

**Moody's: Aa1 (2005 Series A-1)
Aaa (2005 Series A-2)
(see "EXPECTED RATINGS" herein)**

NEW ISSUES—BOOK-ENTRY ONLY

In the opinion of Bond Counsel to the Corporation, interest on the 2005 Series A Bonds is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the 2005 Series A Bonds is exempt from personal income taxes imposed by the State of New York or any political division thereof (including The City of New York). See "TAX MATTERS."

\$10,690,000

**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Multi-Family Secured Mortgage Revenue Bonds,
\$6,185,000 2005 Series A-1
\$4,505,000 2005 Series A-2**

Dated: Date of delivery

Due: August 1, as shown on the inside cover page

Interest on the Multi-Family Secured Mortgage Revenue Bonds, 2005 Series A-1 (the "2005 Series A-1 Bonds") and the Multi-Family Secured Mortgage Revenue Bonds, 2005 Series A-2 (the "2005 Series A-2 Bonds," collectively with the 2005 Series A-1 Bonds, the "2005 Series A Bonds") of the New York City Housing Development Corporation (the "Corporation") is payable semiannually on February 1 and August 1, commencing February 1, 2006, with respect to the 2005 Series A-1 Bonds, and commencing on August 1, 2005, with respect to the 2005 Series A-2 Bonds, at the fixed rates set forth on the inside cover page. The 2005 Series A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. See "DESCRIPTION OF THE 2005 SERIES A BONDS—General." The Bank of New York, located in New York, New York, is the Trustee with respect to the 2005 Series A Bonds.

The 2005 Series A Bonds will be issued in book-entry form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on and principal of the 2005 Series A Bonds will be payable by the Trustee to Cede & Co., as nominee of DTC, which will, in turn, remit such principal and interest to DTC Direct Participants for subsequent disbursement to the Beneficial Owners. Purchasers of the 2005 Series A Bonds will not receive physical delivery of bond certificates. The 2005 Series A Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. See "DESCRIPTION OF THE 2005 SERIES A BONDS—Book-Entry Only System."

Payment of the principal of and interest on the 2005 Series A-2 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the 2005 Series A-2 Bonds.

The 2005 Series A Bonds, together with other available monies, are being issued to finance permanent mortgage loans for certain newly constructed developments. The 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds will be available on a forward delivery basis and subject to additional forward delivery risks (see "PLAN OF FINANCING—Forward Delivery"). Payment of the principal or redemption price of and interest on the 2005 Series A Bonds will be secured by the Revenues and assets pledged to such payment, including, without limitation, certain payments to be made under or with respect to certain mortgage loans, and monies and/or cash equivalents held under the Debt Service Reserve Account. The 2005 Series A Bonds are being issued on a parity with and shall be entitled to the same benefit and security as other Bonds to be issued under the General Resolution (other than Subordinate Bonds).

The 2005 Series A Bonds are subject to redemption prior to maturity as set forth herein.

The 2005 Series A 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 2005 Series A 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 2005 Series A Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

The 2005 Series A Bonds are offered when, as and if issued and received by the Underwriter thereof subject to prior sale, to withdrawal or modification of the offer without notice, and to the unqualified approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters related to the 2005 Series A Bonds will be passed upon for the Corporation by its General Counsel. Certain legal matters related to the 2005 Series A Bonds will be passed upon for the Underwriter by its Counsel, Dechert LLP, New York, New York. It is expected that an initial closing for the forward delivery of the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds will be in New York, New York on or about July 12, 2005. It is expected that the 2005 Series A-1 Bonds will be available for delivery in New York, New York on or about December 1, 2005, and the 2005 Series A-2 Bonds will be available for delivery in New York, New York on or about August 1, 2007.

Dated: June 21, 2005

Banc of America Securities LLC

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES

\$10,690,000 2005 Series A Bonds

\$6,185,000 5.65% 2005 Series A-1 Term Bonds due August 1, 2031

\$4,505,000 6.32% 2005 Series A-2 Term Bonds due August 1, 2037

Price of all 2005 Series A Bonds: 100%

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2005 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the New York City Housing Development Corporation or Banc of America Securities, LLC, as underwriter for the 2005 Series A Bonds offered to the public as indicated on the inside cover page (the "Underwriter"), to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the New York City Housing Development Corporation and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by any of such sources as to information from any other source. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the New York City Housing Development Corporation or the other matters described herein since the date hereof.

THE 2005 SERIES A BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2005 SERIES A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2005 SERIES A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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\$10,690,000
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Multi-Family Secured Mortgage Revenue Bonds,
\$6,185,000 2005 Series A-1
\$4,505,000 2005 Series A-2

This Official Statement (including the cover page and the appendices) provides certain information concerning the New York City Housing Development Corporation (the “Corporation”) in connection with the sale of (i) \$6,185,000 principal amount of its Multi-Family Secured Mortgage Revenue Bonds, 2005 Series A-1 (the “2005 Series A-1 Bonds”) and (ii) \$4,505,000 principal amount of its Multi-Family Secured Mortgage Revenue Bonds, 2005 Series A-2 (the “2005 Series A-2 Bonds,” collectively with the 2005 Series A-1 Bonds, the “2005 Series A Bonds”). The 2005 Series A Bonds are to be issued in accordance with the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 44-b of the Consolidated Laws of the State of New York, as amended (the “Act”), and pursuant to a resolution entitled “Multi-Family Secured Mortgage Revenue Bonds Bond Resolution” adopted by the Members of the Corporation on May 10, 2005, as amended from time to time (the “General Resolution”), and a supplemental resolution for the 2005 Series A-1 Bonds entitled “First Supplemental Resolution Authorizing the Issuance of Multi-Family Secured Mortgage Revenue Bonds, 2005 Series A-1” (the “2005 Series A-1 Supplemental Resolution”) and a supplemental resolution for the 2005 Series A-2 Bonds entitled “Second Supplemental Resolution Authorizing the Issuance of Multi-Family Secured Mortgage Revenue Bonds, 2005 Series A-2” (the “2005 Series A-2 Supplemental Resolution,” collectively with the 2005 Series A-1 Supplemental Resolution, the “2005 Series A Supplemental Resolutions”), each adopted by the Members of the Corporation on May 10, 2005. The General Resolution and the 2005 Series A Supplemental Resolutions are referred to herein, collectively, as the “Resolutions.” Pursuant to the General Resolution (except as otherwise expressly provided therein or in a Supplemental Resolution authorizing a series of bonds), all bonds issued thereunder are equally and ratably secured by the Revenues and assets pledged thereunder. All bonds issued or to be issued under the General Resolution, including the 2005 Series A Bonds, are herein referred to as the “Bonds.” Certain defined terms used herein are set forth in “Appendix A—Definition of Certain Terms.”

INTRODUCTION

The Corporation is a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State of New York (the “State”). The Corporation was created by the Act for the purpose of providing and encouraging the investment of private capital in safe and sanitary dwelling accommodations in the City of New York within the financial reach of families and persons of low income, which includes families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, through the provision of low interest mortgage loans.

The 2005 Series A Bonds are special revenue obligations of the Corporation, and payment of the principal or redemption price of and interest on the 2005 Series A Bonds will be secured solely by the Revenues and assets pledged to such payment including, without limitation, certain payments to be made under or with respect to the Mortgage Loans, and monies and/or Cash Equivalents held under the Debt Service Reserve Account. The 2005 Series A Bonds are being issued on a parity with, and shall be entitled to the same benefit and security of the General Resolution as, all other Bonds Outstanding (other than Subordinate Bonds) to be issued thereunder. See “SECURITY FOR THE BONDS—Pledge of the General Resolution.”

Under the General Resolution, the Corporation may issue Bonds to finance Mortgage Loans. The activities of the Corporation undertaken pursuant to the General Resolution are hereinafter referred to as the “Program.” Under the Program, the Corporation will issue Bonds to finance Mortgage Loans for privately owned multi-family housing. Multi-family housing developments financed by the Corporation under the Program are referred to herein individually as a “Development” or a “Project” and collectively as the “Developments” or the “Projects.” In addition to the Mortgage Loans, other collateral is pledged as security for the Bonds including, among other things, monies and Investment Securities held under certain Accounts established pursuant to the General Resolution. See “SECURITY FOR THE BONDS—Pledge of the General Resolution,” “—Mortgage Loans” and “—Debt Service Reserve Account.”

The Mortgage Loans are required to be secured by supplemental security (“Supplemental Security”), including bond insurance provided by a Credit Facility Provider and/or mortgage insurance provided by the State of New York Mortgage Agency (“SONYMA”). In addition, the Developments related to the Mortgage Loans may, but are not required to, be assisted through local subsidy programs (“Subsidy Programs”) such as various subordinate loan programs of the Corporation such as the New Housing Opportunities Program (“New HOP”). See “Appendix D—Description of Supplemental Security and Subsidy Programs.” A Mortgage Loan is required to be evidenced by a note and secured by a mortgage (but such mortgage need not create a first mortgage lien on the related Development).

The proceeds of the 2005 Series A Bonds, together with other available monies of the Corporation, are expected to be used to: (i) acquire or finance permanent Mortgage Loans for certain newly constructed Developments; and (ii) pay costs of issuance. The 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds will be available on a forward delivery basis and are subject to additional forward delivery risks. For a more detailed description of the financing plan including, in particular, a description of the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds and the related risks, and the Mortgage Loans to be funded with the proceeds of the 2005 Series A Bonds, see “PLAN OF FINANCING.”

The ability of the Corporation to pay the principal or redemption price of and interest on the Bonds, including the 2005 Series A Bonds, is dependent on the Revenues derived from the assets pledged to secure the Bonds, which consist of all the Mortgage Loans (including the 2005 Series A Mortgage Loans). Timely receipt of the proceeds of the Supplemental Security will likely be material to the Corporation’s ability to pay the principal or redemption price of and interest on the Bonds. In cases in which Developments are beneficiaries of Subsidy Programs, full and timely receipt of subsidies, or loan or grant proceeds, may be necessary for full payment under the Mortgage Loans made with respect to such Developments. In the case of Mortgage Loans whose related Developments are not assisted under a Subsidy Program, the Revenues derived from such Mortgage Loans are entirely dependent on each Mortgagor’s ability to make payments under its Mortgage Loan. The Mortgagor’s ability to make payments required under its Mortgage Loan is and will be affected by a variety of factors including the maintenance of a sufficient level of occupancy, the level of operating expenses, sound management of a Development, the ability to achieve and maintain income to cover payments under the Mortgage Loan, operating expenses, taxes, utility rates and maintenance costs, and changes in applicable laws and governmental regulations. In addition, the continued feasibility of a Development may depend in part upon general economic conditions and other factors in the surrounding area of a Development. See “THE PROGRAM—Certain Factors Affecting the Mortgage Loans,” and under the subheadings “Supplemental Security” and “Subsidy Programs” in Appendix D hereto.”

