no Event of Default shall have occurred and be continuing;

(ii) not less than twenty (20) (but not more than ninety (90)) days prior written notice shall be given to the Lender specifying a date on which the Borrower anticipates prepaying the Loan (the “Prepayment Date”); provided, however, that Borrower shall have the right to cancel or extend (by no more than thirty (30) days) such notice by providing Lender with notice of cancellation or extension not less than ten (10) days prior to the scheduled Release Date, provided that Borrower shall pay all of Lender’s costs and expenses incurred as a result of such cancellation or extension;

(iii) all sums due under the Loan Agreement, the Note and under the other Loan Documents up to the Prepayment Date, including, without limitation, [the HDC Assignment Fee (if applicable in connection with an assignment of the Loan to a new lender)], all fees owed under the HDC Commitment and any additional reasonable out-of-pocket fees, costs and expenses incurred by Lender and its agents in connection with such prepayment shall be paid in full on or prior to the Prepayment Date;
(iv) the Prepayment Date shall be a Loan Payment Date or any other Business Day provided Borrower pays to Lender, together with the prepayment and any other amounts due hereunder, interest through the end of the Interest Accrual Period in which such prepayment occurs;

(v) Borrower has paid to Lender all accrued and unpaid interest on the Loan through and including the Prepayment Date together with all other sums due under the Note, this Agreement and the other Loan Documents;

(vi) Borrower has paid to Lender an amount which, when added to the outstanding principal balance of the Loan, will be sufficient to purchase Defeasance Collateral;

(vii) [Borrower shall deliver to Lender on or prior to the Prepayment Date a certificate in form and scope which would be satisfactory to a prudent lender from an independent certified public accountant acceptable to Lender certifying that the Defeasance Collateral will generate amounts sufficient to make all payments of principal and interest due under this Agreement and the Note (including the scheduled outstanding principal balance of the Loan due on the Anticipated Repayment Date) through the end of the Lockout Period;

(viii) Lender shall have obtained a Rating Agency Confirmation; and

(ix) Borrower shall deliver to Lender on or prior to the Prepayment Date one or more opinions of counsel for Borrower in form and substance and delivered by counsel which would be satisfactory to a prudent lender stating, among other things, that Lender has a perfected first priority security interest in the Defeasance Collateral.]

The Borrower shall prepay the Loan in an amount equal to all Net Proceeds, which pursuant to the provisions of Loan Agreement are not required to be made available for Restoration, that the Lender elects to retain and apply toward the reduction of the principal amount of the Debt. Any such prepayment shall be held by the Lender and applied on the next Loan Payment Date to each Component of the Loan in the order set forth “—Payments After Anticipated Repayment Date” above.

Payments after Default Under the Series 2014 Bonds

If, after the occurrence and during the continuance of an Event of Default, the Lender shall accelerate the Debt and the Borrower thereafter tenders payment of all or any part of the Debt, or if all or any portion of the Debt is recovered by the Lender after such Event of Default, such payment shall be deemed an attempt to circumvent the prohibition against prepayment set forth in the Loan Agreement and the Borrower shall pay to the Lender, in addition to the Debt, (i) the amount of interest which would have accrued thereon through the end of the month in which payment is tendered if such payment is not made on a Loan Payment Date, and (ii) an amount equal to the greater of (A) [one percent (1%)] of the portion of the principal balance of the Debt, and (B) the amount which, when added to the principal balance of the Debt, will be sufficient to purchase Defeasance Collateral (as adjusted based on the portion of the Loan being prepaid).

Existence; Compliance with Applicable Laws

The Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises and comply with all Applicable Laws applicable to it and the Mortgaged Property, including, without limitation, building and zoning codes and certificates of occupancy. The Borrower agrees not to commit, permit or suffer to exist any act or omission in violation of Applicable Laws the effect of which will afford any Governmental Authority the right of forfeiture as against the Mortgaged Property or any part thereof or any monies paid in performance of Borrower’s obligations under any of the [Loan Documents].
However, after prior written notice to the Lender, the Borrower, at its own expense, may suspend such compliance and contest by appropriate legal proceeding, conducted in good faith and with due diligence, the validity or applicability of the Applicable Laws to the Borrower and/or the Mortgaged Property, provided that (i) no Event of Default has occurred and remains uncured; (ii) neither the Mortgaged Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; (iii) such contest will not result in a breach of the Office Tower Ground Lease; (iv) the Borrower shall promptly upon final determination thereof comply with any such Applicable Law determined to be valid or applicable or cure any violation of any Applicable Law; (v) such proceeding shall suspend the enforcement of the contested Applicable Law against the Borrower or the Mortgaged Property; and (vi) the Borrower shall furnish such security as may be required in the proceeding, or as may be reasonably requested by the Lender, to insure compliance with such Applicable Law, together with all interest and penalties payable in connection therewith. The Lender may apply any such security as necessary to cause compliance with such Applicable Law at any time when, in the reasonable judgment of the Lender, the validity, applicability or violation of such Applicable Law is finally established or the Mortgaged Property (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost.

Taxes and Other Charges

The Borrower shall pay all Property Taxes and Other Charges levied or assessed or imposed against the Mortgaged Property or any part thereof as the same become due and payable. The Borrower shall deliver to the Lender promptly following written request receipts for payment of the Property Taxes and Other Charges at least 5 days prior to the date on which the Property Taxes and/or Other Charges would otherwise be delinquent if not paid; provided, however, the Borrower shall not be required to furnish such receipts for payment of Property Taxes in the event that such Property Taxes have been paid by the Lender pursuant to the Indenture.

After prior written notice to the Lender, the Borrower, at the Borrower’s own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Property Taxes or Other Charges, provided that (i) no Event of Default is continuing; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (iii) neither the Mortgaged Property nor any part thereof or direct or indirect interest therein will be in danger of being sold, forfeited, terminated, canceled or lost; (iv) Borrower shall promptly upon final determination thereof pay the amount of any such Property Taxes or Other Charges, together with all costs, interest and penalties which may be payable in connection therewith; (v) such proceeding shall suspend the collection of such contested Property Taxes or Other Charges from the Mortgaged Property; (vi) Borrower shall furnish such security as may be required in the proceeding, or if no such security has been furnished in the proceeding, Borrower shall furnish such reserve deposits as may be reasonably requested by Lender, to ensure the payment of any such Property Taxes or Other Charges, together with all interest and penalties thereon (unless Borrower has paid all of the Property Taxes or Other Charges under protest); (vii) failure to pay such Property Taxes or Other Charges will not subject Borrower or Lender to any civil or criminal liability; (viii) such contest is not reasonably expected to have and does not have a Material Adverse Effect; and (ix) Borrower shall, upon written request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in clauses (i) through (viii) above. Lender may pay over any such cash deposit or part thereof held by Lender to the claimant entitled thereto at any time when, in the reasonable judgment of Lender, the entitlement of such claimant is established or the Mortgaged Property (or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, canceled or lost or there shall be any danger of the Lien of the Mortgage being primed by any related Lien.
Financial Reporting

(a) Borrower shall keep adequate books and records of account in accordance with GAAP (or such other method of accounting reasonably acceptable to Lender), consistently applied and shall furnish to Lender:

(i) quarterly rent rolls, prepared and certified by Borrower in the form previously provided to Lender, detailing the names of all Tenants, the portion of Improvements occupied by each Tenant, the rent and any other charges payable under each Lease, and the term of each Lease, including the commencement and expiration dates, and any other information as is reasonably required by Lender, within forty-five (45) days after the end of each calendar quarter;

(ii) quarterly, including year to date, and annual operating statements of the Mortgaged Property, prepared and certified by Borrower in the form required by Lender, detailing the revenues received, the expenses incurred, the net operating income before and after debt service (principal and interest) and capital expenditures and containing such other information as is necessary and sufficient to fairly represent the financial position and results of operation of the Mortgaged Property, as well as a comparison of budgeted revenues and expenses to actual revenues and expenses (together with a detailed explanation of any variance of five percent (5%) or more), within forty-five (45) days after the end of each calendar month and quarter;

(iii) (A) unaudited annual balance sheet, profit and loss statement, statement of cash flows, and statement of change in financial position of Borrower and Sponsor, prepared and certified by Borrower within ninety (90) days after the close of each fiscal year of Borrower and (B) annual audited financial statements prepared by an Acceptable Accountant within one hundred twenty (120) days after the close of each fiscal year of Borrower;

(iv) an Annual Budget not later than thirty (30) days prior to the commencement of each fiscal year of Borrower, which shall be subject to the approval of Lender, along with any amendments or modifications thereto. In the event that Lender objects to a proposed Annual Budget submitted by Borrower, Lender shall advise Borrower of such objections within fifteen (15) days after receipt thereof (and deliver to Borrower a reasonably detailed description of such objections) and Borrower shall promptly revise such Annual Budget and resubmit the same to Lender. Lender shall advise Borrower of any objections to such revised Annual Budget within ten (10) days after receipt thereof (and deliver to Borrower a reasonably detailed description of such objections) and Borrower shall promptly revise the same in accordance with the process described in this subsection until Lender approves the Annual Budget. Until such time that Lender approves a proposed Annual Budget, which approval shall not be unreasonably withheld, conditioned or delayed, the most recent Annual Budget shall apply; provided that, such approved Annual Budget shall be adjusted to reflect (A) actual increases in Property Taxes, Insurance Premiums, utilities expenses and expenses under the Management Agreement and (B) up to five percent (5%) increases in any budgeted line items provided such increases do not exceed a five percent (5%) increase in the Annual Budget in the aggregate; and

(v) a quarterly calculation of the Debt Service Coverage Ratio for the immediately preceding two (2) calendar quarters as of the last day of such period, prepared and certified by Borrower in the form previously provided to Lender, within thirty (30) days of the end of the quarter; and

(vi) if the Issuer is not the Lender, all HDC Reporting Requirements delivered to Lender simultaneously with the delivery thereof to the Issuer.

(b) Upon written request from Lender, Borrower shall promptly furnish to Lender:

(i) a property management report for the Mortgaged Property, showing the number of inquiries made and/or rental applications received from Tenants or prospective tenants and deposits received from Tenants and any other information requested by Lender, but no more frequently than quarterly; and
(ii) an accounting of all security deposits held in connection with any Lease of any part of the Mortgaged Property, including the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name of the Person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

(c) Borrower shall furnish Lender such other additional financial or management information as may, from time to time, be reasonably required by Lender in form and substance reasonably satisfactory to Lender (including, without limitation, any financial reports required to be delivered by any Tenant or any guarantor of any Lease pursuant to the terms of such Lease or otherwise in Borrower’s possession), and shall furnish to Lender and its agents convenient facilities for the examination and audit of any such books and records.

(d) All items requiring the certification of Borrower shall, except where Borrower is an individual, require a certificate executed by an authorized officer of Borrower or the general partner or managing member of Borrower, as applicable, and shall contain a statement by Borrower as to whether there exists, to Borrower’s knowledge, an Event of Default under the Loan Documents, and if an Event of Default exists, the nature thereof, the period of time it has existed and the action then being taken to remedy the same.

(e) If requested by the Lender, the Borrower shall provide the Lender, promptly upon request, with any financial statements, financial, statistical or operating information or other information as the Lender shall determine necessary or appropriate (including items required (or items that would be required if the Securitization were offered publicly) pursuant to Regulation AB under the Securities Act, or the Exchange Act, or any amendment, modification or replacement thereto) or required by any other legal requirements, in each case, in connection with any private placement memorandum, prospectus or other disclosure documents or materials or any filing pursuant to the Exchange Act in connection with the Securitization or as shall otherwise be reasonably requested by the Lender.

Title to the Mortgaged Property

The Borrower will warrant and defend (a) the title to the Mortgaged Property and every part thereof, subject only to Liens permitted under the Loan Agreement (including Permitted Encumbrances) and (b) the validity and priority of the Lien of the Mortgage on the Mortgaged Property, subject to the Liens permitted under the Loan Agreement (including Permitted Encumbrances), in each case against the claims of all Persons whosoever. The Borrower shall reimburse the Lender for any losses, costs, damages or expenses (including reasonable attorneys’ fees and expenses) incurred by the Lender if an interest in the Mortgaged Property, other than as permitted under the Loan Agreement, is claimed by another Person (except to the extent the same is insured against under the Title Insurance Policy).

Costs of Enforcement

In the event (a) that the Mortgage is foreclosed in whole or in part, (b) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of the Borrower or any of its constituent Persons or an assignment by the Borrower or any of its constituent Persons for the benefit of its creditor or (c) Lender exercises any of its other remedies under the Loan Agreement or the other Loan Documents, the Borrower, its successors or assigns, shall be chargeable with and must pay all costs of collection and defense, including reasonable attorneys’ fees and expenses, incurred by the Lender or the Borrower in connection therewith and in connection with any appellate proceeding or post judgment action involved therein, together with all required service or use taxes.
Leasing Matters

(a) All Leases shall be written on the standard form of lease previously approved by Lender with customary market provisions agreed to in the ordinary course in similar retail residential buildings and, with respect to residential Leases shall comply with the Rent Stabilization Regulations and 421-a Regulations for residential units similar to the units at the Mortgaged Property in the Borough of Manhattan. Upon request, Borrower shall furnish Lender with executed copies of all Leases. Other than customary market provisions agreed to in the ordinary course in similar residential buildings and any provisions required pursuant to any Rent Stabilization Regulations or 421-a Regulations, no material changes may be made to the Lender approved standard form of lease without the prior written consent of Lender, such consent not to be unreasonably withheld, conditioned or delayed.

(b) Borrower (i) shall use commercially reasonable efforts to observe and perform all the obligations imposed upon the landlord under the Leases and shall use commercially reasonable efforts to not do or permit to be done anything to impair the value of the Leases as security for the Debt; (ii) shall use commercially reasonable efforts to enforce all of the terms, covenants and conditions contained in the Leases upon the part of the Tenant thereunder to be observed or performed, short of termination thereof; provided, however, with respect to multifamily residential property, a residential Lease may be terminated in the event of a default by the Tenant thereunder; and (iii) shall not execute any other assignment of the landlord’s interest in the Leases or the Rents.

Property Management

(a) Borrower shall (i) diligently perform and observe all of the material terms, covenants and conditions required to be performed and observed by it under the Management Agreement and do all things necessary to preserve and to keep unimpaired its material rights thereunder; (ii) promptly notify Lender of any default beyond applicable notice and cure periods under the Management Agreement of which it is aware; (iii) promptly deliver to Lender a copy of any notice of default or other material notice received by Borrower under the Management Agreement; (iv) promptly give notice to Lender of any notice or information that Borrower receives which indicates that Manager is terminating the Management Agreement or that Manager is otherwise discontinuing its management of the Mortgaged Property; and (v) promptly enforce the performance and observance of all of the covenants required to be performed and observed by Manager under the Management Agreement.

(b) If at any time, (i) Manager shall become insolvent or a debtor in a bankruptcy proceeding; (ii) a monetary Event of Default or material non-monetary Event of Default has occurred and is continuing; (iii) a monetary or material non-monetary default has occurred and is continuing under the Management Agreement, or (iv) Manager has engaged in gross negligence, fraud, willful misconduct or misappropriation of funds, Borrower shall, at the request of Lender, terminate the Management Agreement upon thirty (30) days prior notice to Manager and replace Manager with a Qualified Manager on terms and conditions satisfactory to Lender, it being understood and agreed that the management fee for such replacement manager shall not exceed then prevailing market rates.

(c) In addition to the foregoing, in the event that Lender, in Lender’s reasonable discretion, at any time prior to the termination of the Assignment of Management Agreement, determines that the Mortgaged Property is not being managed in accordance with generally accepted management practices for projects similarly situated, Lender may deliver written notice thereof to Borrower and Manager, which notice shall specify with particularity the grounds for Lender’s determination. If Lender reasonably determines that the conditions specified in Lender’s notice are not remedied to Lender’s reasonable satisfaction by Borrower or Manager within thirty (30) days from the date of such notice or that Borrower or Manager have failed to diligently undertake correcting such conditions within such thirty (30) day period, Lender may direct Borrower to terminate the Management Agreement and to replace Manager with a Qualified Manager on terms and
conditions satisfactory to Lender, it being understood and agreed that the management fee for such replacement manager shall not exceed then prevailing market rates.

(d) Borrower shall not, without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed) and in accordance with the terms and conditions of the Regulatory Agreement: (i) surrender, terminate or cancel, or consent to the surrender, termination or cancellation of, the Management Agreement or replace Manager or enter into any other management agreement with respect to the Mortgaged Property; (ii) consent to the assignment by Manager of its interest under the Management Agreement except to a Qualified Manager; (iii) reduce or consent to the reduction of the term of the Management Agreement; (iv) increase or consent to the increase of the amount of any charges under the Management Agreement; or (v) otherwise modify, change, supplement, alter or amend, or waive or release any of the terms and conditions under, the Management Agreement in any material respect. In the event that Borrower replaces Manager at any time during the term of Loan pursuant to the Loan Agreement, such Manager shall be deemed to be a Qualified Manager.

Liens

Except as expressly permitted pursuant to the Loan Agreement, the Borrower shall not, without the prior written consent of the Lender, create, incur, assume or suffer to exist any Lien (other than Permitted Encumbrances) on any portion of the Mortgaged Property. Notwithstanding the above, after prior written notice to the Lender, the Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Lien imposed on the Mortgaged Property, provided that (i) no Event of Default is continuing; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (iii) neither the Mortgaged Property nor any part thereof or direct or indirect interest therein will be in danger of being sold, forfeited, terminated, canceled or lost; (iv) Borrower shall promptly upon final determination thereof pay the amount of any such Lien, together with all costs, interest and penalties which may be payable in connection therewith; (v) such proceeding shall suspend the collection of such contested Lien against the Mortgaged Property; (vi) to insure the payment of such Lien, the Borrower shall furnish such security as may be required in the proceeding, or if no such security has been furnished in the proceeding, Borrower shall furnish such reserve deposits as may be reasonably requested by Lender, to ensure the payment of any such Lien, together with all interest and penalties thereon (unless Borrower has paid the amount of the Lien under protest); (vii) failure to pay such Lien will not subject Borrower or Lender to any civil or criminal liability; (viii) such contest is not reasonably expected to have and does not have a Material Adverse Effect; and (ix) Borrower shall, upon written request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in clauses (i) through (viii) above. Lender may pay over any such cash deposit or part thereof held by Lender to the claimant entitled thereto at any time when, in the reasonable judgment of Lender, the entitlement of such claimant is established or the Mortgaged Property (or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, canceled or lost or there shall be any danger of the Lien of the Mortgage being primed by any related Lien.

Alterations

The Lender's prior written approval shall be required in connection with any alterations to any Improvements, exclusive of alterations to tenant spaces required under any Lease existing on the date of Closing of or entered into in accordance with the terms of the Loan Agreement and alterations undertaken as part of a Restoration in accordance with the terms of the Loan Agreement, (a) that are reasonably expected to have or does have a Material Adverse Effect on the Mortgaged Property, (b) that are structural in nature or have an adverse effect on any utility or HVAC system contained in the Improvements or the exterior of any building constituting a part of any Improvements or (c) that, together with any other alterations undertaken at the same time (including any related alterations, improvements or replacements), are reasonably anticipated to
have a cost in excess of the Alteration Threshold. If the total unpaid amounts incurred and to be incurred with respect to such alterations to the Improvements shall at any time exceed the Alteration Threshold, Borrower shall promptly deliver to Lender as security for the payment of such amounts and as additional security for Borrower’s obligations under the Loan Documents any of the following: (i) cash, (ii) direct non-callable obligations of the United States of America or other obligations which are “government securities” within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, to the extent acceptable to the applicable Rating Agencies, or (iii) a letter of credit acceptable to Lender in its sole and absolute discretion. Such security shall be in an amount equal to the excess of the total unpaid amounts incurred and to be incurred with respect to such alterations to the Improvements over the Alteration Threshold.

Regulatory Agreement

Borrower shall fulfill, perform and comply with each and every term, covenant and provision of the Regulatory Agreement to be fulfilled, performed or complied with by Borrower thereunder, taking into account any notice and cure periods thereunder. Borrower covenants and agrees that it will not, without the prior written consent of Lender, amend, modify or supplement, or consent to the amendment, modification or supplementation of the Regulatory Agreement. Borrower shall promptly deliver to Lender any notice received or delivered pursuant to or in accordance with the Regulatory Agreement.

Tax Covenants

The Borrower covenants under the Loan Agreement, (i) to comply with each requirement of the Internal Revenue Code necessary to maintain the exclusion of interest on the Series 2014 Tax-Exempt Bonds from gross income for federal income tax purposes, (ii) to comply with the provisions of the Tax Certificate as a source of guidance for complying with the Internal Revenue Code, and (iii) not to take any action or fail to take any action with respect to the Series 2014 Tax-Exempt Bonds which would cause such Bonds to be “arbitrage bonds”, within the meaning of Section 148 of the Internal Revenue Code and the regulations promulgated thereunder, as amended from time to time. In furtherance of the covenant contained in the preceding sentence, Borrower agrees to pay any amount, for rebate to the United States under Section 148 of the Internal Revenue Code in connection with the Series 2014 Tax-Exempt Bonds if such amount is not otherwise available [in the funds and accounts established under the Indenture], as well as any costs incurred by [the Issuer] in calculating such amount or complying with Section 148 of the Internal Revenue Code.

Rent Stabilization Regulation and 421-a Regulations

Borrower covenants to comply with each applicable requirement of the Rent Stabilization Regulations and 421-a Regulations.

Special Purpose Entity Covenants

(a) [Until the Debt has been paid in full, the Borrower represents, covenants and warrants that it is and shall be and shall continue to be a Special Purpose Entity.

