

NEW ISSUES—BOOK-ENTRY ONLY

2002 Series A Bonds and 2002 Series B Bonds. In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2002 Series A Bonds and the 2002 Series B Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to such exclusion of interest on any 2002 Series A Bond or 2002 Series B Bond for any period during which such 2002 Series A Bond or 2002 Series B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities financed with the proceeds of the 2002 Series A Bonds and the 2002 Series B Bonds or a “related person,” and (ii) interest on the 2002 Series A Bonds and the 2002 Series B Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

2002 Series C Bonds and 2002 Series D Bonds. In the opinion of Bond Counsel, interest on the 2002 Series C Bonds and the 2002 Series D Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

2002 Bonds. In the opinion of Bond Counsel, under existing statutes, interest on the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D 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). See “TAX MATTERS.”

\$378,020,000

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Multi-Family Housing Revenue Bonds,

\$ 36,370,000 2002 Series A (AMT)

\$ 7,150,000 2002 Series B (AMT)

\$ 49,500,000 2002 Series C (Federally Taxable)

\$285,000,000 2002 Series D (Federally Taxable)

Dated: Date of delivery

Due: May 1 or November 1, as shown on the inside cover page

Interest on the Multi-Family Housing Revenue Bonds, 2002 Series A (the “2002 Series A Bonds”) and interest on the Multi-Family Housing Revenue Bonds, 2002 Series B (the “2002 Series B Bonds”) of the New York City Housing Development Corporation (the “Corporation”) is payable semiannually on May 1 and November 1, commencing November 1, 2002, at the fixed rates set forth on the inside cover page. The 2002 Series A Bonds and the 2002 Series B Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. See “DESCRIPTION OF THE 2002 BONDS—General—2002 Series A Bonds” and “—2002 Series B Bonds.”

Interest on the Corporation’s Multi-Family Housing Revenue Bonds, 2002 Series C (the “2002 Series C Bonds”) and the Corporation’s Multi-Family Housing Revenue Bonds, 2002 Series D (the “2002 Series D Bonds”) is payable quarterly on February 1, May 1, August 1 and November 1, commencing August 1, 2002. The 2002 Series C Bonds and the 2002 Series D Bonds are being issued as variable rate obligations which will bear interest from their dated date to and including July 31, 2002 at a rate per annum set forth in a certificate of the Corporation delivered on the date of issue of the 2002 Series C Bonds and the 2002 Series D Bonds, as the case may be. Thereafter, the 2002 Series C Bonds will bear interest at a variable rate and will be subject to a maximum rate unless and until converted to a fixed rate, and the 2002 Series D Bonds will bear interest at a variable rate and will be subject to a maximum rate, all as described herein. **THERE IS NO RIGHT TO TENDER THE 2002 SERIES C BONDS OR THE 2002 SERIES D BONDS ON THE PART OF THE HOLDERS THEREOF AND THERE IS NO OBLIGATION TO PURCHASE THE 2002 SERIES C BONDS OR THE 2002 SERIES D BONDS ON THE PART OF THE CORPORATION, THE UNDERWRITERS, THE PLACEMENT AGENT, THE TRUSTEE OR ANY OTHER PERSON.** In the event the interest rate on the 2002 Series C Bonds is converted to a fixed rate, the interest on the 2002 Series C Bonds will be payable semiannually on May 1 and November 1. See “DESCRIPTION OF THE 2002 BONDS—General—2002 Series C Bonds.”

The 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds (collectively, the “2002 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 2002 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. See “DESCRIPTION OF THE 2002 BONDS—Book-Entry Only System.” Purchasers of the 2002 Bonds will not receive physical delivery of bond certificates. The 2002 Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. The Bank of New York, located in New York, New York, is the Trustee with respect to the 2002 Bonds.

The 2002 Series A Bonds are being issued to finance construction and permanent Mortgage Loans for certain newly constructed Developments. The 2002 Series B Bonds are being issued to retire a portion of certain of the Corporation’s outstanding bonds, issued under separate bond resolutions of the Corporation, and to thereby acquire the related Mortgage Loans for certain newly constructed Developments. The 2002 Series C Bonds are being issued to finance construction and permanent Mortgage Loans for certain newly constructed or substantially rehabilitated Developments. The 2002 Series D Bonds are being issued to finance the acquisition by the Corporation of (i) a participation interest in permanent Mortgage Loans for certain Developments and (ii) a participation interest in a portion of the cash flow derived from a trust certificate evidencing a beneficial ownership interest in permanent Mortgage Loans for certain Developments, all as more fully described herein. Payment of the principal or redemption price of and interest on the 2002 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 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds are being issued on a parity with and shall be entitled to the same benefit and security as other Bonds issued and to be issued under the Corporation’s Multi-Family Housing Revenue Bonds Bond Resolution (other than Subordinate Bonds).

The 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds are subject to redemption prior to maturity as set forth herein.

The 2002 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 2002 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 2002 Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

The 2002 Series A Bonds (other than the 2002 Series A Bonds maturing on November 1, 2022) and the 2002 Series B Bonds (other than the 2002 Series B Bonds maturing on November 1, 2023 and the 2002 Series B Bonds maturing on November 1, 2032) are offered when, as and if issued and received by the Underwriters 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, New York, New York, Bond Counsel. The 2002 Series A Bonds maturing on November 1, 2022, the 2002 Series B Bonds maturing on November 1, 2023, the 2002 Series B Bonds maturing on November 1, 2032, the 2002 Series C Bonds and the 2002 Series D Bonds are offered to institutional investors (and are not reoffered to the public hereby) subject to the unqualified approval of legality by Bond Counsel. Certain legal matters related to the 2002 Bonds will be passed upon for the Corporation by its General Counsel. Certain legal matters related to the 2002 Bonds will be passed upon for the Underwriters and the Placement Agent by their Counsel, Swidler Berlin Shereff Friedman, LLP, New York, New York. Certain legal matters related to The City of New York will be passed upon by its Corporation Counsel. Certain legal matters related to the Facilitation Trust, as defined herein, will be passed upon by its Counsel, Morris, James, Hitchens & Williams LLP, Wilmington, Delaware, and Kirkpatrick & Lockhart LLP, New York, New York. It is expected that the 2002 Bonds will be available for delivery in New York, New York on or about June 20, 2002.

Dated: June 14, 2002

**Bear, Stearns & Co. Inc.[^]
Merrill Lynch & Co.**

**Goldman, Sachs & Co.
Roosevelt & Cross Incorporated**

[^] Sole Placement Agent with respect to the 2002 Series C Bonds and the 2002 Series D Bonds.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES

**\$36,370,000 2002 Series A Bonds
\$8,520,000 2002 Series A Serial Bonds**

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>
Nov. 1, 2003	\$525,000	2.20%	100%	Nov. 1, 2010	\$665,000	4.35%	99.625%
Nov. 1, 2004	540,000	2.65	100	Nov. 1, 2011	695,000	4.45	99.625
Nov. 1, 2005	560,000	3.10	100	Nov. 1, 2012	730,000	4.55	99.625
Nov. 1, 2006	570,000	3.40	100	Nov. 1, 2013	760,000	4.70	99.625
Nov. 1, 2007	595,000	3.75	100	Nov. 1, 2014	795,000	4.80	99.625
Nov. 1, 2008	615,000	4.00	100	Nov. 1, 2015	830,000	4.90	99.625
Nov. 1, 2009	640,000	4.15	100				

**\$2,395,000 5.375% 2002 Series A Term Bonds due November 1, 2022—Not Reoffered
\$6,070,000 5.375% 2002 Series A Term Bonds due November 1, 2023—Price 100%
\$19,385,000 5.50% 2002 Series A Term Bonds due November 1, 2034—Price 100%**

**\$7,150,000 2002 Series B Bonds
\$1,905,000 2002 Series B Serial Bonds**

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>
Nov. 1, 2003	\$110,000	2.20%	100%	Nov. 1, 2010	\$150,000	4.35%	99.625%
Nov. 1, 2004	125,000	2.65	100	Nov. 1, 2011	155,000	4.45	99.625
Nov. 1, 2005	125,000	3.10	100	Nov. 1, 2012	165,000	4.55	99.625
Nov. 1, 2006	125,000	3.40	100	Nov. 1, 2013	170,000	4.70	99.625
Nov. 1, 2007	135,000	3.75	100	Nov. 1, 2014	175,000	4.80	99.625
Nov. 1, 2008	135,000	4.00	100	Nov. 1, 2015	190,000	4.90	99.625
Nov. 1, 2009	145,000	4.15	100				

**\$1,895,000 5.375% 2002 Series B Term Bonds due November 1, 2023—Not Reoffered
\$3,350,000 5.50% 2002 Series B Term Bonds due November 1, 2032—Not Reoffered**

\$49,500,000 2002 Series C Bonds

\$49,500,000 2002 Series C Variable Rate Term Bonds due May 1, 2034—Price 100%—Not Reoffered

\$285,000,000 2002 Series D Bonds

\$285,000,000 2002 Series D Variable Rate Term Bonds due November 1, 2032—Price 100%—Not Reoffered

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 2002 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The New York City Housing Development Corporation is placing the 2002 Series A Bonds maturing on November 1, 2022, the 2002 Series B Bonds maturing on November 1, 2023, the 2002 Series B Bonds maturing on November 1, 2032, the 2002 Series C Bonds and the 2002 Series D Bonds with institutional investors. No dealer, broker, salesman or other person has been authorized by the New York City Housing Development Corporation, or Bear, Stearns & Co. Inc., Goldman, Sachs & Co., Merrill Lynch & Co. and Roosevelt & Cross Incorporated, as underwriters for the 2002 Series A Bonds and the 2002 Series B Bonds (the "Underwriters") or Bear, Stearns & Co., Inc., as placement agent for the 2002 Series C Bonds and the 2002 Series D Bonds (the "Placement Agent"), 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 the Underwriters or the Placement Agent, or 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 2002 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 UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2002 BONDS (OTHER THAN THE 2002 SERIES A BONDS MATURING ON NOVEMBER 1, 2022, THE 2002 SERIES B BONDS MATURING ON NOVEMBER 1, 2023, THE 2002 SERIES B BONDS MATURING ON NOVEMBER 1, 2032, THE 2002 SERIES C BONDS AND THE 2002 SERIES D BONDS WHICH ARE NOT REOFFERED HEREBY) AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE 2002 BONDS (OTHER THAN THE 2002 SERIES A BONDS MATURING ON NOVEMBER 1, 2022, THE 2002 SERIES B BONDS MATURING ON NOVEMBER 1, 2023, THE 2002 SERIES B BONDS MATURING ON NOVEMBER 1, 2032, THE 2002 SERIES C BONDS AND THE 2002 SERIES D BONDS WHICH ARE NOT REOFFERED HEREBY) TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER OR YIELDS HIGHER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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\$378,020,000

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Multi-Family Housing Revenue Bonds,