Under the General Resolution, the Corporation is authorized to issue Bonds (which may be secured on a parity with, or be subordinate in right of payment to, the Bonds which are not Subordinate Bonds) to finance mortgage loans. No such additional Bonds may be issued under the General Resolution unless certain conditions set forth therein are met, including confirmation of

the then existing ratings on the Outstanding Bonds (other than Subordinate Bonds) by each of the Rating Agencies then rating such Bonds.

If Mortgage Loans are to be financed by any such additional Bonds and pledged to secure the Bonds, such Mortgage Loans need not create a first mortgage lien on such Projects and such Mortgage Loans or the Projects financed thereby, or the related Bonds are required to be subject to Supplemental Security insuring or securing against Mortgage Loan default losses, or insuring against Bond defaults. Such Supplemental Security may be in the form of, among other things, a mortgage insurance policy, a bond insurance policy, a guaranteed mortgage-backed security, a letter of credit, a surety bond or an escrow deposit, any or all of which may be obtained pursuant to one or more programs of the Federal, State or local government.

The General Resolution does not require that the Corporation pledge its interests in the assets financed with the proceeds of additional Bonds, or the revenues derived therefrom, to secure the Bonds. Moreover, the Corporation may withdraw Mortgage Loans and surplus revenues from the pledge and lien of the General Resolution upon the filing with the Trustee of a Cash Flow Statement as more fully described under the subheading “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates.”

The Bonds are not a debt of the State or The City of New York (the “City”), and neither the State nor the City shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

Descriptions of the Corporation, the 2005 Series A Mortgage Loans, the 2005 Series A Bonds, sources of payment therefor, the Program and the Resolutions are included in this Official Statement. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the 2005 Series A Bonds are qualified in their entirety by reference to the Resolutions and the provisions with respect thereto included in the aforesaid documents and agreements. The Corporation has covenanted in the General Resolution to provide a copy of each annual report of the Corporation (and certain special reports, if any) and any Accountant’s Certificate relating thereto to the Trustee and to each Bond owner who shall have filed such owner’s name and address with the Corporation for such purposes. The Corporation also has committed to provide certain information on an ongoing basis to certain repositories. For a description of the Corporation’s undertaking with respect to ongoing disclosure, see “CONTINUING DISCLOSURE—Corporation.” Summaries of the Supplemental Security and Subsidy Programs are qualified in their entirety by reference to any statutes, regulations or agreements mentioned in such summaries. See Appendix D hereto. In addition, the Mortgagors of certain of the 2005 Series A Mortgage Loans (the “2005 Series A Mortgagors”) or the Corporation will provide certain information on an ongoing basis to certain repositories. For a description of the 2005 Series A Mortgagors’ undertakings with respect to ongoing disclosure, see “CONTINUING DISCLOSURE—2005 Series A Mortgagors.”

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THE CORPORATION

Purposes and Powers

The Corporation, which commenced operations in 1972, is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State, created for the purposes of providing, and encouraging the investment of private capital in, safe and sanitary dwelling accommodations in New York City for families and persons of low income, which include families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, or in areas designated as blighted through the provision of low interest mortgage loans. Powers granted the Corporation under the Act include the power to issue bonds, notes and other obligations to obtain funds to carry out its corporate purposes, and to refund the same; to acquire, hold and dispose of real and personal property; to make mortgage loans to specified private entities; to purchase loans from lending institutions; to make loans insured or co-insured by the Federal government for new construction and rehabilitation of multiple dwellings; to make and to contract for the making of loans for the purpose of financing the acquisition, construction or rehabilitation of multi-family housing accommodations; to acquire and to contract to acquire any Federally-guaranteed security evidencing indebtedness on a mortgage securing a loan; to acquire mortgages from the City, obtain Federal insurance thereon and either sell such insured mortgages or issue its obligations secured by said insured mortgages and to pay the net proceeds of such sale of mortgages or issuance of obligations to the City; and to do any and all things necessary or convenient to carry out its purposes. The Act further provides that the Corporation and its corporate existence shall continue at least so long as its bonds, including the 2005 Series A Bonds, notes, or other obligations are outstanding.

The sale of the 2005 Series A Bonds and the terms of such sale are subject to the approval of the Comptroller of the City. The Corporation is a “covered organization” as such term is defined in the New York State Financial Emergency Act for The City of New York, as amended, and the issuance of the 2005 Series A Bonds is subject to the review of the New York State Financial Control Board for The City of New York.

For a description of the bond, mortgage loan, loan and servicing activities of the Corporation, see “Appendix C—Activities of the Corporation.”

Organization and Membership

The Corporation, pursuant to the Act, consists of the Commissioner of The City of New York Department of Housing Preservation and Development (“HPD”) (who is designated as Chairperson of the Corporation pursuant to the Act), the Commissioner of Finance of the City and the Director of Management and Budget of the City (such officials to serve ex-officio), and four (4) public members, two (2) appointed by the Mayor of the City (the “Mayor”) and two (2) appointed by the Governor of the State. The Act provides that the powers of the Corporation shall be vested in and exercised by not less than four (4) members. The Corporation may delegate to one or more of its members, officers, agents or employees such powers and duties as it deems proper.

Members

SHAUN DONOVAN, Chairperson and Member ex-officio. Mr. Donovan was appointed Commissioner of HPD by Mayor Michael R. Bloomberg, effective March 29, 2004. Prior to becoming Commissioner, Mr. Donovan was a Managing Director at Prudential Mortgage Capital Company. Before Prudential, Commissioner Donovan was a visiting scholar at New York University where

he studied Federally-assisted and Mitchell-Lama housing in New York City. He has held several positions at the United States Department of Housing and Urban Development including Acting Federal Housing Commissioner and Deputy Assistant Secretary for Multifamily Housing. Mr. Donovan received his Bachelor of Arts degree from Harvard University and has a Master in Public Administration degree from Harvard's John F. Kennedy School of Government and a Master in Architecture degree from Harvard Graduate School of Design.

PETER J. MADONIA, Vice-Chairperson and Member, term expires December 31, 2005. Mr. Madonia was appointed Chief of Staff to Mayor Michael R. Bloomberg on January 1, 2002. Prior to his appointment as the Mayor's Chief of Staff, Mr. Madonia served as First Deputy Commissioner of the New York City Fire Department, Deputy Commissioner for Budget and Operations at the New York City Department of Buildings, and Executive Assistant to the New York City Deputy Mayor for Operations. Mr. Madonia received a Bachelor of Arts degree from Fordham University, where he taught as an Adjunct Professor for Urban Studies, and a Master in Urban Studies degree from the University of Chicago.

MARK PAGE, Member ex-officio. Mr. Page was appointed New York City Budget Director in January, 2002. Mr. Page was previously employed in the New York City Office of Management and Budget from 1978 to 2001, where he served as Deputy Director/General Counsel since 1982. Mr. Page is a graduate of Harvard University and the New York University School of Law.

MARTHA E. STARK, Member ex-officio. Ms. Stark was appointed New York City Commissioner of Finance by Mayor Michael R. Bloomberg on February 11, 2002. From 1990 to 1993, Ms. Stark held several senior management positions in the Department of Finance, including Acting Director of the Conciliations Bureau and Assistant Commissioner. She served as a White House Fellow in the U.S. Department of State in 1993 to 1994, and later became Director and Deputy Counsel for Policy and Development in the Manhattan Borough President's Office. Ms. Stark consulted on a Brookings Institution report on the District of Columbia's fiscal health and co-authored a study for the New York University School of Law that analyzed the high cost of building and renovating housing in New York City. Prior to her appointment, Ms. Stark was a Portfolio Manager at the Edna McConnell Clark Foundation. She also taught budget and finance courses at Hunter College and business law at Baruch College. Born in the Brownsville section of Brooklyn, Ms. Stark attended Brooklyn Technical High School, earned an A.A.S. degree from New York City Community College, a B.A. degree from New York University, where she captained the varsity basketball team, and a law degree from New York University School of Law.

HARRY E. GOULD, JR., Member, serving pursuant to law. Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation, the largest privately owned independent distributor of printing paper in the United States. He was Chairman and President of Cinema Group, Inc., a major independent film financing and production company, from 1982 to May 1986, and is currently Chairman and President of Signature Communications Ltd., a new company that is active in the same field. He is a Life Member of the Executive Branch of the Academy of Motion Picture Arts and Sciences. He was a member of the Board of Directors of Domtar, Inc., the largest Canadian manufacturer of packaging and fine paper from 1995 to 2003. He is a member of the Board of Directors of the USO of Metropolitan New York. He was a member of the Board of Trustees of the American Management Association from 1996 to 1999. He was a member of Colgate University's Board of Trustees from 1976 to 1982. He was Vice Chairman of the President's Export Council, was a member of the Executive Committee and was Chairman of the Export Expansion Subcommittee from 1977 to 1980. He was a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its

Executive Committee from 1977 to 1999. He was a member of the Board of United Cerebral Palsy Research and Educational Foundation, and the National Multiple Sclerosis Society of New York from 1972 to 1999. He was a Trustee of the Riverdale Country School from 1990 to 1999.

CHARLES G. MOERDLER, Member, serving pursuant to law. Mr. Moerdler is a partner in the law firm of Stroock & Stroock & Lavan LLP. Prior to joining his law firm in 1967, Mr. Moerdler was Commissioner of Buildings for The City of New York from 1966 to 1967, and previously worked with the law firm of Cravath, Swaine & Moore. Mr. Moerdler has served as a member of the Committee on Character and Fitness of Applicants to the Bar of the State of New York, Appellate Division, First Department since 1977 and as a member of the Mayor's Committee on Judiciary since 1994. He has also served on the Editorial Board of the New York Law Journal since 1986. Mr. Moerdler held a number of public service positions, including Chairman of The New York State Insurance Fund from 1995 to March 1997, Commissioner and Vice Chairman of The New York State Insurance Fund from 1978 to 1994, Consultant to the Mayor of The City of New York on Housing, Urban Development and Real Estate from 1967 to 1973, Member of the Advisory Board on Fair Campaign Practices, New York State Board of Elections in 1974, Member of the New York City Air Pollution Control Board from 1966 to 1967 and Special Counsel to the New York State Assembly, Committee on Judiciary in 1961 and Committee on The City of New York in 1960. Mr. Moerdler also serves as a Trustee of St. Barnabas Hospital and served on the Board of Overseers of the Jewish Theological Seminary of America. He served as a Trustee of Long Island University from 1985 to 1991 and on the Advisory Board of the School of International Affairs, Columbia University from 1976 to 1979. Mr. Moerdler is a graduate of Long Island University and Fordham Law School, where he was an Associate Editor of the Fordham Law Review.

MICHAEL W. KELLY, Member, serving pursuant to law. Mr. Kelly is the managing partner of the Flying Point Group LLC which is a structured financial products and asset management company. Prior to that, Mr. Kelly was Managing Director of Ambac Capital Corporation and oversaw all of the non-insurance businesses. Prior to his employment at Ambac Capital Corporation, Mr. Kelly was a Managing Director in charge of the municipal derivatives business at Smith Barney. He began his career in 1979 as an attorney at Seward & Kissel. He received his Bachelor of Arts degree from Georgetown University and J.D. from Fordham University Law School.