(b) The above representation, warranty and covenant shall survive for so long as any amount remains payable to the Lender under the Loan Agreement, or any other Loan Document.

(c) Any and all of the stated facts and assumptions made in any Insolvency Opinion, including, but not limited to, any exhibits attached thereto, will have been and shall be true and correct in all respects, and the Borrower will have complied and will comply with all of the stated facts and assumptions made with respect to it in any Insolvency Opinion. Each entity other than the Borrower with respect to which an assumption is made or a fact stated in any Insolvency Opinion will have complied and will comply with all of the assumptions made and facts stated with respect to it in any such Insolvency Opinion. The Borrower covenants that in connection with any Additional Insolvency Opinion delivered in connection with the Loan
Agreement it shall provide an updated certification regarding compliance with the facts and assumptions made therein.]

Independent Directors

(a) The organizational documents of the Borrower shall provide that at all times there shall be, and the Borrower shall cause there to be, at least two (2) duly appointed non-members who are each an Independent Director.

(b) The organizational documents of the Borrower shall provide that the members or managers of the Borrower shall not and the Borrower will not, without the unanimous written consent of its members and Independent Directors, (i) file any insolvency, or reorganization case or proceeding, institute proceedings to have itself or be adjudicated bankrupt or insolvent, institute proceedings under any applicable insolvency law, seek any relief under any law relating to relief from debts or the protection of debtors, (ii) consent to the filing or institution of bankruptcy or insolvency proceedings against itself, (iii) file a petition seeking, or consent to, reorganization or relief with respect to itself under any applicable federal or state law relating to bankruptcy or insolvency, (iv) seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian, or any similar official of or for itself or a substantial part of its property, (v) make any assignment for the benefit of creditors of itself, (vi) admit in writing the Borrower's inability to pay its debts generally as they become due, or (vii) take action in furtherance of any of the foregoing.

(c) No Independent Director may be removed or replaced other than as a result of an Independent Director Event and unless the Lender receives five (5) Business Days’ prior written notice of (i) any proposed removal of an Independent Director together with a statement as to the reasons for such removal and (ii) the identity of the proposed replacement Independent Director, together with a certification from the Borrower that such replacement satisfies the requirements set forth in the organizational documents of the Borrower for an Independent Director.

Prohibited Transfers

(a) The Borrower shall not, without the prior written consent of Lender and the Issuer (if the Issuer is not the Lender), cause or permit a Transfer of the Mortgaged Property or any part thereof or any legal or beneficial interest therein nor permit a Transfer of an interest in any Restricted Party, nor otherwise permit a dissolution of a Restricted Party, other than (1) pursuant to Leases of space in the Improvements to Tenants in accordance with the provisions of the Loan Agreement and the Regulatory Agreement or (2) as expressly permitted under the Regulatory Agreement (3) Permitted Transfers and (4) Transfers not otherwise expressly prohibited by the Loan Agreement (in each case, a “Prohibited Transfer”).

(b) A Prohibited Transfer shall include, but not be limited to, (i) an installment sales agreement wherein Borrower agrees to sell the Mortgaged Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Mortgaged Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower’s right, title and interest in and to any Leases or any Rents; (iii) if a Restricted Party is a corporation, any merger, consolidation or Transfer of such corporation’s stock or the creation or issuance of new stock in one or a series of transactions; (iv) if a Restricted Party is a limited, general or limited liability partnership or joint venture, any merger or consolidation or the change, removal, resignation or addition of a general partner or the Transfer of the partnership interest of any general or limited partner or any profits or proceeds relating to such partnership interests or the creation or issuance of new partnership interests; (v) if a Restricted Party is a limited liability company, any merger or consolidation or the change, removal, resignation or addition of a managing member or non-member manager (or if no managing member, any member) or the Transfer of the membership interest of any member or any profits or proceeds relating to such membership interest or the creation or issuance of new membership interests; (vi) if a Restricted Party is a trust or nominee trust, any merger, consolidation or the Transfer of the legal or beneficial interest in such
Restricted Party or the creation or issuance of new legal or beneficial interests; (vii) the removal or the resignation of Manager (including, without limitation, an Affiliated Manager) other than in accordance with the Loan Agreement or (viii) any Transfer prohibited by the Regulatory Agreement.

Permitted Transfers

Notwithstanding anything contained in the Loan Documents to the contrary, the following Transfers of legal or beneficial equity interests shall not be deemed to be a Prohibited Transfer and shall not require the consent of Lender or compliance with the provisions of the Loan Agreement (each, a “Permitted Transfer”); provided, that in each case, the Issuer has consented to such transaction if such consent is required pursuant to the Regulatory Agreement:

(a) a Transfer (but not the pledge of direct interests in Mortgage Borrower) by devise or descent or by operation of law upon the death or as a result of the legal incapacity of a natural person of such Person’s interest in a Restricted Party to the person or persons lawfully entitled thereto, provided Borrower delivers written notice to Lender as soon as practicable thereafter and that such Restricted Party is promptly reconstituted, if applicable, following the death or incapacity of such person;

(b) Transfers (but not the pledge of direct interests in Mortgage Borrower) made in good faith for estate planning purposes of an individual’s interests in any Restricted Party to the spouse or any lineal descendant of such individual, or to a trust for the benefit of any one or more of such individual, spouse or lineal descendant, provided such Restricted Party is reconstituted, if required, following such Transfer;

(c) the Transfer (but not the pledge of direct interests in Mortgage Borrower) of the stock, partnership or membership interests (as the case may be) in a Restricted Party; provided, that no pledge of any direct interests Borrower and any other direct or indirect equity holder in Borrower up to, but not including, the first direct or indirect equity holder that has substantial assets other than the Mortgaged Property (a “Restricted Pledge Party”), except that a pledge of the direct ownership interests in the most upper-tier Restricted Pledge Party will be permitted if such pledge directly or indirectly secures indebtedness that is also directly or indirectly secured by substantial assets other than the Mortgaged Property;

(d) Transfers of interests among any entity owned and Controlled by TIAA-CREF, National Real Estate Advisors or Forest City;

(e) Transfers between any entity comprising a Sponsor as of the Closing Date;

(f) any Transfer of interests in Forest City or any other Restricted Party (other than a direct interest in Borrower) to the extent the same are publicly traded on any nationally recognized stock exchange;

(g) any merger of Forest City or any other Restricted Party with or into another entity;

(h) a REIT Transaction;

(i) Transfers of not more than 49% of interest in the Borrower; provided, that either TIAA-CREF, National Real Estate Advisors or Forest City shall still control Borrower upon the consummation of such Transfer; or

(j) In the event that Lender and the Issuer consent to any Transfer in accordance with the Loan Agreement, (i) after giving effect to such transfer, one or more Sponsors shall own not less than fifty-one percent (51%) of the direct or indirect equity interests in, and Control, Borrower, (ii) following such Transfer, Borrower shall continue to satisfy the special purpose entity requirements set forth in the Loan Agreement, (iii) as a condition to each such Transfer, (A) except with respect to any Transfer made in connection with the death or incapacity of any Restricted Party, Lender shall receive not less than thirty (30) days prior written
notice of such proposed Transfer, (B) Borrower shall continue to comply with certain representations, warranties and covenants contained in the Loan Agreement (and upon request of Lender, deliver to Lender a statement signed by an authorized officer of Borrower which certifies to such compliance, (C) to the extent any transferee will own twenty percent (20%) or more of the direct or indirect ownership interests in Borrower immediately following such transfer (provided such transferee owned less than twenty percent (20%) of the direct or indirect ownership interests in Borrower as of the Closing Date), Lender may request and Borrower shall deliver, at Borrower’s sole cost and expense, customary searches (including without limitation credit, judgment, lien, litigation, bankruptcy, criminal and watch list) the results of which shall be reasonably acceptable to Lender with respect to such transferee, (D) if such Transfer shall cause any transferee, together with its Affiliates, to acquire direct or indirect equity interests in Borrower or aggregating to more than forty-nine percent (49%), or to increase its equity interests in Borrower from an amount that is less than forty-nine percent (49%) to an amount that is greater than forty-nine percent (49%), Borrower shall deliver a New Non-Consolidation Opinion addressing such Transfer and (E) except with respect to clause (a), no Event of Default shall be continuing. Upon request from Lender, Borrower shall promptly deliver to Lender an updated organizational chart reflecting each such Transfer. All out-of-pocket reasonable costs and expenses incurred by Lender in connection with its review of any of the foregoing Transfers shall be paid by Borrower whether or not any such Transfer is consummated.

Assumption

Following the date which is six (6) months from the Closing Date, a Transfer of the Mortgaged Property in its entirety or one hundred percent (100%) of the ownership interests in Borrower to, and the assumption of the Loan by, any Person (a “Transferee”) shall be permitted with the prior consent of Lender and the Issuer (if the Issuer is no longer the Lender); provided that each of the following terms and conditions are satisfied:

(a) no Event of Default shall be continuing at the time the notice in clause (b) below is received by Lender or at the time of the Transfer;

(b) Borrower shall (i) deliver written notice to Lender of the terms of such proposed Transfer not less than thirty (30) days before the date on which such Transfer is scheduled to close and, concurrently therewith, all such information concerning the proposed Transfer and Transferee as Lender shall reasonably require in evaluating an initial extension of credit, which information shall include, without limitation, a fully executed copy of the purchase and sale agreement and all amendments and assignments thereof, as well as the sources and uses of funds or closing or settlement statement relating to the Transfer and (ii) pay to Lender a non-refundable processing fee in the amount of (i) 0.25% of the outstanding principal balance of the Loan for the first Transfer and (ii) 0.50% of the outstanding principal balance of the Loan for any subsequent Transfer. Lender shall have the right to approve or disapprove the proposed Transfer based on its (or the Servicer on behalf of Lender) then current underwriting and credit requirements for similar loans secured by similar properties which loans are sold in the secondary market, such approval not to be unreasonably withheld, conditioned or delayed. In determining whether to give or withhold its approval of the proposed Transfer, Lender shall consider the experience and track record of Transferee and its principals in owning and operating facilities similar to the Mortgaged Property, the financial strength of Transferee and its principals, the general business standing of Transferee and its principals and Transferee’s and its principals’ relationships and experience with contractors, venders, tenants, lenders and other business entities; provided, however, that, notwithstanding Lender’s agreement to consider the foregoing factors in determining whether to give or withhold such approval, such approval shall be given or withheld based on what Lender determines to be commercially reasonable and, if given, may be given subject to such conditions as Lender may deem reasonably appropriate;

(c) Borrower shall pay to Lender, concurrently with the closing of such proposed Transfer, all out of pocket costs and expenses, including reasonable attorneys’ fees and disbursements and Rating Agency fees,
incurred by Lender in connection with the proposed Transfer (which shall be paid whether or not the proposed Transfer actually occurs);

(d) Transferee shall assume and agree to pay the Debt as and when due and shall assume all other obligations of Borrower under the Loan Documents and, prior to or concurrently with the closing of such Transfer, Transferee and its constituent partners, members or shareholders as Lender may require, shall execute, without any cost or expense to Lender, such documents and agreements as Lender shall reasonably require to evidence and effectuate said assumption;

(e) Borrower and Transferee, without any cost to Lender, shall furnish any information reasonably requested by Lender for the preparation of, and shall authorize Lender to file, new financing statements and financing statement amendments and other documents to the fullest extent permitted by applicable Legal Requirements, and shall execute any additional documents reasonably requested by Lender;

(f) Borrower shall deliver to Lender, without any cost or expense to Lender, such endorsements to Lender’s Title Insurance Policy insuring that fee simple or leasehold title to the Mortgaged Property, as applicable, is vested in Transferee (subject to Permitted Encumbrances), hazard insurance endorsements or certificates and other similar materials as Lender may deem reasonably necessary at the time of the transfer, all in form and substance reasonably satisfactory to Lender;

(g) Transferee shall furnish to Lender, all documents evidencing Transferee’s organization and good standing, and the qualification of the signers to execute the assumption of the Debt, which documents shall include certified copies of all documents relating to the organization and formation of Transferee and of the entities, if any, which are partners or members of Transferee. Transferee and such constituent partners, members or shareholders of Transferee (as the case may be), as Lender shall require, shall comply with the covenants set forth in the Loan Agreement;

(h) Transferee shall assume the obligations of Borrower under any Management Agreement or provide a new management agreement with a new manager which meets with the requirements of the Loan Agreement and assign to Lender as additional security such new management agreement pursuant to an Assignment of Management Agreement in form and substance reasonably satisfactory to Lender;

(i) Transferee shall assume the obligations of Borrower under any Deposit Account Control Agreement or provide a new Deposit Account Control Agreement with a new Deposit Bank in form and substance reasonably satisfactory to Lender;

(j) Transferee shall furnish to Lender, if required by the Lender, a REMIC Opinion, a New Non-Consolidation Opinion, and an opinion of counsel satisfactory to Lender and its counsel (A) that Transferee’s formation documents provide for the matters described in subparagraph (g) above, (B) that the assumption of the Debt has been duly authorized, executed and delivered, and that the assumption agreement and the other Loan Documents are valid, binding and enforceable against Transferee in accordance with their terms, (C) that Transferee and any entity which is a controlling stockholder, member or general partner of Transferee, have been duly organized, and are in existence and good standing, and (E) with respect to such other matters as Lender may reasonably request;

(k) if required by Lender, Lender shall receive a Rating Agency Confirmation; and

(l) Borrower’s obligations under the purchase and sale agreement pursuant to which the Transfer is proposed to occur shall expressly be subject to the satisfaction of the terms and conditions of the Loan Agreement.

(m) The consent of Lender with respect to a Transfer of the Mortgaged Property in its entirety to, and the assumption of the Loan by, a Transferee shall not be construed to be a waiver of the right of Lender to
consent to any subsequent Transfer of the Mortgaged Property. Upon such Transfer of the Mortgaged Property, Borrower shall be relieved of all liability under the Loan Documents for acts, events, conditions, or circumstances occurring or arising after the date of such transfer, except to the extent that such acts, events, conditions, or circumstances are the proximate result of acts, events, conditions, or circumstances that existed prior to the date of such transfer, whether or not discovered prior or subsequent to the date of such transfer.

Insurance

See “INSURANCE ON THE MORTGAGED PROPERTY” herein.

[Servicing Agreement]

On or prior to the Closing Date, the Indenture shall be in effect for the operation of the [Collateral Accounts] (as defined in the [Indenture]), which Indenture, shall, among other things, provide that the Borrower shall deposit or cause to be deposited into the Deposit Account all Mortgaged Rent. The Indenture Trustee shall direct the Eligible Institution holding such Deposit Account to transfer all immediately available funds then on deposit in the Deposit Account on each Business Day as set forth in the Indenture. The Lender and the Indenture Trustee acknowledge and agree that the Borrower’s obligation to pay Taxes, Debt Service or any other amounts pursuant to the Loan Agreement or any other Loan Documents shall be deemed satisfied, and failure to pay the same shall not constitute an Event of Default (x) to the extent adequate funds are on deposit in the [Collateral Accounts] for such payments and any failure to make such payment from the [Collateral Accounts] is not caused by inaccurate information provided by the Borrower to the Indenture Trustee or the Master Servicer, and (y) no other Event of Default has occurred and is continuing under the Loan Documents.

Events of Default

The occurrence of any one or more of the following events shall constitute an “Event of Default”:

(a) if any portion of the Debt is not paid on or prior to the date the same is due or if the entire Debt is not paid on or before the Maturity Date; provided that no other Event of Default has occurred and is continuing, any default under this clause (a) resulting from Lender or any servicer failing to cause funds in the Cash Management Account to be applied to make such payment under circumstances where all conditions to such application of funds in the Cash Management Account set forth in the Loan Documents have been satisfied shall not constitute an Event of Default under the Loan Agreement.

(b) except as otherwise expressly provided in the Loan Documents, if any of the Property Taxes or Other Charges are not paid when the same are due and payable, unless there is sufficient money in the Tax and Insurance Reserve Account for payment of amounts then due and payable;

(c) if (i) the Policies are not kept in full force and effect, (ii) the Acord 28 (or similar) certificate is not delivered to Lender in accordance with the Loan Agreement or (iii) certified copies of the Policies are not delivered to Lender upon request, provided such copies are available;

(d) if (i) Borrower breaches in any material respect any covenant with respect to itself contained in the Loan Agreement relating to Borrower’s status as an SPE or (ii) a Prohibited Transfer occurs;

(e) if any representation or warranty of, or with respect to, Borrower, Sponsor, or any member, general partner, principal or beneficial owner of any of the foregoing, made in the Loan Agreement, in any other Loan Document, or in any certificate, report, financial statement or other instrument or document furnished to Lender at the time of the closing of the Loan or during the term of the Loan shall have been false or misleading in any material respect when made;
(f) if any of the assumptions contained in the Non-Consolidation Opinion or in any New Non-Consolidation Opinion, is or shall become untrue in any material respect;

(g) if (i) Borrower, or any managing member or general partner of Borrower shall commence any case, proceeding or other action (A) under any Creditors Rights Laws, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Borrower, any managing member or general partner of Borrower shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower, any managing member or general partner of Borrower any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismitted, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against Borrower, any managing member or general partner of Borrower any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) Borrower, any managing member or general partner of Borrower shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) Borrower, any managing member or general partner of Borrower shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(h) if Borrower shall be in default beyond applicable notice and grace periods under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Mortgaged Property, whether it be superior or junior in lien to the Mortgage;

(i) if the Mortgaged Property becomes subject to any mechanic's, materialman's or other Lien other than a Lien for any Property Taxes or Other Charges not then due and payable and the Lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(j) if any federal tax lien is filed against Borrower, any member or general partner of Borrower or the Mortgaged Property and same is not discharged of record (by payment, bonding or otherwise) within thirty (30) days after same is filed;

(k) if final judgment for the payment of money in excess of $1,000,000 shall be rendered against Borrower and Borrower shall not bond over the same, discharge the same or cause it to be discharged within sixty (60) days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered, and secure a stay of execution pending such appeal;

(l) if Borrower shall be in default beyond applicable notice and grace periods under the Regulatory Agreement;

(m) if Borrower breaches in any material respect any covenant contained in [with respect to deposits to and withdrawals from the Cash Management Account) and such breach continues for two (2) Business Days after written notice from Lender; or

(n) if Borrower shall continue to be in default under any other term, covenant or condition of the Loan Agreement or any of the Loan Documents not covered in the foregoing clauses, for more than twenty (20) days after written notice from Lender in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from Lender in the case of any other default, provided that if such default (other than any default which can be cured by the payment of a sum of money) cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty
(30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to
cure such default, it being agreed that no such extension shall be for a period in excess of one hundred twenty
(120) days.

Remedies

(a) Upon the occurrence of an Event of Default (other than an Event of Default described in (g)
above with respect to Borrower only) and at any time thereafter Lender may, in addition to any other rights or
remedies available to it pursuant to the Loan Agreement and the other Loan Documents or at law or in equity,
take such action, without notice or demand, that Lender deems advisable to protect and enforce its rights
against Borrower and in the Mortgaged Property, including, without limitation, declaring the Debt to be
immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided
in the Loan Documents against Borrower and the Mortgaged Property, including, without limitation, all rights
or remedies available at law or in equity. Upon any Event of Default described in (g) above (with respect to
Borrower only), the Debt and all other obligations of Borrower under the Loan Agreement and under the other
Loan Documents shall immediately and automatically become due and payable, without notice or demand, and
Borrower waived any such notice or demand, anything contained in the Loan Agreement or in any other Loan
Document to the contrary notwithstanding.

(b) Upon the occurrence of an Event of Default, all or any one or more of the rights, powers,
privileges and other remedies available to Lender against Borrower under the Loan Agreement or any of the
other Loan Documents executed and delivered by, or applicable to, Borrower or at law or in equity may be
exercised by Lender at any time and from time to time, whether or not all or any of the Debt shall be declared
due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action
for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Mortgaged
Property. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued
independently, singularly, successively, together or otherwise, at such time and in such order as Lender has
determined in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise
affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or
in the other Loan Documents.

Environmental Covenants

The Borrower covenanted and agreed that: (a) all uses and operations on or of the Mortgaged
Property, whether by Borrower or any other person, will be in compliance in all material respects with all
Environmental Laws and permits issued pursuant thereto (to the extent such permits are required by
Environmental Laws); (b) Borrower will cause no, and will use commercially reasonable efforts to ensure that
no other person causes any Releases of Hazardous Materials in, on, under or from the Mortgaged Property; (c)
Borrower will not place and will use commercially reasonable efforts to ensure that no other person places any
Hazardous Materials in, on, under the Mortgaged Property, except those that are both (i) in compliance with
all environmental laws and with permits issued pursuant thereto, if and to the extent required, and (ii) (A) in
amounts not in excess of that necessary to operate the Mortgaged Property for the purposes set forth in the
Environmental Indemnity or (B) fully disclosed to and approved by Lender in writing or (C) with respect to
mold, not in a condition, location, or of a type which may pose a risk to human health or safety or the
environment or which may result in damage to or would adversely affect or impair the value or marketability
of the Mortgaged Property; (d) Borrower will keep the Mortgaged Property free and clear of all environmental
liens; (e) Borrower will, at its sole cost and expense, fully and expeditiously cooperate in all activities related
to any operations and maintenance program (to the extent recommended by any environmental report),
including but not limited to providing all relevant information; (f) if Lender reasonably and in good faith
believes an environmental hazard exists at the Mortgaged Property that in the reasonable judgment of Lender
endangers any tenant or other occupant of the Mortgaged Property or is reasonably likely to materially and
adversely affect the Mortgaged Property, Borrower shall, at its sole cost and expense, perform any
environmental site assessment or other investigation of environmental conditions in connection with the
Mortgaged Property, pursuant to any reasonable written request of Lender, upon Lender's reasonable belief that the Mortgaged Property is not in full compliance with all environmental laws, and share with Lender the reports and other results thereof, and Lender and other Indemnified Parties may rely on such reports and other results thereof; (g) Borrower will keep the Mortgaged Property free of mold; (h) Borrower will, at its sole cost and expense, comply with all reasonable written requests of Lender to (i) reasonably effectuate remediation of any Hazardous Materials in, on, under or from the Mortgaged Property; and (ii) comply in all material respects with any environmental law; (i) Borrower will not allow any tenant or other user of the Mortgaged Property to violate any environmental law; and (j) Borrower will promptly notify Lender in writing after it obtains knowledge of (i) any Release or threatened Release of Hazardous Materials in, on, under, from or migrating towards the Mortgaged Property; (ii) any material non-compliance with any environmental laws related in any way to the Mortgaged Property; (iii) any actual or potential imposition of an environmental lien against the Mortgaged Property; (iv) any required or proposed remediation of environmental conditions relating to the Mortgaged Property; and (v) any written notice or other written communication of which Borrower becomes aware from any source whatsoever (including but not limited to a governmental authority) relating in any way to Hazardous Materials in, on or under the Mortgaged Property.