\$ 36,370,000 2002 Series A (AMT)

\$ 7,150,000 2002 Series B (AMT)

\$ 49,500,000 2002 Series C (Federally Taxable)

\$285,000,000 2002 Series D (Federally Taxable)

This Official Statement (including the inside 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) \$36,370,000 principal amount of its Multi-Family Housing Revenue Bonds, 2002 Series A (the "2002 Series A Bonds"), (ii) \$7,150,000 principal amount of its Multi-Family Housing Revenue Bonds, 2002 Series B (the "2002 Series B Bonds"), (iii) \$49,500,000 principal amount of its Multi-Family Housing Revenue Bonds, 2002 Series C (the "2002 Series C Bonds") and (iv) \$285,000,000 principal amount of its Multi-Family Housing Revenue Bonds, 2002 Series D (the "2002 Series D Bonds," collectively with the 2002 Series A Bonds, the 2002 Series B Bonds and the 2002 Series C Bonds, the "2002 Bonds"). The 2002 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 Housing Revenue Bonds Bond Resolution" adopted by the Members of the Corporation on July 27, 1993, as amended from time to time (the "General Resolution"), and a supplemental resolution for the 2002 Series A Bonds entitled "Twenty-Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2002 Series A" (the "2002 Series A Supplemental Resolution"), a supplemental resolution for the 2002 Series B Bonds entitled "Twenty-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2002 Series B" (the "2002 Series B Supplemental Resolution"), a supplemental resolution for the 2002 Series C Bonds entitled "Twenty-Sixth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2002 Series C" (the "2002 Series C Supplemental Resolution"), and a supplemental resolution for the 2002 Series D Bonds entitled "Twenty-Seventh Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2002 Series D" (the "2002 Series D Supplemental Resolution," collectively with the 2002 Series A Supplemental Resolution, the 2002 Series B Supplemental Resolution and the 2002 Series C Supplemental Resolution, the "2002 Supplemental Resolutions"), each adopted by the Members of the Corporation on May 31, 2002. The General Resolution and the 2002 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 pledges and covenants contained therein. All bonds issued or to be issued under the General Resolution, including the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D 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, which commenced operations in 1972, 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 Act provides that the Corporation and its corporate existence shall continue at least so long as bonds, notes or other obligations of the Corporation shall be outstanding.

The 2002 Bonds are special revenue obligations of the Corporation, and payment of the principal or redemption price of and interest on the 2002 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 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds are the twenty-fourth, twenty-fifth, twenty-sixth and twenty-seventh Series of Bonds to be issued under the General Resolution. The 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds, and the 2002 Series D 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 (other than Subordinate Bonds), including the prior twenty-three (23) Series of Bonds issued thereunder: the Corporation’s Multi-Family Housing Revenue Bonds, 1993 Series A, dated August 1, 1993 (the “1993 Series A Bonds”); 1993 Series B, dated August 1, 1993 (the “1993 Series B Bonds”); 1994 Series A, dated October 13, 1994 (the “1994 Series A Bonds”); 1995 Series A, dated June 1, 1995 (the “1995 Series A Bonds”); 1996 Series A, dated August 1, 1996 (the “1996 Series A Bonds”) issued pursuant to a Fifth Supplemental Resolution adopted by the Members of the Corporation on December 18, 1995 (the “Fifth Supplemental Resolution”); 1997 Series A, dated June 1, 1997 (the “1997 Series A Bonds”); 1997 Series B, dated June 1, 1997 (the “1997 Series B Bonds”); 1997 Series C, dated October 15, 1997 (the “1997 Series C Bonds”); 1998 Series A, dated May 21, 1998 (the “1998 Series A Bonds”); 1998 Series B, dated September 1, 1998 (the “1998 Series B Bonds”); 1999 Series A-1, dated March 3, 1999 (the “1999 Series A-1 Bonds”); 1999 Series A-2, dated March 3, 1999 (the “1999 Series A-2 Bonds,” collectively with the 1999 Series A-1 Bonds, the “1999 Series A Bonds”); 1999 Series B-1, dated August 19, 1999 (the “1999 Series B-1 Bonds”); 1999 Series B-2, dated August 19, 1999 (the “1999 Series B-2 Bonds,” collectively with the 1999 Series B-1 Bonds, the “1999 Series B Bonds”); 1999 Series C, dated July 15, 1999 (the “1999 Series C Bonds”); 1999 Series D, dated July 15, 1999 (the “1999 Series D Bonds”); 1999 Series E, dated December 15, 1999 (the “1999 Series E Bonds”); 2000 Series A, dated August 15, 2000 (the “2000 Series A Bonds”); 2000 Series B, dated September 13, 2000 (the “2000 Series B Bonds”); 2001 Series A, dated April 15, 2001 (the “2001 Series A Bonds”); 2001 Series B, dated April 15, 2001 (the “2001 Series B Bonds”); 2001 Series C-1, dated November 6, 2001 (the “2001 Series C-1 Bonds”); and 2001 Series C-2, dated November 6, 2001 (the “2001 Series C-2 Bonds,” collectively with the 2001 Series C-1 Bonds, the “2001 Series C Bonds”). As of March 1, 2002, the aggregate outstanding principal balance of Bonds Outstanding was \$681,805,000, as compared to Mortgage Loans with an aggregate outstanding principal balance of \$784,496,852 as of February 28, 2002. See “THE PROGRAM—Bonds Outstanding Under the Program” and “—General.” 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” and “—Certain Investments.”

Under the General Resolution, the Corporation may issue Bonds to finance any corporate purpose for which bonds may be issued under the Act or any other applicable law hereafter enacted. The activities of the Corporation undertaken pursuant to the General Resolution are hereinafter referred to as the “Program.” Under the Program, to date, the Corporation has issued Bonds to finance Mortgage Loans for privately owned multi-family rental housing for low and moderate income tenants. Multi-family housing developments financeable 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.” As of February 28, 2002, there were 161 Mortgage Loans, with an aggregate outstanding principal balance of \$784,496,852 relating to 161 Developments outstanding under the Program. On or about July 15, 2002, it is anticipated that \$3,960,000 principal amount of 1993 Series B Bonds will be redeemed by the Corporation in connection with the prepayment of a Mortgage Loan with an outstanding principal balance of \$7,692,894 as of February 28, 2002. The Mortgage Loans may, but are not required to, be secured by supplemental security including: (a) mortgage insurance provided by (i) the Federal Housing Administration (“FHA”), (ii) the State of New York Mortgage Agency (“SONYMA”), or (iii) the New York City Residential Mortgage Insurance Corporation, a subsidiary corporation of the Corporation (“REMIC”), or (b) mortgage-backed securities guaranteed by the Government National Mortgage Association (“GNMA”). The Mortgage Loans also may, but are not required to, be assisted through federal or State subsidy programs, such as Section 8, Section 236 and subsidies through the Housing Assistance Corporation (“HAC”), as well as various federal, State and local subordinate loan or grant programs such as the Participation Loan Program (“PLP”), Housing Development Grant (“HoDAG”) and General Municipal Law Article 16 (“GML Article 16”) programs, the Corporation’s New Housing Opportunities Program (“New HOP”), the §421-a Negotiable Certificate Program (the “Certificate Program”) and certain programs of the New York State Housing Trust Fund Corporation (“HTF”; together with PLP, HoDAG, GML Article 16, and New HOP, the “Subordinate Loan/Grant Programs”), and the Mitchell-Lama program, all as defined and described herein under “THE PROGRAM,” “Appendix E-1—Developments and Mortgage Loans Outstanding Under the Program” and “Appendix F—Description of Supplemental Security, Subsidy, Subordinate Loan/Grant and Mitchell-Lama Programs.”

The proceeds of the 2002 Series A Bonds are expected to be used to finance certain construction and permanent Mortgage Loans (the “2002 Series A Mortgage Loans”) for proposed Developments which are to be newly constructed housing Developments and which are also funded pursuant to New HOP (the “2002 Series A Developments”). The aggregate principal balance of the 2002 Series A Mortgage Loans is anticipated to be \$36,370,000. The 2002 Series A Mortgage Loans are not expected to be initially secured by supplemental security. See “PLAN OF FINANCING” and “Appendix D—Developments and Mortgage Loans Expected to be Financed or Contributed in Connection with the Issuance of the 2002 Bonds—Developments and the Mortgage Loans Expected to be Financed in Connection with the Issuance of the 2002 Series A Bonds.”

The proceeds of the 2002 Series B Bonds, together with other available monies, are expected to be used to retire a portion of three series of the Corporation’s outstanding bonds, issued under three separate bond resolutions of the Corporation (the “Prior Bonds”). In connection therewith, each series of Prior Bonds is to be retired within 90 days of the issuance of the 2002 Series B Bonds. The Corporation issued its Prior Bonds for the purpose of providing funds to finance mortgage loans (the “2002 Series B Mortgage Loans”) related to three (3) multi-family housing developments (the “2002 Series B Developments”). Upon retirement of a series of Prior Bonds, the Corporation’s pledge of its interest in the applicable 2002 Series B Mortgage Loan as security for such series of Prior Bonds will be released and, in accordance with the Resolutions, the Corporation will pledge such interest as security for the Bonds. The 2002 Series B Mortgage Loans are not secured by supplemental security. It is anticipated that the aggregate outstanding principal balance of the 2002 Series B Mortgage Loans will be approximately \$7,150,000 as of the date of acquisition of the 2002 Series B Mortgage Loans. Upon the

pledge of the mortgage loans relating to the 2002 Series B Developments to secure the Bonds, such mortgage loans will constitute the 2002 Series B Mortgage Loans and will constitute Mortgage Loans under the General Resolution. See “PLAN OF FINANCING” and “Appendix D—Developments and Mortgage Loans Expected to be Financed or Contributed in Connection with the Issuance of the 2002 Bonds—Developments and Permanent Mortgage Loans Expected to be Financed with the Proceeds of the 2002 Series B Bonds.”