Principal Officers

SHAUN DONOVAN, Chairperson.

PETER J. MADONIA, Vice Chairperson.

EMILY A. YOUSOUF, President. Ms. Youssouf was appointed President of the Corporation on November 3, 2003. Prior to joining the Corporation, Ms. Youssouf was the President of Natlis Settlements, LLC, a specialty finance company. Before joining Natlis Settlements, LLC, Ms. Youssouf held various senior positions at Credit Suisse First Boston, Prudential Securities and Merrill Lynch, Pierce, Fenner & Smith, Incorporated. During her tenure at Merrill Lynch, Ms. Youssouf was a Managing Director in the Housing Finance Department responsible for securing and syndicating mortgage-and asset-backed securities. Ms. Youssouf was also Vice President of Tax-Exempt Housing Finance for Standard & Poor's Ratings Services, where she specialized in tax-exempt bond finance in both multi- and single-family housing. She also developed Standard & Poor's rating criteria for Section 8 Housing Bonds and for single-family Mortgage Revenue

Bonds. Ms. Youssouf is a graduate of Wagner College and holds an M.A. degree in Urban Affairs and Policy Analysis from the New School for Social Research.

JOHN A. CROTTY, Executive Vice President and Chief of Staff. Mr. Crotty was appointed Executive Vice President and Chief of Staff of the Corporation on April 15, 2004. Prior to joining the Corporation, Mr. Crotty was Director of City Legislative Affairs for the Mayor of New York City where he directed a staff responsible for preparing the Mayor's legislative agenda in the City Council. Prior to joining the Mayor's Office, Mr. Crotty held a variety of telecommunication positions at MCI, Winstar and most recently with Verizon in its Corporate Development Department. Mr. Crotty was also employed by PaineWebber as a member of their short term remarketing desk. Mr. Crotty is a graduate of the University of Rochester and has his M.B.A. from Columbia Business School.

RICHARD M. FROEHLICH, Senior Vice President and General Counsel. Mr. Froehlich, an attorney and member of the New York State Bar, was appointed Senior Vice President and General Counsel of the Corporation effective November 17, 2003. Prior to joining the Corporation, he was Counsel at the law firm of O'Melveny & Myers LLP in its New York City office, where Mr. Froehlich's practice focused on real estate and public finance with a particular emphasis on affordable housing. From 1993 to 1998, Mr. Froehlich was an Assistant Counsel at the New York State Housing Finance Agency. Upon graduation from law school, he practiced law at the New York City office of Skadden, Arps, Slate, Meagher & Flom. Mr. Froehlich received his B.A. degree from Columbia College, Columbia University and his J.D. from Columbia University School of Law. Mr. Froehlich is on the board of directors of New Destiny Housing Corp., a New York non-profit corporation.

TERESA GIGLIELLO, Senior Vice President-Portfolio Management. Ms. Gigliello was appointed a Senior Vice President of the Corporation on August 3, 1998. Prior to such appointment, Ms. Gigliello held the position of Director of Audit. She began her career with the Corporation in 1985 as an accountant and served as the Corporation's Internal Auditor from 1986 until her appointment as Director of Audit in 1995. Ms. Gigliello received a Bachelor of Science from St. John's University.

RACHEL GROSSMAN, Senior Vice President of Development. Ms. Grossman was appointed Senior Vice President of Development of the Corporation on March 15, 2005. Prior to her appointment she served as the Vice President of Development and, since October 2004, acting head of the Corporation's development department. In 1998, Ms. Grossman began her career at the Corporation as a project manager structuring financing programs and transactions, and was promoted to the position of Assistant Vice President in December 2003. Her previous experience includes work with Neighborhood Housing Services of New York City and the Neighborhood Reinvestment Corporation in Boston, MA. Ms. Grossman holds a B.A. in Political Science/International Studies from Yale University and a Masters degree in Public Policy from the John F. Kennedy School of Government at Harvard University.

CAROL S. KOSTIK, Senior Vice President and Chief Financial Officer. Ms. Kostik was appointed Chief Financial Officer of the Corporation effective February 17, 2004 and Senior Vice President on April 15, 2004. Prior to joining the Corporation, Ms. Kostik was Chief Financial Officer of the Nassau County Interim Finance Authority ("NIFA"), a State authority created in June 2000 in response to Nassau County's fiscal distress. At NIFA, she oversaw all aspects of financial management, including internal and external reporting, investments, internal controls and debt issuance. Previously, she was a Vice President in Merrill Lynch & Company's public finance department. She began her career at New York City's Department of Housing Preservation and

Development. Ms. Kostik holds a B.A. in Political Economy from Williams College, a Diploma in Real Estate Analysis and Appraisal from New York University's Real Estate Institute, and an M.B.A. degree from Stanford University's Graduate School of Business. She is a Governor of the Municipal Forum of New York, an association of municipal securities professionals.

JOY F. WILLIG, Deputy General Counsel and Secretary. Ms. Willig, an attorney and member of the New York Bar, joined the Corporation in August 1998, and was appointed as Deputy General Counsel and Assistant Secretary in September 1998. She was designated to serve as Secretary in May 2000. Prior to joining the Corporation, she was Associate Counsel at the New York State Housing Finance Agency, was associated with a law firm in New York City and clerked in the United States District Court, Southern District of New York. Ms. Willig received a Bachelor of Science degree from Cornell University and her J.D. from Cardozo School of Law.

PLAN OF FINANCING

General

Upon the issuance of the 2005 Series A Bonds, all of the proceeds of such 2005 Series A Bonds initially will be deposited in the Bond Proceeds Account and invested in Investment Securities. Such proceeds, together with other available monies of the Corporation, are expected to be used by the Corporation to finance the acquisition of certain permanent Mortgage Loans for certain newly constructed Developments. Such Mortgage Loans are collectively referred to herein as the "2005 Series A Mortgage Loans" and such Developments are collectively referred to herein as the "2005 Series A Developments." The aggregate principal amount of the 2005 Series A Mortgage Loans is anticipated to be \$25,170,000. See "2005 Series A Mortgage Loans" below.

Forward Delivery

General

The 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds are being issued on a forward delivery basis. It is expected that an initial closing for the delivery of the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds will be on or about July 12, 2005. At initial closing, all the conditions for the delayed delivery of the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds, as evidenced by two (2) separate forward delivery bond purchase agreements, will be met except for the payment and delivery of the actual 2005 Series A-1 Bonds and 2005 Series A-2 Bonds and related certificates and opinions, including the assignment of ratings on the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds, and Proposed Forms of Opinions of Bond Counsel to the Corporation attached as Appendix F hereto. A copy of the forward delivery bond purchase agreements may be obtained from the Underwriter or the Corporation (see "FURTHER INFORMATION").

An updated Official Statement will be delivered in connection with the final delivery of the 2005 Series A-1 Bonds and the final delivery of the 2005 Series A-2 Bonds.

2005 Series A-1 Bonds

Subject to the forward delivery bond purchase agreement related to the 2005 Series A-1 Bonds, which includes terms similar to the terms of a Corporation bond purchase agreement with current delivery, it is expected that the 2005 Series A-1 Bonds will be delivered on or about December 1, 2005. The delayed delivery date for the 2005 Series A-1 Bonds is anticipated to be approximately five (5) months after the expected initial closing date.

2005 Series A-2 Bonds

Subject to the forward delivery bond purchase agreement related to the 2005 Series A-2 Bonds, which includes terms similar to the terms of a Corporation bond purchase agreement with current delivery, as well as other terms relating to both the Corporation and the Underwriter, including, but not limited to (i) defaults relating to other forward delivery bond transactions or other similar transactions under the Program, (ii) rating withdrawal, suspension or reduction below “A” as determined by Moody’s or any other Rating Agency, (iii) broader provisions of concepts of illegality, (iv) prohibitions on bankruptcy, (v) anticipatory breaches, (vi) events of default and related makewhole loss provisions for the non-defaulting party and (vii) assignability by the Underwriter if the assignee has a rating on its long-term senior unsecured debt obligations of “A” as determined by Moody’s or any other Rating Agency, it is expected that the 2005 Series A-2 Bonds will be delivered on or about August 1, 2007. The delayed delivery date for the 2005 Series A-2 Bonds is anticipated to be approximately twenty-five (25) months after the expected initial closing date.

Additional Forward Delivery Risks

In addition to the delay between initial closing and final delivery which provides greater time for breaches of the forward delivery bond purchase agreements to occur, the 2005 Series A Bonds are subject to greater secondary market risk and market value risk.

While the Underwriter may make a secondary market in the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds subsequent to initial closing and subsequent to their respective final delivery, there can be no guarantee that the Underwriter will be successful in establishing such a secondary market, or, if a secondary market is established, that it will be maintained or that the 2005 Series A-1 Bonds and/or the 2005 Series A-2 Bonds can be sold for any particular price. **Prospective purchasers of the Offered Bonds should assume that the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds will be illiquid throughout the delayed delivery period.**

The market value of the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds as of their respective final delivery may be affected by a variety of factors including, without limitation, general market conditions, the ratings on the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds and federal and state income tax and other laws. The market value of the 2005 Series A-1 Bonds and/or the 2005 Series A-2 Bonds, at their respective final delivery, therefore, could be greater or less than the purchase price agreed to be paid by the initial purchasers thereof, and the difference could be substantial. Such purchasers will, nevertheless, be obligated to take delivery of and pay for the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds, as the case may be, upon satisfaction of the various conditions in the respective forward delivery bond purchase agreements. Neither the Corporation nor the Underwriter makes any representation as to the market price of the 2005 Series A-1 Bonds and/or the 2005 Series A-2 Bonds as of final delivery.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the 2005 Series A Bonds are expected to be approximately as follows:

SOURCES

Principal Amount of Bonds	\$10,690,000
Other Available Monies of the Corporation	343,033
TOTAL SOURCES	<u>\$11,033,033</u>

USES

Financing of 2005 Series A Mortgage Loans	\$10,690,038
Debt Service Reserve Account	245,313
Underwriter's Compensation.....	97,682
TOTAL USES	<u>\$11,033,033</u>

Debt Service Reserve Account

Under the terms of the 2005 Series A-1 Supplemental Resolution, the Debt Service Reserve Account Requirement with respect to the 2005 Series A-1 Bonds shall equal, as of any date of calculation, one-third (1/3) of the maximum amount of Debt Service of the 2005 Series A-1 Bonds Outstanding, excluding the final maturity of the 2005 Series A-1 Bonds.

Under the terms of the 2005 Series A-2 Supplemental Resolution, the Debt Service Reserve Account Requirement with respect to the 2005 Series A-2 Bonds shall equal, as of any date of calculation, one-third (1/3) of the maximum amount of Debt Service of the 2005 Series A-2 Bonds Outstanding.