“Hazardous Materials” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil, flammable explosives and other materials, radioactive materials (excluding radioactive materials in smoke detectors), polychlorinated biphenyls, lead, asbestos, or asbestos containing materials in any form that is or could become friable, Mold, hazardous waste, toxic or hazardous substances or other related materials whether in the form of a chemical, element, compound, solution, mixture or otherwise including, but not limited to, those materials defined as “hazardous substances,” “extremely hazardous substances,” “hazardous chemicals,” “hazardous materials,” “toxic substances,” “solid waste,” “toxic chemicals,” “air pollutants,” “toxic pollutants,” “hazardous wastes,” “extremely hazardous waste,” or “restricted hazardous waste” by any environmental law or regulated by any environmental law in any manner whatsoever, but excluding substances of kinds and in amounts ordinarily and customarily used or stored in properties similar to the Mortgaged Property for the purposes of cleaning or other maintenance or operations and otherwise in compliance in all material respects with all environmental laws.

“Release” includes, but is not limited to, any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials in violation of environmental laws.

The Borrower will be required at its sole cost and expense, to protect, defend, indemnify, release and hold the Indemnified Parties harmless from and against any and all Losses imposed upon or inured by or asserted against any Indemnified Parties or any Indemnified Parties to the extent arising out of or in any way relating to any one or more of the following: (a) any presence of any Hazardous Materials in, on, above, or under the Mortgaged Property; (b) any past, present or threatened Release of any Hazardous Materials in, on, above, under or from the Mortgaged Property; (c) any activity by Borrower, any person affiliated with Borrower, and any tenant or other user of the Mortgaged Property in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Mortgaged Property of any Hazardous Materials at any time located in, under, on above the Mortgaged Property, or any actual or proposed remediation of any Hazardous Materials at any time located in, under, on or above the Mortgaged Property, whether or not such remediation is voluntary or pursuant to court or administrative order, including but not limited to, any removal, remedial or corrective action; (d) any past, present or threatened non-compliance or violations of any environmental law (or permits issued pursuant to any environmental law) in connection with the Mortgaged Property or operations thereon, including but not limited to, any failure by Borrower, any person affiliated with Borrower, or any tenant or other user of the Mortgaged Property to comply with any order of any governmental authority in connection with any environmental law; (e) the imposition, recording or filing of the threatened imposition, recording or filing of any environmental lien encumbering the Mortgaged Property; (f) any acts of Borrower, any person affiliated with Borrower, and any tenant or other user of the Mortgaged Property in (i) arranging for disposal or treatment, or arranging with a
transporter for transport for disposal or treatment, of any Hazardous Materials at any facility or incineration vessel containing any such or similar Hazardous Materials or (ii) accepting any Hazardous Materials for transport to disposal or treatment facilities, incineration vessels or sites from which there is a Release, or a threatened Release of any Hazardous Materials which causes the incurrence of costs for remediation; and (g) any misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any covenants or other obligations pursuant to the Environmental Indemnity or the Loan Documents relating to Hazardous Materials and/or compliance with environmental laws, in each case, with respect to the Mortgaged Property.

“Losses” means any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, judgments, awards, amounts actually paid in settlement of whatever kind or nature (including but not limited to reasonable legal fees and other costs of defense). The term “Losses” specifically excludes special, punitive, exemplary and consequential damages and any indemnified liability arising out of the gross negligence, illegal acts, fraud or willful misconduct of any Indemnified Party.

Indemnification

The Borrower shall indemnify, defend and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Mortgaged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (b) any use, nonuse or condition in, on or about the Mortgaged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof; (d) any failure of the Mortgaged Property to be in compliance with any Legal Requirements; (e) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (f) the holding or investing of the Reserve Accounts or the Cash Management Account or the performance of the Required Work or Additional Required Repairs, or (g) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan (collectively, the “Indemnified Liabilities”); provided, however, that Borrower shall not have any obligation to Lender hereunder to the extent that such Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Lender. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable Legal Requirements to the payment and satisfaction of all Indemnified Liabilities incurred by the Indemnified Parties.

Borrower shall indemnify the Issuer for and against any and all Losses imposed on or incurred by or asserted against the Issuer and directly or indirectly arising out of or in any way relating to the HDC Commitment.

The Borrower shall pay and, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to, any tax or with respect to the making and/or recording of the Mortgage, the Note or any of the other Loan Documents, but excluding any income, franchise or other similar taxes
Exculpation

(a) Except as otherwise provided in the Loan Agreement or in the other Loan Documents, Lender shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in the Loan Agreement or in the other Loan Documents by any action or proceeding wherein a money judgment shall be sought against (1) Borrower (except as set forth in this “Exculpation” Section and the Environmental Indemnity), (2) any Affiliate of Borrower, (3) any Person owning, directly or indirectly, any legal or beneficial interest in Borrower or any Affiliate of Borrower or (4) any direct or indirect partner, member, principal, director, officer, advisor, shareholder, Affiliate or director of any Persons described in clauses (1) through (4) above (collectively, subject to the exceptions in clauses (1) and (2) above, the “Exculpated Parties”), except that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Lender to enforce and realize upon the Loan Agreement, the Note, the Mortgage and the other Loan Documents, and the interest in the Mortgaged Property, the Rents and any other collateral given to Lender created by the Loan Agreement, the Note, the Mortgage and the other Loan Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against Borrower, only to the extent of Borrower’s interest in the Mortgaged Property, in the Rents and in any other collateral given to Lender. Lender, by accepting the Loan Agreement, the Note, the Mortgage and the other Loan Documents, agrees that it shall not, except as otherwise provided in in the Loan Agreement, sue for, seek or demand any deficiency judgment against any Exculpated Party in any such action or proceeding, under or by reason of or under or in connection with the Loan Agreement, the Note, the Mortgage or the other Loan Documents. The provisions of this “Exculpation” Section shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by the Loan Agreement, the Note, the Mortgage or the other Loan Documents; (ii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under the Loan Agreement and the Mortgage; (iii) affect the validity or enforceability of any indemnity (including, without limitation, those contained in Article 14 of the Loan Agreement and the Environmental Indemnity), guaranty, master lease or similar instrument made in connection with the Loan Agreement, the Note, the Mortgage and the other Loan Documents; (iv) impair the right of Lender to obtain the appointment of a receiver; (v) impair the enforcement of the assignment of leases provisions contained in the Mortgage; or (vi) impair the right of Lender to obtain a deficiency judgment or other judgment on the Note against Borrower if necessary to obtain any Insurance Proceeds or Awards to which Lender would otherwise be entitled under the Loan Agreement; provided, however, Lender shall only enforce such judgment to the extent of the Insurance Proceeds and/or Awards.

(b) Notwithstanding the provisions of this section to the contrary, Borrower (but not any Exculpated Parties) shall be personally liable to Lender for Losses due to:

(i) fraud or intentional misrepresentation by Borrower or any Affiliate of Borrower in connection with the Loan;

(ii) the willful misconduct of Borrower or any Affiliate of Borrower in connection with the Loan;

(iii) the material breach of any representation, warranty, covenant or indemnification provision in the Environmental Indemnity or in any other Loan Document concerning environmental laws, hazardous substances and asbestos and any indemnification of Lender with respect thereto in any such other document;

(iv) the misapplication, misappropriation or conversion by Borrower or any Affiliate of Borrower of (A) any insurance proceeds paid by reason of any loss, damage or destruction to the Mortgaged Property, (B) any Awards or other amounts received in connection with the Condemnation of all or a portion of the Mortgaged Property, or (C) any Rents following an Event of Default or (D) any Tenant security deposits or Rents collected in advance;

(v) any act of arson by Borrower or any Affiliate of Borrower;
(vi) failure to pay Taxes, charges for labor or materials, or other charges that can create Liens on any portion of the Mortgaged Property and/or the failure to pay Insurance Premiums in accordance with the terms hereof, in each case to the extent there is sufficient cash flow actually made available to Borrower from the operation of the Mortgaged Property to pay such charges and Borrower fails to apply such cash flow to such payments;

(vii) any security deposits, advance deposits or any other deposits collected with respect to the Mortgaged Property which are not delivered to Lender upon a foreclosure of the Mortgaged Property or action in lieu thereof, except to the extent any such security deposits were applied in accordance with the terms and conditions of any of the Leases prior to the occurrence of the Event of Default that gave rise to such foreclosure or action in lieu thereof or otherwise applied with Lender's approval;

(viii) Borrower's indemnification of Lender relating to (A) any untrue statement of any material fact set forth in sections of Lender's Securitization offering documents made available to Borrower for review prior to dissemination, and/or (B) any transfer taxes incurred following an exercise of Lender's remedies;

(ix) any litigation or other legal proceeding related to the Debt filed by Borrower or any Affiliate of Borrower in bad faith that delays, opposes, impedes, obstructs, hinders, enjoins or otherwise interferes with or frustrates the efforts of Lender to exercise any rights and remedies available to Lender;

(x) actual physical waste to the Mortgaged Property caused by the intentional acts or omissions of Borrower or any Affiliate of Borrower or the removal or disposal of any portion of the Mortgaged Property after an Event of Default in violation of the Loan Documents; or

(xi) Borrower incurs any indebtedness other than the Debt and Permitted Debt without the prior written consent of Lender or except as permitted in the Loan Agreement.

(c) Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in subsection (a) above SHALL BECOME NULL AND VOID and shall be of no further force and effect and the Debt shall be fully recourse to Borrower (but not to any Exculpated Parties) in the event (i) of a breach by Borrower of any of the covenants set forth in the Loan Agreement with respect to Borrower's status as an SPE that is cited as a factor in a court's decision that results in a substantive consolidation (other than a substantive consolidation petitioned for or joined in by Lender) of the Borrower with any other Person in a proceeding under any Creditors' Rights Laws, (ii) of the occurrence of a Prohibited Transfer, (iii) the Mortgaged Property or any part thereof shall become an asset in a bankruptcy or insolvency proceeding initiated by Borrower, (iv) Borrower, Sponsor or any Affiliate, officer, director, or representative which Controls, directly or indirectly, Borrower or Sponsor files, or joins in the filing of, an involuntary petition against Borrower under any Creditors Rights Laws, or solicits or causes to be solicited petitioning creditors for the filing of any involuntary petition against Borrower from any Person under any Creditors Rights Laws; (v) Borrower files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under any Creditors Rights Laws, or solicits or causes to be solicited petitioning creditors for any involuntary petition from any Person; or (vi) any Affiliate or representative which Controls Borrower consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for Borrower or any portion of the Mortgaged Property.

(d) Nothing in the Loan Agreement shall be deemed to be a waiver of any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provision of the U.S. Bankruptcy Code to file a claim for the full amount of the indebtedness secured by the Mortgage or to require that all collateral shall continue to secure all of the indebtedness owing to Lender in accordance with the Loan Agreement, the Note, the Mortgage or the other Loan Documents.
Expenses

The Borrower covenants and agrees to pay or, if Borrower fails to pay, to reimburse, Lender [the Securitization trust, any servicer, trust advisor, trustee or certificate administrator] upon receipt of written notice from Lender for all fees due under the HDC Commitment, reasonable costs and expenses (including reasonable, actual attorneys’ fees and disbursements reasonably incurred by Lender in accordance with the Loan Agreement (all of which shall be deemed part of the Debt) in connection with (a) the preparation, negotiation, execution and delivery of the Loan Agreement and the other Loan Documents and the consummation of the transactions contemplated thereby and all the costs of furnishing all opinions by counsel for Borrower (including without limitation any opinions requested by the Lender as to any legal matters arising under the Loan Agreement or the other Loan Documents with respect to the Mortgaged Property); (b) the Lender’s customary surveillance and actions to monitor Borrower’s ongoing performance of and compliance with Borrower’s respective agreements and covenants contained in the Loan Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including, without limitation, confirming compliance with environmental and insurance requirements; (c) following a request by Borrower, the Lender’s ongoing performance and compliance with all agreements and conditions contained in the Loan Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date; (d) any prepayment, release of the Mortgaged Property, assumption or modification of the Loan; (e) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to the Loan Agreement and the other Loan Documents and any other documents or matters requested by Borrower or the Lender; (f) securing Borrower’s compliance with any requests made pursuant to the provisions of the Loan Agreement; (g) without duplication of costs and expenses incurred pursuant to clause (a) above, the filing and recording fees and expenses, title insurance and reasonable fees and expenses of counsel for providing to the Issuer all required legal opinions, and other similar expenses incurred in creating and perfecting the Lien in favor of the Issuer pursuant to the Loan Agreement and the other Loan Documents; (h) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, the Loan Agreement, the other Loan Documents, the Mortgaged Property, or any other security given for the Loan; (i) any breach of the Loan Documents by Borrower or any Affiliate of any of the foregoing; (j) the preservation or protection of the collateral (including, without limitation, taxes and insurance, property inspections and appraisals, legal fees and litigation expenses) following or resulting from an Event of Default under the Loan Documents; and (k) enforcing any obligations of or collecting any payments due from Borrower under the Loan Agreement, the other Loan Documents or with respect to the Mortgaged Property or in connection with any refinancing or restructuring of the credit arrangements provided under the Loan Agreement in the nature of a “work-out” or of any insolvency or bankruptcy proceedings; provided, however, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of the Issuer.

CERTAIN RISK FACTORS

You should carefully consider the following risks before making an investment decision. In particular, distributions on your bonds will depend on payments received on, and other recoveries with respect to, the Loan. Therefore, you should carefully consider the risk factors relating to the Loan and the Mortgaged Property.

The risks and uncertainties described below are not the only ones relating to your bonds. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair your investment. If any of the following events or circumstances identified as risks or other factors or events that are not anticipated actually occur or materialize, your investment could be materially and adversely affected. This offering statement also contains forward looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including the risks described below and elsewhere in this offering statement.
The Series 2014 Bonds May Not Be a Suitable Investment for You

The Series 2014 Bonds are not suitable investments for all investors. In particular, you should not purchase any Series 2014 Bonds unless you understand and are able to bear the prepayment, credit, liquidity and market risks associated with those Series 2014 Bonds. For those reasons and for the reasons set forth in these “Certain Risk Factors”, the yield to maturity and the aggregate amount and timing of distributions on the Series 2014 Bonds will be subject to material variability from period to period and give rise to the potential for significant loss over the life of the Series 2014 Bonds. The interaction of the foregoing factors and their effects are impossible to predict and are likely to change from time to time. As a result, an investment in the Series 2014 Bonds involves substantial risks and uncertainties and should be considered only by sophisticated institutional investors with substantial investment experience with similar types of securities and who have conducted appropriate due diligence on the Loan and the Series 2014 Bonds.

Combination or “Layering” of Multiple Risks May Significantly Increase Risk of Loss

Although the various risks discussed in this offering statement are generally described separately, you should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased.

A Volatile Economy, Credit Crisis and Downturn in the Real Estate Market Have in Recent Years Adversely Affected and May Adversely Affect in the Future the Value of CMBS

In recent years, the real estate and securitization markets, including the market for commercial mortgage-backed securities (“CMBS”), as well as global financial markets and the economy generally, experienced significant dislocations, illiquidity and volatility. Declining real estate values, coupled with diminished availability of leverage and/or refinancings for commercial real estate resulted in increased delinquencies and defaults on commercial mortgage loans. In addition, the downturn in the general economy affected the financial strength of many commercial real estate tenants and resulted in increased rent delinquencies and decreased occupancy.

Any future economic downturn may lead to decreased occupancy, decreased rents or other declines in income from, or the value of, commercial and/or residential real estate, which would likely have an adverse effect on the value and/or liquidity of securities that are backed by loans secured by such commercial and/or residential real estate. We cannot assure you that the market for securities such as the Series 2014 Bond will not be adversely impacted by these factors. Even if the market is not affected by these factors, the Mortgaged Property and therefore, the Loan and the Series 2014 Bonds, may nevertheless decline in value. Any future economic downturn may adversely affect the financial resources of the Borrower under the Loan and may result in the inability of the Borrower to make principal and interest payments on, or refinance, the outstanding debt when due or to sell the Mortgaged Property for an amount sufficient to pay off the outstanding debt when due or at the Anticipated Repayment Date of the Loan. In the event of default by the Borrower under the Loan, the Series 2014 Bonds may suffer a partial or total loss with respect to the Loan. Any delinquency or loss on the Mortgaged Property would have an adverse effect on the distributions of principal and interest received by holders of the Series 2014 Bonds.

Even if the Loan is performing as anticipated, the value of the Series 2014 Bonds in the secondary market may nevertheless decline as a result of a deterioration in general market conditions for other asset backed securities, municipal securities or structured products. Trading activity associated with CMBS indices may also drive spreads on those indices wider than spreads on CMBS, thereby resulting in a decrease in value of such CMBS.

As a result of all of these factors, we cannot assure you that a dislocation in the commercial, residential or securities markets will not re-occur.
A Volatile Economy and Credit Crisis May Increase Loan Defaults and Affect the Value and Liquidity of Your Investment

The global economy recently experienced a significant recession, as well as a severe, ongoing disruption in the credit markets, including the general absence of investor demand for and purchases of CMBS and other asset-backed securities and structured financial products. Downward price pressures and increasing defaults and foreclosures in residential real estate or other conditions that severely depressed the overall economy and contributed to the credit crisis also led to increased vacancies, decreased rents or other declines in income from, or the value of, commercial real estate.

Additionally, decreases in the value of commercial properties and the tightening by commercial real estate lenders of underwriting standards prevented many commercial mortgage borrowers from refinancing their mortgages. These circumstances increased delinquency and Default Rates of securitized commercial mortgage loans. In addition, the declines in commercial real estate values resulted in reduced borrower equity, hindering many borrowers’ ability to refinance in an environment of increasingly restrictive lending standards and giving them less incentive to cure delinquencies and avoid foreclosure. Higher loan-to-value ratios are likely to result in lower recoveries on foreclosure, and an increase in loss severities above those that would have been realized had commercial property values remained the same or continued to increase. Defaults, delinquencies and losses further decreased property values, thereby resulting in additional defaults by commercial mortgage borrowers, further credit constraints, further declines in property values and further adverse effects on the perception of the value of CMBS. The Mortgaged Property and, therefore, the Series 2014 Bonds, may decline in value. Any future economic downturn may adversely affect the financial resources of the Borrower under the Loan and may result in the inability of the Borrower to make principal and interest payments on the Loan or to make repayment at maturity. In the event of default by the Borrower under the Loan, the Bondholders would likely suffer a loss on their investment.

In addition, the global financial markets recently experienced increased volatility due to uncertainty surrounding the level and sustainability of the sovereign debt of various countries. Much of this uncertainty related to certain countries that participate in the European Monetary Union and whose sovereign debt is generally denominated in euros, the common currency shared by members of that union. In addition, some economists, observers and market participants have expressed concerns regarding the sustainability of the monetary union and the common currency in their current form. Concerns regarding sovereign debt may spread to other countries at any time. Furthermore, many state and local governments in the United States experienced, and may continue to experience, severe budgetary constraints. Market volatility or disruption could result if a state were to default on its debt, or a significant local government were to default on its debt or seek relief from its debt in bankruptcy or by agreement with their creditors. In addition, recently-enacted financial reform legislation in the United States could adversely affect the availability of credit for commercial real estate.

Moreover, other types of events, domestic or international, may affect general economic conditions and financial markets, such as wars, revolts, insurrections, armed conflicts, energy supply or price disruptions, terrorism, political crises, natural disasters and man-made disasters. We cannot predict such matters or their effect on the value or performance of the Series 2014 Bonds.