The proceeds of the 2002 Series C Bonds are expected to be used to finance certain construction and permanent Mortgage Loans (the “2002 Series C New Mortgage Loans”) for the proposed Developments which are to be newly constructed or substantially rehabilitated rental housing Developments and which are also funded pursuant to New HOP (the “2002 Series C New Developments”). The aggregate principal balance of the 2002 Series C New Mortgage Loans is anticipated to be \$49,500,000. The 2002 Series C New Mortgage Loans are not expected to be initially secured by supplemental security. In addition, upon the issuance of the 2002 Series C Bonds, the Corporation will pledge as security for the Bonds, including the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds, seven (7) additional Mortgage Loans (the “2002 Series C Additional Mortgage Loans”) relating to seven (7) Developments (the “2002 Series C Additional Developments”) funded pursuant to New HOP, which loans were not financed with the proceeds of any Bonds, including the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds or the 2002 Series D Bonds. It is anticipated that the aggregate principal balance of the 2002 Series C Additional Mortgage Loans will be approximately \$32,090,000 upon completion of construction of the 2002 Series C Additional Developments and full funding of the 2002 Series C Additional Mortgage Loans. Upon the pledge of the mortgage loans relating to the 2002 Series C Additional Developments to secure the Bonds, such mortgage loans will constitute the 2002 Series C Additional Mortgage Loans and will constitute Mortgage Loans under the General Resolution. A portion of each 2002 Series C Additional Mortgage Loan is expected to be secured by mortgage insurance provided by REMIC (“REMIC Insurance”). The 2002 Series C New Mortgage Loans and the 2002 Series C Additional Mortgage Loans are referred to herein, collectively, as the “2002 Series C Mortgage Loans.” See “PLAN OF FINANCING” and “Appendix D—Developments and Mortgage Loans Expected to be Financed or Contributed in Connection with the Issuance of the 2002 Bonds—Developments and Mortgage Loans Expected to be Financed with the Proceeds of the 2002 Series C Bonds” and “—Developments and Permanent Mortgage Loans Contributed in Connection with the Issuance of the 2002 Series C Bonds.”

The proceeds of the 2002 Series D Bonds are expected to be used to finance the acquisition by the Corporation of (i) a 100% participation interest in approximately 380 permanent mortgage loans for multi-family housing developments (said participation interest in such mortgage loans to constitute the “2002 Series D Purchased Mortgage Loans”), all but six (6) of which have been funded through PLP and (ii) a 100% participation interest in a portion of the cash flow derived from the Class B-1 Sheridan Trust II, Multifamily Mortgage Pass-Through Certificate, Series 1996-M1 (the “Class B-1 Sheridan Trust II Certificate”). The Class B-1 Sheridan Trust II Certificate is currently held by The City of New York (the “City”) and evidences a beneficial ownership interest in the Class B Sheridan Trust Multifamily Mortgage Pass-Through Certificate, Series 1995-M1 (the “Class B Sheridan Trust Certificate”) which certificate, in turn, has a beneficial ownership interest primarily in a pool of certain permanent mortgage loans for multi-family housing developments, of which approximately 90 permanent mortgage loans relate to the participation interest to be purchased by the Corporation pursuant to clause (ii) above (said participation interest to constitute the “2002 Series D Trust Mortgage Loans,” collectively with the 2002 Series D Purchased Mortgage Loans, the “2002 Series D Mortgage Loans”). The 2002 Series D Trust Mortgage Loans relate to 50 underlying 2002 Series D Trust Mortgage Loans which have been funded through PLP, and 40 underlying 2002 Series D Trust Mortgage Loans which have been funded and are regulated pursuant to the Mitchell-Lama program, 4 of which are subsidized through the Section 236 program. On or prior to the date of issuance of the 2002 Series D Bonds, (i) the City (acting through HPD) will assign

the underlying 2002 Series D Purchased Mortgage Loans and the Class B-1 Sheridan Trust II Certificate to the New York City Mortgage Sale Facilitation Trust 2002-2, a Delaware business Trust (the "Facilitation Trust"), and (ii) the Facilitation Trust will enter into a Participation Agreement with the Corporation (the "Participation Agreement") pursuant to which the aforementioned participation interests (collectively, the "Participation Interest") will be granted to the Corporation. Pursuant to the 2002 Series D Supplemental Resolution, the Participation Interest (net of certain amounts payable to the Corporation and certain voting rights that the Corporation may, in the future, obtain with respect to the Class B-1 Sheridan Trust II Certificate) has been pledged to secure the Bonds and will constitute a "Mortgage Loan" under the General Resolution. Such pledge will continue only so long as the 2002 Series D Bonds are Outstanding. The 2002 Series D Supplemental Resolution provides that when no 2002 Series D Bonds are Outstanding, the Participation Interest shall be released from the lien of the General Resolution. Such release shall occur automatically and shall not require the provision of a Cash Flow Statement or a Cash Flow Certificate. The Participation Interest is being purchased by the Corporation with proceeds of the 2002 Series D Bonds in an anticipated amount of \$215,300,000, as compared to the underlying 2002 Series D Mortgage Loans with an aggregate outstanding principal balance of approximately \$682,515,509 as of April 30, 2002. Payment on the Class B-1 Sheridan Trust II Certificate is subordinate to payments on certain other certificates and, accordingly, it is presently anticipated that payments on the Class B-1 Sheridan Trust II Certificate will begin to be made in March 2007; however, the Corporation can give no assurance as to when such payments will actually begin. Ten (10) of the underlying 2002 Series D Purchased Mortgage Loans are secured by FHA Insurance; the remainder of the underlying 2002 Series D Purchased Mortgage Loans and the underlying 2002 Series D Trust Mortgage Loans will not be secured by supplemental security. See "PLAN OF FINANCING" "SECURITY FOR THE BONDS—Mortgage Loans—2002 Series D Bonds" and "Appendix D—Developments and Mortgage Loans Expected to be Financed or Contributed in Connection with the Issuance of the 2002 Bonds—Developments and Permanent Mortgage Loans Expected to be Financed with the Proceeds of the 2002 Series D Bonds."

The ability of the Corporation to pay the principal or redemption price of and interest on the Bonds, including the 2002 Bonds, is dependent on the Revenues derived from the assets pledged to secure the Bonds, which consist of all the Mortgage Loans including the 2002 Series A Mortgage Loans, the 2002 Series B Mortgage Loans, the 2002 Series C Mortgage Loans and the 2002 Series D Mortgage Loans. In cases in which Developments are beneficiaries of federal or State subsidy programs, or Subordinate Loan/Grant Programs, full and timely receipt of subsidy payments, or loan or grant proceeds, may be necessary for full payment under the Mortgage Loans made on such Developments. In instances in which supplemental security backs a Mortgage Loan, timely receipt of the proceeds of the supplemental security may be material to the Corporation's ability to pay the principal or redemption price of and interest on the Bonds. In the case of Mortgage Loans which are not secured by additional supplemental security, a subsidy program or a Subordinate Loan/Grant 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 rents 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 "Recent Developments" below, and "PLAN OF FINANCING—2002 Series A Mortgage Loans," "—2002 Series B Mortgage Loans," "—2002 Series C Mortgage Loans" and "—2002 Series D Mortgage Loans," and "THE PROGRAM—Certain Factors Affecting the Mortgage Loans."

The 2002 Series A Bonds and the 2002 Series B Bonds are fixed rate obligations which will bear interest from their dated date, at the rates per annum set forth on the inside cover page of this Official

Statement. See “DESCRIPTION OF THE 2002 BONDS—General—2002 Series A Bonds and “— 2002 Series B Bonds.” The 2002 Series C Bonds and the 2002 Series D Bonds are variable rate obligations which will bear interest from their dated date to and including July 31, 2002, at a rate per annum set forth in a certificate of the Corporation delivered on the date of issue of the 2002 Series C Bonds and the 2002 Series D Bonds, as the case may be. Thereafter, the 2002 Series C Bonds will bear interest at a variable rate and will be subject to a maximum interest rate of fifteen percent (15%) per annum unless and until converted to a fixed rate, and the 2002 Series D Bonds will bear interest at a variable rate and will be subject to a maximum interest rate of fifteen percent (15%) per annum. In connection with the issuance of the 2002 Series C Bonds and the 2002 Series D Bonds, the Corporation expects to obtain interest rate caps from the New York City Transitional Finance Authority (“TFA”). THERE IS NO RIGHT TO TENDER THE 2002 SERIES C BONDS OR THE 2002 SERIES D BONDS ON THE PART OF THE HOLDERS THEREOF AND THERE IS NO OBLIGATION TO PURCHASE THE 2002 SERIES C BONDS OR THE 2002 SERIES D BONDS ON THE PART OF THE CORPORATION, THE UNDERWRITERS, THE PLACEMENT AGENT, THE TRUSTEE OR ANY OTHER PERSON. See “PLAN OF FINANCING—Interest Rate Caps,” “DESCRIPTION OF THE 2002 BONDS—General—2002 Series C Bonds” and “— 2002 Series D Bonds.”

The 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds are subject to redemption at the times, at the prices, upon the conditions and under the circumstances described under the caption “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series A Bonds,” “—Redemption Provisions for the 2002 Series B Bonds,” “—Redemption Provisions for the 2002 Series C Bonds” and “—Redemption Provisions for the 2002 Series D Bonds.”

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 any of its corporate purposes for which bonds may be issued under the Act, or any other applicable law now or hereafter enacted, including but not limited to financing mortgage loans and/or participation interests therein. 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.

Under the General Resolution, the payment of the principal or redemption or purchase price of and interest on all such additional Bonds may, but is not required to, be secured by a letter of credit, financial guaranty or other credit or liquidity enhancement. In addition, if Mortgage Loans (including participation interests therein) are to be financed by any such additional Bonds and pledged to secure the Bonds, such Mortgage Loans need not create a first lien on such Projects and such Mortgage Loans or the Projects financed thereby may, but are not required to, be subject to supplemental security insuring or securing against Mortgage Loan default losses. Such supplemental security, if any, may be in the form of, among other things, insurance, a letter of credit, a surety bond or an escrow deposit. In addition, such insurance or guaranty may be obtained pursuant to one or more programs of the federal government, or State or local agencies.

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 caption “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates.” Such a Cash Flow Statement is not required in connection

with the release of the 2002 Series D Mortgage Loans when no 2002 Series D Bonds are Outstanding.

The 2002 Bonds are not a debt of the State or The City of New York, and neither the State nor The City of New York shall be liable thereon, nor shall the 2002 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 Program, the 2002 Bonds and sources of payment therefor 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 2002 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 has also 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." Summaries of the FHA Insurance, GNMA Mortgage-Backed Securities, SONYMA Insurance, REMIC Insurance, Section 8, Section 236, HAC, the Subordinate Loan/Grant and Mitchell-Lama Programs are qualified in their entirety by reference to any statutes, regulations or agreements mentioned in such summaries. See Appendix F hereto.

Recent Developments

On September 11, 2001, two hijacked passenger jetliners flew into the World Trade Center, resulting in a substantial loss of life, destruction of the World Trade Center and damage to other buildings in the vicinity. However, since none of the Developments under the Program are located in the immediate vicinity, no Developments were physically damaged or had their operations interrupted by this attack. The Corporation believes it is not possible to ascertain what the impact of this attack will be on the general economy of New York City including, in particular, the real estate market and employment in New York City, and whether it will have an adverse economic impact on the Developments under the Program.

The City of New York Department of Investigation is conducting an investigation into alleged misuse of corporate funds by certain former officers of the Corporation, including its former president. The Corporation does not believe that the results of this investigation will adversely affect the payment of amounts due on the Bonds, including the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds.