For further information on the Debt Service Reserve Account and the Debt Service Reserve Account Requirement for the Bonds, see "SECURITY FOR THE BONDS—Debt Service Reserve Account."

2005 Series A Mortgage Loans

2005 Series A Developments

The Mortgagors of the 2005 Series A Mortgage Loans are expected to receive construction mortgage loans from various banks at variable interest rates based upon London interbank offering rates (LIBOR) plus 140 to 200 basis points in an aggregate principal amount of \$74,267,075. In addition, the Mortgagors of the 2005 Series A Mortgage Loans are expected to receive subordinate construction loans from the Corporation at 1% interest rates in an aggregate principal amount of \$14,480,000. Other subordinate construction mortgage loans are described below.

Upon construction completion and satisfaction of certain conditions (see "HDC Commitments" below), it is anticipated that the proceeds of the 2005 Series A Bonds, together with other available monies of the Corporation as described below, will be used to finance the acquisition of the permanent 2005 Series A Mortgage Loans for the following 2005 Series A Developments:

Anticipated Permanent Supplemental Security	Subsidy Program	Development Name	Borough	Number of Units	Anticipated Mortgage Loan Amount
Bond Insurance/SONYMA	New HOP/ Other	The Sutton	Manhattan	134	\$10,580,000
SONYMA	New HOP	Lenox Gardens	Manhattan	51	\$4,590,000
SONYMA	New HOP/ Other	Bradhurst Court	Manhattan	128	\$10,000,000
TOTAL				313	\$25,170,000

It is anticipated that the 2005 Series A-2 Bonds will be secured by bond insurance provided by Ambac Assurance Corporation (“Bond Insurance”) and each 2005 Series A Mortgage Loan will be secured by SONYMA Insurance. For a description of Bond Insurance and SONYMA Insurance, see “Appendix D—Description of Supplemental Security and Subsidy Programs—Supplemental Security—Bond Insurance” and “—SONYMA Insurance Program,” respectively. Construction on The Sutton is anticipated to be completed within twenty-five (25) months of the expected initial closing date, and construction on Lenox Gardens and Bradhurst Court is anticipated to be completed within five (5) months of the expected initial closing date. See “PLAN OF FINANCING—Forward Delivery.”

It is anticipated that each of the 2005 Series A Mortgage Loans will be subsidized through New HOP (for a description of New HOP, see “Appendix D—Description of Supplemental Security and Subsidy Programs—Subsidy Programs—Corporation Programs—New Housing Opportunities Program”). The Mortgagor of the 2005 Series A Mortgage Loan related to Bradhurst Court received a subordinate construction and permanent mortgage loan from HPD at a nominal interest rate in a principal amount of \$1,040,000. The Mortgagor of the 2005 Series A Mortgage Loan related to The Sutton is expected to receive a subordinate construction and permanent mortgage loan from the New York State Affordable Housing Corporation at a nominal interest rate in a principal amount of \$675,000.

The 2005 Series A Mortgage Loans are expected to be assigned a valuation of 100% under the 2005 Series A Supplemental Resolution. For a discussion of the valuation process, see “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates.” It is expected that the Corporation will service the permanent 2005 Series A Mortgage Loans (see “THE PROGRAM—Servicing”).

Enumerated below are more detailed descriptions of each of the 2005 Series A Developments:

Bradhurst Court. Bradhurst Court will be an 8 story cooperative project to be built on West 145th Street between Frederick Douglass Boulevard and Bradhurst Avenue in Harlem. When completed it will contain 128 units, including 6 one bedroom, 65 two bedroom, 8 two bedroom duplex, 40 three bedroom, and 9 three bedroom duplex units. In addition, an underground parking garage for 118 cars, a 50,232 square foot Pathmark supermarket, and a proposed 7,000 square foot restaurant will be constructed. The Mortgagor for this 2005 Series A Development is Bradhurst Development Company, a limited liability company formed for the sole purpose of owning and developing this property. The members of the development team include principals of Leewood Real Estate, The Related Companies, and Jerry Salama.

Lenox Gardens. Lenox Gardens will be a 6 story cooperative project to be built on Malcolm X Boulevard and West 117th Street in Harlem. When completed, this 2005 Series A Development will contain 51 units, including 4 one bedroom, 16 two bedroom, 30 three bedroom, and 1 superintendent’s unit located in two buildings. In addition, an underground parking garage for 38 cars and approximately 7,000 square feet of commercial space will be constructed. The Mortgagor of this 2005 Series A Development will be Lenox Central Development Corp., an entity formed by The Bluestone

Organization. The Corporation has financed six projects developed by The Bluestone Organization, all of which are performing satisfactorily.

The Sutton. The Sutton will be a cooperative project comprised of one newly constructed 11 story building located at the northwest corner of West 147th Street and Bradhurst Avenue in Manhattan. Upon completion, this 2005 Series A Development will contain 134 for sale units (plus 1 superintendent's unit), including 3 studios, 21 one bedroom, 88 two bedroom, and 22 three bedroom units. This Development will also contain ground floor retail space, and a below grade parking garage. The Mortgagor of this 2005 Series A Development is Bradhurst 100 Development, LLC, a joint venture between Duvernay + Brooks, LLC and Penrose Properties, LLC. The sole principal of Duvernay + Brooks, LLC is Joni Brooks. The principals of Penrose Properties, LLC are Mark Dambly and Richard Barnhart. Since 1999, Duvernay + Brooks has participated in the development of thousands of housing units as a development consultant. Although the firm has only been in existence for 5 years, the staff has a significant amount of experience in the development of affordable housing. Their partner, Pennrose Properties, LLC has developed more than 5,000 affordable housing units in Pennsylvania, New Jersey, Delaware, Maryland and Washington DC.

Mortgage Terms

Each of the 2005 Series A Mortgage Loans will be evidenced by a mortgage note payable to the Corporation and secured by a first mortgage lien on the applicable 2005 Series A Development. The weighted average interest rate for the permanent 2005 Series A Mortgage Loans relating to Bradhurst Court and Lenox Gardens is anticipated to be 4.2%; based on 40-year level amortization, the term to maturity for each such permanent 2005 Series A Mortgage Loan is anticipated to be 25 years whereupon the remaining unpaid principal will be payable as a balloon payment. The interest rate for the permanent 2005 Series A Mortgage Loans related to The Sutton is anticipated to be 4.2% with a term to maturity of 30 years. The 2005 Series A Mortgage Loan related to The Sutton is expected to contain provisions prohibiting the Mortgagor of said 2005 Series A Development from making any prepayment prior to approximately ten (10) years after the closing of the permanent 2005 Series A Mortgage Loan and is subject to the payment of a premium for a specified period of time, and the 2005 Series A Mortgage Loans related to Lenox Gardens and Bradhurst Court contain provisions permitting the Mortgagor of the applicable 2005 Series A Development to prepay at any time (see "DESCRIPTION OF THE 2005 SERIES A BONDS—Redemption Provisions—Special Redemption from Recoveries of Principal").

HDC Commitments

Each of the Mortgagors of the 2005 Series A Mortgage Loans has executed a commitment with the Corporation or is expected to execute a commitment with the Corporation prior to the issuance of the 2005 Series A Bonds (an "HDC Commitment") in which the Corporation will agree to provide a 2005 Series A Mortgage Loan on a permanent basis.

The HDC Commitment for all of the 2005 Series A Mortgage Loans requires each related Mortgagor to obtain a construction loan, to be available during construction, from a bank acceptable to the Corporation as a condition to the Corporation providing a permanent 2005 Series A Mortgage Loan.

Following the satisfaction of the conditions of the applicable HDC Commitment which may require, among other things, the provision by the Mortgagor of equity, the satisfactory completion of construction within a certain time schedule from the making of the applicable construction 2005 Series A Mortgage Loan and within a certain construction budget, the issuance of a certificate of occupancy, the attainment of a specified minimum rental achievement level, and delivery of other required certificates and legal opinions, it is anticipated that the Corporation will obtain SONYMA Insurance and make the

applicable permanent 2005 Series A Mortgage Loan. Until such construction loan is repaid, the bank making the construction loan will service or provide for the servicing of the applicable mortgage loan. Thereafter, it is expected that the Corporation will service the applicable permanent 2005 Series A Mortgage Loan (see “THE PROGRAM—Servicing”).

No assurances can be given that such construction or permanent 2005 Series A Mortgage Loans will be made or, if made, funded in the amounts presently contemplated by the Corporation. Additionally, the Corporation may substitute other Developments for those described in the charts under the subheadings “2005 Series A Developments” above.

DESCRIPTION OF THE 2005 SERIES A BONDS

General

The 2005 Series A Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The Bank of New York is the Trustee for the Bonds, including the 2005 Series A Bonds.

The 2005 Series A Bonds will be dated the date of delivery thereof and will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the 2005 Series A-1 Bonds will accrue from their dated date and be payable on February 1 and August 1 in each year, commencing February 1, 2006, at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the 2005 Series A-2 Bonds will accrue from their dated date and be payable on February 1 and August 1 in each year, commencing August 1, 2007, at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the 2005 Series A Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Redemption Provisions

The 2005 Series A Bonds are subject to special redemption, sinking fund redemption and optional redemption prior to maturity, all as described below.

Special Redemption from Recoveries of Principal

The 2005 Series A Bonds are subject to redemption, in whole or in part, at any time prior to maturity, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2005 Series A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing: (a) Recoveries of Principal with respect to the 2005 Series A Mortgage Loans deposited in the Redemption Account (other than as described in the next succeeding paragraph), and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above. See also “PLAN OF FINANCING—2005 Series A Mortgage Loans.”

The 2005 Series A-1 Bonds are subject to redemption, in whole or in part, at any time prior to maturity on or after August 1, 2016 and the 2005 Series A-2 Bonds are subject to redemption, in whole or in part, at any time prior to maturity on or after August 1, 2017, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2005 Series A-1 Bonds or portions thereof to be so redeemed, or the 2005 Series A-2 Bonds or portions thereof to be so redeemed, as the case may be, plus accrued interest to the Redemption Date, from amounts representing Recoveries of Principal deposited in the Redemption Account and resulting from (a) proceeds of an optional prepayment of any 2005 Series A Mortgage Loan by the Mortgagor thereof (which may be derived from proceeds of a new series of bonds issued by the Corporation), (b) proceeds of the sale, assignment, endorsement or other disposition of any

2005 Series A Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2005 Series A Mortgage Loan is in default) and (c) any other monies made available under the General Resolution in connection with the redemptions described in clauses (a) and (b) above.

