NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Marc Jahr
President

Date: November 30, 2012

Subject: Multi-Family Mortgage Revenue Bonds (50th Avenue), 2012 Series A, 2013 Series A and 2014 Series A; and
Multi-Family Mortgage Revenue Bonds (Borden Avenue), 2012 Series A, 2012 Series B, 2013 Series A and 2014 Series A
Collectively, also known as Hunter's Point South A and B

I am pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Mortgage Revenue Bonds (50th Avenue), 2012 Series A, 2013 Series A and 2014 Series A (the "2012 50th Avenue Bonds", the "2013 50th Avenue Bonds", and the "2014 50th Avenue Bonds" respectively and collectively, the "50th Avenue Bonds") in an amount not to exceed \$170,000,000 and the issuance of the Corporation's Multi-Family Mortgage Revenue Bonds (Borden Avenue), 2012 Series A, 2012 Series B, 2013 Series A and 2014 Series A (the "2012 Borden Bonds", the "2013 Borden Bonds", and the "2014 Borden Bonds" respectively and collectively, the "Borden Bonds", and in combination with the 50th Avenue Bonds, the "Bonds") in an amount not to exceed \$80,000,000. Interest on the Bonds is anticipated to be exempt from Federal, state and local income tax. Up to \$185,000,000 of the Bonds will be subject to the private activity bond volume cap, with the balance to be recycled tax-exempt bonds which are not subject to the private activity bond volume cap.

The proceeds of the 50th Avenue Bonds will be used by HPS 50th Avenue Associates, LLC and HPS 50th Avenue LIHTC Associates LLC (each individually and collectively, the "50th Avenue Borrower" and "50th Avenue Mortgagor"), both New York limited liability companies, for the purpose of paying a portion of the costs of constructing and equipping a 619-unit multi-family multi-use rental housing development to be located at 1-50 50th Avenue in Queens (the "50th Avenue Project") to be developed under the Corporation's Mixed Income Program. The managers of the respective Borrower and Mortgagor entities are described below and are a joint venture between The Related Companies, Phipps Houses and Monadnock Construction.

The proceeds of the Borden Avenue Bonds will be used by HPS Borden Avenue Associates, LLC and HPS Borden Avenue LIHTC Associates LLC (each individually and collectively, the "Borden Avenue Borrower" and "Borden Avenue Mortgagor" and, collectively with the 50th Avenue Borrower and 50th Avenue Mortgagor, respectively, the "Borrower" and "Mortgagor"),

110 William Street, New York, NY 10038 tel: 212.227.5500 fax: 212.227.6865
info@nychdc.com www.nychdc.com

both New York limited liability companies, for the purpose of paying a portion of the costs of constructing and equipping a 306-unit multi-family multi-use rental housing development to be located at 1-55 Borden Avenue in Queens (the "Borden Avenue Project", and, collectively with the 50th Avenue Project, the "Project") to be developed under the Corporation's Mixed Income Program. The managers of the respective Borrower and Mortgagor entities are described below and are controlled by members of Phipps Houses, The Related Companies and Monadnock Construction.

The 50th Avenue Bonds will be issued as variable rate bonds in the weekly mode and secured by an irrevocable direct pay letter of credit to be issued by Wells Fargo Bank, National Association ("Wells Fargo"). The Borden Avenue Bonds will be issued as variable rate index bonds and directly purchased by Citibank, National Association ("Citibank"), and secured by a mortgage purchase agreement with Citibank. The Corporation believes that the financing, as further explicated herein, is structured to effectively insulate the Corporation from credit, market and real estate risk.

This memorandum will provide a description of the overall project as well as an overall Developer, Borrower and Mortgagor description, followed by individual descriptions of the Projects and a discussion of the structures, security and risks of the respective Bonds beginning with the 50th Avenue Bonds, followed by the Borden Avenue Bonds.

Overall Project Description

1-50 50th Avenue and 1-55 Borden Avenue, also known as Hunter's Point South Parcels (or Sites) A and B, respectively, are the first two of seven parcels that will eventually comprise the Hunter's Point South Neighborhood. Parcels A and B were the subject of a Request for Proposals ("RFP") issued by the New York City Department of Housing Preservation and Development ("HPD") on June 7th, 2010. After a competitive review the Developer was announced as the RFP winner in February 2011.