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 public members, two appointed by the Mayor of the City and two 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 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

JERILYN PERINE, Chairperson and Member ex-officio. Ms. Perine was first appointed Commissioner of HPD on September 19, 2000, and was reappointed by Mayor Michael R. Bloomberg. Prior to becoming Commissioner, Ms. Perine was HPD's First Deputy Commissioner, the Deputy Commissioner for Planning and Policy, Assistant Commissioner for Alternative Management Programs (DAMP) and the Assistant Commissioner for Homeless Housing Development. She has held a variety of positions in her 22 years of public service in New York City and has been at HPD since 1986. Ms. Perine, an urban planner, graduated from City College with a degree in political science and completed graduate work in city planning at New York University.

BILL GREEN, Vice Chairperson and Member, serving pursuant to law. Mr. Green has served as a Board member of The Housing Partnership Development Corporation since 1993. Mr. Green has also served as a Board member of the General American Investors Company, a New York Stock Exchange listed closed-end investment company, since January 1993. Previously, he represented New York's 15th Congressional District in the U.S. House of Representatives for eight terms, from February 14, 1978 to January 1993. From 1981 to 1992, he served on the House Appropriations Committee and was the Ranking Republican Member of its Veterans Affairs, Housing and Urban Development, and Independent Agencies Subcommittee. Mr. Green co-chaired the National Commission on Severely Distressed Public Housing from 1991 to 1992. Prior to his election to the Congress, from 1970 to 1977, he was the Regional Administrator of the U.S. Department of Housing and Urban Development for the federal region which included New York, New Jersey, Puerto Rico and the Virgin Islands. Before that Mr. Green was a member of the New York State Assembly from 1965 to 1968. From 1961 to 1964, he served as Chief Counsel to the New York Joint Legislative Committee on Housing and Urban Development. Mr. Green has also been an attorney in private practice in New York City.

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 1990-1993, 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 1993-1994, and later became Director and Deputy Counsel for Policy and Development in the Manhattan Borough President's Office. Ms. Stark consulted on an influential 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, managing millions of dollars in youth grants. 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 AAS from New York City Community College, a BA from New York University, where she captained the varsity basketball team, and a law degree from NYU.

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 is a member of the Board of Directors of Domtar, Inc., a \$CDN 6 billion corporation, which is the largest Canadian manufacturer of packaging and fine paper, and the second largest producer of uncoated freesheet in North America and the third largest in the world. He is a member of the Board of Directors of the USO of Metropolitan New York. He is also a member of the Board of Trustees of the American Management Association. 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 a partner in the Broad Street Group 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

JERILYN PERINE, Chairperson.

BILL GREEN, Vice Chairperson.

CHARLES A. BRASS, President. Mr. Brass was appointed President of the Corporation on April 17, 2002. Prior to such appointment, Mr. Brass held the position of Executive Vice President. Mr. Brass left the Corporation for a period of time during 2000 to serve as President of the New York City Housing Partnership. Prior to that, Mr. Brass had been with the Corporation for sixteen years in various positions in the Development Department, most recently as First Senior Vice President for Development and Policy. Mr. Brass also serves as President of REMIC. From 1981 to 1984, Mr. Brass worked for HPD's Development and Policy Departments. He also serves on the Board of Directors of the National Association of Local Housing Finance Agencies.

HARRY I. FRIED, Chief Financial Officer. Mr. Fried was appointed Chief Financial Officer of the Corporation on August 6, 1998. Mr. Fried joined the Corporation in December 1986 as an Investment Analyst, and was appointed Assistant to the Treasurer in September 1992 and Assistant Treasurer in July 1996. Mr. Fried also serves as Chief Financial Officer of REMIC. Prior to joining the Corporation, Mr. Fried was an Assistant Branch Manager at UMB Bank and Trust Company. He received his MBA from New York University Graduate School of Business Administration.

DAVID S. BOCCIO, Senior Vice President and General Counsel. Mr. Boccio was appointed General Counsel and Senior Vice President of the Corporation in 1998. He previously served the Corporation as Vice President/Deputy General Counsel and Secretary. Mr. Boccio also serves as General Counsel of REMIC. Prior to joining the Corporation in 1986, he was associated with a law firm in Washington, D.C. He is a member of the New York, Maryland and District of Columbia Bars.

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.

Purposes and Powers of the Corporation

The Corporation 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 the City of New York 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, 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 and unsecured loans to specified private entities; to purchase loans and participation interests in loans from lending institutions and other entities; 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 Bonds, notes, or other obligations are outstanding.

The sale of the 2002 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 2002 Bonds is subject to the review of the New York State Financial Control Board for The City of New York.

The Corporation’s audited financial statements for the fiscal year ended October 31, 2001, including as Schedule 1 supplemental information related to the Program, are contained in Appendix B hereto. In addition, a summary of assets and revenues related to the Program are described, in part, under “THE PROGRAM—Summary of Program Assets and Revenues.” For a description of the other activities of the Corporation, see “Appendix C—Other Activities of the Corporation.” For a description of recent developments of the Corporation, see “INTRODUCTION—Recent Developments.”

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PLAN OF FINANCING

General

Upon the issuance of the 2002 Series A Bonds, all of the proceeds of such 2002 Series A Bonds will be initially deposited in the Bond Proceeds Account. Such proceeds are expected to be used by the Corporation to make construction 2002 Series A Mortgage Loans for the applicable 2002 Series A Developments, which loans, upon satisfaction of certain conditions, are expected to be converted to permanent 2002 Series A Mortgage Loans. The aggregate principal balance of the 2002 Series A Mortgage Loans is anticipated to be \$36,370,000 (see "2002 Series A Mortgage Loans" below).

Within 90 days of the issuance of the 2002 Series B Bonds, all of the proceeds of such 2002 Series B Bonds, together with other available monies of the Mortgagors of the 2002 Series B Mortgage Loans, will be used to retire the three series of Prior Bonds thereby permitting the Corporation to acquire and to pledge its interest in the 2002 Series B Mortgage Loans to the Trustee for the benefit of the holders of the Bonds at such time. It is anticipated that the aggregate outstanding principal balance of the 2002 Series B Mortgage Loans will be approximately \$7,150,000 as of the date of acquisition of the 2002 Series B Mortgage Loans (see "2002 Series B Mortgage Loans" below).

Upon the issuance of the 2002 Series C Bonds, all of the proceeds of such 2002 Series C Bonds will be initially deposited in the Bond Proceeds Account. Such proceeds will be used by the Corporation to make construction 2002 Series C New Mortgage Loans for the applicable 2002 Series C New Developments, which loans, upon satisfaction of certain conditions, are expected to be converted to permanent 2002 Series C New Mortgage Loans (see "2002 Series C New Mortgage Loans" below). The aggregate principal balance of the 2002 Series C New Mortgage Loans is anticipated to be \$49,500,000. In addition, upon the issuance of the 2002 Series C Bonds, the Corporation will pledge as security for the Bonds, including the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds, the 2002 Series C Additional Mortgage Loans, with an anticipated aggregate principal balance of \$32,090,000 upon completion of the 2002 Series C Additional Developments and full funding of the 2002 Series C Additional Mortgage Loans, which loans were not financed with the proceeds of any Bonds, including the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds or the 2002 Series D Bonds (see "2002 Series C Additional Mortgage Loans" below and Appendix D hereto).

Upon the issuance of the 2002 Series D Bonds, all of the proceeds of such 2002 Series D Bonds will be initially deposited in the 2002 Series D Capitalized Interest Sub-Account of the Revenue Account and the Bond Proceeds Account. Such proceeds in the Bond Proceeds Account will be used by the Corporation to provide the funds required to acquire the Participation Interest from the Facilitation Trust (see "2002 Series D Mortgage Loans" below). It is presently anticipated that payments on the Class B-1 Sheridan Trust II Certificate will begin to be made in March 2007; however, the Corporation can give no assurance as to when such payments will actually begin. As a result, capitalized interest on the 2002 Series D Bonds will be funded until April 30, 2007. The Participation Interest is being purchased by the Corporation with proceeds of the 2002 Series D Bonds in an anticipated amount of \$223,197,112, as compared to the underlying 2002 Series D Mortgage Loans with an aggregate outstanding principal balance of \$682,515,509 as of April 30, 2002.

Debt Service Reserve Account

The Corporation will fund the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Account Requirement for the 2002 Series A Bonds, the 2002 Series B Bonds and the 2002 Series C Bonds with amounts already on deposit in the Debt Service Reserve Account from sources other than the proceeds of the 2002 Bonds.

With respect to the 2002 Series D Bonds, the Corporation will enter into a Funding Agreement with the Trustee on the date of issuance of the 2002 Series D Bonds (the “Funding Agreement”) whereby the Corporation will agree to pay Debt Service on the 2002 Series D Bonds in an amount equal to the Debt Service Reserve Account Requirement for the 2002 Series D Bonds in the event other available amounts are insufficient therefor. Said payment obligation will be a general obligation of the Corporation, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues. Pursuant to the 2002 Series D Supplemental Resolution, the Funding Agreement shall constitute a Cash Equivalent for purposes of the General Resolution.

For further information on the Debt Service Reserve Account and the Debt Service Reserve Account Requirements for the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds, see “SECURITY FOR THE BONDS—Debt Service Reserve Account.”

Interest Rate Caps

In connection with the issuance of the 2002 Series C Bonds and the 2002 Series D Bonds, the Corporation intends to implement a plan to manage its exposure to variable interest rate risk. The Corporation expects to enter into three agreements with TFA (the “Interest Rate Cap Agreements”) under which, in exchange for an upfront payment from the Corporation, TFA agrees to pay interest on specified amortizing notional amounts in an amount by which LIBOR (as defined herein under “DESCRIPTION OF THE 2002 BONDS—General—2002 Series C Bonds” and “—2002 Series D Bonds”) exceeds a specified interest rate (the “Strike Rate”). The Corporation will pledge the payments actually received from TFA pursuant to the Interest Rate Cap Agreements to the General Resolution for the benefit of the Bondholders.

With respect to an initial notional amount of \$49,395,000 which amortizes on a quarterly basis commencing May 1, 2004 through February 1, 2009, TFA is obligated to pay to the Corporation interest on the outstanding notional amount in an amount by which LIBOR exceeds a Strike Rate of 7.35%.

With respect to an initial notional amount of \$149,600,000 which amortizes on a quarterly basis commencing August 1, 2009 through November 1, 2032, TFA is obligated to pay to the Corporation interest on the outstanding notional amount in an amount by which LIBOR exceeds a Strike Rate of 7.35% for the period from the date of issuance of the 2002 Series D Bonds through November 1, 2032.

With respect to an initial notional amount of \$135,400,000 which amortizes on a quarterly basis commencing August 1, 2007 through May 1, 2027, TFA is obligated to pay to the Corporation interest on the outstanding notional amount in an amount by which LIBOR exceeds a Strike Rate of (a) 4.85% for the period from the date of issuance of the 2002 Series D Bonds through April 30, 2007 and (b) 7.35% from May 1, 2007 through May 1, 2027.

Under each of the Interest Rate Cap Agreements, TFA is not obligated to pay interest on such notional amounts in excess of a ceiling rate of 14.85%.