Notwithstanding anything to the contrary contained in the Resolutions, so long as the 2005 Series A Bonds remain Outstanding, (i) the only Series of Bonds that may be redeemed in accordance with the redemption provisions described above in connection with Recoveries of Principal deposited in the Redemption Account derived from or with respect to the 2005 Series A Mortgage Loans or the 2005 Series A Developments shall be the 2005 Series A Bonds and (ii) the 2005 Series A Bonds may not be redeemed in accordance with the redemption provisions described above in connection with Recoveries of Principal deposited in the Redemption Account derived from or with respect to any Mortgage Loans or Developments financed in connection with a Series of Bonds other than the 2005 Series A Bonds. In addition, notwithstanding anything to the contrary contained in the General Resolution, the 2005 Series A-1 Supplemental Resolution or the 2005 Series A-2 Supplemental Resolution, for the purposes of the redemption specified in this section, and all provisions of the General Resolution with respect thereto, the 2005 Series A Mortgage Loans shall be treated as having been financed from the proceeds of the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds without regard to Series as if the 2005 Series A-1 Bonds and the 2005 Series A-2 Bonds constituted one Series; provided, however, that in connection with any redemption specified in this section, the Corporation may, in its sole discretion, select Bonds of either or both such Series to be so redeemed.

As provided in the Resolutions, the Recoveries of Principal described under “Special Redemption from Recoveries of Principal” above shall be deposited in the Redemption Account and applied to the redemption of the Bonds unless the Corporation files written instructions with the Trustee, accompanied by a Cash Flow Statement, directing that all or any portion of such Recoveries of Principal be deposited in the Bond Proceeds Account or the Revenue Account. See “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates” and “Appendix B—Summary of Certain Provisions of the General Resolution.”

See “THE PROGRAM—Certain Factors Affecting the Mortgage Loans” for a general description of the prepayment features applicable to the Mortgage Loans.

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Sinking Fund Redemption

The 2005 Series A-1 Term Bonds maturing on August 1, 2031 and the 2005 Series A-2 Term Bonds maturing on August 1, 2037 are subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption thereof, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem on February 1 and August 1 of each year the principal amount of such 2005 Series A Bonds specified for each of the Redemption Dates shown below:

2005 SERIES A-1 TERM BONDS MATURING ON AUGUST 1, 2031

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Aug. 1, 2006	\$ 20,000	Aug. 1, 2019	\$ 40,000
Feb. 1, 2007	20,000	Feb. 1, 2020	45,000
Aug. 1, 2007	20,000	Aug. 1, 2020	45,000
Feb. 1, 2008	20,000	Feb. 1, 2021	45,000
Aug. 1, 2008	25,000	Aug. 1, 2021	45,000
Feb. 1, 2009	25,000	Feb. 1, 2022	50,000
Aug. 1, 2009	25,000	Aug. 1, 2022	50,000
Feb. 1, 2010	25,000	Feb. 1, 2023	50,000
Aug. 1, 2010	25,000	Aug. 1, 2023	55,000
Feb. 1, 2011	25,000	Feb. 1, 2024	55,000
Aug. 1, 2011	25,000	Aug. 1, 2024	55,000
Feb. 1, 2012	30,000	Feb. 1, 2025	55,000
Aug. 1, 2012	30,000	Aug. 1, 2025	60,000
Feb. 1, 2013	30,000	Feb. 1, 2026	60,000
Aug. 1, 2013	30,000	Aug. 1, 2026	60,000
Feb. 1, 2014	30,000	Feb. 1, 2027	65,000
Aug. 1, 2014	30,000	Aug. 1, 2027	65,000
Feb. 1, 2015	35,000	Feb. 1, 2028	65,000
Aug. 1, 2015	35,000	Aug. 1, 2028	70,000
Feb. 1, 2016	35,000	Feb. 1, 2029	70,000
Aug. 1, 2016	35,000	Aug. 1, 2029	75,000
Feb. 1, 2017	35,000	Feb. 1, 2030	75,000
Aug. 1, 2017	40,000	Aug. 1, 2030	80,000
Feb. 1, 2018	40,000	Feb. 1, 2031	80,000
Aug. 1, 2018	40,000	Aug. 1, 2031	4,000,000 [†]
Feb. 1, 2019	40,000		

[†] Stated maturity

2005 SERIES A-2 TERM BONDS
MATURING ON AUGUST 1, 2037

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Feb. 1, 2008	\$ 20,000	Feb. 1, 2023	\$ 65,000
Aug. 1, 2008	20,000	Aug. 1, 2023	70,000
Feb. 1, 2009	20,000	Feb. 1, 2024	70,000
Aug. 1, 2009	30,000	Aug. 1, 2024	75,000
Feb. 1, 2010	30,000	Feb. 1, 2025	75,000
Aug. 1, 2010	30,000	Aug. 1, 2025	80,000
Feb. 1, 2011	30,000	Feb. 1, 2026	80,000
Aug. 1, 2011	30,000	Aug. 1, 2026	80,000
Feb. 1, 2012	35,000	Feb. 1, 2027	85,000
Aug. 1, 2012	35,000	Aug. 1, 2027	90,000
Feb. 1, 2013	35,000	Feb. 1, 2028	90,000
Aug. 1, 2013	35,000	Aug. 1, 2028	95,000
Feb. 1, 2014	40,000	Feb. 1, 2029	95,000
Aug. 1, 2014	40,000	Aug. 1, 2029	100,000
Feb. 1, 2015	40,000	Feb. 1, 2030	105,000
Aug. 1, 2015	40,000	Aug. 1, 2030	105,000
Feb. 1, 2016	45,000	Feb. 1, 2031	110,000
Aug. 1, 2016	45,000	Aug. 1, 2031	115,000
Feb. 1, 2017	45,000	Feb. 1, 2032	115,000
Aug. 1, 2017	45,000	Aug. 1, 2032	120,000
Feb. 1, 2018	50,000	Feb. 1, 2033	125,000
Aug. 1, 2018	50,000	Aug. 1, 2033	130,000
Feb. 1, 2019	50,000	Feb. 1, 2034	130,000
Aug. 1, 2019	55,000	Aug. 1, 2034	135,000
Feb. 1, 2020	55,000	Feb. 1, 2035	140,000
Aug. 1, 2020	55,000	Aug. 1, 2035	145,000
Feb. 1, 2021	60,000	Feb. 1, 2036	150,000
Aug. 1, 2021	60,000	Aug. 1, 2036	155,000
Feb. 1, 2022	60,000	Feb. 1, 2037	160,000
Aug. 1, 2022	65,000	Aug. 1, 2037	165,000 [†]

[†] Stated maturity

The amounts accumulated for each Sinking Fund Payment may be applied by the Trustee, at the direction of the Corporation, prior to the forty-fifth (45th) day preceding the due date of such Sinking Fund Payment, to the purchase of the 2005 Series A Bonds to be redeemed from such Sinking Fund Payments, at prices (including any brokerage and other charges) not exceeding the applicable Redemption Price, plus accrued interest to the date of purchase; provided, however, that the purchase of such Bonds may, to the extent permitted by law, be at prices exceeding the applicable Redemption Price if the Corporation files a Cash Flow Statement with the Trustee as provided in the General Resolution.

Upon the purchase or redemption of any 2005 Series A-1 Bonds or 2005 Series A-2 Bonds, for which Sinking Fund Payments shall have been established, other than by application of Sinking Fund Payments, an amount equal to the principal amount of the 2005 Series A-1 Bonds or the 2005 Series A-2 Bonds, as the case may be, so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the applicable 2005 Series A-1 Bonds or the 2005 Series A-2 Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund

Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer at the time of such purchase or redemption.

Optional Redemption

The 2005 Series A-1 Bonds are also subject to redemption, at the option of the Corporation, in whole or in part, at any time prior to maturity on or after August 1, 2016 and the 2005 Series A-2 Bonds are also subject to redemption at the option of the Corporation, in whole or in part, at any time prior to maturity on or after August 1, 2017, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2005 Series A-1 Bonds or portions thereof to be redeemed, or the 2005 Series A-2 Bonds or portions thereof to be redeemed, as the case may be, plus accrued interest to the Redemption Date.

Selection of Bonds to be Redeemed

Subject to the redemption requirements set forth in a Supplemental Resolution authorizing a particular Series of Bonds, in the event of a partial redemption of Bonds in connection with Recoveries of Principal, the Series, the maturity or maturities, and the amount thereof, to be so redeemed shall be selected as directed by the Corporation in written instructions filed with the Trustee accompanied by a Cash Flow Statement. In the absence of such direction, (i) Bonds of each Series subject to redemption shall be redeemed in connection with Recoveries of Principal derived from or with respect to the Mortgage Loans financed from or allocated to such Bonds and (ii) Bonds of each maturity within each Series of Bonds subject to redemption shall be redeemed in the proportion that the amount Outstanding of each such maturity bears to the total amount of all Outstanding Bonds of such Series. The Series and maturities of 2005 Series A Bonds to be redeemed in accordance with the optional redemption provisions described above shall be selected as directed by the Corporation. In the event of redemption of less than all the Bonds of the same Series and maturity, the Trustee shall select the Bonds by lot, using such method of selection as it shall deem proper in its sole discretion.

Corporation's Right to Purchase Bonds

The Corporation retains the right to purchase any Series of 2005 Series A Bonds, at such times, in such amounts and at such prices as the Corporation shall determine, subject to the provisions of the General Resolution, and, thereby, reduce its obligations, including Sinking Fund Payments, for such Series of 2005 Series A Bonds. See "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates."

Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem a Series of 2005 Series A Bonds, or is otherwise required to redeem a Series of 2005 Series A Bonds, the Trustee will give notice, in the name of the Corporation, of the redemption of such Series of 2005 Series A Bonds. Such notice will specify the Series and maturities of the 2005 Series A Bonds to be redeemed, the Redemption Date, any conditions precedent to such redemption and the place or places where amounts due upon such redemption will be payable. Not less than thirty (30) days before the Redemption Date for a Series of 2005 Series A Bonds, the Trustee is to mail a copy of such notice to the registered owners of any Series of 2005 Series A Bonds which are to be redeemed at their last addresses appearing upon the registry books. Interest will not be payable on any Series of 2005 Series A Bonds after the Redemption Date if notice has been given and if sufficient monies have been deposited with the Trustee to pay the principal or applicable Redemption Price of and interest on such Series of 2005 Series A Bonds on such date and all conditions precedent, if any, to such redemption shall have been satisfied.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York will act as securities depository for the 2005 Series A Bonds. The 2005 Series A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2005 Series A-1 Bond certificate and one fully-registered 2005 Series A-2 Bond certificate will be issued for each maturity of the 2005 Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2005 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 2005 Series A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2005 Series A-1 Bond and 2005 Series A-2 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2005 Series A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2005 Series A Bonds, except in the event that use of the book-entry system for the 2005 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2005 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2005 Series A Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial

ownership. DTC has no knowledge of the actual Beneficial Owners of the 2005 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2005 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2005 Series A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2005 Series A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2005 Series A Bond documents. For example, Beneficial Owners of 2005 Series A Bonds may wish to ascertain that the nominee holding the 2005 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2005 Series A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series of 2005 Series A Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2005 Series A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2005 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the 2005 Series A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detailed information from the Corporation or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2005 Series A-1 Bonds and/or the 2005 Series A-2 Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, such 2005 Series A-1 Bond certificates and/or 2005 Series A-2 Bond certificates, as the case may be, are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2005 Series A-1 Bond certificates and/or 2005 Series A-2 Bond certificates will be printed and delivered.