Investors should consider that general conditions in the commercial real estate and mortgage markets may adversely affect the performance of the Loan and accordingly the performance of the Series 2014 Bonds. In addition, in connection with all the circumstances described above, you should be aware in particular that:

- such circumstances may result in substantial delinquencies and defaults on the Loan and adversely affect the amount of liquidation proceeds that would be realized in the event of foreclosures and liquidations;
- a default of the Loan will result in rapid declines in the value of your Series 2014 Bonds;
• notwithstanding that the Loan was recently underwritten and originated, the value of the Mortgaged Property may have declined since the Loan was originated and may decline following the issuance of the Series 2014 Bonds and such declines may be substantial and occur in a relatively short period following the issuance of the Series 2014 Bonds; and such decline may or may not occur for reasons largely unrelated to the circumstances of the Mortgaged Property;

• if you determine to sell your Series 2014 Bonds, you may be unable to do so or you may be able to do so only at a substantial discount from the price you paid; this may be the case for reasons unrelated to the then current performance of the Series 2014 Bonds or the Loan; and this may be the case within a relatively short period following the issuance of the Series 2014 Bonds;

• if the Loan defaults, then the yield on your investment may be substantially reduced notwithstanding that liquidation proceeds may be sufficient to result in the repayment of the principal of and accrued interest on your Series 2014 Bonds; an earlier than anticipated repayment of principal (even in the absence of losses) in the event of a default in advance of the Anticipated Repayment Date would tend to shorten the weighted average period during which you earn interest on your investment; and a later than anticipated repayment of principal (even in the absence of losses) in the event of a failure to repay the Loan on the Anticipated Repayment Date would tend to delay your receipt of principal and the interest on your investment may be insufficient to compensate you for that delay;

• if the Loan becomes a defaulted Loan, even if liquidation proceeds received on the defaulted Loan would be sufficient to cover the principal and accrued interest on the Loan, the Series 2014 Bonds may experience losses in the form of Special Servicing Fees, Workout Fees or Liquidation Fees, Advance Interest and other expenses, and you may bear losses as a result, and your yield may be adversely affected by such losses;

• if the Loan becomes a defaulted Loan, the time period to resolve the defaulted Loan may be long, and that period may be further extended because of a Borrower bankruptcy and related litigation; and this may be especially true particularly if affiliates of the Borrower have substantial debts other than the Loan;

• trading activity associated with indices of CMBS may also drive spreads on those indices wider than spreads on CMBS, thereby resulting in a decrease in value of such CMBS, including your Series 2014 Bonds, and spreads on those indices may be affected by a variety of factors, and may or may not be affected for reasons involving the commercial real estate markets and may be affected for reasons that are unknown and cannot be discerned; and

• even if you intend to hold your Series 2014 Bonds, depending on your circumstances, you may be required to report declines in the value of your Series 2014 Bonds, and/or record losses, on your financial statements or regulatory or supervisory reports, and/or repay or post additional collateral for any secured financing, hedging arrangements, repurchase transactions or other financial transactions that you have entered into that are backed by or make reference to your Series 2014 Bonds, in each case as if your Series 2014 Bonds were to be sold immediately.

In connection with all the circumstances described above, the risks we described elsewhere under “Certain Risk Factors” are heightened substantially, and you should review and carefully consider such risk factors in light of such circumstances.

The Series 2014 Bonds Are Limited Obligations

The Series 2014 Bonds, when issued, will not represent an interest in, or obligation of, the Master Servicer, the Special Servicer, the Indenture Trustee, the Operating Advisor or any of their respective affiliates or any other person. The primary asset backing the Series 2014 Bonds will be the Loan, and the primary security and source of payment for the Loan will be the Mortgaged Property and the other collateral described
in this offering statement. Payments on the Series 2014 Bonds are expected to be derived from payments made by the Borrower on the Loan. We cannot assure you that the cash flow from the Mortgaged Property and the proceeds of any sale or refinancing of the Mortgaged Property will be sufficient to pay the principal of, and interest on, the Loan or to distribute in full the amounts of interest and principal to which the holders of each Class of Series 2014 Bonds are entitled.

Losses Could Result in Failure To Recover Initial Investment

You should consider the risk that losses on the Loan could result in your failure to fully recover your initial investment. To the extent net liquidation proceeds realized in connection with the liquidation of the Loan or the Mortgaged Property are not sufficient to pay the Loan in full, the remaining balance of the [Class G Bonds, the Class F Bonds, the Class E Bonds, the Class D Bonds, the Class C Bonds, the Class B Bonds and the Class A Bonds], in that order, will be written to zero on the final Payment Date. We make no representation as to the frequency of delinquencies, defaults and/or liquidations that may occur with respect to the Loan, or the magnitude of any losses that may occur with respect to the Loan.

The Borrower Is a Single Purpose Entity With Limited Assets

The Borrower is limited in its purpose primarily to owning and operating the Mortgaged Property and acting as a borrower under the Loan Agreement. Upon the occurrence of a Mortgage Event of Default, recourse may generally be had only against the assets of the single purpose Borrower, which assets generally will be limited to the Mortgaged Property and related assets pledged to secure the Loan. Consequently, Bondholders will only be able to look to (i) the revenues from the operation of the Mortgaged Property and (ii) proceeds from the refinancing or sale of the Mortgaged Property for payment of amounts due on the Loan, including the Liquidation Proceeds of the Mortgaged Property in a foreclosure sale following a Mortgage Event of Default. Since revenues from the Mortgaged Property generally will serve as the primary source for monthly payments due on the Loan, if revenue from the Mortgaged Property is reduced or if expenses incurred in the operation of the Mortgaged Property increase, the ability of the Borrower to make payments with respect to the Loan may be impaired. Similarly, the ability of the Borrower to sell or refinance the Mortgaged Property and pay the Loan could be impaired by an adverse change in the value of the Mortgaged Property. The Borrower is a “recycled” single purpose entity and represented in the Loan Agreement that it has not engaged in any other activities or incurred any other debt other than the ownership, operation, financing, leasing, redevelopment and maintenance of the Mortgaged Property. We cannot assure you that the Borrower has complied or will comply with these special purpose requirements, and even if all or most of such restrictions have been complied with by the Borrower, we cannot assure you that the Borrower will not become subject to voluntary or involuntary bankruptcy proceedings or that a bankruptcy proceeding involving the Mortgaged Property, the Loan and/or the Borrower or any of its affiliates will not have an adverse effect on the performance or value of the Series 2014 Bonds.

Commercial Lending Is Dependent Upon Net Operating Income

The Loan is secured by an income-producing commercial property. Commercial lending is generally thought to expose a lender to greater risk than residential one-to-four family lending because it typically involves larger mortgage loans to a single borrower or group of related borrowers.

The repayment of a commercial loan is typically dependent upon the ability of the related mortgaged property to produce cash flow through the collection of rents. Even the liquidation value of a commercial property is determined, in substantial part, by the capitalization of the property’s ability to produce cash flow. However, net operating income can be volatile and may be insufficient to cover debt service on a mortgage loan at any given time.

The net operating income and property value of a property may be adversely affected by a large number of factors, some of which relate to the Mortgaged Property itself, such as:
• the age, design, quality and construction of the property;
• perceptions regarding the safety, convenience, services and attractiveness of the property;
• the characteristics of the neighborhood where the mortgaged property is located;
• the proximity and attractiveness of competing properties;
• the adequacy of the property’s management and maintenance;
• increases in interest rates, real estate taxes and other operating expenses (including costs of energy) at the property and in relation to competing properties;
• an increase in the capital expenditures needed to maintain the property or make improvements;
• changes or continued weakness in a specific industry segment that is important to the success of the property;
• competitive conditions which may affect the ability of a borrower to obtain or maintain full occupancy of a property;
• an increase in vacancy rates;
• a decline in rental rates as leases are renewed or entered into with new tenants; and
• whether the related property is readily convertible to alternative uses.

Other factors are more general in nature, such as:

• national, regional or local economic conditions, including economic and industry slowdowns and unemployment rates;
• local real estate conditions, such as an oversupply of units similar to the units at the related property;
• demographic factors;
• prospective tenant tastes and preferences;
• zoning laws or other governmental rules and policies (including environmental restrictions);
• retroactive changes in building or similar codes that require modifications to the related property;
• dependence upon a concentration of tenants working for a particular business or industry;
• inflation or general currency fluctuation; and
• civil disorder, acts of war or of terrorists, acts of God, such as floods or earthquakes, and other factors beyond the control of a borrower.

The volatility of net operating income will be influenced by many of the foregoing factors, as well as by:

• the number of tenants at the property and the duration of their respective leases;
• the creditworthiness of tenants, a decline in the financial condition of tenants or tenant defaults;
• rent regulations, rent subsidies, rent control;

• the rate at which new rentals occur; and

• the property’s "operating leverage" which is generally the percentage of total property expenses in relation to revenue, the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants.

Therefore, multifamily properties with short-term or less creditworthy sources of revenue and/or relatively high operating costs can be expected to have more volatile cash flows than multifamily properties with medium- to long-term leases from creditworthy tenants and/or relatively low operating costs. A decline in the real estate market will tend to have a more immediate effect on the net operating income of multifamily properties with short-term revenue sources and may lead to higher rates of delinquency or defaults on the underlying mortgage loans secured by those properties.

 Because units in a multifamily property are primarily leased to individuals, usually for no more than a year, the ability of the property to generate net operating income is likely to change relatively quickly where a downturn in the local economy or the closing of a major employer in the area occurs.

Multifamily Properties Have Special Risks

The Mortgaged Property consists of the top 71 floors, comprising 899 residential units, of a 76-story building in New York City, as more specifically described herein.

A large number of factors may adversely affect the value and successful operation of a multifamily property, including:

• the number of competing properties and residential developments in the local market;

• the physical attributes of the apartment building such as its age, condition, design, appearance, access to transportation and construction quality;

• the types of services or amenities that the property provides, particularly in relation to competing properties;

• the property’s reputation;

• the generally short terms of residential leases and the need for continued reletting;

• rent concessions and one to two year leases, which may impact cash flow at the property;

• applicable state and local regulations designed to protect tenants in connection with evictions and rent increases, including rent control and rent stabilization regulations;

• the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or industry or personnel from or workers related to a local military base;

• restrictions on the age of tenants who may reside at the property;

• local closings of large employers;

• the location of the property, for example, a change in the neighborhood over time or increased crime in the neighborhood;
the level of mortgage interest rates, which may encourage tenants to purchase rather than lease housing;

- the quality of property management;
- the ability of management to provide adequate maintenance and insurance;
- adverse local, regional or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels;
- the financial condition of the owner of the property;
- government agency rights to approve the conveyance of the property that could potential interfere with the foreclosure or execution of a deed-in-lieu of foreclosure of such property; and
- national, state or local politics.

In addition, multifamily properties are part of a market that, in general, is characterized by low barriers to entry. Thus, a particular multifamily property market with historically low vacancies could experience substantial new construction and a resultant oversupply of rental units within a relatively short period of time. Because units in a multifamily property are typically leased on a short-term basis, the tenants residing at a particular property may easily move to alternative multifamily properties with more desirable amenities or locations or to single family housing.

421-A Regulations

The Borrower obtained a 20-year phased exemption from real estate taxes for the Mortgaged Property in accordance with Section 421-a of the Real Property Tax Law of the State of New York, which exemption currently requires that all residential apartments in the Mortgaged Property be subject to rent regulation for 20 years in accordance with the New York City Rent Stabilization Code. The failure of the Borrower to comply with the 421-a regulations could result in the loss of the phased exemption, thereby increasing real estate taxes due and decreasing amounts available to make the required payments under the Loan Documents. In addition, starting in the tax year which commences on July 1, 2023, and every two years thereafter, the exempted amount of real estate taxes will decrease by twenty percent (20%), which will increase real estate taxes by a like amount and decrease amounts available to make required payments under the Loan Documents. The 20 year phased exemption will terminate on June 30, 2031.

Rent Stabilization Regulations

Under the Rent Stabilization Law and New York City Rent Stabilization Code, the amount that the Borrower can increase rents on Tenants is limited by law, and may be below non-regulated market increases. The increases include, but are not limited to, increases promulgated by the New York City Rent Guidelines Board and surcharges permitted after July 1, 2023 as a result of the phasing out of the real estate tax exemption under Section 421-a of the Real Property Tax Law of the State of New York. Additionally, the Rent Stabilization Code requires landlords to provide required services to tenants and to offer tenants renewal leases, and limits the grounds on which a tenant may be evicted. The law also permits tenants to file relevant complaints with the Division of Housing and Community Renewal ("DHCR"). DHCR is empowered to reduce rents and levy civil penalties against the property owner in cases of violations, reduce rents if services are not maintained, and, in cases of overcharge, DHCR may assess penalties of interest or treble damages payable to the tenant. The application of the Rent Stabilization Code to the Mortgaged Property and the rights of DHCR to reduce rents and impose civil penalties on the Borrower could have a material and adverse impact on the performance of the Mortgaged Property and the Series 2014 Bonds.
The Successful Operation of a Multifamily Property Depends on Tenants

Repayment of the Loan will be affected by the expiration of leases and the ability of the Borrower and the Property Manager to renew the leases or to relet the space corresponding to such leases on comparable terms. The owner of a multifamily property typically uses lease or rental payments for the following purposes:

- to pay for maintenance and other operating expenses associated with the property;
- to fund repairs, replacements and capital improvements at the property; and
- to pay debt service on mortgage loans secured by, and any other debt obligations associated with operating, the property.

Factors that may adversely affect the ability of the Mortgaged Property to generate net operating income from lease and rental payments include:

- an increase in vacancy rates, which may result from tenants deciding not to renew an existing lease;
- an increase in tenant payment defaults;
- a decline in rental rates as leases are entered into, renewed or extended at lower rates;
- an increase in the capital expenditures needed to maintain the Mortgaged Property or to make improvements; and
- an increase in operating expenses.

The operations at or the value of the Mortgaged Property will be adversely affected if the Borrower or Property Manager is unable to renew leases or relet space on comparable terms when existing leases expire and/or become defaulted. Even if vacated space is successfully relet, the costs associated with reletting can be substantial and could reduce cash flow from the Mortgaged Property. Moreover, if a tenant at the Mortgaged Property defaults in its lease obligations, the Borrower may incur substantial costs and experience significant delays associated with enforcing its rights and protecting its investment, including costs incurred in renovating and reletting the Mortgaged Property. We cannot assure you that the foregoing circumstances will not adversely impact operations at or the value of the Mortgaged Property.

Furthermore, we cannot assure you that (1) leases that expire can be renewed, (2) the space covered by leases that expire or are terminated can be re-leased in a timely manner at comparable rents or on comparable terms or (3) the Borrower will have the cash or be able to obtain the financing to fund any required tenant improvements. Income from and the market value of the Mortgaged Property would be adversely affected if vacant space in the Mortgaged Property could not be leased for a significant period of time, if tenants were unable to meet their lease obligations or if, for any other reason, rental payments could not be collected.

Property Value May Be Adversely Affected Even When There Is No Change in Net Operating Income

Various factors may adversely affect the Mortgaged Property's value without affecting its current net operating income. These factors include, among others:

- changes in governmental regulations, fiscal policy, zoning or tax laws;
- potential environmental legislation or liabilities or other legal liabilities;
- convertibility of a Mortgaged Property to an alternative use;
• restrictive covenants; and
• the availability of financing.

Underwritten Net Cash Flow May Not Represent Future Net Cash Flow

[As described under “Description of the Mortgaged Property”, underwritten net cash flow means cash flow as adjusted based on a number of assumptions and projections.] As a result, underwritten net cash flows, by their nature, are speculative. In the event of the inaccuracy or failure of any assumptions or projections used in connection with the calculation of underwritten net cash flow, the actual net cash flow could be materially lower than the underwritten net cash flow presented in this offering statement, and this would change other numerical information presented in this offering statement based on or derived from the underwritten net cash flow, such as the debt service coverage ratios presented in this offering statement. We make no representation that the underwritten net cash flow set forth in this offering statement as of the Closing Date or any other date represents future net cash flows. You should review these assumptions and make your own determination of the appropriate assumptions to be used in determining underwritten net cash flow.

In addition, the underwritten debt service coverage ratios set forth in this offering statement for the Loan and the Mortgaged Property vary, and may vary substantially, from the debt service coverage ratios for the Loan and the Mortgaged Property as calculated pursuant to the definition of such ratios as set forth in the Loan Documents. See “Description of the Mortgaged Property” for a description of the calculation of the underwritten net cash flow in this offering statement.

Maintaining the Mortgaged Property in Good Condition May Be Costly

The Borrower may be required to expend a substantial amount to maintain, renovate or refurbish the Mortgaged Property. Failure to do so may materially impair the Mortgaged Property’s ability to generate cash flow. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements. Even superior construction will deteriorate over time if management does not schedule and perform adequate maintenance in a timely fashion. We cannot assure you that the Mortgaged Property will generate sufficient cash flow to cover the increased costs of maintenance and capital improvements in addition to paying debt service on the Loan.

While the Borrower has not indicated that it has any plans to redevelop or renovate the Mortgaged Property, it may do so in the future. The existence of construction or renovation at or near the Mortgaged Property may make the Mortgaged Property less attractive to tenants, and accordingly could have a negative effect on net operating income. Additionally, construction or renovation may block access to the Mortgaged Property or portions of the Mortgaged Property or otherwise create disturbance to the Mortgaged Property. These factors could have a negative effect on net operating income. Failure to complete any improvements may have a material adverse effect on the cash flow at the Mortgaged Property and the ability of the Borrower to meet its payment obligations under the Loan Documents.

We cannot assure you that any redevelopment or renovation will be completed, that such redevelopment or renovation will be completed in the time frame contemplated, or that, when and if redevelopment or renovation is completed, such redevelopment or renovation will improve the operations at, or increase the value of, the Mortgaged Property. Failure of any of the foregoing to occur could have a material negative impact on the Mortgaged Property, which could affect the ability of the Borrower to repay the Loan.

Risks Related to Condominium Regimes

The Mortgaged Property consists of one condominium unit in a four unit condominium containing 899 residential rental units and approximately 1,200 leasable square feet of retail space in the base of the building. The Condominium contains three additional condominium units that are not part of the Mortgaged
Property: (i) an ambulatory care center on a portion of floors 1 and 5 owned and operated by an entity affiliated with the New York Presbyterian Hospital, (ii) a below grade parking garage owned by another entity affiliated with the Hospital and (iii) a pre-K through 8th grade New York City public school on a portion of floors 1 through 4 that is owned and operated by the New York City School Construction Authority. The four condominium units are contained in one 76-story building.

Due to the nature of condominiums, a default on the part of the Borrower would not allow the Special Servicer the same flexibility in realizing on the collateral as is generally available with respect to commercial properties that are not condominiums. The rights of other unit owners, the documents governing the management of the condominium units and the state and local laws applicable to condominium units must be considered. Consequently, servicing and realizing upon the collateral described above could subject the holders of the Series 2014 Bonds to a greater delay, expense and risk than with respect to a mortgage loan secured by a commercial property that is not a condominium. In addition, in the case of condominiums, a board of managers generally has discretion to make decisions affecting the condominium.

Increased Operating Expenses Can Adversely Affect the Availability of Mortgaged Property Revenues Sufficient for Timely Payment of the Loan

As with any business venture of this size and nature, the operation of the Mortgaged Property could be affected by many factors, including the breakdown or failure of equipment or processes, fuel and energy costs, the interference with proper operations by governmental controls and requirements, labor disputes, catastrophic events including fires, explosions, earthquakes and droughts, changes in law, failure to obtain necessary permits or to meet permit conditions, or similar events. The failure or inability to obtain and maintain proper insurance for such contingencies may impair the ability of the Borrower to fund the necessary repairs or other remediations necessary to assure proper continued operations at the Mortgaged Property. The occurrence of such events could jeopardize the current leasing or future leasing of the Mortgaged Property and thereby materially impair the availability of gross revenues from operations at the Mortgaged Property sufficient for the timely payment of the Loan.

Payment of the Loan Will Be Dependent on the Tenants of a Single Building

Distributions to the holders of the Series 2014 Bonds will be entirely dependent on the performance of the Loan, which will be entirely dependent on the performance of the Mortgaged Property. As such, the Series 2014 Bonds will be a significantly non-diversified investment. The Series 2014 Bonds will only be entitled to amounts collected or advanced with respect to the Loan. There will be no other source of distributions on the Series 2014 Bonds.

Certain tenants at the Mortgaged Property may not be paying full rent, due to rent abatement or credit. We cannot assure you that the rate of occupancy at the Mortgaged Property will remain at the current levels or that the net operating income contributed by the Mortgaged Property will remain at its current or past levels.

The Performance of the Mortgaged Property Is Dependent on the Property Manager

Income realized from operations at the Mortgaged Property and the value of the Mortgaged Property may be affected by management decisions relating to the Mortgaged Property, which in turn may be affected by events or circumstances impacting the Property Manager, its financial condition or results of operation. [As described under “DESCRIPTION OF THE MANAGEMENT AGREEMENT AND THE PROPERTY MANAGER”, the day-to-day management of the Mortgaged Property is currently performed by First New York Partners Management, LLC, an affiliate of Forest City, leasing functions are performed by Douglas Elliman, renewals and collections are performed by Firstservice Residential New York (f/k/a Cooper Square Realty, Inc.) Although the Property Manager is experienced in managing the Mortgaged Property, we cannot assure you that the they will continue to act as Property Manager or that they will manage the Mortgaged Property successfully.]
If the Loan is in default or undergoing special servicing, the affiliation of the Property Manager and the Borrower could disrupt the management of the Mortgaged Property, which may adversely affect cash flow. However, the Loan Documents permit the lender to terminate the management agreement upon the Property Manager becoming insolvent or a debtor in a bankruptcy proceeding or upon a default under the management agreement (after applicable notice and cure periods).

The successful operation of a real estate project depends upon the property manager’s performance and viability. A property manager is responsible for:

- responding to changes in the local market;
- planning and implementing the rental structure;
- operating the property and providing building services;
- managing operating expenses; and
- assuring that maintenance and capital improvements are carried out in a timely fashion.

Properties deriving revenues primarily from short term sources, such as short term leases, are generally more management intensive than properties leased to creditworthy tenants under long term leases.

We make no representation or warranty as to the skills of any present or future managers. Additionally, we cannot assure you that the Property Manager will at all times be in a financial condition to fulfill its management responsibilities. Further, certain individuals involved in the management or general business development at the Mortgaged Property may engage in unlawful activities or otherwise exhibit poor business judgment that may adversely affect operations and ultimately cash flow at the Mortgaged Property.