The Project financing most closely follows the terms of HDC's Mixed Income "50/30/20" Program, however the affordability requirements differ from the Program in that only 20% of units will have rents affordable to households earning up to at 130% of AMI. The RFP required that at least sixty percent (60%) of the total unit rents must be evenly distributed between three tiers: up to 80%, 81%-130%, and 131%-165% of Area Median Income ("AMI"). The RFP further stated that additional affordable units, if any, should be skewed toward the upper tier in furtherance of this project's middle income goals. The Developer's proposal meets and exceeds the affordability requirements of the RFP, as further shown in the Exhibits attached hereto. For reference, 100% of AMI is currently $83,000 for a family of four.

In addition to the senior bond-financed loans for each project, HPD is expected to provide subordinate loans in an approximate amount of $45,700,000 for the 50th Avenue Project and $22,300,000 for the Borden Avenue Project. The Borrower expects to secure funds from New York State Energy Research and Development Authority ("NYSERDA") and a New York State Stormwater Grant for the 50th Avenue Project, combined totaling approximately $1.1 million. Finally, the Projects will be financed with a total of approximately $27.6 million in borrower equity and a total of approximately $28.5 million in tax credit equity generated by the sale of 4% Federal low income housing tax credits.

Following initial occupancy, rents on the Project will be subject to Rent Stabilization. Pursuant to the terms of a regulatory agreement to be executed by the Corporation and the Mortgagor (the "HDC Regulatory Agreement"), and in keeping with the RFP requirement for permanent affordability, the occupancy restrictions will remain in effect permanently (the "Occupancy Restriction Period").

Monadnock is expected to be the General Contractor. Phipps Houses and Related Management Company, LP are expected to partner as the Managing Agent. The Related Companies LP is expected to be the guarantor for the Project.

Developer, Borrower and Mortgagor Description

The Borrower, Mortgagor and Developer are a joint venture between Phipps Houses, The Related Companies, LP and Monadnock Construction. The individual members of each are Stephen Ross, Jeff Blau, Bruce Beal, Michael Brenner and Francis J. Monterisi, Jr. from The Related Companies, LP; Adam Weinstein, Brian Bricker, Robert Pigott, Matthew Kelly and Michael Wadman from Phipps Houses; and Nicholas Lembo, Peter Hansen, Gregory Bauso, Anthony O'Haire, Jose Martinez, Paul Colapinto and Michael Ferrari from Monadnock Construction.

At closing, it is expected that Hunters Point South Housing Development Fund Corporation ("HDFC") will be the record fee owner of the 50th Avenue Project and Hunters Point South Borden HDFC will be the record fee owner of the Borden Avenue Project. The respective Borrowers will be the 100% beneficial owners pursuant to a nominee agreement for each Project, satisfactory to HDC. The 50th Avenue Borrower will be controlled by HPS 50th Avenue Owner LLC, and the Borden Avenue Borrower will be controlled by HPS Borden Avenue Owner LLC, both of which will be controlled by HPS Associates LLC, which will be owned by Related HPS Associates LLC and HPS Associates B Share Investor LLC (both owned by The Related Companies LP), Phipps HPS Associates LLC (owned by Phipps Houses) and Monadnock HPS Associates LLC (owned by Monadnock Construction). The 99.99% owner of HPS 50th Avenue LIHTC Associates LLC and HPS Borden Avenue LIHTC Associates LLC, each a member of the respective borrowers, will be Wells Fargo as the low income housing tax credit investor member.

The Related Companies, LP was founded in 1972 to finance, develop, acquire and manage market rate and low-income multi-family housing. Related is a major developer of multifamily mixed-use commercial real estate properties in the country with offices in New York, Miami, Chicago and California. Related has previously closed on HDC financing for 19 developments.

Phipps Houses was founded in 1905 by a one million dollar gift from Henry Phipps with the goal of addressing the poor housing conditions in New York City. Phipps has become a leading non-profit developer and manager of affordable housing in New York City. Currently, Phipps has six HDC-financed projects in the lease-up phase and one which is currently under construction.

Established in 1975, Monadnock has since built over 9,000 units of housing, including luxury hirises, modular and site built town homes, mid-rise affordable housing, dormitories, supportive housing, assisted living and senior housing. Monadnock has acted as contractor on numerous developments financed by HPD and the Corporation.