The above information concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation does not take responsibility for the accuracy thereof. The Beneficial Owners should confirm the foregoing information with DTC, the Direct Participants or the Indirect Participants.

So long as Cede & Co. is the registered owner of the 2005 Series A Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the 2005 Series A Bonds (other than under the heading "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2005 Series A Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

NONE OF THE CORPORATION, THE UNDERWRITER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2005 SERIES A BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2005 SERIES A BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2005 SERIES A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2005 SERIES A BONDS; OR (VI) ANY OTHER MATTER.

SECURITY FOR THE BONDS

Pledge of the General Resolution

The General Resolution constitutes a contract among the Corporation, the Trustee and the owners of the Bonds issued thereunder and, except as otherwise provided under the General Resolution or in a Supplemental Resolution authorizing a Series of Bonds, its provisions are for the equal benefit, protection and security of the owners of all such Bonds, each of which, regardless of maturity, is to be of equal rank without preference, priority or distinction. The General Resolution authorizes the issuance of Bonds having a charge and lien on the Revenues and other assets pledged under the General Resolution subordinate to the charge and lien of the Bonds (the "Subordinate Bonds"). Prior to the issuance of any Bonds (other than the Subordinate Bonds), the General Resolution requires that the Trustee be provided with confirmation of the then existing ratings on the Bonds (other than the Subordinate Bonds) by each of the Rating Agencies then rating such Bonds. See "Additional Bonds" below.

The Bonds are special revenue obligations of the Corporation payable solely from the Revenues and Accounts described below.

Payment of the principal or Redemption Price of and interest on all Bonds is secured by a pledge of Revenues, which consist of, among other things, unless otherwise provided in a Supplemental Resolution authorizing a Series of Bonds, all payments received by the Corporation from or on account of the Mortgage Loans, including scheduled, delinquent and advance payments of principal of and interest

on the Mortgage Loans, proceeds from the sale, assignment, endorsement or other disposition of the Mortgage Loans, amounts received on account of the acceleration of payments due under the Mortgage Loans or other remedial proceedings taken in the event of a default thereon, proceeds of any mortgage insurance or credit enhancement with respect to defaulted Mortgage Loans or the related Bonds, proceeds of any hazard insurance or condemnation award, and income derived from the investment of funds held by the Trustee in Accounts established under or pursuant to the General Resolution. Revenues do not, however, include amounts required to be deposited in the Rebate Fund, escrow payments, late charges or administrative, financing, extension, servicing or settlement fees on account of any Mortgage Loan. Payment of the Bonds is also secured by a pledge by the Corporation of its right, title and interest in and to the Mortgage Loans and, except as otherwise provided in any Supplemental Resolution authorizing a particular Series of Bonds, of all Accounts established pursuant to the General Resolution (including the investments thereof, if any). Under the General Resolution, the Corporation is not required to subject to the pledge and lien of the General Resolution assets, including mortgage loans, financed by Bonds issued thereunder. In addition, under the General Resolution the Corporation may pledge Accounts created pursuant to a Supplemental Resolution authorizing a particular Series of Bonds solely to the Bonds of such Series or exclude such Accounts from the pledge of the General Resolution. See “Appendix B—Summary of Certain Provisions of the General Resolution.”

The foregoing pledges are also subject to the terms and provisions of the General Resolution requiring transfers of amounts to the Rebate Fund and permitting the application of the Revenues and amounts in such Accounts for certain purposes, including financing Mortgage Loans, funding the Debt Service Reserve Account in order to maintain such Account at its required level, paying certain amounts to the Trustee, the Corporation and Credit Facility Providers, if any, and paying certain investment fees, if any. The Corporation is also authorized under the General Resolution to withdraw surplus revenues and any Mortgage Loans, free and clear of the pledge and lien of the General Resolution upon filing a Cash Flow Statement with the Trustee. See “Cash Flow Statements and Cash Flow Certificates” below and “Appendix B—Summary of Certain Provisions of the General Resolution—Revenue Account.”

Mortgage Loans

Under the General Resolution, the Corporation is authorized to issue Bonds to finance one or more Mortgage Loans. The term Mortgage Loan is defined under the General Resolution as a loan for a Project, evidenced by a note, secured by a Mortgage (but such Mortgage need not create a first mortgage lien on such Project) and specified in a Supplemental Resolution as being subject to the lien of the General Resolution. The term Mortgage Loan also includes a participation by the Corporation with another party or parties, public or private, in a loan made to a Mortgagor with respect to a Project, and any instrument evidencing an ownership in any such loan or the cash flow therefrom, including, but not limited to, guaranteed mortgage-backed securities. In addition to Mortgage Loans, the Corporation may finance mortgage loans and other assets that are not subject to the pledge of the General Resolution.

If Mortgage Loans are financed under the General Resolution, such Mortgage Loans or the related Bonds are required to be subject to Supplemental Security insuring or securing against Mortgage Loan default losses, or insuring against Bond defaults. Such Supplemental Security is required to be specified in the Supplemental Resolution authorizing the related Series of Bonds and may be in the form of, among other things, a policy of mortgage insurance, a policy of bond insurance, a guaranteed mortgage-backed security, a letter of credit, a surety bond or an escrow deposit, any or all of which may be obtained pursuant to one or more programs of the Federal, State or local government.

In the case of most of its programs, the Corporation has not assumed sole responsibility for the underwriting of mortgage loans financed thereunder. For the Mortgage Loans in the Program, the Corporation will rely on the underwriting criteria and expertise of other parties, including SONYMA and/or credit facility providers. In the future, the Corporation may determine to undertake such underwriting responsibility by itself. In the General Resolution, the Corporation has covenanted to retain and employ competent personnel for the purposes of carrying out its powers thereunder.

Except as otherwise provided in a Supplemental Resolution authorizing Bonds, the Corporation shall do all acts and things necessary to receive and collect Revenues (including diligent enforcement of the prompt collection of all arrears on Mortgage Loans) and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Corporation to protect its rights with respect to or to maintain any Supplemental Security on Mortgage Loans or Bonds, or any Subsidy Programs in connection with the Projects securing the Mortgage Loans or the occupancy thereof and to enforce all terms, covenants and conditions of the Mortgage Loans, including the collection, custody and prompt application of all Escrow Payments for the purposes for which they were made. See “Appendix B—Summary of Certain Provisions of the General Resolution—Covenants with Respect to Mortgage Loans.”

Pursuant to the respective Supplemental Resolutions, the Mortgage Loans will be assigned certain valuations. See “Cash Flow Statements and Cash Flow Certificates” below.

Cash Flow Statements and Cash Flow Certificates

The General Resolution provides that the Corporation shall file with the Trustee a current Cash Flow Statement: (i) upon purchase or redemption of Bonds of a Series in a manner other than (a) as contemplated in the last Cash Flow Statement filed by the Corporation with the Trustee or (b) on a basis whereby the Bonds of each maturity of such Series are purchased or redeemed in the proportion that the amount Outstanding of such maturity bears to the total amount of all Outstanding Bonds of such Series, when such purchases or redemptions are to be made in connection with Recoveries of Principal; (ii) prior to withdrawing monies for payment to the Corporation, pursuant to the General Resolution, free and clear of the pledge and lien of the General Resolution, in an amount in excess of the amounts determined to be available for such purpose in the last Cash Flow Statement filed with the Trustee; (iii) prior to selling Mortgage Loans not in default; (iv) prior to the financing of or amending Mortgage Loans to contain terms that would adversely affect the cash flow projections contained in the last Cash Flow Statement filed with the Trustee; (v) prior to the releasing of any Mortgage Loan from the pledge and lien of the General Resolution; (vi) prior to the application of Recoveries of Principal to any use other than the purchase or redemption of Bonds; (vii) prior to the purchase of Bonds pursuant to certain provisions of the General Resolution at prices in excess of those specified in the General Resolution; or (viii) prior to the application of monies in the Redemption Account resulting from Recoveries of Principal derived from or with respect to any Mortgage Loans to the purchase or redemption of Bonds of a Series other than the Series issued to finance such Mortgage Loans. If the Corporation’s “issuer’s rating” by S&P is lower than the “AA” category, prior to taking any of the actions described in clause (ii), (iii) or (v) above, the Corporation shall (i) have obtained confirmation from the Rating Agencies of the then current rating on the Bonds without regard to any Bond Insurance then insuring such Bonds or (ii) have obtained the Credit Facility Provider’s written approval of the assumptions utilized in the Cash Flow Statement to be filed with the Trustee in connection therewith; provided that (a) such approval shall not be unreasonably withheld or delayed, and (b) any such assumptions that are consistent with the current Rating Agency standards shall be deemed to be approved.

In addition, the Corporation shall not take any of the actions described in clauses (ii) through (viii) of the preceding paragraph unless subsequent to such action the amount of monies and Investment

Securities held in the Bond Proceeds Account, the Redemption Account, the Revenue Account and the Debt Service Reserve Account (valued at their cost to the Corporation, as adjusted by amortization of the discount or premium paid upon purchase of such obligations ratably to their respective maturities), together with accrued but unpaid interest thereon, and the outstanding principal balance of Mortgage Loans, together with accrued but unpaid interest thereon, and any other assets, valued at their realizable value, pledged for the payment of the Bonds will exceed the aggregate principal amount of and accrued but unpaid interest on Outstanding Bonds; provided, however, that in the event that a Supplemental Resolution authorizing the issuance of a Series of Bonds specifies that, for purposes of the requirements of this paragraph, the Mortgage Loans financed by such Series of Bonds shall be valued at other than their outstanding principal balance, then, with respect to such Mortgage Loans, such other value shall be used in the calculations required by this paragraph. Each Supplemental Resolution assigns a valuation to the Mortgage Loans financed thereunder; each such valuation had been established by the Corporation as a result of discussions with the Rating Agencies during the ratings process for each particular Series of Bonds. However, with respect to certain Mortgage Loans financed and expected to be financed by a Series of Bonds, the Corporation may increase or decrease the foregoing percentage with respect to any such Mortgage Loan by furnishing to the Trustee (i) a Certificate of an Authorized Officer specifying such higher or lower percentage and (ii) evidence satisfactory to the Trustee that each Rating Agency shall have approved the use of such higher or lower percentage without such use having an adverse effect on its rating on the Bonds.