TFA is a corporate governmental agency constituting a public benefit corporation and an instrumentality of the State of New York created by Chapter 16 of the Laws of 1997, as amended. The obligation of TFA to make payments required by the Interest Rate Cap Agreements, other than termination payments, will rank on a parity with its obligations to pay debt service on its Future Tax Secured Bonds (“TFA Senior Bonds”). TFA Senior Bonds are rated “Aa2,” “AA+” and “AA+” by Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s Ratings Services (“S&P”) and Fitch Ratings, respectively. As of May 31, 2002, there were \$8,288,665,000 of TFA Senior Bonds outstanding.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds are expected to be approximately as follows:

	2002 Series A Bonds	2002 Series B Bonds	2002 Series C Bonds	2002 Series D Bonds
<u>SOURCES</u>				
Principal Amount of Bonds	\$36,370,000	\$7,150,000	\$49,500,000	\$285,000,000
Less: Original Issue Discount	16,781	3,769	—	—
Other Available Monies	399,937	83,069	1,102,443	—
TOTAL SOURCES	<u>\$36,753,156</u>	<u>\$7,229,300</u>	<u>\$50,602,443</u>	<u>\$285,000,000</u>
<u>USES</u>				
Deposit to Bond Proceeds Account	\$36,370,000	—	\$49,500,000	—
Acquisition of Participation Interest	—	—	—	\$223,197,112
Deposit to 2002 Series D Capitalized Interest Sub-Account	—	—	—	36,487,070
Retirement of Prior Bonds [†]	—	\$7,150,000	—	—
Interest Rate Caps	—	—	893,000	22,199,667
Underwriters’ Compensation	335,493	65,895	—	—
Placement Agent’s Compensation	—	—	148,011	1,151,593
Cost of Issuance	47,663	13,405	61,432	1,964,558
TOTAL USES	<u>\$36,753,156</u>	<u>\$7,229,300</u>	<u>\$50,602,443</u>	<u>\$285,000,000</u>

[†] Retirement of the Prior Bonds will permit the Corporation to acquire the 2002 Series B Mortgage Loans.

2002 Series A Mortgage Loans

In connection with the issuance of the 2002 Series A Bonds, it is anticipated that the 2002 Series A Mortgage Loans will be funded, all as described below:

The proceeds of the 2002 Series A Bonds are expected to be utilized to provide funds to make two (2) 2002 Series A Mortgage Loans for two (2) 2002 Series A Developments, which are expected to contain an aggregate of 234 units. It is expected that at least twenty percent (20%) of the rental units of one (1) of the 2002 Series A Developments will be leased to households whose adjusted income does not exceed fifty percent (50%) of the median gross income for the New York City area with adjustments made for family size. With respect to the other 2002 Series A Development, it is expected that at least twenty-five percent (25%) of the rental units will be leased to households whose adjusted income does not

exceed sixty percent (60%) of the median gross income for the New York City area with adjustments made for family size. It is also expected that fifteen percent (15%) of the low income rental units in each of the 2002 Series A Developments will be leased to households whose adjusted income does not exceed forty percent (40%) of the median gross income for the New York City area with adjustments made for family size. Each Mortgagor of a 2002 Series A Mortgage Loan will be required to annually certify that the foregoing income requirements have been met for such rental units.

The 2002 Series A Developments are also expected to be funded pursuant to New HOP, which is a program of the Corporation designed to spur the creation of affordable housing in the City of New York for a range of low, moderate and middle income households. As a result, each Mortgagor of a 2002 Series A Development is expected to receive subordinate construction and permanent financing or permanent financing at a nominal interest rate in an amount not to exceed \$40,000 per apartment under New HOP. The subordinate loans are not expected to be pledged as security for the 2002 Series A Bonds. Under New HOP, each Mortgagor will be required to rent units in its 2002 Series A Development that are not already subject to the income limitations set forth in the preceding paragraph to households meeting certain income guidelines established by the Corporation. Specifically, under New HOP, no rental unit may be rented to a household whose annual income exceeds eight times the annual rent, except that for a household of one or two persons the maximum annual income limit will be seven times the annual rent. However, in no event may the income of a household exceed 250% of the New York City median annual income. Each Mortgagor of a 2002 Series A Mortgage Loan will be required to verify the incomes of eligible tenants at initial occupancy of each unit in the applicable 2002 Series A Development and upon rerelease of each such unit. Each 2002 Series A Development will be subject to such income limitations for at least twenty-five (25) years from initial occupancy, or for as long as the applicable 2002 Series A Mortgage Loan is outstanding, whichever period is longer.

Each of the Mortgagors of the 2002 Series A Mortgage Loans has executed or is expected to execute a commitment with the Corporation (an "HDC Commitment") in which the Corporation has agreed or will agree, as the case may be, to provide a 2002 Series A Mortgage Loan both during construction and on a permanent basis. The HDC Commitment requires or will require such Mortgagor to obtain a letter of credit, to be available during construction, from a bank acceptable to the Corporation as a condition to the Corporation providing a 2002 Series A Mortgage Loan during construction; said letter of credit need not meet the requirements under the Resolution for a Credit Facility. It is anticipated that during construction such letter of credit may be drawn upon by the Corporation if the applicable Mortgagor fails to make the required debt service payments on the applicable construction 2002 Series A Mortgage Loan. Such letters of credit will not be pledged to the owners of the 2002 Series A Bonds; however, any payments received by the Corporation from the letter of credit providers pursuant to such letters of credit will be pledged for the benefit of the owners of the 2002 Series A Bonds. In the event of a default on a 2002 Series A Mortgage Loan during construction, upon receipt of payments equal to the outstanding principal balance of the applicable construction 2002 Series A Mortgage Loan plus the lesser of (i) accrued interest or (ii) the maximum amount available with respect to accrued interest, such 2002 Series A Mortgage Loan will be immediately assigned to the letter of credit provider and no longer be pledged for the benefit of the owners of the 2002 Series A Bonds.

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 2002 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, the Corporation will release the letter of credit relating to the applicable construction 2002 Series A Mortgage Loan. If said letter of credit is not released because of a failure by the Mortgagor of a 2002 Series A Development to comply with the conditions enumerated in the HDC

Commitment or if said letter of credit is not extended beyond its maturity until such conditions are satisfied, it is expected that said letter of credit will be drawn upon by the Corporation and the proceeds from said draw could be used to redeem a portion of the Outstanding 2002 Series A Bonds (see “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series A Bonds—Special Redemption from Recoveries of Principal”). Until such letter of credit is released, the bank issuing the letter of credit will service the applicable 2002 Series A Mortgage Loan. Thereafter, it is expected that the Corporation will service the applicable 2002 Series A Mortgage Loan (see “The Program—Servicing”).

Each of the 2002 Series A Developments is expected to be completed within two (2) years of the making of the applicable construction 2002 Series A Mortgage Loan.

No assurances can be given that all of the Mortgagors of the 2002 Series A Mortgage Loans will enter into an HDC Commitment or that such construction or permanent 2002 Series A Mortgage Loans will be made or, if made, funded in the amounts presently contemplated by the Corporation (see “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series A Bonds—Special Redemption from Unexpended 2002 Series A Bond Proceeds” and “Appendix D—Developments and Mortgage Loans Expected to be Financed or Contributed in Connection with the Issuance of the 2002 Bonds—Developments and Mortgage Loans Expected to be Financed with the Proceeds of the 2002 Series A Bonds”). Additionally, the Corporation may substitute other Developments for those described in the above-described subsection of Appendix D hereto.

Each of the 2002 Series A Mortgage Loans will be evidenced by one or more mortgage notes payable to the Corporation and secured by one or more first mortgage liens on the applicable 2002 Series A Development. The 2002 Series A Mortgage Loans are not expected to be initially secured by supplemental security such as FHA Insurance, SONYMA Insurance, REMIC Insurance or GNMA Securities (see “THE PROGRAM—Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures” and “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to the Mortgage Loans”). However, the Corporation may, in the future, seek mortgage insurance from SONYMA for the principal amount of certain of the 2002 Series A Mortgage Loans which, if obtained, would be effective subsequent to completion of construction and rent-up of the applicable 2002 Series A Development. The 2002 Series A Mortgage Loans are expected to contain provisions prohibiting the Mortgagor of the applicable 2002 Series A Development from making any prepayment prior to November 1, 2012 (see “Appendix E-3—Mortgage Loan Prepayment Provisions—Category 29”).

For additional information on the 2002 Series A Mortgage Loans and the 2002 Series A Developments, see Appendix D hereto. For a description of New HOP, see “Appendix F—Description of Supplemental Security, Subsidy, Subordinate Loan/Grant and Mitchell-Lama Programs—New Housing Opportunities Negotiable Certificate Program.”

2002 Series B Mortgage Loans

In connection with the issuance of the 2002 Series B Bonds, and the retirement of the Prior Bonds, there will be pledged to the Trustee, on behalf of the holders of any of the Bonds, three (3) 2002 Series B Mortgage Loans, all as described below:

Each of the 2002 Series B Mortgage Loans will be evidenced by a mortgage note to the Corporation and secured by a first mortgage lien on a Development. The 2002 Series B Mortgage Loans will not be secured by supplemental security such as FHA Insurance, SONYMA Insurance, REMIC Insurance or GNMA Securities (see “THE PROGRAM—Certain Factors Affecting the Mortgage

Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures” and “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to the Mortgage Loans”).

The aggregate number of dwelling units in the 2002 Series B Developments is 209. The weighted average occupancy rate for such Developments was 93% as of April 30, 2002. It is anticipated that the aggregate outstanding principal balance of the 2002 Series B Mortgage Loans will be approximately \$7,150,000 as of the date of acquisition of the 2002 Series B Mortgage Loans. As of April 30, 2002, there had been no defaults on the mortgage loans with respect to the 2002 Series B Developments. The interest rate for each of the 2002 Series B Mortgage Loans is anticipated to be 6.00% and the weighted average term to maturity for such Mortgage Loans is anticipated to be 30 years. The 2002 Series B Mortgage Loans are expected to contain provisions prohibiting the Mortgagor of the applicable 2002 Series B Development from making any prepayment prior to November 1, 2012 (see “Appendix E-3—Mortgage Loan Prepayment Provisions—Category 29”).

Construction on the 2002 Series B Developments was recently completed. It is expected that all of the rental units of each of the 2002 Series B Developments will be leased to households whose adjusted income does not exceed sixty percent (60%) of the median gross income for the New York City area with adjustments made for family size. Each Mortgagor of a 2002 Series A Mortgage Loan will be required to annually certify that the foregoing income requirements have been met. The Corporation will service the 2002 Series B Mortgage Loans (See “THE PROGRAM—Servicing”).

For additional information on the 2002 Series B Mortgage Loans and the 2002 Series B Developments, see Appendix D hereto.