**Terrorist Attacks and United States Military Action Could Adversely Affect the Mortgaged Property’s Revenues**

On September 11, 2001, the United States was subjected to multiple terrorist attacks, resulting in the loss of many lives and massive property damage and destruction in New York City, the Washington, D.C. area and Pennsylvania. Subsequently a number of thwarted planned attacks in New York City have been reported. The possibility of such attacks could (i) lead to damage to the Mortgaged Property if any such attacks occur, (ii) result in higher costs for insurance premiums, which could adversely affect the cash flow at the Mortgaged Property and (iii) impact residential leasing patterns which could adversely impact rent. As a result, the ability of the Mortgaged Property to generate cash flow may be adversely affected. It is impossible to predict whether, or the extent to which, future terrorist activities may occur in the United States.

It is uncertain what effects any future terrorist activities in the United States or abroad and/or any consequent actions on the part of the United States Government and others, including military action, could have on general economic conditions, real estate markets, particular business segments and/or insurance costs and the availability of insurance coverage for terrorist acts. Among other things, reduced investor confidence could result in substantial volatility in securities markets and a decline in real estate-related investments. In addition, reduced consumer confidence, as well as a heightened concern for personal safety, could result in a material decline in personal spending and travel.

**Terrorism Insurance for the Borrower May Be Unavailable or Insufficient**

Following the September 11, 2001 terrorist attacks in the New York City area and Washington, D.C. area, many insurance companies eliminated coverage for acts of terrorism from their policies. Without assurance that they could secure financial backup for this potentially uninsurable risk, availability in the insurance market for this type of coverage, especially in major metropolitan areas, became either unavailable,
or was offered with very restrictive limits and terms, with prohibitive premiums being requested. In order to provide a market for such insurance, the Terrorism Risk Insurance Act of 2002 was enacted on November 26, 2002, which established the Terrorism Insurance Program. Under the Terrorism Insurance Program, the federal government shares the risk of loss associated with certain future terrorist acts.

[On December 26, 2007, the Terrorism Insurance Program was extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 through December 31, 2014 (“TRIPRA”).]

The Terrorism Insurance Program is administered by the Secretary of the Treasury and, through December 31, 2014, will provide some financial assistance from the United States government to insurers in the event of another terrorist attack that results in an insurance claim. The program applies to any act that is certified by the Secretary of the Treasury — in concurrence with the Secretary of State and the Attorney General of the United States — to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. The Terrorism Insurance Program does not cover nuclear, biological, chemical and radiological attacks.

In addition, no compensation will be paid under the Terrorism Insurance Program unless the aggregate industry losses relating to such act of terrorism exceed $100 million. As a result, unless the Borrower obtains separate coverage for events that do not meet that threshold, such events would not be covered.

The Treasury Department has established procedures for the Terrorism Insurance Program under which the federal share of compensation will be equal to 85% of the portion of insured losses that exceeds an applicable insurer deductible required to be paid during each program year (which insurer deductible was fixed by the Terrorism Risk Insurance Program Reauthorization Act of 2007 at 20% of an insurer’s direct earned premium for any program year). The federal government share in the aggregate in any program year may not exceed $100 billion (and the insurers will be liable for any amount that exceeds this cap).

Through December 2014, insurance carriers are required under the program to provide terrorism coverage in their basic policies providing “special” form coverage.

Because the Terrorism Insurance Program is a temporary program, we cannot assure you that it will create any long-term changes in the availability and cost of such insurance. Moreover, we cannot assure you that subsequent terrorism insurance legislation will be passed upon TRIPRA’s expiration.

If TRIPRA is not extended or renewed upon its expiration in 2014, premiums for terrorism insurance coverage will likely increase and/or the terms of such insurance may be materially amended to increase stated exclusions or to otherwise effectively decrease the scope of coverage available (perhaps to the point where it is effectively not available). In addition, to the extent that any policies contain “sunset clauses” (i.e., clauses that void terrorism coverage if the federal insurance backstop program is not renewed), then such policies may cease to provide terrorism insurance upon the expiration of TRIPRA. We cannot assure you that such temporary program will create any long term changes in the availability and cost of such insurance.

The Borrower will be required under the Loan Documents to obtain and maintain coverage against loss or damage by terrorist acts as described under “Description of the Loan Agreement—Insurance on the Mortgaged Property”.

[The Mortgaged Property is insured for terrorism coverage provided by [ ], a [ ] , [ ] is [rating/license info]. We cannot assure you that [ ] will have sufficient resources to pay out under its policy covering acts of terrorism at the Mortgaged Property. Although [ ] will have the benefit of an 85% backstop provided by the U.S. Government under TRIPRA (which expires December 31, 2014) and reinsurance of the
remainder, we cannot assure you that captive insurance companies will continue to be covered under TRIPRA or that [ ] would have sufficient resources to make payments under any policy covering acts of terrorism. See “Description of the Loan Agreement—Insurance on the Mortgaged Property”.]

Insurance May Not Be Available or Adequate

Although the Mortgaged Property is required to be insured against certain risks, there is a possibility of casualty loss with respect to the Mortgaged Property for which insurance proceeds may not be adequate or which may result from risks not covered by insurance. We cannot assure you that, in the future, the Borrower will comply with or be able to comply with requirements to maintain adequate insurance with respect to the Mortgaged Property, and any uninsured loss could have a material adverse impact on the amount available to make payments on the Loan and/or the value of the Mortgaged Property, and consequently, an adverse impact on the Series 2014 Bonds. As with all real estate, if reconstruction (for example, following fire or other casualty) or any major repair, restoration or improvement is required to the damaged property, changes in laws and governmental regulations may be applicable and may materially affect the cost to, or ability of, the Borrower to effect such reconstruction, major repair, restoration or improvement. As a result, the amount realized with respect to the Mortgaged Property, and the amount available to make payments on the Loan, and consequently, the Series 2014 Bonds could be reduced. In addition, we cannot assure you that the amount of insurance required or provided would be sufficient to cover damages caused by any casualty, or that such insurance will be commercially available in the future.

Although the Mortgaged Property is insured at levels consistent with the insurance carried by owners and developers of multifamily properties in New York, we cannot assure you that any loss incurred will be of a type covered by such insurance and will not exceed the limits of such insurance.

[The insurable value of the Mortgaged Property as of the origination date was lower than the principal balance of the Loan. In the event of a casualty when the Borrower is not required to rebuild or cannot rebuild, we cannot assure you that the insurance required with respect to the Mortgaged Property will be sufficient to pay the related Loan in full and there is no “gap” insurance required under such Loan to cover any difference. Therefore, a casualty that occurs near the Anticipated Maturity Date may result in an extension of the Loan if the Master Servicer, in accordance with the Servicing Standard (as defined in the Servicing Agreement) determined that such extension was in the best interest of Bondholders.]

Should an uninsured loss or a loss in excess of insured limits occur, the Borrower could suffer disruption of income, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the Mortgaged Property. [In addition, the Borrower is relying on the creditworthiness of the insurers providing insurance with respect to the Mortgaged Property.] [The Loan Agreement will require that the insurance policies be issued by insurers that have a financial strength rating of at least “A” by A.M. Best and a financial size category of at least “VIII” by A.M. Best and a claims paying ability and financial strength rating of at least “A-” by Standard & Poor’s Rating Services (and the equivalent ratings for Moody’s Investors Service, Inc., Fitch Ratings, Inc. and DBRS, Inc. to the extent each such rating agency rates the insurance company and is rating the Series 2014 Bonds).]

The Borrower has purchased, or will have purchased by the Closing Date, property coverage from insurers with ratings that meet the above described requirements. We cannot assure you that any such insurer will remain solvent or be able to satisfy its obligations under an insurance policy.

The Borrower May Be Subject to Environmental Liabilities

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of investigation, removal or remediation of hazardous or toxic substances on, under, adjacent to, or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic
substances. The cost of any required remediation and the owner's liability therefor could exceed the value of the property or to the aggregate assets of the owner. In addition, the presence of hazardous or toxic substances, or the failure to properly remEDIATE environmental conditions of such property, may adversely affect the owner's or operator's ability to refinance using such property as collateral or the owner's ability to sell such property. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of such substances at the disposal or treatment facility. For all of these reasons, the presence of, or potential for contamination by, hazardous or toxic substances at, on, under, adjacent to, or in the Mortgaged Property could materially adversely affect the value of the Mortgaged Property and the ability of the Borrower to make payments on the Loan.

Under some environmental laws, such as the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), as well as other federal and state laws, a secured lender may become liable, as an "owner" or "operator", for the costs of responding to a release or threat of a release of hazardous substances on or from a borrower's property regardless of whether the borrower or a previous owner caused the environmental damage, if (i) agents or employees of a lender are deemed to have participated in the management of the borrower's property prior to foreclosure or (ii) the lender actually takes possession of a borrower's property or control of its day to day operations, as for example, through the appointment of a receiver. Although CERCLA was amended in an attempt to clarify the activities in which a lender may engage without becoming subject to liability under CERCLA and one other similar federal law, such legislation has not been extensively interpreted by the courts and in any event has no applicability to other federal or state environmental laws except in those instances where specifically incorporated in those other laws.

The Mortgaged Property has been subject to a "Phase I" Environmental Site Assessment ("ESA") dated [ ] performed by [ ] in connection with the origination of the Loan. The assessment was intended to evaluate the environmental condition of the Mortgaged Property by identifying the presence or likely presence of hazardous materials on the property and identifying conditions that indicate an existing release, a past release, or a material threat of a release of hazardous materials into structures on the Mortgaged Property or into the ground, groundwater or surface of the Mortgaged Property. The report included inspection of the Mortgaged Property and adjacent properties and a review of publicly available general information, historical information and environmental records related to the Mortgaged Property. The ESA generally did not include sampling or analysis of soil, groundwater or other environmental media or subsurface investigations. [Description of ESA findings to come] We cannot assure you that the ESA completely and accurately identified and characterized all environmental conditions and risks relating to the Mortgaged Property. In addition, we cannot assure you that any environmental indemnity, insurance or reserve amounts will be sufficient to remediate the environmental conditions or that operation and maintenance plans will be put in place and/or followed. Additionally, we cannot assure you that actions of tenants at the Mortgaged Property will not adversely affect the environmental condition of the Mortgaged Property.

The Servicing Agreement will provide that neither the Master Servicer nor the Special Servicer may, on behalf of the Indenture Trustee, obtain title to the Mortgaged Property by foreclosure, deed-in-lieu of foreclosure or otherwise, or take any other action with respect to the Mortgaged Property, if, as a result of any such action, any mortgagee could, in the reasonable, good faith judgment of the Special Servicer, exercised in accordance with the Servicing Standard, be considered to hold title to, to be a "mortgagee-in-possession" of, or to be an "owner" or "operator" of the Mortgaged Property within the meaning of CERCLA or any comparable law, unless (i) the Special Servicer has previously determined in accordance with the Servicing Standard, based on an ESA (and any additional environmental testing that the Special Servicer deems necessary and prudent) of the Mortgaged Property conducted by an independent person who regularly conducts ESAs and performed during the 12-month period preceding any such acquisition of title or other action, that the Mortgaged Property is in compliance with applicable environmental laws and regulations and there are no circumstances or conditions present at the Mortgaged Property relating to the use, management or disposal of any dangerous, toxic or hazardous pollutants, chemicals, wastes, or substances for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any applicable environmental laws.
and regulations; or (ii) if the determination in clause (i) cannot be made, the Special Servicer has previously determined in accordance with the Servicing Standard that it would maximize the recovery to the holders of the Loan, on a net present value basis to acquire title to or possession of the Mortgaged Property and to take such remedial, corrective and/or other further actions as are necessary to bring the Mortgaged Property into compliance with applicable environmental laws and regulations. The procedure required by the Servicing Agreement may delay or adversely affect the Special Servicer’s ability to foreclose on the Mortgaged Property. Moreover, any such environmental assessment may not reveal all potential environmental liabilities to which the Mortgaged Property may be subject. We cannot assure you that the requirements of the Servicing Agreement, even if fully observed, will in fact insulate the Borrower from liability for environmental conditions. See “Description of the Servicing Agreement”.

Risks of Anticipated Repayment Date Loans

The Loan will provide that, if on or after the Anticipated Repayment Date, the Borrower has not prepaid the Loan in full, any principal outstanding after that date will accrue interest at an increased interest rate equal to the applicable Revised Interest Rate, which is higher than the applicable Initial Note Rate. The Anticipated Repayment Date for the Loan will be approximately 10 years after origination. After the Anticipated Repayment Date, the Loan will further require that all cash flow available from the Mortgaged Property after payment of the debt service payments under the Loan, the funding of reserves and certain approved operating expenses with respect to the Mortgaged Property will be applied toward the payment of principal on the Loan until the principal balance has been reduced to zero. Although these provisions may create an incentive for the Borrower to repay the Loan in full on the Anticipated Repayment Date, a substantial payment would be required and the Borrower has no obligation to do so. While interest at the Initial Note Rate will continue to accrue and be payable on a current basis on the Loan after its Anticipated Repayment Date, the payment of interest at the excess of the Excess Interest Rate over the Initial Note Rate for the Loan will be deferred and will be required to be paid, with interest (to the extent permitted under applicable law and the Loan Documents), only after the outstanding principal balance of the Loan has been paid in full, at which time the deferred Excess Interest will be paid to the holders of the [Class [ ] Bonds] if not waived by the Master Servicer or Special Servicer.

The Borrower May Not Be Able To Repay the Loan at the Anticipated Repayment Date or the Maturity Date

The Loan will not require any payments of principal on the Loan prior to the Anticipated Repayment Date. As a result, the ability of the Borrower to repay the Loan on the Anticipated Repayment Date will largely depend upon its ability either to refinance the Loan or to sell, to the extent permitted under the Loan Documents, the Mortgaged Property at a price sufficient to permit such repayment.

The ability of the Borrower to accomplish either of these goals will be affected by a number of factors at the time of attempted refinancing or sale, including:

- the availability of, and competition for, credit for commercial real estate projects, which fluctuate over time;
- the prevailing interest rates;
- the net operating income generated by the Mortgaged Property;
- the fair market value of the Mortgaged Property;
- the equity of the Borrower in the Mortgaged Property;
- the financial condition of the Borrower;
- the operating history and occupancy level of the Mortgaged Property;
• tax laws; and
• prevailing regional and national economic conditions.

Whether or not losses are ultimately sustained, if the Loan is not repaid on the Anticipated Repayment Date the weighted average life of your Series 2014 Bonds may be longer than you otherwise anticipated.

The credit crisis and economic downturn resulted in tightened lending standards and a reduction in capital available to refinance commercial mortgage loans. These factors decreased the availability of refinancing for commercial mortgage loans. No assurance can be made that the Borrower will be able to generate sufficient cash from the sale or refinancing of the Mortgaged Property to pay the outstanding principal balance on the Anticipated Repayment Date or Maturity Date of the Loan.

**Subordination**

On each Payment Date, distributions in respect of interest and principal will be made to Bondholders in the manner and in the priorities set forth under "Description of the Series 2014 Bonds". In addition, Realized Losses and Appraisal Reductions will be allocated first, to the [Class G Bonds, then to the Class F Bonds, then to the Class E Bonds, then to the Class D Bonds, then to the Class C Bonds, then to the Class B Bonds and finally to the Class A Bonds]. As a result of the subordination of the Class G Bonds, the Class F Bonds, the Class E Bonds, the Class D Bonds, the Class C Bonds and the Class B Bonds, any shortfalls in respect of the Loan will be borne first by the [Class G Bonds, then to the Class F Bonds, then to the Class E Bonds, then to the Class D Bonds, then to the Class C Bonds, then to the Class B Bonds and finally to the Class A Bonds]. As a result, each Class of Series 2014 Bonds will be more sensitive to delinquencies and losses on the Loan than the Class or Classes of Series 2014 Bonds with a lower numerical designation and under certain circumstances purchasers of such Series 2014 Bonds may not recover their initial investment.

**The Prospective Performance of the Loan Should Be Evaluated Separately from the Performance of Similar Mortgage Loans**

While there may be certain common factors affecting the performance and value of income-producing properties in general, those factors do not apply equally to all income-producing properties and, in many cases, there are unique factors that will affect the performance and/or value of a particular income-producing property. Moreover, the effect of a given factor on a particular property will depend on a number of variables, including but not limited to property type, geographic location, competition, sponsorship and other characteristics of the property and the related mortgage loan. Each income-producing property represents a separate and distinct business venture and, as a result, the related mortgage loan requires a unique underwriting analysis. Furthermore, economic and other conditions affecting properties, whether worldwide, national, regional or local, vary over time. The performance of a mortgage loan originated and outstanding under a given set of economic conditions may vary significantly from the performance of otherwise comparable mortgage loans originated and outstanding under a different set of economic conditions. Accordingly, investors should evaluate the Loan independently from the performance of similar mortgage loans.

**The Borrower's Obligations Under the Loan Can Be Transferred to a Third Party**

Pursuant to the Loan Agreement, the Borrower has the right, subject to the satisfaction of certain conditions, to transfer the Mortgaged Property to a qualified transferee that would assume the obligations of the Borrower under the Loan. The value of the Mortgaged Property may be strongly affected by the management skills, quality and judgment of its owner. We cannot assure you that the management skills, quality or judgment of any qualified transferee and its equity holders will be equivalent to that of the Borrower and its equity holders and that the value of the Mortgaged Property will be maintained at the same level by any qualified successor borrower. See "Description of the Loan Agreement—Permitted Transfers".
Additional Indebtedness Supported by the Mortgaged Property’s Net Cash Flow Could Adversely Impact Your Investment

Any additional debt secured by the Mortgaged Property will reduce the equity interest of the Borrower in the Mortgaged Property. In addition, secured senior debt or pari passu debt encumbering the Mortgaged Property may increase the difficulty of refinancing the Loan at maturity and the possibility that reduced cash flow could result in deferred maintenance. Thus, although prohibited by the terms of the Loan Documents, it may not be evident that the Borrower has incurred any such prohibited subordinate second lien debt until the Loan otherwise defaults.

The Loan Documents and organizational documents of the Borrower generally do not prohibit the Borrower from incurring additional indebtedness if incurred in the ordinary course of business and not secured by a lien on the related Mortgaged Property. However, the amount of any such additional indebtedness is generally limited no more than two percent (2%) of the outstanding principal amount of the Note. A default by the Borrower on such additional indebtedness could impair the Borrower’s financial condition and result in the bankruptcy or insolvency of the Borrower, which would cause a delay in the foreclosure by the lender on the Mortgaged Property. No investigations, searches or inquiries to determine the existence or status of any subordinate secured financing with respect to the Mortgaged Property will have been made and we cannot assure you that the Borrower will have complied with the restrictions on indebtedness in the related Loan Documents.

Limitations on Enforcement Remedies May Adversely Affect Realization of the Security for the Loan

New York law may interfere with the ability of the Master Servicer or the Special Servicer, as applicable, to accelerate the Loan upon the occurrence of an event of default, and of the Master Servicer or the Special Servicer, as applicable, on behalf of the Indenture Trustee, to enforce the Mortgage and the other collateral agreements. New York law also may limit any deficiency judgment following a foreclosure to the excess of the outstanding debt over the fair market value of the property foreclosed upon. In New York, an action on the debt and an action to foreclose generally cannot be prosecuted simultaneously. In some instances, if a suit on the debt has commenced, a foreclosure may be initiated, but only if a judgment was not obtained at the time the foreclosure action started. If a judgment on the debt has been obtained, however, a foreclosure action will be barred unless the judgment has been returned wholly or partially unsatisfied. Foreclosure of the Mortgage would be an expensive and lengthy process and could lead to an indefinite delay in recovery of amounts owed under the Loan. See “Description of the Loan Agreement” and “Certain Legal Aspects of the Loan”. The liquidation value of the Mortgaged Property may be adversely affected by the federal income tax requirements for qualification as “foreclosure property” and by risks generally incident to interests in real property. We cannot assure you that the Master Servicer or the Special Servicer, as applicable, would recover all amounts owed under the Loan upon a foreclosure and subsequent sale of the Mortgaged Property. See “Certain Legal Aspects of the Loan”.

The Loan Documents contain a debt-acceleration clause which permits the Master Servicer or the Special Servicer, as applicable, to accelerate the indebtedness evidenced thereby upon a monetary or nonmonetary default of the Borrower. Courts generally will enforce clauses providing for acceleration in the event of a material payment default after the giving of appropriate notices but may refuse to permit the foreclosure of a mortgage when an acceleration of the indebtedness would be inequitable or unjust or the circumstances would render the acceleration unconscionable.

Enforcement of the Loan Documents May Be Limited by Applicable Law

If a Mortgage Event of Default occurs under any of the Loan Documents, the practical realization of any rights upon any default will depend on the exercise of various remedies specified in the Loan Documents, and will be subject to the limitations placed on those rights under Applicable Laws. For example, the enforcement of any remedies granted under the Loan Documents may be affected by the following matters:
• federal bankruptcy laws;
• rights of third parties in cash, securities and instruments not in the possession of the Indenture Trustee or the Master Servicer or the Special Servicer, including accounts and general intangibles converted for cash;
• rights arising in favor of the United States of America or any agency or instrumentality of the United States of America;
• present or future prohibitions against assignments in any federal statutes or regulations;
• constructive trusts, equitable liens, or other rights or defenses imposed or conferred by any state or federal court in the exercise of its equitable jurisdiction;
• with respect to certain remedies, the necessity for judicial action which is often subject to judicial discretion and delay;
• claims that might obtain priority if New York Uniform Commercial Code continuation statements are not filed in accordance with applicable laws;
• rights to proceeds of any collateral which may be impaired if appropriate action is not taken to continue the perfection of a security interest in such proceeds as required by the New York Uniform Commercial Code;
• statutory liens;
• present or future prohibitions on the enforceability of “due-on-sale” or “due-on-encumbrance” clauses in any federal statutes or regulations or by any state or federal court; and
• present or future changes in the limitations, or exceptions from, on the permissible amounts to be charged to borrowers for late charges, additional interest charges and prepayment charges, whether such prepayment is voluntary or involuntary.