A Cash Flow Statement consists of a statement of an Authorized Officer of the Corporation giving effect to actions proposed to be taken and demonstrating in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding that amounts then expected to be on deposit in the Accounts in each such Bond Year will be at least equal to all amounts required by the General Resolution to be on deposit in the Accounts for the payment of the principal and Redemption Price of and interest on the Bonds and for the funding of the Debt Service Reserve Account to the Debt Service Reserve Account Requirement. However, a Supplemental Resolution may provide that an Account established in such Supplemental Resolution not be taken into account when preparing the Cash Flow Statement. The Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based, which assumptions are to be based upon the Corporation's reasonable expectations and must not adversely affect any of the Rating Agencies' ratings on the Bonds. In calculating the amount of interest due in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding on Bonds bearing interest at a variable rate, the interest rate used shall be assumed to be the fixed rate, which in the judgment of the remarketing agent for such Bonds, or such other financial consultant selected by the Corporation and experienced in the sale of municipal securities (having due regard to the prevailing market conditions), would be necessary to enable such Bonds to be sold at par in the secondary market on the date of such calculation or such higher or lower rate which does not adversely affect any of the Rating Agencies' ratings on the Bonds. Upon filing a Cash Flow Statement with the Trustee, the Corporation is to perform its obligations under the General Resolution in accordance, in all material respects, with the assumptions set forth in such Cash Flow Statement. Except with respect to actions being taken contemporaneously with the delivery of a Cash Flow Statement, facts reflected in a Cash Flow Statement may be as of a date or reasonably adjusted to a date not more than 180 days prior to the date of delivery of such statement. See "Appendix B—Summary of Certain Provisions of the General Resolution."

In lieu of filing a Cash Flow Statement, a Cash Flow Certificate may be filed in order to take the actions described in (1) clause (ii) of the first paragraph of this subsection or (2) clause (iv) of the first paragraph of this subsection relating to amending Mortgage Loans but only if, in the judgment of the Corporation, such amendments do not materially adversely affect the cash flow projections contained in the last Cash Flow Statement. A Cash Flow Certificate shall consist of a statement of an Authorized Officer of the Corporation to the effect of one of the following:

(a) The proposed action is consistent with the assumptions set forth in the latest Cash Flow Statement; or

(b) After giving effect to the proposed action, in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding, amounts expected to be on deposit in the Accounts in each such Bond Year will be at least equal to all amounts required by the General Resolution to be on deposit in such Accounts for the payment of the principal and Redemption Price of and interest on the Bonds, and for the funding of the Debt Service Reserve Account to the Debt Service Reserve Account Requirement, except that to the extent specified in a Supplemental Resolution, an Account established in said Supplemental Resolution shall not be taken into account in connection with such Cash Flow Certificate; or

(c) The proposed action will not in and of itself adversely affect the amounts expected to be on deposit in the Accounts in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding, except that the Cash Flow Certificate shall not consider any Accounts which a Supplemental Resolution specifies shall not be taken into account in connection with the delivery of a Cash Flow Certificate.

Debt Service Reserve Account

The Corporation is required to establish a Debt Service Reserve Account for the Bonds pursuant to the General Resolution. If on any Interest Payment Date or Redemption Date the amount available in the Revenue Account and Redemption Account, as applicable, is insufficient to pay Principal Installments and interest due on any Bonds, the Trustee must apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency.

Under the General Resolution, the Debt Service Reserve Account Requirement is the aggregate of the amounts specified as the Debt Service Reserve Account Requirement for each Series of Bonds in a Supplemental Resolution authorizing the issuance of such Series of Bonds. There is no minimum Debt Service Reserve Account Requirement under the General Resolution. The General Resolution further provides that the Debt Service Reserve Account Requirement for any Series of Bonds may be funded, in whole or in part, through Cash Equivalents if so provided in a Supplemental Resolution authorizing such Series. See “Appendix B—Summary of Certain Provisions of the General Resolution—Debt Service Reserve Account.”

Additional Bonds

Additional Bonds, subordinate to or on parity with the Bonds then Outstanding, may be issued by the Corporation pursuant to the General Resolution. Prior to the issuance of any such additional Bonds (other than the Subordinate Bonds), the General Resolution requires that the Trustee be provided with, among other things, confirmation of the then existing rating on the Bonds (other than the Subordinate Bonds) by each of the Rating Agencies then rating such Bonds. See “Appendix B—Summary of Certain Provisions of the General Resolution” for a description of the requirements that must be met under the General Resolution prior to the issuance of additional Bonds.

Bonds Not a Debt of the State or the City

The Bonds are not a debt of the State or the City and neither the State nor the City shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

Certain Investments

Notwithstanding anything to the contrary contained in the General Resolution, any Investment Securities purchased by the Trustee with funds that are pledged pursuant to the General Resolution must, as of the date of such purchase, be rated by each of the Rating Agencies in a category at least equal to the rating category of the Bonds (other than Subordinate Bonds) (or “A-1+” or “P-1,” as applicable, if the Investment Security has a remaining term at the time it is provided not exceeding one (1) year); provided, however, that the Trustee may purchase Investment Securities that are rated lower than that set forth above, so long as the purchase of such Investment Securities does not, as of the date of such purchase, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Bonds (other than Subordinate Bonds) by any of the Rating Agencies. A change in the rating of any Investment Securities purchased by the Trustee, subsequent to the date of purchase, would not require the Trustee to sell such Investment Securities. If a Rating Agency were to downgrade or withdraw the rating on any Investment Securities previously purchased by the Trustee, the rating on the Bonds could be negatively affected. See “EXPECTED RATINGS.” Investment earnings on Accounts are to be transferred to the Revenue Account except as otherwise provided by the General Resolution. See “Appendix B—Summary of Certain Provisions of the General Resolution—Deposits and Investments” and “—Revenue Account.”

THE PROGRAM

General

Under the Program, the Corporation may issue Bonds to finance Mortgage Loans. The Bonds are being issued to, among other things, finance construction Mortgage Loans (the “Construction Mortgage Loans”), and/or finance permanent Mortgage Loans and/or the acquisition of permanent Mortgage Loans (collectively, the “Permanent Mortgage Loans”), for certain newly constructed or rehabilitated Developments. Construction Mortgage Loans and Permanent Mortgage Loans, which include the Additional Mortgage Loans, are referred to herein, collectively, as the “Mortgage Loans.”

The General Resolution provides for the issuance of additional Bonds to be used for financing of Mortgage Loans and Developments which are secured by Supplemental Security. The General Resolution does not require Mortgage Loans to be secured by first mortgage liens on their respective Developments. Moreover, the Corporation may withdraw Mortgage Loans and surplus revenues from the pledge and lien of the General Resolution upon the filing with the Trustee of a Cash Flow Statement or Cash Flow Certificate. See “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates.”

Servicing

All of the construction mortgage loans will be serviced by the bank making the construction loan during construction. All of the Permanent Mortgage Loans will be serviced by the Corporation. Servicing by the Corporation includes the collection of mortgage payments from the Mortgagors of the applicable Developments.

With respect to Mortgage Loans to be serviced by the Corporation, an escrow account for the payment of taxes, hazard insurance and mortgage insurance, if any, is maintained by the Corporation for each Development and is funded from the monthly revenues of each such Development. With respect to Mortgage Loans to be serviced by the Corporation, each Mortgagor is also required to maintain a reserve fund for replacements with the Corporation. These reserve funds for replacements are funded from the monthly revenues of their respective Development. The Corporation requires financial statements for each Development to be serviced by the Corporation to be furnished to the Corporation annually.

The Corporation conducts an annual site review of each Development with a Permanent Mortgage Loan serviced by the Corporation to monitor its physical condition. During this review, the Corporation undertakes various procedures to monitor the exterior and interior physical condition of the Developments.

The Corporation's inspection ratings for the Developments include four rating levels: superior, satisfactory, below average and unsatisfactory.

The Corporation's inspection reviews include recommendations for curing deficiencies. The Corporation monitors those Developments which receive below average and unsatisfactory ratings in order to determine whether (i) required reports have been made and/or (ii) curative work has been undertaken and completed within a prescribed time frame. In order to cure deficiencies and thus improve the ratings of such Developments, the Corporation may advise the Mortgagor to request a drawdown on its respective reserve fund for replacements. If the reserves are not sufficient to cover the work required to improve a Development's rating or if the Corporation has determined that the low rating is due to Mortgagor neglect, the Corporation will meet with the Mortgagor to discuss corrective actions in all review reporting areas which include management practices and financial operations, as well as physical condition. In addition, the Corporation conducts an annual review of the inspected Developments to monitor their financial condition.

The Corporation requires property, liability, boiler and machinery, and fidelity insurance for the Mortgage Loans that it services. Property insurance must cover at least the outstanding Mortgage Loan amount and at least one year's income at the Development.

Certain Factors Affecting the Mortgage Loans

Scheduled Payments of Principal and Interest

The ability of the Corporation to pay the principal or redemption price of and interest on the Bonds is dependent on the Revenues derived from the assets pledged to secure the Bonds, including the Mortgage Loans, and with respect to such Mortgage Loans or related Bonds, the proceeds under the applicable Supplemental Security program in the event of a default on a Mortgage Loan or a Bond, and the full and timely receipt of subsidies under the applicable Subsidy Program, if any. The ability of each Mortgagor to make the required payments under its Mortgage Loan is and will be affected by a variety of factors, including the maintenance of a sufficient level of occupancy, the maintenance of the physical condition of its Development, the level of operating expenses, sound management of its Development, timely receipt of subsidies as applicable, the ability to achieve and maintain income sufficient to cover payments under such Mortgage Loan and operating expenses (including taxes, utility rates and maintenance costs), any changes in the amount of subsidies, if any, changes in applicable laws and governmental regulations, and the financial condition of the Mortgagor. In addition, the continued feasibility of a Development may depend in part upon general economic conditions and other factors in the surrounding area of a Development.

Accordingly, in the event of the occurrence of substantial increases in operating costs without corresponding increases in income levels on a timely basis, substantial reductions in occupancy or a reduction, loss or termination of subsidies, there may be a default with regard to one or more of the Mortgage Loans. In the event of any such default, the Corporation is required to apply for payment of proceeds under the applicable Supplemental Security program due with regard to any such Mortgage Loan or the related Bond. Such proceeds, when received, together with other monies available under or pursuant to the General Resolution may be applied to redeem an allocable portion of the related Series of Bonds. For a discussion of Supplemental Security and Subsidy Programs, see Appendix D hereto.

Prepayments of Principal

The Corporation may receive amounts relating to the principal of the Mortgage Loans financed with the proceeds of the Bonds prior to the scheduled due date of such principal. Generally, principal prepayments, at the option of the applicable Mortgagor, will be prohibited for approximately ten (10) years after the closing of the applicable permanent Mortgage Loan. All of the Mortgage Loans will be subject to prepayment of principal in whole or in part from proceeds of insurance or condemnation. Prepayments of principal may be subject to other terms and conditions, including the payment of penalties and premiums. There may be certain other restrictions outside the Mortgage Loan documents that limit the ability of the applicable Mortgagor to prepay. Any such prepayment could result in the special redemption from Recoveries of Principal of the related Series of Bonds at any time.