2002 Series C Mortgage Loans

In connection with the issuance of the 2002 Series C Bonds, it is anticipated that the 2002 Series C Mortgage Loans will be funded, all as described below:

2002 Series C New Mortgage Loans

It is anticipated that the proceeds of the 2002 Series C Bonds will be utilized to provide funds to make ten (10) 2002 Series C New Mortgage Loans for ten (10) 2002 Series C New Developments which will also be funded pursuant to New HOP, which is a program of the Corporation designed to spur the creation of affordable housing in the City of New York for a range of low, moderate and middle income households. As a result, each Mortgagor of a 2002 Series C New Development is expected to receive subordinate construction and permanent financing or permanent financing at a nominal interest rate in an amount not to exceed \$40,000 per apartment under New HOP. The subordinate loans are not expected to be pledged as security for the 2002 Series C Bonds.

Under New HOP, each Mortgagor will be required to rent units in its 2002 Series C New Development to households meeting certain income guidelines established by the Corporation. Specifically, no rental unit may be rented to a household whose annual income exceeds eight times the annual rent, except that for a household of one or two persons the maximum annual income limit will be seven times the annual rent. However, in no event may the income of a household exceed 250% of the New York City median annual income. Each Mortgagor of a 2002 Series C New Mortgage Loan will be required to verify the incomes of eligible tenants at initial occupancy of each unit in the applicable 2002 Series C New Development and upon re rental of each such unit. Each 2002 Series C New Development will be subject to such income limitations for at least twenty (20) years from initial occupancy, or for as long as the applicable 2002 Series C New Mortgage Loan is outstanding, whichever period is longer.

Certain of the Mortgagors of the 2002 Series C New Mortgage Loans have executed or are expected to execute an HDC Commitment in which the Corporation has agreed or will agree, as the case may be, to provide the 2002 Series C New Mortgage Loan both during construction and on a permanent basis. The HDC Commitment requires or will require such Mortgagor to obtain a letter of credit, to be available during construction, from a bank acceptable to the Corporation as a condition to the Corporation providing a 2002 Series C New Mortgage Loan during construction; said letter of credit need not meet the requirements under the Resolution for a Credit Facility. It is anticipated that during construction such letter of credit may be drawn upon by the Corporation if the applicable Mortgagor fails to make the required debt service payments on the applicable construction 2002 Series C New Mortgage Loan. Such letters of credit will not be pledged to the owners of the 2002 Series C Bonds; however, any payments received by the Corporation from the letter of credit providers pursuant to such letters of credit will be pledged for the benefit of the owners of the 2002 Series C Bonds. In the event of a default on a 2002 Series C New Mortgage Loan during construction, upon receipt of payments equal to the outstanding principal balance of the applicable construction 2002 Series C New Mortgage Loan plus the lesser of (i) accrued interest or (ii) the maximum amount available with respect to accrued interest, such 2002 Series C New Mortgage Loan will be immediately assigned to the letter of credit provider and no longer be pledged for the benefit of the owners of the 2002 Series C Bonds.

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 2002 Series C New Mortgage Loan and within a certain construction budget, the issuance of a certificate of occupancy, the attainment of specified minimum rental achievement and occupancy levels, and delivery of other required certificates and legal opinions, the Corporation will release the letter of credit relating to the applicable construction 2002 Series C New Mortgage Loan. If said letter of credit is not released because of a failure by the Mortgagor of a 2002 Series C New Development to comply with the conditions enumerated in the HDC Commitment or if said letter of credit is not extended beyond its maturity until such conditions are satisfied, it is expected that said letter of credit will be drawn upon by the Corporation and the proceeds from said draw could be used to redeem a portion of the Outstanding 2002 Series C Bonds (see “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Recoveries of Principal”). Until such letter of credit is released, the bank issuing the letter of credit will service the applicable 2002 Series C New Mortgage Loan. Thereafter, it is expected that the Corporation will service the applicable 2002 Series C Mortgage Loan (see “THE PROGRAM—Servicing”).

Certain other of the Mortgagors of the 2002 Series C New Mortgage Loans have executed or are expected to execute a commitment for a construction loan from a construction lender (“Construction Loan Commitment”), and a separate HDC Commitment from the Corporation in which the Corporation will agree to provide a 2002 Series C New Mortgage Loan only on a permanent basis following construction. Following the satisfaction of the conditions of the applicable HDC Commitment which may require, among other things, the satisfactory completion of construction within a certain time schedule, the issuance of a certificate of occupancy, the attainment of specified minimum rental achievement and occupancy levels, and delivery of other required certificates and legal opinions, the Corporation will make the applicable 2002 Series C New Mortgage Loan.

Each of the 2002 Series C New Developments is expected to be completed within two (2) years of the making of the applicable construction 2002 Series C New Mortgage Loan.

No assurances can be given that all of the Mortgagors of the 2002 Series C New Mortgage Loans will enter into either an HDC Commitment or a Construction Loan Commitment, or that such 2002 Series C New Mortgage Loans will be made or, if made, funded in the amounts presently contemplated by the

Corporation (see “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Unexpended 2002 Series C Bond Proceeds” and “Appendix D—Developments and Mortgage Loans Expected to be Financed or Contributed in Connection with the Issuance of the 2002 Bonds—Developments and Mortgage Loans Expected to be Financed with the Proceeds of the 2002 Series C Bonds”). Additionally, the Corporation may substitute other Developments for those described in the above-described subsection of Appendix D hereto.

Each of the 2002 Series C New Mortgage Loans will be evidenced by a mortgage note payable to the Corporation and secured by a first mortgage lien on a 2002 Series C New Development. The 2002 Series C New Mortgage Loans are not expected to be initially secured by supplemental security such as FHA Insurance, SONYMA Insurance, REMIC Insurance or GNMA Securities (see “THE PROGRAM—Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures” and “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to the Mortgage Loans”). However, the Corporation may, in the future, seek mortgage insurance from SONYMA or REMIC for all or a portion of the principal amount of certain of the 2002 Series C New Mortgage Loans which, if obtained, would be effective subsequent to completion of construction and rent-up of the applicable 2002 Series C New Development. The 2002 Series C New Mortgage Loans are expected to contain provisions prohibiting the Mortgagors of such 2002 Series C New Developments from making any prepayment prior to November 1, 2012 (see “Appendix E-3—Mortgage Loan Prepayment Provisions — Category 30”).

For additional information on the 2002 Series C New Mortgage Loans and the 2002 Series C New Developments, see Appendix D hereto. For a description of New HOP, see “Appendix F—Description of Supplemental Security, Subsidy, Subordinate Loan/Grant and Mitchell-Lama Programs—New Housing Opportunities Program.”

2002 Series C Additional Mortgage Loans

Upon the issuance of the 2002 Bonds, the Corporation will pledge as security for the Bonds, including the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds, the seven (7) 2002 Series C Additional Mortgage Loans.

Each of the 2002 Series C Additional Mortgage Loans is evidenced by a mortgage note to the Corporation and secured by a first mortgage lien on the applicable 2002 Series C Additional Development. The 2002 Series C Additional Mortgage Loans are not expected to be initially secured by supplemental security such as FHA Insurance, SONYMA Insurance, REMIC Insurance or GNMA Securities (see “THE PROGRAM—Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures” and “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to the Mortgage Loans”). However, the Corporation may, in the future, seek mortgage insurance from REMIC for all or a portion of the principal amount of certain of the 2002 Series C Additional Mortgage Loans which, if obtained, would be effective subsequent to completion of construction and rent-up of the applicable 2002 Series C Additional Development.

The 2002 Series C Additional Mortgage Loans for the 2002 Series C Additional Developments have been funded pursuant to New HOP, which is a program of the Corporation designed to spur the creation of affordable housing in the City of New York for a range of low, moderate and middle income households. As a result, each Mortgagor of a 2002 Series C Additional Development has received subordinate construction and permanent financing or permanent financing at a nominal interest rate in an amount not to exceed \$40,000 per apartment from other monies of the Corporation. The subordinate loans are not expected to be pledged as security for the 2002 Series C Bonds.

Under New HOP, each Mortgagor will be required to rent units in its 2002 Series C Additional Development to households meeting certain income guidelines established by the Corporation. Specifically, no rental unit may be rented to a household whose annual income exceeds eight times the annual rent, except that for a household of one or two persons the maximum annual income limit will be seven times the annual rent. However, in no event may the income of a household exceed 250% of the New York City median annual income. Each Mortgagor of a 2002 Series C Additional Mortgage Loan will be required to verify the incomes of eligible tenants at initial occupancy of each unit in the applicable 2002 Series C Additional Development and upon rerelease of each such unit. Each 2002 Series C Additional Development will be subject to such income limitations for at least fourteen (14) years from initial occupancy, or for as long as the applicable 2002 Series C Additional Mortgage Loan is outstanding, whichever period is longer.

The aggregate number of dwelling units in the 2002 Series C Additional Developments is 375. It is anticipated that the aggregate outstanding principal balance of the 2002 Series C Additional Mortgage Loans will be approximately \$32,090,000 upon completion of the 2002 Series C Additional Developments and full funding of the 2002 Series C Additional Mortgage Loans. As of April 30, 2002, there had been no defaults on the mortgage loans with respect to the 2002 Series C Additional Developments. The weighted average permanent interest rate for the 2002 Series C Additional Mortgage Loans is expected to be 7.79% and the weighted average term to final maturity for such Mortgage Loans is expected to be approximately 32.5 years. The 2002 Series C Additional Mortgage Loans are expected to contain provisions prohibiting the Mortgagor of the applicable 2002 Series C Additional Development from making any prepayment prior to November 1, 2012 (see “Appendix E-3—Mortgage Loan Prepayment Provisions—Category 15”).

Construction on one (1) 2002 Series C Additional Development was recently completed; the remainder of the 2002 Series C Additional Developments are expected to be completed within the next nineteen (19) months. For additional information on the 2002 Series C Additional Mortgage Loans and the 2002 Series C Additional Developments, see Appendix D hereto. For a description of New HOP, see “Appendix F—Description of Supplemental Security, Subsidy, Subordinate Loan/Grant and Mitchell-Lama Programs—New Housing Opportunities Program.”

2002 Series D Mortgage Loans

In connection with the issuance of the 2002 Series D Bonds, it is anticipated that funds will be used to acquire a participation interest in the 2002 Series D Mortgage Loans, all as described below.