50th Avenue Project Description

The 50th Avenue Project will consist of approximately 520,090 net rentable square feet to be divided into 619 apartments, approximately 13,739 square feet of commercial space and 53,959 square feet of parking. The residential rental units will be divided into 165 studios, 205 one-bedrooms, 214 two-bedrooms (plus 1 non-rent bearing superintendent's unit), and 34 three-bedrooms.

The fee interest in the land is currently held by the City of New York. On or about the date of the construction loan closing, HPD will transfer the premises to Borrower, and Borrower will subject the 50th Avenue premises to a Condominium Declaration governing five condominium units: (i) HPS A Condo Unit A, a residential unit containing all of the residential units with rents set at or above 130% of AMI (ii) HPS A Condo Unit B, a residential unit containing all of the residential units with rents set at or below 50% of AMI, which will share common elements with HPS A Condo Unit A; (iii) HPS A Condo Unit C, containing the parking; (iv) HPS A Condo Unit D, containing a portion of the commercial space expected to be leased to Duane Reade; and (v) HPS A Condo Unit E, containing the remaining commercial space not leased to Duane Reade. HPS A Condo Units A, C, D and E will be owned by HPS 50th Avenue Associates LLC. HPS A Condo Unit B will be owned by HPS 50th Avenue LIHTC Associates LLC.

A fact sheet with a brief description of the 50th Avenue Project is attached (see "Exhibit A").

Structure of the 50th Avenue Bonds

The 50th Avenue Bonds will initially be issued as seven-day variable-rate obligations with an approximate final maturity of 34 years. The 50th Avenue Bonds will be sold to Wells Fargo pursuant to one or more Bond Purchase Agreements with respect to the 2012 50th Avenue Bonds and a Forward Bond Purchase Agreement with respect to the 2014 50th Avenue Bonds and sold to Bank of America Merrill Lynch ("BAML") pursuant to a Forward Bond Purchase Agreements with respect to the 2013 50th Avenue Bonds. In the event the Corporation is unable to issue the 2013 and 2014 50th Avenue Bonds pursuant to a bond issuance agreement between the Corporation and the Borrower (the "50th Avenue Bond Issuance Agreement"), Wells Fargo, as LOC provider, may fund the balance of the Loan until such time as the Corporation can issue the 2013 and 2014 50th Avenue Bonds.

The rate on the Bonds will be reset weekly (the "Weekly Rate") by Wells Fargo and BAML in their respective capacity as Remarketing Agent. On the basis of the prevailing financial market conditions, the Remarketing Agents will establish the Weekly Rate at the minimum interest rate that it determines will be necessary to market the Bonds at par. Similar to other multi-modal transactions undertaken by the Corporation, the Bond Resolution and other agreements to be entered into in connection with the financing provide that the Bonds may be converted to (i) a Daily Rate, (ii) a Term Rate (with a semi-annual term or any multiples thereof), or (iii) a Fixed

Rate, all at the option of the Mortgagor with the approval of the credit enhancer and the Corporation pursuant to the terms of the resolution for the Bonds (the "Bond Resolution"). The Bonds will be subject to a maximum interest rate of 12% per annum in any of the above interest rate modes, although the maximum rate may be increased to 15% in accordance with the provisions of the Bond Resolution.

Security for the 50th Avenue Bonds

During the construction and lease-up period of up to 48 months, the Bonds will be secured by an irrevocable direct pay Letter of Credit ("LOC") to be issued by Wells Fargo, with up to 50% syndicated to Bank of America, NA upon construction closing. The LOC will be delivered to U.S. Bank National Association as trustee for the bondholders (the "Trustee") concurrently with the issuance of the 50th Avenue Bonds. The Trustee will draw on the LOC to make all payments of principal and interest due on the 50th Avenue Bonds. The LOC also provides liquidity for any 50th Avenue Bonds that may be tendered by bondholders.

Wells Fargo expects to be reimbursed for draws on the LOC from payments made by the 50th Avenue Mortgagor, pursuant to the LOC and a credit and disbursement agreement. The obligations of the 50th Avenue Mortgagor are expected to be secured by one or more Mortgages on the property and evidenced by one or more mortgage notes to be executed by the Mortgagor. At the closing of the 50th Avenue Bonds, the Corporation will assign its interest in the first mortgage and related notes to Wells Fargo and the Trustee, as security for Wells Fargo extending the LOC and assuming the construction and real estate risks of this Project.