As a result of the foregoing considerations, among others, the ability to realize upon the Mortgage and other Loan Documents may be limited by applicable laws. The actions of the Indenture Trustee, the Master Servicer or the Special Servicer may also, in certain circumstances, subject them to liability as a “mortgagee-in-possession” or result in the equitable subordination of their claims to the claims of other creditors of the Borrower. The Indenture Trustee, the Master Servicer or the Special Servicer may take these laws into consideration in deciding which remedy to choose following a default by the Borrower. The various legal opinions to be delivered concurrently with the issuance of the Series 2014 Bonds will be qualified as to the enforceability of the remedies provided under the Loan and Loan Documents, including as a result of limitations imposed by bankruptcy, reorganization, insolvency, fraudulent conveyance, or other similar laws affecting the rights of creditors generally and by general principles of equity and public policy considerations. If any of such limitations are imposed, they may adversely affect the ability of the Indenture Trustee, the Master Servicer or the Special Servicer to enforce their claims and rights against the Borrower and the remainder of the Mortgaged Property. Consequently, if a Mortgage Event of Default occurs, it is uncertain that the Indenture Trustee, the Master Servicer or the Special Servicer could successfully obtain an adequate remedy at law or in equity. Furthermore, we cannot assure you that the exercise of any such remedies will provide sufficient funds to pay the Series 2014 Bonds all amounts to which they are entitled. See “Certain Legal Aspects of the Loan”.

The Enforceability of Assignments of Leases Is Subject to Procedural Requirements Under New York Law

The Loan will be secured by an assignment of leases and rents with respect to the Mortgaged Property. This assignment is contained in the Mortgage pursuant to which the Borrower will assign its right, title and interest under the leases of the Mortgaged Property and the income derived from the Mortgaged Property as further security for the Loan, while retaining a license, subject to the cash management provisions
of the Indenture and the Servicing Agreement, to collect rents so long as no Mortgage Event of Default has occurred and is continuing. In the event of a Mortgage Event of Default, following notice from the Master Servicer or the Special Servicer, as applicable, such license will terminate and the Master Servicer or the Special Servicer, as applicable, will be entitled to collect rents from the Mortgaged Property on behalf of the Indenture Trustee and the holders of the Loan until all Mortgage Events of Default then existing are cured or waived. Such assignments may not be perfected in New York prior to actual possession by the lender of the cash flow from the Mortgaged Property. Notwithstanding the language of the assignment, however, New York law may require that the lender take possession of the Mortgaged Property and obtain judicial appointment of a receiver before becoming entitled to collect the rents. Such requirements could delay the ability of the Master Servicer or the Special Servicer, as applicable, to collect rents from the Mortgaged Property during the existence of a Mortgage Event of Default.

Your Lack of Control Over the Administration of the Loan Can Adversely Impact Your Investment

Holders of the Series 2014 Bonds will not have the right to make decisions with respect to the administration of the Loan. These decisions will be generally made, subject to the express terms of the Indenture and the Servicing Agreement, by the Master Servicer, the Special Servicer and the Indenture Trustee. Any decision made by any of those parties in respect of the administration of the Loan in accordance with the terms of the Indenture and the Servicing Agreement, even if it determines that decision to be in your best interests, may be contrary to the decision that you would have made and may negatively affect your interests.

The Operating Advisor, on behalf of the Indenture Trustee, will have the right to consult with the Master Servicer and Special Servicer with respect to certain major decisions under the Servicing Agreement. However, the Master Servicer or Special Servicer, as applicable, will not be required to follow any recommendation or advice provided by the Operating Advisor.

In certain limited circumstances, Bondholders will have the right to vote on matters affecting the Series 2014 Bonds. Voting is based on the outstanding principal balance of the Series 2014 Bonds as a whole or by Class, but in certain cases as reduced by the allocation of appraisal reductions and realized losses. In other words, even if the outstanding Bond Balance of your Series 2014 Bonds has not in fact been reduced, your entitlement to vote may be reduced by the appraisal reductions and realized losses allocated to your Series 2014 Bonds. These limitations on voting resulting from appraisal reductions and realized losses could adversely affect your ability to protect your interests with respect to matters voted on by Bondholders. See “Description of the Servicing Agreement—Appraisal Reductions and Realized Losses”, and “Description of the Servicing Agreement—Servicer Termination Events” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS—Limitation on Rights of the Indenture Trustee and the Holders of the Series 2014 Bonds—[Reduction of Voting Rights]”.

Risks Relating to Interest on Advances and Special Servicing Compensation

[As described in this official statement, the Master Servicer and/or the Indenture Trustee, as applicable, will be entitled to receive interest on unreimbursed Advances at the “Prime Rate” as published in The Wall Street Journal. See “Description of Servicing Agreement—Advances”.] This interest will generally accrue from the date on which the related Advance is made or the related expense is incurred to the date of reimbursement. In addition, under certain circumstances, including delinquencies in the payment of principal and/or interest, the Loan will be specially serviced and the Special Servicer is entitled to compensation for special servicing activities. The right to receive interest on Advances or special servicing compensation is generally senior to the rights of Bondholders to receive distributions on the Series 2014 Bonds. The payment of interest on Advances and the payment of compensation to the Special Servicer may lead to shortfalls in amounts otherwise distributable on your Series 2014 Bonds that would not otherwise have resulted without the accrual of such interest.
Tax and Other Restrictions as a Result of the Series 2014 Tax-Exempt Bonds Tax and Other Considerations May Limit the Ability To Modify the Loan

The Servicing Agreement will generally prohibit the Master Servicer and the Special Servicer from modifying, waiving or amending any term of the Loan if such action would adversely affect the exclusion of interest on the Series 2014 Tax-Exempt Bonds from gross income for federal income tax purposes, and will generally require that an opinion of counsel be delivered to the effect that no such adverse effect would result from any action or failure to take any action contemplated in the Servicing Agreement. Since the tax-exempt status of the Series 2014 Tax-Exempt Bonds could be jeopardized by any modification to the Loan that defers interest to a material extent (generally, a deferral of interest on the Series 2014 Tax-Exempt Bonds more than 5 years beyond the original due date of the first interest payment that is deferred), this opinion requirement could limit the ability of the Special Servicer to modify the Loan after a Mortgage Event of Default. Additionally, neither the Master Servicer nor the Special Servicer will be permitted to (i) make any modification to the terms of the Loan that would have the effect of permanently extinguishing principal or interest (other than Default Interest) other than as a result of liquidation proceeds being insufficient to pay any of such amounts on any Loan or (ii) extend the Stated Maturity Date of the Loan beyond the date that is 5 years prior to the Rated Final Date. [See “Description of the Servicing Agreement—Limitation on Rights of the Indenture Trustee and the Holders of the Series 2014 Bonds—Modifications, Waivers, Amendments and Consents Relative to the Obligations”]

These restrictions could adversely affect the Special Servicer’s ability to successfully work-out the Loan, or otherwise return the Loan to performing status, if a Mortgage Event of Default occurs, which could adversely affect the value or performance of the Series 2014 Bonds.

“No Downgrade Confirmations” May Be Considered Not To Apply

Several provisions in the Loan Documents, the Indenture and the Servicing Agreement require that, prior to certain actions being taken, the Person proposing to take the actions must obtain a No Downgrade Confirmation. However, “No Downgrade Confirmation”, as so defined, allows any Rating Agency asked for a No Downgrade Confirmation to waive the requirement (or not respond to a request for a No Downgrade Confirmation), with such waiver (or such inaction) being, under the Loan Documents, considered not to apply with respect to such Rating Agency (as if such requirement did not exist). We cannot assure you that any action proposed to be taken as to which a No Downgrade Confirmation is required will in fact be reviewed by a Rating Agency and evaluated for its impact on the then current ratings on the Series 2014 Bonds with the result that the No Downgrade Confirmation was considered not to apply.

Bankruptcy of the Borrower May Delay Foreclosure Proceedings and Other Remedies

The bankruptcy of the Borrower could interfere with and delay the ability of the Master Servicer or the Special Servicer, as applicable, to obtain payments on the Loan, to realize on the Mortgaged Property and/or enforce a deficiency judgment against the Borrower. See “Certain Legal Aspects of the Loan—Bankruptcy Issues”.

Although the organizational documents of the Borrower contain provisions designed to mitigate the risk of a bankruptcy filing by the Borrower, this risk cannot be eliminated. For example, the Borrower’s organizational documents prohibit the Borrower from [(i) engaging in activities other than those which relate
to the ownership, operation, management and financing of the Mortgaged Property, (ii) incurring additional indebtedness other than indebtedness permitted under the Loan Documents relating to the activities set forth in clause (i) above, and (iii) creating or allowing any encumbrance on the Mortgaged Property, other than the Mortgage and any other encumbrances permitted under the Loan Agreement]. The organizational documents also contain requirements that there be two independent directors whose vote is required before the Borrower files a bankruptcy or insolvency petition or otherwise institutes insolvency proceedings. The independent
director is required to be selected from nationally-recognized companies or service providers who provide independent director services as part of their business. See "The Borrower".

Although the requirement of having [independent directors] is designed to mitigate the risk of a voluntary bankruptcy filing by a solvent Borrower, the independent directors may determine in the exercise of their fiduciary duties to the Borrower that a bankruptcy filing is an appropriate course of action to be taken by the Borrower. Such determination might take into account the interests and financial condition of the Borrower's direct or indirect parents or affiliates in addition to the interests and financial condition of the Borrower, such that the financial distress of the parent entities or affiliates of the Borrower might increase the likelihood of a bankruptcy filing by the Borrower. In any event, we cannot assure you that the Borrower will not file for bankruptcy protection, that creditors of the Borrower will not initiate a bankruptcy or similar proceeding against the Borrower or that, if initiated, a bankruptcy case of the Borrower would be dismissed. For more information regarding the parent entities of the Borrower that may also become the subject of bankruptcy or other insolvency proceedings, see "The Borrower".

In the bankruptcy case of In Re General Growth Properties, Inc., for example, notwithstanding that the subsidiaries were special purpose entities with independent directors, numerous property-level, special purpose subsidiaries were filed for bankruptcy protection by their parent entity. Nonetheless, the United States Bankruptcy Court for the Southern District of New York denied various lenders' motions to dismiss the special purpose entity subsidiaries' cases as bad faith filings. In denying the motions, the bankruptcy court stated that the fundamental and bargained-for creditor protections embedded in the special purpose entity structures at the property level would remain in place during the pendency of the chapter 11 cases. Those protections included adequate protection of the lenders' interest in their collateral and protection against the substantive consolidation of the property-level debtors with any other entities.

The moving lenders had argued that the 21 property-level bankruptcy filings were premature and improperly sought to restructure the debt of solvent entities for the benefit of equity holders. However, the Bankruptcy Code does not require that a voluntary debtor be insolvent or unable to pay its debts currently in order to be eligible for relief and generally a bankruptcy petition will not be dismissed for bad faith if the debtor has a legitimate rehabilitation objective. Accordingly, after finding that the relevant debtors were experiencing varying degrees of financial distress due to factors such as cross defaults, a need to refinance in the near term (i.e., within 1 to 4 years), and other considerations, the bankruptcy court noted that it was not required to analyze each debtor's basis for filing. In the court's view, the critical issue was whether a parent company that had filed its bankruptcy case in good faith could include in the filing subsidiaries that were crucial to the parent's reorganization. As demonstrated in the General Growth Properties bankruptcy case, although special purpose entities are designed to mitigate the bankruptcy risk of a borrower, special purpose entities can become debtors in bankruptcy under various circumstances.

Pursuant to the doctrine of substantive consolidation, a bankruptcy court, in the exercise of its equitable powers, has the authority to order that the assets and liabilities of the Borrower be consolidated with those of a bankrupt affiliate (i.e., even a non-borrower) for the purposes of making distributions under a plan of reorganization or liquidation. Thus, property that is ostensibly the property of the Borrower may become subject to the bankruptcy case of an affiliate, the automatic stay applicable to such bankrupt affiliate may be extended to the Borrower, and the rights of creditors of the Borrower may become impaired.

At origination of the Loan, opinions of counsel to the Borrower [and its affiliates] [will be][were] delivered concluding on the basis of a reasoned analysis of analogous case law that [if the matter were properly presented to a court and the court correctly applied applicable law to the facts, it would not be an appropriate use of the powers or discretion of a bankruptcy court, in the event of the institution of voluntary or involuntary bankruptcy proceedings involving certain parent entities of the Borrower, to order substantive consolidation of the assets and liabilities of the Borrower with those of such parent entities]. These opinions [will be][are] based on numerous assumptions regarding future actions of the Borrower and its affiliates. We cannot assure you that in the event of the bankruptcy of any of the parent entities of the Borrower, the assets of the Borrower
would not be treated as part of the bankruptcy estates of such parent entities. See “Certain Legal Aspects of the Loan—Bankruptcy Issues”. In addition, in the event of the institution of voluntary or involuntary bankruptcy proceedings involving the Borrower and certain of its affiliates, we cannot assure you that a court would not consolidate the respective bankruptcy proceedings as an administrative matter.

Litigation May Adversely Affect the Borrower’s Ability To Meet its Obligations Under the Loan Documents

There are pending and, from time to time, there may be additional pending or threatened legal proceedings against the Borrower, the Property Manager and their affiliates arising out of the ordinary course of business of the Borrower, Property Manager and affiliates. Certain of such legal proceedings of a type commonly associated with the ordinary course of operating a multifamily building such as the Mortgaged Property are typically covered by liability insurance maintained by the Borrower. However, certain types of litigation may not be covered by insurance. We cannot assure you that any insurance maintained by the Borrower will be adequate to cover litigation expenses, that litigation will not arise otherwise than from the ordinary course of the Borrower’s business, or that any litigation, however arising, will not have a material adverse effect on the Borrower’s ability to make its debt service payments on the Loan or on the value of the Mortgaged Property and, in turn, a material adverse effect on the Series 2014 Bonds.

We cannot assure you that other litigation involving affiliates of the Borrower or the Property Manager will not arise, or that such litigation would not have an adverse effect on the Mortgaged Property or on the ability of the Borrower or the Property Manager to perform their respective obligations under the Loan Documents.

Limitations of Appraisals and Inspections

Commercial lenders typically require appraisals and property condition reports when originating mortgage loans. The Issuers evaluate such reports when analyzing risks of default and calculating anticipated loan-to-value ratios and debt service coverage ratios.

In connection with the origination of the Mortgage Loan, CBRE, Inc. prepared an MAI appraisal, dated June 25, 2014, with a value date of June 16, 2014, with respect to the Mortgaged Property. [The appraisal stated that it was conducted in conformance with (a) the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and (b) the Uniform Standards of Professional Appraisal Practices. The appraisal stated an “as-is” value of $1,100,000,000. We cannot assure you that the value of the Mortgaged Property during the term of the Loan will equal or exceed such appraised value. In general, appraisals represent the analysis and opinion of qualified appraisers and are not guarantees of present or future value. A qualified appraiser may reach a different conclusion as to the value of a particular commercial property than the conclusion that would be reached if a different appraiser were appraising the property. Moreover, appraisals seek to establish the amount a typically motivated buyer would pay a typically motivated seller. Such amount could be significantly higher than the amount obtained from the sale of the Mortgaged Property under a distress or liquidation sale. Information regarding the appraised value of the Mortgaged Property is presented in this offering statement for illustrative purposes only and is not intended to be a representation as to the past, present or future market values of the Mortgaged Property. Certain of the descriptions of the Mortgaged Property set forth under “Description of the Mortgaged Property” and certain other portions of this offering statement, refer to certain statements or conclusions set forth in the appraisal. Such statements and conclusions are subject to the complete appraisal report, including the assumptions, qualifications and conditions set forth in the appraisal report. [See the CD-ROM attached to this offering statement for a copy of the appraisal.][On intralinks]

Lenders typically conduct inspections of properties which are to serve as collateral in connection with the underwriting of mortgage loans. A Property Condition Assessment, dated June 27, 2014, was prepared by Property Solutions Inc., an independent third-party engineer, in connection with the origination of the Loan.
The inspection was performed in order to review easily accessible property components and systems, including architectural, structural, mechanical, plumbing and electrical systems, and to identify significant defects, deficiencies, deferred maintenance and material building code violations associated with the Mortgaged Property. The property condition assessment noted that the Mortgaged Property was in "excellent overall condition with no significant or measurable defects noted or reported". The property condition assessment did not identify any material deferred maintenance or other recommended capital improvements with respect to the Mortgaged Property. We cannot assure you that all conditions requiring repair or replacement have been identified in the inspection. [See the CD-ROM attached to this offering statement for a copy of the property condition report.]

**Potential Conflicts of Interest of the Principals of the Borrower and the Property Manager**

Affiliates and Principals of the Borrower currently own, lease and manage and in the future may develop or acquire, additional properties and lease space in other properties in the same market areas where the Mortgaged Property is located. The Property Manager also manages and may in the future manage competing properties on behalf of certain affiliates of the Borrower and other third parties. Such other properties, similar to other third-party owned real estate, may compete with the Mortgaged Property for existing and potential tenants. None of the Borrower, the Property Manager, nor any of the affiliates or employees of the Borrower or the Property Manager will have any duty to favor the leasing of space in the Mortgaged Property over the leasing of space in other properties, one or more of which may be adjacent to, or near the Mortgaged Property. We cannot assure you that the activities of any entity owned or controlled by the Principals of the Borrower and/or the Property Manager and its affiliates with respect to such other properties will not adversely impact the performance of the Mortgaged Property owned by the Borrower.

**Potential Conflicts of Interest of the Placement Agent and Its Affiliates**

The activities and interests of the Placement Agent and its affiliates (collectively, the "Placement Agent Entities") will not align with, and may in fact be directly contrary to, those of Bondholders. The Placement Agent Entities are each part of separate global, investment banking, securities and investment management firms that provide a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers. These financial instruments include debt and equity securities, currencies, commodities, bank loans, indices, baskets and other products. The Placement Agent Entities' activities include, among other things, executing large block trades and taking long and short positions directly and indirectly, through derivative instruments or otherwise. The securities and instruments in which the Placement Agent Entities take positions, or expect to take positions, include loans similar to the Loan, securities and instruments similar to the Series 2014 Bonds and other securities and instruments. Market making is an activity where the Placement Agent Entities buy and sell on behalf of customers, or for their own account, to satisfy the expected demand of customers. By its nature, market making involves facilitating transactions among market participants that have differing views of securities and instruments. Any short positions taken by the Placement Agent Entities and/or their clients through marketing or otherwise will increase in value if the related securities or other instruments decrease in value, while positions taken by the Placement Agent Entities and/or their clients in credit derivative or other derivative transactions with other parties, pursuant to which the Placement Agent Entities and/or their clients sell or buy credit protection with respect to one or more Classes of the Series 2014 Bonds, may increase in value if the Series 2014 Bonds default, are expected to default, or decrease in value. The Placement Agent Entities and their clients acting through them may execute such transactions, modify or terminate such derivative positions and otherwise act with respect to such transactions, and may exercise or enforce, or refrain from exercising or enforcing, any or all of their rights and powers in connection therewith, without regard to whether any such action might have an adverse effect on the Series 2014 Bonds or the Bondholders. Additionally, none of the Placement Agent Entities will have any obligation to disclose any of these securities or derivatives transactions to you in your capacity as a Bondholder. As a
result, you should expect that the Placement Agent Entities will take positions that are inconsistent with, or adverse to, the investment objectives of investors in the Series 2014 Bonds.

As a result of the Placement Agent Entities' various financial market activities, including acting as a research provider, investment advisor, market maker or principal investor, you should expect that personnel in various businesses throughout the Placement Agent Entities will have and express research or investment views and make recommendations that are inconsistent with, or adverse to, the objectives of investors in the Series 2014 Bonds.

If any of the Placement Agent Entities becomes a holder of any of the Series 2014 Bonds, through market-making activity or otherwise, any actions that they take in their capacity as a Bondholder, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other holders of the same Class or other Class of Series 2014 Bonds. To the extent a Placement Agent Entity makes a market in the Series 2014 Bonds (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Series 2014 Bonds. The price at which a Placement Agent Entity may be willing to purchase Series 2014 Bonds, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Series 2014 Bonds and significantly lower than the price at which it may be willing to sell Series 2014 Bonds.

In addition, the Placement Agent Entities will have no obligation to monitor the performance of the Series 2014 Bonds or the actions of the Master Servicer, the Special Servicer or the Indenture Trustee and will have no authority to advise the Master Servicer, the Special Servicer or the Indenture Trustee or to direct their actions.

Furthermore, the Placement Agent Entities expect that a completed offering will enhance its ability to assist clients and counterparties in the transaction or in related transactions (including assisting clients in additional purchases and sales of the Series 2014 Bonds and hedging transactions). The Placement Agent Entities expect to derive fees and other revenues from these transactions. In addition, participating in a successful offering and providing related services to clients may enhance the Placement Agent Entities' relationships with various parties, facilitate additional business development, and enable them to obtain additional business and generate additional revenue.

In addition, the Placement Agent Entities may have ongoing relationships with, render services to, and engage in transactions with the Borrower, the Sponsor and their respective affiliates, which relationships and transactions may create conflicts of interest between the Placement Agent Entities, on the one hand, and the Bondholders, on the other hand. See "Summary of Offering Statement—Certain Relationships and Affiliations" for a description of certain affiliations and relationships between the Placement Agent Entities and other participants in this offering.

Each of the foregoing relationships should be considered carefully by you before you invest in any Series 2014 Bonds.