2002 Series D Purchased Mortgage Loans

The approximately 380 underlying 2002 Series D Purchased Mortgage Loans are evidenced by a 100% participation interest of the Corporation in mortgages and mortgage notes held by HPD and secured by first or second mortgage liens on the applicable Developments. Approximately 9.4% of the aggregate outstanding principal balance of the underlying 2002 Series D Purchased Mortgage Loans are secured by a first mortgage lien on the applicable Development and approximately 90.7% are secured by a second lien on the applicable Development. Ten (10) of the underlying 2002 Series D Purchased Mortgage Loans, representing approximately 1.9% of the aggregate outstanding principal balance of the underlying 2002 Series D Purchased Mortgage Loans, are secured by FHA Insurance; the remainder of the underlying 2002 Series D Purchased Mortgage Loans on these Developments (the “2002 Series D Purchased Developments”) are not secured by supplemental security such as FHA Insurance, SONYMA Insurance, REMIC Insurance or GNMA Securities (see “THE PROGRAM—Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures” and “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—

Covenants with Respect to the Mortgage Loans”). Approximately 85.8% of the aggregate outstanding principal balance of the underlying 2002 Series D Purchased Mortgage Loans were funded solely through PLP, 3.9% were funded through PLP and are subsidized through the Section 8 program, 6.4% are funded through PLP and HoDAG, and 3.9% are not the beneficiary of any subsidy program or Subordinate Loan/Grant Program (all of which are regulated under the Mitchell-Lama Law (as described below)). Approximately 29.0% of the aggregate outstanding principal balance of the underlying 2002 Series D Purchased Mortgage Loans are serviced by the Corporation, 64.5% are serviced by the Community Preservation Corporation (“CPC”) and 6.6% are serviced by HPD; on or about the date of issuance of the 2002 Series D Bonds, it is anticipated that the servicing of the underlying 2002 Series D Purchased Mortgage Loans by HPD will be assumed by the Corporation. For information on CPC, which is also servicing certain of the underlying 2002 Series D Trust Mortgage Loans, see “2002 Series D Trust Mortgage Loans—Servicers—CPC” below. HPD is the supervising agency of the 2002 Series D Purchased Developments which are regulated pursuant to Article 2 of the New York Private Housing Finance Law, which is also known as the “Mitchell-Lama Law”; such 2002 Series D Purchased Developments constitute approximately 3.9% of the aggregate outstanding principal balance of the 2002 Series D Purchased Developments.

The aggregate number of dwelling units in the 2002 Series D Purchased Developments is approximately 20,262. As of April 30, 2002, the aggregate outstanding principal balance of the underlying 2002 Series D Purchased Mortgage Loans was approximately \$413,393,248. The weighted average interest rate for the underlying 2002 Series D Purchased Mortgage Loans was approximately 1.22% and the weighted average remaining time to maturity for such Mortgage Loans was approximately 20.1 years as of April 30, 2002. Approximately 45.8% of the underlying 2002 Series D Purchased Mortgage Loans are self-amortizing. Each underlying 2002 Series D Purchased Mortgage Loan contains provisions permitting the Mortgagor of the 2002 Series D Purchased Development to prepay the applicable underlying 2002 Series D Purchased Mortgage Loan, in whole or in part, at any time (see “Appendix E-3—Mortgage Loan Prepayment Provisions—Category 31”).

As of April 30, 2002, there were no delinquencies of 60 days and over with respect to any of the underlying 2002 Series D Purchased Mortgage Loans. As of April 30, 2002, there were no material defaults on any of the underlying 2002 Series D Purchased Mortgage Loans.

Ninety-nine of the 2002 Series D Purchased Developments (which represented approximately 42.5% of the aggregate outstanding principal balance of the related underlying 2002 Series D Purchased Mortgage Loans (exclusive of approximately 10.4% of the aggregate outstanding principal balance of the underlying 2002 Series D Purchased Mortgage Loans where inspections are pending or not available, or which are serviced by HPD but not currently inspected by HPD)) were considered to be in good or superior condition, 151 (51.5%) of such Developments were considered to be in average or satisfactory condition, 10 (4.8%) of such Developments were considered to be in fair or below average condition and 6 (1.3%) of such Developments were considered to be in poor or unsatisfactory condition, all as determined by the Corporation or CPC, as the case may be. The Corporation’s physical inspection ratings are described in Appendix E-4 hereto. CPC currently conducts physical inspections of the 2002 Series D Purchased Developments on an annual basis. With respect to servicing by the Corporation, see “THE PROGRAM—Servicing.”

For additional information on the underlying 2002 Series D Purchased Mortgage Loans and the 2002 Series D Purchased Developments, see Appendix D hereto. For a description of PLP, HoDAG, the Certificate Program, and the Section 8 and the Mitchell-Lama programs, see “Appendix F—Description of Supplemental Security, Subsidy, Subordinate Loan/Grant and Mitchell-Lama Program—Participation Loan Program,” “—The Housing Development Grant Program,” “—The Section 8 Program” and “—The Mitchell-Lama Program.”

2002 Series D Trust Mortgage Loans

The 2002 Series D Trust Mortgage Loans are evidenced by a 100% participation interest in a portion of the cash flow derived from the Class B-1 Sheridan Trust II Certificate. The Class B-1 Sheridan Trust II Certificate is currently held by the City and evidences a beneficial ownership interest in the Class B Sheridan Trust Certificate which certificate, in turn, has a beneficial ownership interest primarily in a pool of certain permanent mortgage loans, of which approximately 90 permanent mortgage loans are for Developments related to the 2002 Series D Bonds (the “2002 Series D Trust Developments”). The \$200,607,855 principal amount outstanding, as of May 25, 2002, of the Class B-1 Sheridan Trust II Certificate is subordinate in right of payment to the \$4,243,882 principal amount outstanding, as of May 25, 2002, of the Class A-1 Sheridan Trust II, Multifamily Mortgage Pass-Through Certificate, Series 1996-M1 (the “Class A-1 Sheridan Trust II Certificate”) and is also subordinate in right of payment to the \$73,346,806 principal amount outstanding, as of May 25, 2002, of the Class A Sheridan Trust Multifamily Mortgage Pass-Through Certificate, Series 1995-M1 (the “Class A Sheridan Trust Certificate”).

The cash flow on the Class A Sheridan Trust Certificate, the Class A-1 Sheridan Trust II Certificate and the Class B-1 Sheridan Trust II Certificate is based on the weighted average mortgage rate on the underlying 2002 Series D Trust Mortgage Loans and certain other mortgage loans (net of servicing and trustee fees) with respect to the aggregate principal amount outstanding of the Class A Sheridan Trust Certificate, the Class A-1 Sheridan Trust II Certificate and the Class B-1 Sheridan Trust II Certificate, as the case may be. Based upon projected cash flows, it is presently anticipated that payments on the Class B-1 Sheridan Trust II Certificate, which cannot begin until all payments are made on the Class A Sheridan Trust Certificate and the Class A-1 Sheridan Trust II Certificate, will begin to be made in March 2007; however, the Corporation can give no assurance as to when such payments will actually begin. There are currently no defaults under the Class A Sheridan Trust Certificate, the Class A-1 Sheridan Trust II Certificate or the Class B-1 Sheridan Trust II Certificate.

Approximately 49.3% of the aggregate outstanding principal balance of the underlying 2002 Series D Trust Mortgage Loans are secured by a first mortgage lien on the applicable Development and approximately 50.7% are secured by a second lien (or, in the case of one (1) underlying 2002 Series D Trust Mortgage Loan, a fourth lien) on the applicable Development. The underlying 2002 Series D Trust Mortgage Loans on these Developments will not be secured by supplemental security such as FHA Insurance, SONYMA Insurance, REMIC Insurance or GNMA Securities (see “THE PROGRAM—Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures” and “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to the Mortgage Loans”). Approximately 51.0% of the aggregate outstanding principal balance of the underlying 2002 Series D Trust Mortgage Loans are funded through PLP, 17.0% are subsidized through the Section 236 program (all of which are regulated under the Mitchell-Lama Law (as described below)), and 31.9% are not the beneficiary of any subsidy program or Subordinate Loan/Grant Program (all of which are regulated under the Mitchell-Lama Law (as described below)). Approximately 51.0% of the aggregate outstanding principal balance of the underlying 2002 Series D Trust Mortgage Loans, all of which are funded through PLP, are serviced by CPC and the remainder, approximately 49.0%, are serviced by American Property Financing, Inc. (“APF”). HPD is the supervising agency of the 2002 Series D Trust Developments which are regulated pursuant to Article 2 of the New York Private Housing Finance Law, which is also known as the “Mitchell-Lama Law”; such 2002 Series D Trust Developments constitute approximately 49.0% of the aggregate outstanding principal balance of the 2002 Series D Trust Developments. For information on CPC and APF, see “Servicers” below.

The aggregate number of dwelling units in the 2002 Series D Trust Developments is approximately 16,095. As of April 30, 2002, the aggregate outstanding principal balance of the underlying 2002 Series D Trust Mortgage Loans was \$269,122,261. The weighted average interest rate for the underlying 2002 Series D Trust Mortgage Loans is approximately 3.6% and the weighted average remaining time to maturity for such Mortgage Loans is approximately 18.3 years. Approximately 74.4% of the underlying 2002 Series D Trust Mortgage Loans are self-amortizing. Each underlying 2002 Series D Trust Mortgage Loan contains provisions permitting the Mortgagor of the 2002 Series D Trust Development to prepay the applicable underlying 2002 Series D Trust Mortgage Loan, in whole or in part, at any time (see “Appendix E-3—Mortgage Loan Prepayment Provisions—Category 31”).

As of April 30, 2002, there were no delinquencies of 60 days and over with respect to any of the underlying 2002 Series D Trust Mortgage Loans. As of April 30, 2002, there were no material defaults on any of the underlying 2002 Series D Trust Mortgage Loans.

Sixty-four of the 2002 Series D Trust Developments (which represented approximately 80.1% of the aggregate outstanding principal balance of the related underlying 2002 Series D Trust Mortgage Loans (exclusive of approximately 20.0% of the aggregate outstanding principal balance of the underlying 2002 Series D Trust Mortgage Loans where inspections are not available)) were considered to be in good condition and 18 (19.9%) of such Developments were considered to be in average condition, all as determined by CPC or APF, as the case may be. CPC and APF currently conduct physical inspections of the 2002 Series D Trust Developments on an annual basis.

For additional information on the underlying 2002 Series D Trust Mortgage Loans and the 2002 Series D Trust Developments, see Appendix D hereto. For a description of PLP, and the Section 236 and the Mitchell-Lama programs, see “Appendix F—Description of Supplemental Security, Subsidy, Subordinate Loan/Grant and Mitchell-Lama Program—Participation Loan Program,” “— The Section 236 Program” and “—The Mitchell-Lama Program.”

Servicers. Enumerated below is a brief description of each of the servicers servicing the underlying 2002 Series D Trust Mortgage Loans:

CPC. CPC is a non-profit consortium of commercial and savings banks and insurance companies established in 1974 to provide multi-family construction and permanent mortgage financing for affordable housing in New York City. It has since expanded its operations throughout the State and into New Jersey. CPC has financed the rehabilitation or construction of over 89,000 units representing a total investment of private and public debt totalling over \$2.9 billion. It is the leading lender and servicer under PLP. Its total servicing portfolio is in excess of \$1.7 billion. CPC employs 18 mortgage loan servicing professionals.