Upon construction completion, it is anticipated that the LOC may be extended for an additional term up to 5 years. Alternatively, the 50th Avenue Borrower may secure a long-term variable-rate credit facility acceptable to the Corporation. As a result, the Corporation believes that the financing is structured to effectively insulate the Corporation from credit, market and real estate risks.

The Bond Resolution permits the substitution of letters of credit and confirming letters of credit or the provision of alternate forms of credit enhancement, provided that the Corporation provides the Trustee certain items detailed in the Bond Resolution including, but not limited to, (i) an opinion of bond counsel stating that the substitute letter of credit or alternate form of credit enhancement meets the requirements of the Bond Resolution and will not adversely affect the tax exemption relating to such bonds, and (ii) a letter from the nationally recognized rating agency or agencies then rating the Bonds stating that the provision of (a) the substitute letter of credit or confirming letter of credit will not result in a reduction or withdrawal of the rating on the Bonds or (b) in the case of an alternate security, to the effect that such alternate form of credit enhancement will provide the Bonds with an investment grade rating. The Corporation, pursuant to its Financing Agreement with the Borrower, requires any alternate security to be in the "A" category or higher. The Mortgagor must pay all costs incurred by the Trustee and the Corporation in connection with the provision of a substitute letter of credit, confirming letter of credit or alternate form of credit enhancement.

Under the terms of the Bond Resolution, a change in either (i) the security for the Bonds, or (ii) the method of establishing the interest rate on the Bonds will result in a mandatory tender of such series of Bonds for purchase at par plus accrued interest.

50th Avenue Bonds Risks and Risk Mitigation

The primary risk associated with the 50th Avenue Bonds is the potential failure of Wells Fargo to honor its obligations under the LOC, which would be a default under the transaction documents. Wells Fargo is currently rated AA- by Standard and Poor's Ratings Services ("Standard and Poor's"). Additionally, the Bond Resolution allows the Corporation to require the replacement or substitution of the credit enhancement, at the Corporation's option. The likely circumstance under which the Corporation might require a replacement or substitution would be if the respective bank was downgraded to below investment grade. However, as a practical matter, the Borrower would have an incentive to replace the credit enhancement if the respective bank was downgraded, because the Borrower's financing costs could increase substantially as the capital market recognized the increase in risk with respect to the Bonds due to such downgrade. Wells Fargo, as LOC provider, will require the Borrower to purchase an interest rate cap ("Rate Cap") as a hedge against interest rate volatility during the permanent period. It is anticipated that the initial Rate Cap will be for a term of five (5) years. The Borrower is required to deposit funds into escrow on a monthly basis an aggregate amount sufficient to cover the cost to replace the initial Rate Cap upon its expiration.

Borden Avenue Project Description

The Borden Avenue Project will consist of approximately 228,886 net rentable square feet to be divided into 306 apartments and approximately 2,937 square feet of commercial space. The residential rental units will be divided into 100 studios, 82 one-bedrooms, 101 two- bedrooms and 23 three-bedrooms.

The fee interest in the land is currently held by the City of New York. On or about the date of the construction loan closing, HPD will transfer the premises to Borrower, and Borrower will subject the Borden Avenue premises to a Condominium Declaration governing three condominium units: (i) HPS B Condo Unit A, a residential unit containing all of the residential units with rents set at or above 130% of AMI (ii) HPS B Condo Unit B, a residential unit containing all of the residential units with rents set at or below 50% of AMI, with share of common elements with HPS B Condo Unit A; and (iii) HPS B Condo Unit C, containing the commercial space. HPS B Condo Units A and C will be owned by HPS Borden Avenue Associates LLC. HPS B Condo Unit B will be owned by HPS Borden Avenue LIHTC Associates LLC.

A fact sheet with a brief description of the Borden Avenue Project is attached (see "Exhibit B").