**Potential Conflicts of Interest of the Master Servicer and the Special Servicer**

The Servicing Agreement will provide that the Loan is required to be administered in accordance with the Servicing Standard without regard to ownership of any Series 2014 Bond by the Master Servicer or Special Servicer or any of their respective affiliates. See "Description of the Servicing Agreement—Responsibilities of the Master Servicer and the Special Servicer".

Notwithstanding the foregoing, the Master Servicer, the Special Servicer or any of their respective affiliates may have interests when dealing with the Loan that are in conflict with those of holders of the Series 2014 Bonds, especially if the Master Servicer, the Special Servicer or any of their respective affiliates holds Series 2014 Bonds, or has financial interests in or other financial dealings with the Borrower or the Sponsor.
Each of these relationships may create a conflict of interest. For instance, if the Special Servicer or its affiliate holds Series 2014 Bond, the Special Servicer might seek to reduce the potential for losses allocable to those Series 2014 Bond from the Loan by deferring acceleration in hope of maximizing future proceeds. However, that action could result in less proceeds to the Series 2014 Bonds than would be realized if earlier action had been taken.

Each of the Master Servicer and the Special Servicer services and is expected to continue to service, in the ordinary course of its business, existing and new mortgage loans for third parties, including portfolios of mortgage loans similar to the Loan. The real properties securing these other mortgage loans may be in the same market as, and compete with, the Mortgaged Property securing the Loan. Consequently, personnel of the Master Servicer or Special Servicer, as applicable, may perform services with respect to the Loan at the same time as they are performing services on behalf of other persons with respect to other mortgage loans secured by properties that compete with the Mortgaged Property. This may pose inherent conflicts for the Master Servicer or the Special Servicer.

In addition, the Master Servicer and the Special Servicer may service and/or administer other mortgaged-backed loans, and accordingly, may have interests that conflict with the interests of the Bondholders. The Servicing Agreement requires that the Loan be administered in accordance with the Servicing Standard.

Potential Conflicts of Interest of the Operating Advisor

Trimont Real Estate Advisors, Inc. ("Trimont") has been appointed the Operating Advisor. See "The Operating Advisor". The Operating Advisor will be required to consult on a non-binding basis with the Master Servicer and Special Servicer with respect to certain actions. In the normal course of conducting its business, Trimont and its affiliates have rendered services to, performed surveillance of, and negotiated with, numerous parties engaged in activities related to structured finance and commercial mortgage securitization. These parties may have included the Master Servicer, the Special Servicer or the Indenture Trustee. These relationships may continue in the future. Each of these relationships may involve a conflict of interest with respect to Trimont’s duties as Operating Advisor. We cannot assure you that the existence of these relationships and other relationships in the future will not impact the manner in which the Operating Advisor performs its duties under the Servicing Agreement.

[Trimont is prohibited from making an investment in any of the Series 2014 Bonds. However, such prohibition will not be construed to have been violated (i) in connection with riskless principal transactions effected by a broker-dealer affiliate or (ii) pursuant to investments by an affiliate if the Operating Advisor and the affiliate maintain policies and procedures designed to segregate personnel involved in the activities of the Operating Advisor under the Servicing Agreement from personnel involved in the affiliate’s investment activities and to prevent the affiliate and its personnel from gaining access to information regarding the Loan and the Series 2014 Bonds, and the Operating Advisor and its personnel from gaining access to the affiliate’s information regarding its investment activities.]

Each of the foregoing relationships should be considered carefully by prospective investors.

Limitations with Respect to Representations and Warranties of the Issuer

The Indenture will contain certain limited representations and warranties of the Issuer with respect to the Loan, and the only recourse for a material breach of the representation and warranties would be for the Indenture Trustee to commence a legal proceeding for specific performance against the Issuer. [See “The Issuer".]
Unscheduled Principal Payments Could Adversely Affect the Yield and Weighted Average Life of the Series 2014 Bonds

The yield to maturity on each Class of Series 2014 Bonds will be sensitive to, among other things, the rate, timing and amount of principal payments (including [partial prepayment,] prepayment in whole, and unscheduled collections of principal due to casualty, condemnation, default and liquidation) on, [and payments in connection with a repurchase of the Loan (in whole or part)]. We make no representation as to the anticipated rate, timing or amount of payments (including partial prepayment, prepayment in whole, and unscheduled collections of principal due to casualty, condemnation, default and liquidation) on the Components (in whole or part) or as to the anticipated yield to maturity of any Class of Series 2014 Bonds.

In addition, it is important to note that previously issued real estate-backed securities have experienced greater losses than expected, and in certain circumstances significantly greater losses, as a result of defaults and liquidations of the mortgage loans that back those securities. We cannot assure you that the losses actually incurred with respect to the Loan will not similarly exceed any assumed or expected losses.

Principal payments (including unscheduled payments) applied towards the Loan will tend to shorten the weighted average lives of the Classes of Series 2014 Bonds in sequential order. Depending on the ability and the length of time needed to exercise remedies, as well as the Special Servicer’s selection of remedies, a default on the Loan may lengthen the weighted average lives of the Series 2014 Bonds. Since any principal payments on the Loan will be applied to reduce the outstanding principal balance of the [Class A Bonds, then to the Class B Bonds, then to the Class C Bonds, then to the Class D Bonds, then to the Class E Bonds, then to the Class F Bonds and then to the Class G Bonds], in that order, unless such amounts are used to reimburse the Master Servicer, the Special Servicer, the Operating Advisor or the Indenture Trustee for expenses or other costs in the manner described under “Description of the Servicing Agreement”, the amount of principal payments on the Loan and the timing of their receipt will affect the weighted average lives of the Series 2014 Bonds.

Any changes in weighted average life of the Series 2014 Bonds may adversely affect the yield to holders of such Series 2014 Bonds. Prepayments resulting in a shortening of such weighted average life may be made at a time of low interest rates when a Bondholder may be unable to reinvest the resulting payments of principal on its Series 2014 Bonds at a rate comparable to the rate borne by such Series 2014 Bonds. Delays and extensions resulting in a lengthening of such weighted average life may occur at a time of high interest rates when a Bondholder may have been able to reinvest at higher rates principal distributions that would otherwise have been received by it.

In general, if a Series 2014 Bond is purchased at a premium and principal distributions on that Series 2014 Bond occur at a rate faster than anticipated at the time of purchase, the purchaser’s actual yield to maturity may be lower than that assumed at the time of purchase. Similarly, if a Series 2014 Bond is purchased at a discount and principal distributions on that Series 2014 Bond occur at a rate slower than that assumed at the time of purchase, the purchaser’s actual yield to maturity may be lower than assumed at the time of purchase.

The investment performance of the Series 2014 Bonds may vary materially and adversely from the investment expectations of purchasers due to rates of partial prepayment, prepayment in whole or defaults and/or severity of losses on the Loan that are higher or lower than anticipated by purchasers. The actual yield to the holder of a Series 2014 Bond may not be equal to the yield anticipated at the time of purchase of the Series 2014 Bond or, notwithstanding that the actual yield is equal to the yield anticipated at that time, the expected weighted average life of the Series 2014 Bond may not be realized. In deciding whether to purchase any Series 2014 Bonds, you should make an independent decision as to the appropriate prepayment, default and other assumptions to be used. [See “Yield, Prepayment and Maturity Considerations”.]
Borrower Defaults Could Adversely Affect Your Yield to Maturity

The aggregate amount of distributions and the yield on the Series 2014 Bonds as well as the weighted average lives of the Series 2014 Bonds will also be affected by the rate and the timing of delinquencies and defaults on the Loan. If a purchaser of a Series 2014 Bond calculates its anticipated yield based on an assumed rate of default and amount of losses on the Loan that is lower than the Default Rate and amount of losses actually experienced and such losses are allocable to the Series 2014 Bonds, such purchaser’s actual yield to maturity will be lower than that so calculated and could, under certain scenarios, be negative. The timing of any loss upon liquidation of the Mortgaged Property will also affect the actual yield to maturity of the Series 2014 Bonds to which all or a portion of such loss is allocable, even if the rate of default and severity of loss are consistent with a purchaser’s expectations. In general, the earlier a loss borne by a purchaser occurs, the greater is the effect on such purchaser’s yield to maturity.

Regardless of whether a loss ultimately results, delinquency on the Loan may significantly delay the receipt of payments by the holder of a Series 2014 Bond, to the extent that Interest Advances do not fully offset the effects of any such delinquency.

Bondholders Should Not Rely on the Current Ratings by the Rating Agencies

The ratings assigned to each Class of Series 2014 Bonds by the Rating Agencies will be based on, among other things, the economic characteristics of the Mortgaged Property and other relevant features of the transaction. A security rating does not represent any assessment of the yield to maturity that a Bondholder may experience. The ratings assigned to the Series 2014 Bonds will be subject to on-going monitoring, upgrades, downgrades, withdrawals and surveillance by each Rating Agency after the date of issuance of such Series 2014 Bonds. We are not obligated to maintain any particular rating with respect to the rated Series 2014 Bonds, and the ratings initially assigned by the Rating Agencies to the rated Series 2014 Bonds could change adversely as a result of changes affecting, among other things, the Loan, the Mortgaged Property, the Indenture Trustee, the Master Servicer or the Special Servicer, or as a result of changes to ratings criteria employed by the Rating Agencies. Although these changes would not necessarily be or result from an event of default on the Loan, any adverse change to the ratings of your Series 2014 Bonds would likely have an adverse effect on the liquidity, market value and regulatory characteristics of your Series 2014 Bonds.

The ratings assigned to each Class of Series 2014 Bonds will reflect only the views of the respective Rating Agencies as of the date such ratings were issued. Future events could have an adverse impact on such ratings. The ratings may be reviewed, revised, suspended, downgraded, qualified or withdrawn entirely by the applicable Rating Agency as a result of changes in or unavailability of information. The ratings do not consider to what extent the Series 2014 Bonds will be subject to prepayment or that the outstanding principal amount of any Series 2014 Bonds will be prepaid.

Furthermore, the amount, type and nature of credit support, if any, provided with respect to the Series 2014 Bonds was determined on the basis of criteria established by each Rating Agency. These criteria are sometimes based upon analysis of the behavior of mortgage loans in a larger group. We cannot assure you that the historical data supporting that analysis will accurately reflect future experience, or that the data derived from a large pool of mortgage loans will accurately predict the delinquency, foreclosure or loss experience of the Loan. As evidenced by the significant amount of downgrades, qualifications and withdrawals of ratings assigned to previously-issued securities during the recent credit crisis, the assumptions by the Rating Agencies and other nationally recognized statistical rating organizations regarding the performance of the mortgage loans related to such securities were not, in all cases, correct.

We are not obligated to maintain any particular rating with respect to any Class of Series 2014 Bonds. Changes affecting the Mortgaged Property, the Indenture Trustee, the Master Servicer, the Special Servicer, the Operating Advisor or another person may have an adverse effect on the ratings of any Class of Series 2014 Bonds.
Bonds, and thus on the liquidity, market value and regulatory characteristics of such Class, although such adverse changes would not necessarily be an event of default under the Loan. See "Ratings".

Further, a rating of any Class of Series 2014 Bonds below an investment grade rating by any Rating Agency or another nationally recognized statistical rating organization, whether initially or as a result of a ratings downgrade, could affect the ability of a benefit plan or other investor to purchase or retain that Class. [See "Certain ERISA Considerations" and "Legal Investment".]

The Issuer has requested a rating of the Series 2014 Bonds from 2 nationally recognized statistical rating organizations. We cannot assure you as to whether another nationally recognized statistical rating organizations will rate the Series 2014 Bonds, or if such other nationally recognized statistical rating organization were to rate the Series 2014 Bonds, what rating would be assigned by such other nationally recognized statistical rating organization. Additionally, other nationally recognized statistical rating organizations that we have not engaged to rate the Series 2014 Bonds may nevertheless issue unsolicited credit ratings on one or more Classes of Series 2014 Bonds, relying on information such other nationally recognized statistical rating organizations received pursuant to Rule 17g-5 under the Securities Exchange Act of 1934, as amended, or otherwise. If any such unsolicited ratings are issued, we cannot assure you that they will not be different from those ratings assigned by S&P or Fitch. The issuance of an unsolicited rating of a Class of Series 2014 Bonds that is lower than the ratings assigned by S&P or Fitch may adversely impact the liquidity, market value and regulatory characteristics of that Class. As part of the process of obtaining ratings for the Series 2014 Bonds, the Issuer had initial discussions with and submitted certain materials to S&P, Fitch and certain other nationally recognized statistical rating organizations. Based on preliminary feedback from those nationally recognized statistical rating organizations at that time, the Issuer selected S&P or Fitch to rate the Series 2014 Bonds and not such other nationally recognized statistical rating organizations. Had the Issuer selected such other nationally recognized statistical rating organizations to rate the Series 2014 Bonds, we cannot assure you as to the ratings that such other nationally recognized statistical rating organizations would ultimately have assigned to the Series 2014 Bonds. Although unsolicited ratings may be issued by any nationally recognized statistical rating organization, an nationally recognized statistical rating organization might be more likely to issue an unsolicited rating if it was not selected after having provided preliminary feedback to the Issuer.

In addition, neither the Issuer nor any other person or entity will have any duty to notify you if any such other nationally recognized statistical rating organization issues, or delivers notice of its intention to issue, unsolicited ratings on any Class of Series 2014 Bonds after the date of this offering statement. In no event will No Downgrade Confirmations from any such other nationally recognized statistical rating organization be a condition to any action, or the exercise of any right, power or privilege by any person or entity under the Servicing Agreement.

Furthermore, the Securities and Exchange Commission may determine that any or both of S&P and Fitch no longer qualifies as a nationally recognized statistical rating organization, or is no longer qualified to rate the Series 2014 Bonds, and that determination may also have an adverse affect on the liquidity, market value and regulatory characteristics of the Series 2014 Bonds.

The Series 2014 Bonds Have Limited Liquidity and the Market Value of the Series 2014 Bonds May Decline

The Series 2014 Bonds have not been and will not be registered under the Securities Act or registered or qualified under any state or foreign securities laws, and may not be offered, resold, pledged or otherwise transferred except in accordance with the restrictions described in "Description of the Series 2014 Bonds". The Series 2014 Bonds will not be listed on any national securities exchange or traded on any automated quotation systems of any registered securities association. While we have been advised by the [Underwriters] that it currently intends to make a market in the Series 2014 Bonds, the [Underwriters] has no obligation to do so, and market-making may be discontinued at any time, and we cannot assure you that an active secondary
market for the Series 2014 Bonds will develop. Additionally, one or more purchasers may purchase substantial portions of the Series 2014 Bonds. Accordingly, you may not have an active or liquid secondary market for your Series 2014 Bonds. The adverse conditions described above as well as other adverse conditions could continue to severely limit the liquidity for mortgaged-backed securities and cause disruptions and volatility in the market for CMBS.

There is currently no secondary market for the Series 2014 Bonds and we cannot assure you that a secondary market for the Series 2014 Bonds will develop. Moreover, if a secondary market does develop, we cannot assure you that it will provide holders of Series 2014 Bonds with liquidity of investment or that it will continue for the life of the Series 2014 Bonds. The transfer of the Series 2014 Bonds will be subject to certain restrictions. See “Description of the Series 2014 Bonds”. Lack of liquidity could result in a decline in the market value of the Series 2014 Bonds. In addition, the market value of such Series 2014 Bonds at any time may be affected by many factors, including then-prevailing interest rates, and we make no representation as to the market value of any Series 2014 Bond at any time.

The market value of the Series 2014 Bonds can decline even if those Series 2014 Bonds and the Loan are performing at or above your expectations. The market value of the Series 2014 Bonds will be sensitive to fluctuations in current interest rates and could be disproportionately impacted by upward or downward movements in the current interest rates.

In particular, the market value of the Series 2014 Bonds will also be influenced by the supply of and demand for CMBS generally. The supply of CMBS will depend on, among other things, the amount of commercial mortgage loans, whether newly originated or held in portfolio, that are available for securitization. A number of factors will affect investors’ demand for CMBS, including:

- the availability of alternative investments that offer higher yields or are perceived as being a better credit risk, having a less volatile market value or being more liquid;
- legal and other restrictions that prohibit a particular entity from investing in CMBS, limit the amount or types of CMBS that it may acquire, or require it to maintain increased capital or reserves as a result of its investment in CMBS;
- accounting standards that may affect an investor’s characterization or treatment of an investment in CMBS for financial reporting purposes;
- increased regulatory compliance burdens imposed on CMBS or securitizations generally or on classes of securitizers, that may make securitization a less attractive financing option for commercial mortgage loans;
- investors’ perceptions regarding the commercial real estate markets, which may be adversely affected by, among other things, a decline in real estate values or an increase in defaults and foreclosures on mortgage loans secured by income producing properties;
- investors’ perceptions regarding the capital markets in general, which may be adversely affected by political, social and economic events completely unrelated to the commercial and multifamily real estate markets; and
- the impact on demand generally for CMBS as a result of the existence or cancellation of government-sponsored economic programs.

If you decide to sell any Series 2014 Bonds, the ability to sell those Series 2014 Bonds will depend on, among other things, whether and to what extent a secondary market then exists for the Series 2014 Bonds, and you may have to sell at a discount from the price you paid for reasons unrelated to the performance of the Series 2014 Bonds or the Loan.
The primary source of ongoing information regarding the Series 2014 Bonds, including information regarding the status of the Loan and any credit support for the Series 2014 Bonds, will be the periodic reports delivered to you. See “Description of the Series 2014 Bonds—Reports to Bondholders; Available Information”. We cannot assure you that any additional ongoing information regarding the Series 2014 Bonds will be available through any other source. The limited nature of the available information in respect of the Series 2014 Bonds may adversely affect their liquidity, even if a secondary market for the Series 2014 Bonds does develop.

We are not aware of any source through which pricing information regarding the Series 2014 Bonds will be generally available on an ongoing basis or on any particular date.

The liquidity and market value of the Series 2014 Bonds may also be affected by present uncertainties and future unfavorable determinations concerning legal investment. The Series 2014 Bonds will not constitute “mortgage related securities”. See “Legal Investment”.

Legal and Regulatory Provisions Affecting Investors Could Adversely Affect the Liquidity of the Series 2014 Bonds

Except as regards to their status under SMMEAA as of the Closing Date, we make no representation as to the proper characterization of the Series 2014 Bonds for legal investment, financial institution regulatory, financial reporting, regulatory capital treatment or other purposes, as to the ability of particular investors to purchase the Series 2014 Bonds under applicable legal investment or other restrictions or as to the consequences of an investment in the Series 2014 Bonds for such purposes or under such restrictions. We note that regulatory or legislative provisions applicable to certain investors may have the effect of limiting or restricting their ability to hold or acquire CMBS, which in turn may adversely affect the ability of investors in the Series 2014 Bonds who are not subject to those provisions to resell their Series 2014 Bonds in the secondary market. For example:

- Effective January 1, 2014, EU Regulation 575/2013 (the “CRR”) imposes on European Economic Area (“EEA”) credit institutions and investment firms investing in securitizations issued on or after January 1, 2011, or in securitizations issued prior to that date where new assets are added or substituted after December 31, 2014: (a) a requirement (the “Retention Requirement”) that the originator, sponsor or original lender of such securitization has explicitly disclosed that it will retain, on an ongoing basis, a material net economic interest which, in any event, shall not be less than 5%; and (b) a requirement (the “Due Diligence Requirement”) that the investing credit institution or investment firm has undertaken certain due diligence in respect of the securitization and the underlying exposures and has established procedures for monitoring them on an ongoing basis.

National regulators in EEA member states impose penal risk weights on securitization investments in respect of which the Retention Requirement or the Due Diligence Requirement has not been satisfied in any material respect by reason of the negligence or omission of the investing credit institution or investment firm.

If the Retention Requirement or the Due Diligence Requirement is not satisfied in respect of a securitization investment held by a non-EEA subsidiary of an EEA credit institution or investment firm then an additional risk weight may be applied to such securitization investment when taken into account on a consolidated basis at the level of the EEA credit institution or investment firm.

Requirements similar to the Retention Requirement and the Due Diligence Requirement (the “Similar Requirements”): (i) apply to investments in securitizations by investment funds managed by EEA investment managers subject to EU Directive 2011/61/EU; and (ii) subject to the adoption of certain secondary legislation, will apply to investments in securitizations by EEA insurance and reinsurance undertakings and by EEA undertakings for collective investment in transferable securities.
The Issuer does not intend to retain a material net economic interest in the securitization constituted by the issue of the Series 2014 Bonds in accordance with the Retention Requirement or to take any other action which may be required by EEA-regulated investors for the purposes of their compliance with the Retention Requirement, the Due Diligence Requirement or Similar Requirements. Consequently, the Series 2014 Bonds are not a suitable investment for EEA-credit institutions, investment firms or the other types of EEA regulated investors mentioned above. As a result, the price and liquidity of the Series 2014 Bonds in the secondary market may be adversely affected. EEA-regulated investors are encouraged to consult with their own investment and legal advisors regarding the suitability of the Series 2014 Bonds for investment.

- The Dodd Frank Wall Street Reform and Consumer Protection Act enacted in the United States requires that federal banking agencies amend their regulations to remove reference to or reliance on credit agency ratings, including, but not limited to, those found in the federal banking agencies' risk-based capital regulations. New capital regulations were issued by the banking regulators in July 2013 and began phasing in as early as January 1, 2014; these regulations implement the increased capital requirements established under the Basel Accord. These new capital regulations eliminate reliance on credit ratings and otherwise alter, and in most cases increase, the capital requirements imposed on depository institutions and their holding companies, including with respect to ownership of asset-backed securities such as CMBS. As a result of these regulations, investments in commercial mortgage-backed securities like the Series 2014 Bonds by institutions subject to the risk based capital regulations may result in greater capital charges to these financial institutions and these new regulations may otherwise adversely affect the treatment of commercial mortgage-backed securities for their regulatory capital purposes.

- Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act added a provision, commonly referred to as the “Volcker Rule,” to federal banking laws to generally prohibit various covered banking entities from, among other things, engaging in proprietary trading in securities and derivatives, subject to certain exemptions. Section 619 became effective on July 21, 2012, and final regulations were issued on December 10, 2013. Conformance with the Volcker Rule’s provisions is required by July 21, 2015, subject to the possibility of up to two one-year extensions granted by the Federal Reserve in its discretion. The Volcker Rule and those regulations restrict certain purchases or sales of securities generally and derivatives by banking entities if conducted on a proprietary trading basis. The Volcker Rule’s provisions may adversely affect the ability of banking entities to purchase and sell the Series 2014 Bonds.

Accordingly, all investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Series 2014 Bonds will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, capital charges or reserve requirements. [See “Legal Investment”]

There are Restrictions on Transfers of the Series 2014 Bonds

There are restrictions on transfers of the Series 2014 Bonds. The Series 2014 Bonds have not been registered or qualified under the Securities Act or any state or foreign securities laws. We are relying upon exemptions from registration or qualification under the Securities Act and applicable state and foreign securities laws in offering the Series 2014 Bonds. As a result, the Series 2014 Bonds may be reoffered, resold, pledged or otherwise transferred only in transactions registered or qualified under, or exempt from, the Securities Act and applicable state and foreign securities laws, and you may be required to bear the risk of your investment for an indefinite period of time.

[Changes in Tax Law; No Gross-up in Respect of the Series 2014 Bonds]

[Although no withholding tax is currently imposed on the payments of interest on or principal of the Series 2014 Bonds in respect of the Loan to a holder that provides the appropriate forms and documentation to
the Indenture Trustee and with respect to whom interest on the Loan is "portfolio interest", we cannot assure you that, as a result of any change in any applicable law, treaty, rule or regulation, or interpretation of any applicable law, treaty, rule or regulation, the payments on the Series 2014 Bonds in respect of the Loan would not in the future become subject to withholding taxes. To the extent that any withholding tax is imposed on payments of interest or other payments on any Series 2014 Bonds, none of the Borrower, the Issuer or the Indenture Trustee has an obligation to make any "gross-up" payments to Bondholders in respect of such taxes and such withholding tax would therefore result in a shortfall to affected Bondholders.]

Tax Consequences Related to Foreclosure Could Adversely Impact Non-U.S. Bondholders

If the Indenture Trustee on behalf of the holders of the Loan or its nominee were to acquire beneficial ownership, on behalf of the Bondholders, of the Mortgaged Property by foreclosure, deed in lieu of foreclosure, or otherwise, following an event of default on the Loan, the Bondholders would be treated as beneficial owners for U.S. tax purposes of the Mortgaged Property. In that event, non-U.S. Bondholders may be treated as engaged in a trade or business within the United States and would be subject to U.S. tax return filing requirements and federal income tax with respect to the Mortgaged Property under the general rules of the Internal Revenue Code relating to ownership of real property. Holders who are non-U.S. persons would be considered to hold beneficial ownership of a "United States real property interest" and could be subject to U.S. taxation upon disposition of such interest pursuant to Internal Revenue Code Section 897. Furthermore, in the case of any individual Bondholder who is a non-U.S. person, the value of such interest would be subject to U.S. estate tax at the time of the Bondholder's death. The operation of the rules affecting ownership of U.S. real property are complex, particularly in the case of non-corporate and tax-exempt Bondholders and Bondholders who are non-U.S. persons, and accordingly prospective purchasers of Series 2014 Bonds should consult their tax advisors regarding the consequences of foreclosure. See "Certain Federal Income Tax Considerations".

State and Local Taxes Could Adversely Impact Your Investment

In addition to the federal income tax consequences described under the heading "Certain Federal Income Tax Considerations", you should consider the state and local income tax consequences of the acquisition, ownership and disposition of the Series 2014 Bonds. State and local income tax laws may differ substantially from the corresponding federal law, and this offering statement does not purport to describe any aspects of the income tax law of the state or locality in which the Mortgaged Property is located or of any other applicable state or locality.

It is possible that one or more jurisdictions may attempt to tax nonresident holders of Series 2014 Bonds solely by reason of the location in that jurisdiction of the Issuer, the Indenture Trustee, the Borrower or the Mortgaged Property or on some other basis, may require nonresident holders of Series 2014 Bonds to file returns in such jurisdiction or may attempt to impose penalties for failure to file such returns; and it is possible that any such jurisdiction will ultimately succeed in collecting such taxes or penalties from nonresident holders of Series 2014 Bonds. We cannot assure you that holders of Series 2014 Bonds will not be subject to tax in any particular state or local taxing jurisdiction.

If any tax or penalty is successfully asserted by any state or local taxing jurisdiction, neither we nor any other person will be obligated to indemnify or otherwise to reimburse the holders of Series 2014 Bonds for such tax or penalty.

You should consult their own tax advisors with respect to the various state and local tax consequences of an investment in the Series 2014 Bonds.

TAX MATTERS

Opinion of Bond Counsel to the Corporation

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In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions, (i) interest on the Series 2014 Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to the exclusion of interest on any Series 2014 Tax-Exempt Bond for any period during which such Series 2014 Tax-Exempt Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities financed with the proceeds of the Series 2014 Tax-Exempt Bonds or a “related person,” and (ii) interest on the Series 2014 Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering such opinion, Bond Counsel to the Corporation has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagor and others, in connection with the Series 2014 Tax-Exempt Bonds, and Bond Counsel to the Corporation has assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with the applicable requirements of the Code to assure the exclusion of interest on the Series 2014 Tax-Exempt Bonds from gross income under Section 103 of the Code.

In the opinion of Bond Counsel to the Corporation, interest on the Series 2014 Taxable Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the Series 2014 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel to the Corporation expresses no opinion regarding any other Federal or state tax consequences with respect to the Series 2014 Bonds. Bond Counsel to the Corporation renders its opinion under existing statutes and court decisions as of the issue date and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the Corporation expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2014 Tax-Exempt Bonds or exemption from personal income taxes of interest on the Series 2014 Bonds under state and local tax law.

Summary of Certain Federal Tax Requirements

The Series 2014 Tax-Exempt Bonds are being issued as “Qualified New York Liberty Bonds” pursuant to the Job Creation and Worker Assistance Act of 2002 (the “Liberty Bond Act”). Under the Liberty Bond Act, Qualified New York Liberty Bonds, the interest on which is excluded from gross income for Federal income tax purposes, may be issued to finance residential rental property and commercial property within the boundaries of a zone generally described as being located in the borough of Manhattan, below Canal Street, East Broadway and Grand Street (the “Liberty Zone”). The Mortgaged Property is a residential rental property located within the Liberty Zone.

Compliance and Additional Requirements

The Code establishes certain additional requirements which must be met subsequent to the issuance and delivery of the Series 2014 Tax-Exempt Bonds in order that interest on the Series 2014 Tax-Exempt Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of the proceeds of the Series 2014 Tax-Exempt Bonds, yield and other limits regarding investments of the proceeds of the Series 2014 Tax-Exempt Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the United States.
The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Series 2014 Tax-Exempt Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation is to enter into the Regulatory Agreement with the Mortgagor to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or the owners of the Series 2014 Tax-Exempt Bonds can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the Series 2014 Tax-Exempt Bonds is payable.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2014 Tax-Exempt Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2014 Tax-Exempt Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2014 Tax-Exempt Bonds.

Prospective owners of Series 2014 Tax-Exempt Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and certain foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2014 Tax-Exempt Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the Series 2014 Tax-Exempt Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9 “Request for Taxpayer Identification Number and Certification”, or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2014 Tax-Exempt Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2014 Tax-Exempt Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2014 Tax-Exempt Bonds under Federal or state law or otherwise prevent beneficial owners of the Series 2014 Tax-Exempt Bonds
from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2014 Tax-Exempt Bonds. For example, the Fiscal Year 2015 Budget proposed on March 4, 2014, by the Obama Administration recommends a 28% limitation on “all itemized deductions, as well as other tax benefits” including “tax-exempt interest.” The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, Dave Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on tax-benefit items described above (at 25%) which, as to certain high income taxpayers, effectively would impose a 10% surcharge on their “modified adjusted gross income,” defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date.

Prospective purchasers of the Series 2014 Tax-Exempt Bonds should consult their own tax advisors regarding the foregoing matters.

Series 2014 Taxable Bonds

The following discussion is a brief summary of certain United States Federal income tax consequences of the acquisition, ownership and disposition of the Series 2014 Taxable Bonds by original purchasers of the Series 2014 Taxable Bonds who are “U.S. Holders,” as defined herein. This summary does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules.

Holders of the Series 2014 Taxable Bonds should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 2014 Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption or other disposition (which would include a legal defeasance) of a Series 2014 Taxable Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder’s adjusted tax basis in the Series 2014 Taxable Bond. The Corporation may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2014 Taxable Bonds to be deemed to be no longer outstanding under the Resolutions (a “defeasance”). (See “Description of Trust Indenture” in this Official Statement). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series 2014 Taxable Bonds subsequent to any such defeasance could also be affected.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest and the proceeds of the sale of a Series 2014 Taxable Bond before maturity within the United States. Backup withholding may apply to holders of Series 2014 Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against
such beneficial owner's United States Federal income tax provided the required information is furnished to the Service.

**U.S. Holders**

The term “U.S. Holder” means a beneficial owner of a Series 2014 Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

**Miscellaneous**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2014 Taxable Bonds under state law and could affect the market price or marketability of the Series 2014 Taxable Bonds.

Prospective purchasers of the Series 2014 Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

**[FINANCIAL STATEMENTS]**

**UNDERWRITING**

[The Series 2014 Tax-Exempt Bonds are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of itself and the other underwriters shown on the cover page hereof (the “Underwriters”). The Underwriters have agreed to purchase the Series 2014 Bonds from the Issuer at a purchase price of $_______. The Underwriters will be paid a fee (including expenses) by the Borrower in connection with the purchase of the Series 2014 Bonds in an amount equal to $_______. The obligations of the Underwriters to accept delivery of the Series 2014 Bonds are subject to various conditions contained in the Series 2014 Tax-Exempt Bond Purchase Agreement. The Underwriters will be obligated to purchase all Series 2014 Tax-Exempt Bonds if any Series 2014 Tax-Exempt Bonds are purchased. The Series 2014 Tax-Exempt Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2014 Tax-Exempt Bonds into investment trusts) at prices lower than the public offering price set forth on the cover page of this Official Statement, and such public offering price may be changed, from time to time, by the Underwriters.]

The Series 2014 Taxable Bonds are being purchased by the Underwriters from the Issuer at a purchase price of par. The Underwriters will not be paid a fee by the Borrower in connection with the purchase of the Series 2014 Taxable Bonds. The applicable Initial Interest Rate of each Class of Series 2014 Taxable Bonds has been determined pursuant to an index-based method of calculation as set forth in the [Agreement by an among the Issuer, the Mortgagor and the Underwriters dated [______]]. Accordingly, such Initial Interest Rates may be different than current market rates. The obligations of the Underwriters to accept delivery of the Series 2014 Bonds are subject to various conditions contained in the Series 2014 Taxable Bond Purchase Agreement. The Underwriters will be obligated to purchase all Series 2014 Bonds if any Series 2014 Bonds are purchased. The Series 2014 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2014 Bonds into investment trusts) at prices lower than the public offering price set forth on the cover page of this Official Statement, and such public offering price may be changed, from time to time, by the Underwriters.

The Borrower has agreed to indemnify the Underwriters and the Issuer with respect to certain liabilities, including certain liabilities under the federal securities laws.
MARKET-MAKING

This Official Statement may be used by the Underwriters in connection with the offer and sale of the Series 2014 Bonds in market-making transactions. In a market-making transaction, the Underwriters may resell Series 2014 Bonds they acquire from other holders, after the original offering and sale of the Series 2014 Bonds. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of resale or at related or negotiated prices. In these transactions, the Underwriters may act as principal or agent, including as agent for the counterparty in a transaction in which an Underwriter acts as principal, or as agent for both counterparties in a transaction in which such Underwriter does not act as principal. An Underwriter may receive compensation in the form of discounts and commissions, including from both counterparties in some cases.

The initial offering price specified on the inside cover of this Official Statement relate to the initial offering of the Series 2014 Bonds. This amount does not include the Series 2014 Bonds to be sold in market-making transactions.

The Borrower does not expect to receive any proceeds from market-making transactions. The Borrower does not expect that any Underwriter or any other affiliate that engages in these transactions will pay any proceeds from its market-making resales to the Borrower.

Information about the trade and settlement dates, as well as the purchase price, for a market-making transaction will be provided to the purchaser in a separate confirmation of sale.

*Unless an Underwriter or an agent informs investors in their confirmation of sale that their Series 2014 Bonds are being purchased in the original offering and sale, investors may assume that they are purchasing their Series 2014 Bonds in a market-making transaction.*

There will be no established trading market for the Series 2014 Bonds prior to the initial offering of the Series 2014 Bonds. The Issuer has been advised by the Underwriters that they intend to make a market in the Series 2014 Bonds. However, the Underwriters are not obligated to do so and may stop doing so at any time without notice. The Issuer cannot give any assurance as to the liquidity or trading market for any of the Series 2014 Bonds.

Unless otherwise indicated in the confirmation of sale, the purchase price of the Series 2014 Bonds will be required to be paid in immediately available funds in The City of New York.

SUITABILITY FOR INVESTMENT

Investment in the Series 2014 Bonds poses certain economic risks. The Series 2014 Bonds may not be a suitable investment for certain purchasers and each purchaser should make its own judgment as to suitability. No dealer, broker or salesman or other person has been authorized by the Issuer or the Borrower to give any information or make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing.

AGREEMENT OF THE STATE

Section 657 of the Act provides that the State pledges to and agrees with the holders of obligations of the Corporation, including owners of the Series 2014 Bonds, that it will not limit or alter the rights vested by the Act in the Corporation to fulfill the terms of any agreements made with the owners of the Series 2014 Bonds, or in any way impair the rights and remedies of such owners until the Series 2014 Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in
connection with any action or proceeding by or on behalf of such owners of the Series 2014 Bonds, are fully met and discharged.

LEGALITY OF THE SERIES 2014 BONDS FOR INVESTMENT AND DEPOSIT

Under the provisions of Section 662 of the Act, the Series 2014 Bonds are securities in which all public officers and bodies of the State of New York and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. The Series 2014 Bonds are also securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or hereafter authorized.

CONTINUING DISCLOSURE

The Securities and Exchange Commission (the “SEC”) has adopted Rule 15c2-12 (as amended, the “Rule”) requiring a participating Underwriters not to purchase or sell municipal securities in connection with an offering unless the participating Underwriters has reasonably determined that the obligated person has undertaken certain continuing disclosure obligations. As shown in the Continuing Disclosure Agreement appended hereto as APPENDIX E, the Borrower will be required to file with the Municipal Securities Rule Making Board’s Electronic Municipal Market Access System on an annual basis its audited financial statements and certain “Annual Financial Information” and certain “Supplemental Information,” as well as certain “notice events.”

RATINGS

It is a condition to the issuance of the Series 2014 Bonds that the Series 2014 Bonds receive the following credit ratings from Standard & Poor’s ("S&P") and Fitch, Inc. ("Fitch") (collectively, the “Rating Agencies”):

S&P:  
Class A Series 2014 Taxable Bonds -
Class B Series 2014 Taxable Bonds -
Class C Series 2014 Taxable Bonds -
Class D, Series 2014 Tax-Exempt Bonds -
Class E, Series 2014 Tax-Exempt Bonds -
Class F, Series 2014 Tax-Exempt Bonds -
Class G, Series 2014 Tax-Exempt Bonds -

Fitch:  
Class A Series 2014 Taxable Bonds -
Class B Series 2014 Taxable Bonds -
[The ratings on the Series 2014 Bonds address the likelihood of the receipt by the owners of the Series 2014 Bonds of full and timely payment of interest on the Series 2014 Bonds on each Payment Date and the ultimate payment of the full Outstanding principal amount of the Series 2014 Bonds on a date which is not later than the Rated Final Date. The “Rated Final Date” for the Series 2014 Bonds is the Payment Date in [_______], 20[____], which date is approximately [seven (7) years] after the stated maturity date of the Series 2014 Bonds. Such ratings take into consideration the credit quality of the underlying Loan, the property, structural and legal aspects associated with the Series 2014 Bonds, and the extent to which the payment stream of the Loan is adequate to make payments required under the Series 2014 Bonds. Such ratings on the Series 2014 Bonds do not address the tax attributes of the Series 2014 Bonds, or constitute an assessment of the likelihood or frequency of prepayments on the Loan or the degree to which such prepayments might differ from those originally anticipated. Such ratings do not represent any assessment of the yield to maturity that investors may experience. In addition, the ratings on the Series 2014 Bonds do not address (a) the likelihood, timing, or frequency of prepayments (both voluntary and involuntary) and their impact on principal and interest payments, (b) the likelihood of receipt of Redemption Price, (c) the likelihood of experiencing interest shortfalls on a redemption, (d) the likelihood or willingness of the parties to the respective documents to meet their contractual obligations or (e) other non-credit risks. In general, the ratings address credit risk and not prepayment risk. Such ratings on the Series 2014 Bonds do not address the likelihood of the receipt by the owners of the Series 2014 Bonds of full and timely payment of Outstanding principal on the Series 2014 Bonds on each principal payment date thereafter. See “CERTAIN RISK FACTORS” in this Official Statement.]

Certain nationally recognized statistical ratings organizations (“NRSROs”), as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that were not hired by the Borrower may use information they received pursuant to Rule 17g-5 under the Exchange Act to rate the Series 2014 Bonds. There can be no assurance as to whether any rating agency not requested to rate the Series 2014 Bonds will nonetheless issue a rating and, if so, what such rating would be. A rating assigned to the Series 2014 Bonds by a rating agency that has not been requested by the Borrower to assign such a rating may be lower than the ratings assigned by any Rating Agency pursuant to the Borrower’s request.

The ratings of the Series 2014 Bonds should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. A security rating does not address the frequency or likelihood of prepayments (whether voluntary or involuntary) of the Series 2014 Bonds or the corresponding effect on the yield to investors.

The ratings assigned to the Series 2014 Bonds reflect only the view of such rating agencies and an explanation of the significance of such ratings may be obtained from such rating agencies. There is no assurance that the ratings which have been assigned to the Series 2014 Bonds will continue for any given period of time or that they will not be revised or withdrawn entirely by any or all of such rating agencies if, in their judgment, circumstances so warrant. A revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2014 Bonds.

LEGAL MATTERS

Legal matters in connection with the authorization, issuance and sale of the Series 2014 Bonds are subject to the approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its General Counsel; for the Borrower by its special

ABSENCE OF LITIGATION

The Issuer

There is not now pending, nor to the best knowledge of the Issuer threatened, any action, suit, proceeding or investigation (at law or in equity) before or by any court, public board or body, against the Issuer, and of which the Issuer has notice, in any way (i) contesting or affecting the existence or powers of the Issuer; (ii) challenging the validity or enforceability of any of the Loan and Loan Documents, the Servicing Agreement, the Series 2014 Bonds or the Trust Indenture, (iii) questioning, contesting or affecting the validity of the proceedings and authority under which the Series 2014 Bonds are being issued or the pledge and application of any moneys or the security provided for the payment of the Series 2014 Bonds, or (iv) seeking to enjoin any of the transactions contemplated thereby or the performance by the Issuer of any of its obligations thereunder, or wherein an unfavorable decision, finding or ruling would adversely affect the transactions contemplated by this Official Statement, the Loan and Loan Documents, the Servicing Agreement or the Indenture. Neither the creation, organization or existence of the Issuer, nor the title of the present directors or other officials of the Issuer to their respective offices is, to the best knowledge of the Issuer, being contested.

The Borrower

There is not now pending, nor to the best knowledge of the Borrower threatened, any action, suit, proceeding or investigation (at law or in equity) before or by any court, public board or body, (i) against or affecting the Borrower, (ii) in any way contesting or affecting the existence or powers of the Borrower, (iii) challenging the validity or enforceability of any of the Series 2014 Bonds, the Property Management Agreement, the Indenture, the Servicing Agreement, the Mortgage, the Loan and Loan Documents to which the Borrower is a party, (iv) the transactions contemplated thereby, or seeking to enjoin any of the transactions contemplated thereby or the performance by the Borrower of any of its or his obligations thereunder, or (v) wherein an unfavorable decision, finding or ruling would adversely affect the transactions contemplated by this Official Statement, the Loan Documents, the Servicing Agreement and the Loan Documents.

MISCELLANEOUS

The summaries or descriptions contained in this Official Statement of provisions in the Indenture, the Property Management Agreement, the Loan and Loan Documents, the Indenture, the Mortgage, the Servicing Agreement and the other agreements and documents referred to herein and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions thereof. For further information, reference should be made to the complete documents, copies of which are on file at the offices of the Indenture Trustee at [_________________________].

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are set forth as such, and not as representations of facts. No representation is made that any of the opinions or estimates will be realized. This Official Statement is not intended to be construed as a contract or agreement between the Issuer and the purchasers or Holders of any of the Series 2014 Bonds.
The distribution of this Official Statement by the Underwriters has been duly authorized by the Issuer and approved by the Borrower. This Official Statement is made available only in connection with the sale of the Series 2014 Bonds and may not be used in whole or in part for any other purpose.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: ________________________________
    Gary D. Rodney
    President