In general, prepayments are subject to the payment of certain fees and expenses, and any prepayment premium or penalty will not constitute a Pledged Receipt or Recovery of Principal. In addition, prior written notice of any optional prepayment to the Corporation generally will be required.

Under the General Resolution, advance payments of amounts to become due pursuant to a Mortgage Loan, including those made at the option of a Mortgagor, shall be deposited in the Redemption Account. Unless specifically directed otherwise by written instructions of an Authorized Officer of the Corporation and accompanied by a Cash Flow Statement, any monies in the Redemption Account resulting from such Recoveries of Principal shall be applied to the purchase or redemption of Bonds of the Series issued to finance the Mortgage Loans which gave rise to the Recoveries of Principal.

Notwithstanding the preceding paragraph, if the Corporation files a Cash Flow Statement with the Trustee, it may deposit such Recoveries of Principal in the Bond Proceeds Account or the Revenue Account in lieu of applying such monies to purchase or redeem Bonds. See “Appendix B—Summary of Certain Provisions of the General Resolution—Bond Proceeds Account” and “—Revenue Account” with respect to the right of the Corporation to apply prepayments of the Mortgage Loans for purposes other than the purchase or redemption of Bonds, and the right of the Corporation to withdraw surplus revenues in the Revenue Account from the pledge and lien of the General Resolution. See “DESCRIPTION OF THE 2005 SERIES A BONDS—Redemption Provisions—Special Redemption from Recoveries of Principal.”

EXPECTED RATINGS

Moody’s Investors Service, Inc. is expected to assign the 2005 Series A-1 Bonds a rating of “Aa1” and the 2005 Series A-2 Bonds a rating of “Aaa.” Such ratings will reflect only the views of such rating agency, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that either or both of such ratings will be obtained or retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating, once obtained, may have an adverse effect on the market price of the 2005 Series A-1 Bonds or the 2005 Series A-2 Bonds, as the case may be.

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 2005 Series A 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 2005 Series A Bonds, or in any way impair the rights and remedies of such owners until the 2005 Series A 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 2005 Series A Bonds, are fully met and discharged.

TAX MATTERS

In the opinion of Bond Counsel to the Corporation, interest on the 2005 Series A 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 2005 Series A 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).

NO LITIGATION

At the time of delivery and payment for the 2005 Series A-1 Bonds, and at the time of delivery and payment for the 2005 Series A-2 Bonds, the Corporation will deliver, or cause to be delivered, a certificate of the Corporation substantially to the effect that there is no litigation or other proceeding of any nature now pending or threatened against or adversely affecting the Corporation of which the Corporation has notice or, to the Corporation's knowledge, any basis therefor, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2005 Series A-1 Bonds or the 2005 Series A-2 Bonds, as the case may be, or in any way contesting or affecting the validity of the 2005 Series A-1 Bonds or the 2005 Series A-2 Bonds, as the case may be, the Resolutions, the Corporation Disclosure Agreement (as defined below) or any proceedings of the Corporation taken with respect to the issuance or sale of the 2005 Series A-1 Bonds or the 2005 Series A-2 Bonds, as the case may be, or the pledge, collection or application of any monies or security provided for the payment of the Bonds (including the 2005 Series A-1 Bonds or the 2005 Series A-2 Bonds, as the case may be), or the financing of the 2005 Series A Mortgage Loans, or the existence, powers or operations of the Corporation, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, if any.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the 2005 Series A Bonds by the Corporation are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for the Underwriter by its Counsel, Dechert LLP, New York, New York.

LEGALITY OF 2005 SERIES A BONDS FOR INVESTMENT AND DEPOSIT

Under the provisions of Section 662 of the Act, the 2005 Series A 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 2005 Series A 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

Corporation

In order to assist the Underwriter in complying with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Corporation and the Trustee will enter into a written agreement for the benefit of the holders of the 2005 Series A Bonds (the “Corporation Disclosure Agreement”) to provide continuing disclosure. The Corporation will undertake to provide to each nationally recognized municipal securities information repository designated by the Securities and Exchange Commission (a “Repository”), and if and when one is established, a state information depository for the State of New York (the “State Information Depository”), on an annual basis on or before 120 days after the end of each fiscal year of the Corporation commencing with the fiscal year ended October 31, 2005, certain financial and operating data, referred to herein as “Corporation Annual Information.” In addition, the Corporation will undertake in the Corporation Disclosure Agreement, for the benefit of the holders of the 2005 Series A Bonds, to provide to each such Repository or to the Municipal Securities Rulemaking Board (“MSRB”), and to the State Information Depository, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below.

The Corporation Annual Information shall consist of the following: (a) a statement setting forth the amount on deposit in the Debt Service Reserve Account; (b) a statement setting forth the valuations of the Mortgage Loans with respect to each Series of Bonds; and (c) financial and operating data of the type set forth herein under the subheading “PLAN OF FINANCING—2005 Series A Mortgage Loans” (chart only) and in “Appendix C—Activities of the Corporation”; together with (d) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the Corporation and in judging the financial information about the Corporation. In addition, in the event that any 2005 Series A Mortgagor does not enter into a written agreement for the benefit of the holders of the 2005 Series A Bonds to provide continuing disclosure, the Corporation has agreed to provide such continuing disclosure (see “2005 Series A Mortgagors” below).

The notices required to be provided by Rule 15c2-12, which the Corporation will undertake to provide as described above, include notices of any of the following events with respect to the 2005 Series A Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the 2005 Series A Bonds; (7) modification to the rights of holders of 2005 Series A Bonds; (8) 2005 Series A Bond calls, other than mandatory sinking fund redemptions; (9) defeasances of all or a portion of the 2005 Series A Bonds; (10) the release, substitution or sale of property securing repayment of the 2005 Series A Bonds and (11) rating changes; and to each Repository or to the MSRB and to the State Information Depository, in a timely manner, notice of a failure by the Corporation to provide the Corporation Annual Information or the Mortgagor Annual Information required by the Corporation Disclosure Agreement.

If any party to the Corporation Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to the Corporation Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of the 2005 Series A Bonds may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the Corporation Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach or default under the Corporation Disclosure Agreement to provide the continuing disclosure described above is an action to

compel specific performance of the undertakings contained therein, and no person or entity may recover monetary damages thereunder under any circumstances; provided, however, that the rights of any holder of 2005 Series A Bonds to challenge the adequacy of the information provided by the Corporation are conditioned upon the provisions of the General Resolution with respect to the enforcement of remedies of holders of the 2005 Series A Bonds upon the occurrence of an Event of Default described in the General Resolution. A breach or default under the Corporation Disclosure Agreement shall not constitute an Event of Default under the General Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Corporation Disclosure Agreement, insofar as the provisions of Rule 15c2-12 no longer in effect required the provision of such information, may, subject to certain conditions, no longer be required to be provided. Beneficial Owners of the 2005 Series A Bonds are third-party beneficiaries of the Corporation Disclosure Agreement and, as such, are deemed to be holders of the 2005 Series A Bonds of the purposes of exercising remedies.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data. Where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Corporation Disclosure Agreement, however, may be amended or modified without the consent of the holders of the 2005 Series A Bonds under certain circumstances set forth in the Corporation Disclosure Agreement.

Copies of the Corporation Disclosure Agreement, when executed and delivered by the parties thereto on the date of the initial delivery of the 2005 Series A Bonds, will be on file at the office of the Corporation.

From time to time the Corporation has entered into other agreements to provide continuing disclosure (each, a “CDA”) with regard to bonds that were not issued under the General Resolution. The Corporation has fully complied with such CDAs to date except with respect to one financing. In that instance, the underlying obligor failed to provide certain of the information required by the CDA to the Corporation and the Corporation did not provide notice of such failure as required by the CDA. Subsequently, the Corporation (i) provided notice of the failure of such underlying obligor to provide such information as required by the CDA and (ii) provided such information as required by the CDA promptly upon receipt by the Corporation.

2005 Series A Mortgagors

In addition, in order to assist the Underwriter in complying with the provisions of Rule 15c2-12, it is anticipated that each 2005 Series A Mortgagor and the Trustee will enter into a written agreement for the benefit of the holders of the 2005 Series A Bonds (a “2005 Series A Mortgagor Disclosure Agreement”) to provide continuing disclosure. Each 2005 Series A Mortgagor will undertake to provide to each Repository, and the State Information Depository, on an annual basis on or before 120 days after the end of each fiscal year of the applicable 2005 Series A Development commencing with the fiscal year ended December 31, 2005, certain financial and operating data, referred to herein as “2005 Series A Development Annual Information,” including, but not limited to annual financial statements of the applicable 2005 Series A Development.

The 2005 Series A Development Annual Information shall consist of the following: (a) annual financial statements of the applicable 2005 Series A Development prepared in conformity with accounting principles generally accepted in the United States and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States; provided, however, that if financial statements are not available in accordance with the dates described

above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to each Repository and to the State Information Depository when they become available; and (b) material updates to the information set forth herein under the subheadings “PLAN OF FINANCING—2005 Series A Mortgage Loans—2005 Series A Developments”; together with (c) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the applicable 2005 Series A Development and the 2005 Series A Mortgagor in judging the financial information about such 2005 Series A Development and 2005 Series A Mortgagor.

In the event that any 2005 Series A Mortgagor does not enter into a 2005 Series A Mortgagor Disclosure Agreement, the Corporation has agreed to provide the applicable 2005 Series A Development Annual Information.

If any party to a 2005 Series A Mortgagor Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to such 2005 Series A Mortgagor Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of the 2005 Series A Bonds may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, such 2005 Series A Mortgagor Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach or default under such 2005 Series A Mortgagor Disclosure Agreement to provide the continuing disclosure described above is an action to compel specific performance of the undertakings contained therein, and no person or entity may recover monetary damages thereunder under any circumstances; provided, however, that the rights of any holder of 2005 Series A Bonds to challenge the adequacy of the information provided by the applicable 2005 Series A Mortgagor are conditioned upon the provisions of the General Resolution with respect to the enforcement of remedies of holders of the 2005 Series A Bonds upon the occurrence of an Event of Default described in the General Resolution. A breach or default under a 2005 Series A Mortgagor Disclosure Agreement shall not constitute an Event of Default under the General Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under a 2005 Series A Mortgagor Disclosure Agreement, insofar as the provisions of Rule 15c2-12 no longer in effect required the provision of such information, may, subject to certain conditions, no longer be required to be provided. Beneficial Owners of the 2005 Series A Bonds are third-party beneficiaries of the 2005 Series A Mortgagor Disclosure Agreements and, as such, are deemed to be holders of the 2005 Series A Bonds of the purposes of exercising remedies.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data. Where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The 2005 Series A Mortgagor Disclosure Agreements, however, may be amended or modified without the consent of the holders of the 2005 Series A Bonds under certain circumstances set forth in such 2005 Series A Mortgagor Disclosure Agreements.

Copies of the 2005 Series A Mortgagor Disclosure Agreements, when executed and delivered by the parties thereto on the date of the initial delivery of the 2005 Series A Bonds, will be on file at the office of the Corporation.