Structure of the Borden Avenue Bonds

The Borden Avenue Bonds will be issued as unrated, variable rate index bonds to be directly purchased by Citibank pursuant to one or more Bond Purchase Agreements with respect to the 2012 Borden Avenue Bonds and pursuant to Forward Bond Purchase Agreements with respect to the 2013 and 2014 Borden Avenue Bonds. The Borden Avenue Bonds subject to the private activity volume cap will be issued as they are drawn down through the construction requisition process. The recycled Borden Avenue Bonds are expected to be issued upon construction closing. While additional recycled bonds may be issued later during the construction period, they will not be issued in a draw down structure. In the event the Corporation is unable to issue the 2013 and 2014 Borden Avenue Bonds pursuant to a bond issuance agreement between the Corporation and the Borrower (the "Borden Avenue Bond Issuance Agreement"), Citibank is expected to fund the balance of the Loan until such time as the Corporation can issue the 2013 and 2014 Borden Avenue Bonds.

The Borden Avenue Bonds shall bear interest at a rate equal to 100% of the most recent Securities Industry and Financial Markets Association ("SIFMA") Municipal Swap Index as re-set weekly, plus a spread expected to be 2.25%. Similar to other multi-modal transactions undertaken by the Corporation, the Bond Resolution and other agreements to be entered into in connection with the financing provide that the Bonds may be converted to (i) a Weekly Rate, (ii) a Term Rate (with a semi-annual term or any multiples thereof), or (iii) a Fixed Rate, all at the option of the Borrower with the approval of the credit enhancer and the Corporation pursuant to the terms of the Bond Resolution. The Borden Avenue Bonds will be subject to a maximum interest rate of 12% per annum in any of the above interest rate modes, although the maximum rate may be increased to 15% in accordance with the provisions of the Bond Resolution.

Security for the Borden Avenue Bonds

During the construction and lease-up period, the Borden Avenue Bonds will be secured by the Mortgage Purchase Agreement with Citibank ("MPA"). If the Trustee has not received from the Borden Avenue Borrower any amount due and owing under the note and mortgage or otherwise required by the Borden Avenue Bond Resolution, upon notice after an opportunity to cure any defaults, Citibank shall have (i) the option to pay such amount or (ii) the obligation to purchase the note and mortgage from the Corporation resulting in the redemption of the Borden Avenue Bonds. Even if Citibank fails to pay the purchase price, the note and mortgage will be assigned to Citibank and the Borden Avenue Bonds will be retired under the terms of the Borden Avenue Bond Resolution.

Upon construction completion, it is anticipated that the MPA may be extended for an additional term up to 5 years, subject to no defaults existing at conversion. Citibank will require the Borrower to purchase a 5-year interest rate cap to be effective during the permanent phase at a strike rate of approximately 5%. The cap will provide a hedge to mitigate the risk of rising variable rates in the future. Alternatively, the Borden Avenue Borrower may secure a long-term variable-rate credit facility acceptable to the Corporation. As a result, the Corporation believes that the financing is structured to effectively insulate the Corporation from credit, market and real estate risks.

The Bond Resolution permits the substitution of letters of credit and confirming letters of credit or the provision of alternate forms of credit enhancement, provided that the Corporation provides the Trustee certain items detailed in the Bond Resolution including, but not limited to, (i) an opinion of bond counsel stating that the substitute letter of credit or alternate form of credit enhancement meets the requirements of the Bond Resolution and will not adversely affect the tax exemption relating to such bonds, and (ii) a letter from the nationally recognized rating agency or agencies then rating the Bonds stating that (a) in the case of a substitute letter of credit, the substitute letter of credit will not result in a reduction or withdrawal of the rating on the Bonds or (b) in the case of an alternate security, to the effect that such alternate form of credit enhancement will provide the Bonds with an investment grade rating. The Borrower must pay all costs incurred by the Trustee and the Corporation in connection with the provision of a substitute letter of credit, confirming letter of credit or alternate form of credit enhancement.

Under the terms of the Bond Resolution, a change in either (i) the security for the Bonds, or (ii) the method of establishing the interest rate on the Bonds, will result in a mandatory tender of the Bonds for purchase at par plus accrued interest.

Borden Avenue Bonds Risks and Risk Mitigation

The primary risk associated with these bond issues is the potential failure of Citibank to honor its obligations under the MPA, which would be a default under the transaction documents. However, the Bond Resolution and the MPA will mitigate this potential risk because even if Citibank fails to honor its obligation upon a default, the note and mortgage will be assigned to Citibank and the Borden Avenue Bonds will be retired. Citibank is currently rated A by Standard and Poor's. Additionally, the Bond Resolution allows the Corporation to require the replacement or substitution of the credit enhancement, at the Corporation's option. The likely circumstance under which the Corporation might require a replacement or substitution would be if the respective bank was downgraded to below investment grade. Citibank, as MPA provider, will require the Borrower to purchase an interest rate cap ("Rate Cap") as a hedge against interest rate volatility during the permanent period. It is anticipated that the initial Rate Cap will be for a term of five (5) years. The Borrower is required to deposit funds into escrow on a monthly basis an aggregate amount sufficient to cover the cost to replace the initial Rate Cap upon its expiration.

Overall Project Fees

The Mortgagor will be obligated to pay the Corporation its costs of issuance for the Bonds plus an up-front fee equal to approximately 1% of the Bonds. In addition, the Corporation will receive an annual servicing fee on the Project equal to .15% of the Borden Avenue Bonds during construction. Beginning at the earlier of the end of the scheduled construction period, or, at the Corporation's discretion, up to 48 months after the 2012 Bond closing date, the Corporation's annual servicing fee on the Borden Avenue and 50th Avenue Mortgages will be .20% of the outstanding amount of the Mortgage.

Wells Fargo will receive an annual fee equal to approximately 1.90% on the drawn bond proceeds and .25% on the undrawn proceeds during the construction period. Upon permanent conversion, if the LOC is extended, Wells Fargo would receive a commitment fee of .50% and an annual fee of 1.75% of the outstanding bonds less the amount deposited into the Principal Reserve Fund account.

Citibank will receive an origination fee equal to .50% of the Borden construction period

Mortgage Loan amount and a conversion fee equal to .50% of the Borden permanent period Mortgage Loan amount.

Wells Fargo will earn an up-front underwriters' fee not to exceed .50% of the 2012 and 2014 50th Avenue Bonds plus its expenses. BAML will earn an up-front underwriters' fee not to exceed .50% of the 2013 50th Avenue Bonds plus its expenses. While the 50th Avenue Bonds bear interest at a Weekly Rate, Wells Fargo and BAML will also receive an annual fee not expected to exceed .10% of the outstanding amount of the 50th Avenue Bonds allocable to the respective banks as Remarketing Agents. All such fees will be paid by the Mortgagor.

Rating

It is expected that the 50th Avenue Bonds will be rated AA- by Standard and Poor's.
It is expected that the Borden Avenue Bonds will be unrated.

Trustee and Tender Agent

50th Avenue Bonds and Borden Bonds: U.S. Bank National Association

Senior Manager and Remarketing Agent

50th Avenue Bonds: 1st and 3rd Tranches, Wells Fargo; 2nd Tranche: BAML
Borden Avenue Bonds: Direct Placement, Not Applicable

Bond Counsel

50th Avenue Bonds and Borden Bonds: Hawkins Delafield & Wood LLP

Underwriter's Counsel

50th Avenue Bonds: Nixon Peabody LLP

Pricing Advisor

Borden Avenue Bonds: Caine Mitter & Associates Inc.

Action by the Members

The Members are requested to approve an authorizing resolution which provides for (i) the adoption of the 50th Avenue Bond Resolution, the First Supplemental Resolution and the Second Supplemental Resolution, (ii) the execution of the 50th Avenue Bond Purchase Agreements and the Forward Bond Purchase Agreements regarding the sale of the 50th Avenue Bonds, (iii) the execution of a Bond Issuance Agreement in connection with the 2013 and 2014 50th Avenue Bonds; (iv) the distribution of the Official Statements and any other required offering documents in connection with the 50th Avenue financing, and (v) the execution of mortgage related documents and any other documents necessary to accomplish the issuance of the 50th Avenue Bonds and the financing of the loans.

The Members are further requested to approve an authorizing resolution which provides for (i) the adoption of the Borden Avenue Bond Resolution, the First Supplemental Resolution and the Second Supplemental Resolution, (ii) the execution of the Borden Avenue Bond Purchase Agreements and the Forward Bond Purchase Agreements regarding the sale of the Borden Avenue Bonds, (iii) the execution of a Bond Issuance Agreement in connection with the 2013 and 2014 Borden Avenue Bonds, and (iv) the Bonds may be issued as "draw down bonds" as set forth in the Borden Avenue Bond Resolution, (v) the execution of the Mortgage Purchase Agreement with respect to the Borden Avenue Bonds, and (vi) the execution of mortgage related documents and any other documents necessary to accomplish the issuance of the Borden Avenue Bonds and the financing of the loans.

"Exhibit A"

50th Avenue
Queens, New York

Project Location:	50th Avenue, Queens, NY Block 6, Lot 80
Project Description:	The new construction of one 37-story building with 619 mixed-income residential units, approximately 13,739 square feet of commercial space and approximately 223 parking spaces.
Total Units:	619
Rental Apartment Distribution:	165 – Studios 205 – 1 Bedrooms 214 – 2 Bedrooms (Inclusive of 1 Super's Unit) 34 – 3 Bedrooms

High Moderate-Income Units : 207
(Initial Rents set at 30% of 165-205% of AMI, to be rented to households with incomes up to 230% of AMI, as adjusted by household size, which is a maximum of $190,900 per year for a family of four)

Low Moderate-Income Units: 163
(Initial Rents set at 30% of 141-150% of AMI, to be rented to households with incomes up to 165% of AMI, as adjusted by household size, which is a maximum of $136,950 per year for a family of four)

Middle-Income Units: 124
(Initial Rents set at 30% of 130% of AMI, to be rented to households with incomes up to 165% of AMI, as adjusted by household size, which is a maximum of $136,950 per year for a family of four)

Low-Income Units: 103
(Initial Rents set at 30% of 48% of AMI, to be rented to households with incomes up to 50% of AMI, as adjusted by household size, which is a maximum of $41,500 per year for a family of four)

Very Low-Income Units 21
(Initial Rents set at 30% of 38% of AMI, to be rented to households with incomes up to 40% of AMI, as adjusted by household size, which is a maximum of $33,200 per year for a family of four)

Superintendent Unit: 1

HDC Estimated Tax-Exempt Bond Amount: $164,670,000

Bond Structure:	7-day variable rate; may be converted to other modes
Credit Enhancement:	Direct Pay Letter of Credit from Wells Fargo
Owner:	HPS 50th Avenue Associates LLC and HPS 50th Avenue LIHTC Associates LLC, whose members are principals of The Related Companies, LP, Phipps Houses and Monadnock Construction.
Underwriter/Remarketing Agent:	Wells Fargo and Bank of America Merrill Lynch

"Exhibit B"

Borden Avenue
Queens, New York

Project Location:	Borden Avenue, Queens, NY Block 6, Lot 6
Project Description:	The new construction of one 32-story building with 306 mixed-income residential units and approximately 2,937 square feet of commercial space.
Total Units:	306
Rental Apartment Distribution:	100 – Studios 82 – 1 Bedrooms 101 – 2 Bedrooms 23 – 3 Bedrooms

High Moderate-Income Units: 101
(Initial Rents set at 30% of 165-205% of AMI, to be rented to households with incomes up to 230% of AMI, as adjusted by household size, which is a maximum of $190,900 per year for a family of four)

Low Moderate-Income Units: 81
(Initial Rents set at 30% of 141-150% of AMI, to be rented to households with incomes up to 165% of AMI, as adjusted by household size, which is a maximum of $136,950 per year for a family of four)

Middle-Income Units: 62
(Initial Rents set at 30% of 130% of AMI, to be rented to households with incomes up to 165% of AMI, as adjusted by household size, which is a maximum of $136,950 per year for a family of four)

Low-Income Units: 52
(Initial Rents set at 30% of 48% of AMI, to be rented to households with incomes up to 50% of AMI, as adjusted by household size, which is a maximum of $41,500 per year for a family of four)

Very Low-Income Units 10
(Initial Rents set at 30% of 38% of AMI, to be rented to households with incomes up to 40% of AMI, as adjusted by household size, which is a maximum of $33,200 per year for a family of four)

HDC Estimated Tax-Exempt Bond Amount:	$73,300,000
Bond Structure:	7-day variable rate; may be converted to other modes
Credit Enhancement:	Mortgage Purchase Agreement

Owner:	HPS Borden Avenue Associates LLC and HPS Borden Avenue LIHTC Associates LLC, whose members are principals of The Related Companies, LP, Phipps Houses and Monadnock Construction.
Underwriter/Remarketing Agent:	N/A