APF. APF is a Fannie Mae Delegated Underwriting and Servicing (DUS) lender, a Federal Home Loan Mortgage Corporation (Freddie Mac) Program Plus lender, a HUD-approved mortgagee and a GNMA seller/servicer specializing in multi-family financings throughout the United States. Since 1991, it has specialized in multi-family transactions in New York City and other major metropolitan areas. APF has a total servicing portfolio of over \$3.8 billion. It employs 13 mortgage loan servicing professionals with average experience in excess of 10 years.

Participation Interest

Pursuant to the Participation Agreement, the Participation Interest being purchased by the Corporation with the proceeds of the 2002 Series D Bonds consists of (i) a 100% participation interest in

the underlying 2002 Series D Purchased Mortgage Loans, (ii) 100% participation interest in the cash flow derived from the Class B-1 Sheridan Trust II Certificate relating to the 2002 Series D Trust Mortgage Loans, (iii) all rights, but not the obligations, of the “owner” of the underlying 2002 Series D Purchased Mortgage Loans under the servicing agreements with respect to the 2002 Series D Purchased Mortgage Loans, and (iv) all rights of the Facilitation Trust under the Purchase and Sale Agreement between the City and the Facilitation Trust, pursuant to which the City is assigning the underlying 2002 Series D Purchased Mortgage Loans and the Class B-1 Sheridan Trust II Certificate to the Facilitation Trust. Pursuant to the 2002 Series D Supplemental Resolution, the Corporation has pledged the Participation Interest (net of certain amounts payable to the Corporation and certain voting rights that the Corporation may, in the future, obtain with respect to the Class B-1 Sheridan Trust II Certificate), for the benefit of the Holders of the Bonds; provided that such Participation Interest shall be automatically released from the lien of the General Resolution when no 2002 Series D Bonds are Outstanding.

Although the Corporation services some of the underlying 2002 Series D Mortgage Loans, such Mortgage Loans were originated and underwritten by other parties. The Corporation has caused a review of certain of the underlying 2002 Series D Purchased Mortgage Loans to be undertaken, but has not reviewed each underlying 2002 Series D Mortgage Loan. However, the Corporation has received certain representations and warranties with respect to certain underlying 2002 Series D Purchased Mortgage Loans from the City, HPD and CPC. For a description of certain factors affecting all Mortgage Loans, including the 2002 Series D Mortgage Loans, see “THE PROGRAM—Certain Factors Affecting the Mortgage Loans.”

Pursuant to the Participation Agreement, notwithstanding the acquisition of a 100% participation interest in the 2002 Series D Purchased Mortgage Loans by the Corporation, legal title to the underlying 2002 Series D Purchased Mortgage Loans shall remain with the Facilitation Trust except for the 2002 Series D Purchased Mortgage Loans insured by FHA. In addition, with respect to the underlying 2002 Series D Purchased Mortgage Loans that are regulated pursuant to the Mitchell-Lama Law, HPD will remain the supervising agency. Upon the issuance of the 2002 Series D Bonds, the Corporation, the Facilitation Trust and HPD will enter into an agreement pursuant to which HPD will agree to pursue certain remedies with respect to a defaulted underlying 2002 Series D Purchased Mortgage Loan as directed by the Corporation. The 2002 Series D Supplemental Resolution provides that, in the event title to any 2002 Series D Purchased Development is acquired as a result of proceedings instituted upon a default on an underlying 2002 Series D Purchased Mortgage Loan, such Development shall constitute an “Acquired Project” for purposes of the General Resolution (see “THE PROGRAM—Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures”). In addition, if a monetary default on such Mortgage Loan was caused by a breach of a representation or warranty given by the City, HPD or CPC with respect to such Mortgage Loan, or, if such breach prevents the Corporation from realizing on the security provided by such Mortgage Loan, the City has agreed to correct such breach, repurchase such Mortgage Loan or substitute mortgages of equal value.

The Corporation’s rights as to the 2002 Series D Trust Mortgage Loans and the underlying 2002 Series D Trust Mortgage Loans are limited by (i) the terms of the trust related to the Class B Sheridan Trust Certificate and (ii) the fact that voting rights with respect to said trust, including the right to amend or terminate said trust, have been retained by the City and not granted to the Corporation. The City has agreed, however, to consult with the Corporation prior to the exercise of such rights and not to exercise any such rights in a manner that shall have a material adverse effect on the rights of the Corporation to receive payments on the Class B-1 Sheridan Trust II Certificate without the prior written consent of the Corporation.

THE PROGRAM

General

Under the Program, the Corporation may issue Bonds to finance any corporate purpose for which bonds may be issued under the Act or any other applicable law now or hereafter enacted. The Bonds, including the 2002 Bonds, have been and 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 which may be subsidized with other monies of the Corporation. In addition, the Corporation has pledged as security for the Bonds, including the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds, an additional Permanent Mortgage Loan ("Additional Mortgage Loan") which was contributed in connection with the issuance of the 1999 Series A Bonds but was not financed with the proceeds of any Bonds. Construction Mortgage Loans and Permanent Mortgage Loans, which include the Additional Mortgage Loan, are referred to herein, collectively, as the "Mortgage Loans."

As of February 28, 2002, the aggregate outstanding principal balance of Mortgage Loans financed under the Program was \$784,496,852. The Mortgage Loans financed 161 Developments located throughout the City. As of February 28, 2002, 148 of such Mortgage Loans are Permanent Mortgage Loans for 148 Developments which contain 19,867 rental units and thirteen (13) of such Mortgage Loans are Construction Mortgage Loans for thirteen (13) Developments which are expected to contain an additional 1,113 rental units. As of February 28, 2002, all of the Mortgagors for the Developments were current in making scheduled payments under their respective Mortgage Loans. There have been no material monetary defaults on any of the Mortgage Loans other than (i) temporary financial difficulties with respect to certain Developments during rent-up which occurred during the 1970's and have since been cured and (ii) with respect to one (1) Development under the Program with an outstanding Mortgage Loan balance of \$13,818,484 as of February 28, 2002 (see "Mortgage Loan with Current Financial Difficulties" below). For additional information on the Mortgage Loans and the Developments, see Appendix E-1 hereto.

All of the outstanding Mortgage Loans under the Program are secured by first mortgage liens on their respective Developments. As further security, as of February 28, 2002, seventy-eight (78) of such Mortgage Loans, which are all Permanent Mortgage Loans, with an aggregate outstanding principal balance of \$472,833,036, are subject to supplemental security insuring or securing against Mortgage Loan default losses. Such supplemental security includes FHA Insurance issued by FHA pursuant to the provisions of Section 220, 221(d)(3) or 221(d)(4) of the National Housing Act, as amended (the "National Housing Act"), GNMA Securities, SONYMA Insurance issued pursuant to Article 8, Title 17 Part II of the New York Public Authorities Law by SONYMA, and REMIC Insurance issued pursuant to Section 654-d of the New York Private Housing Finance Law by REMIC. Subsequent to February 28, 2002, one (1) such Mortgage Loan, with an outstanding principal balance of \$7,692,894 as of February 28, 2002, was prepaid. As of February 28, 2002, seventy (70) of the outstanding Permanent Mortgage Loans under the Program with an aggregate outstanding principal balance of \$241,307,309 were not secured by supplemental security. In addition, all of the Mortgage Loans outstanding under the Program are a beneficiary of a federal or State subsidy program, including Section 8, Section 236 and HAC, and/or the Subordinate Loan/Grant Programs, with the exception of one (1) Mortgage Loan which had, as of February 28, 2002, an aggregate outstanding principal balance of \$48,457,131 (see "Mortgage Loans Not Secured by Supplemental Security, Subsidies or Subordinate Loan/Grant Programs" below). Each supplemental security program, subsidy program, and Subordinate Loan/Grant Program is implemented under different federal, State or local statutes and is subject to its own rules and guidelines. The twelve (12) Developments subsidized through the Section 236 program (the "Section 236 Developments"), and

the one (1) Development not secured by supplemental security such as FHA Insurance, SONYMA Insurance, REMIC Insurance or GNMA Securities and also not subsidized through subsidy programs such as Section 8, Section 236 or HAC, or the Subordinate Loan/Grant Programs (the “Unsubsidized Development”) are regulated by HPD pursuant to the Mitchell-Lama Law. For a detailed description, see “THE PROGRAM,” “Appendix E-1—Developments and Mortgage Loans Outstanding Under the Program” and “Appendix F—Description of Supplemental Security, Subsidy, Subordinate Loan/Grant and Mitchell-Lama Programs.”

The table below summarizes all Developments and all Mortgage Loans outstanding under the Program as of February 28, 2002:

Summary of All Developments and All Mortgage Loans

	Number of Developments/ Mortgage Loans	Number of Dwelling Units	Outstanding Principal Balance of Mortgage Loans	Percentage of Total Outstanding Principal Balance of Mortgage Loans
Permanent Mortgage Loans [†]	148	19,867	\$714,140,345	91.03%
Construction Mortgage Loans	13	1,113	\$70,356,507	8.97%
TOTAL	161	20,980	\$784,496,852	100.00%

[†] Subsequent to February 28, 2002 through April 30, 2002, two (2) Developments consisting of 71 dwelling units, with an aggregate outstanding Permanent Mortgage Loan balance of \$5,189,000, were financed. Subsequent to February 28, 2002, one (1) Mortgage Loan related to one (1) Development consisting of 270 dwelling units, with an outstanding Permanent Mortgage Loan balance of \$7,692,894 as of February 28, 2002, was prepaid.

One hundred twenty-one (121) of the Developments with Permanent Mortgage Loans have been in operation since at least February 1999. As of February 28, 2002, 134 of the Developments (which 134 Developments representing approximately 96% of the aggregate outstanding principal balance of Permanent Mortgage Loans) were at least 95% occupied. Eleven (11) of the Developments (which eleven (11) Developments represent approximately 4% of the aggregate outstanding principal balance of Permanent Mortgage Loans) were at least 90% and less than 95% occupied. Three (3) of the Developments (which three (3) Developments represent less than 1% of the aggregate outstanding principal balance of Permanent Mortgage Loans) were less than 90% occupied.

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The following table summarizes completed Developments and Permanent Mortgage Loans outstanding under the Program as of February 28, 2002:

Summary of Completed Developments and Permanent Mortgage Loans

Permanent Mortgage Loan Supplemental Security	Subsidy, Subordinate Loan or Grant Program(s)	Number of Developments/ Permanent Mortgage Loans	Number of Dwelling Units	Outstanding Principal Balance of Permanent Mortgage Loans	Percentage of Total Outstanding Principal Balance of Permanent Mortgage Loans ^{†††}
FHA	Section 8 ^{††}	32	3,254	\$184,907,706	25.89%
FHA	Subordinate Loan/ Grant Programs	8	534	\$9,107,811	1.28%
FHA	Section 236	8	4,073	\$84,541,026	11.84%
SONYMA	Section 8; Subordinate Loan/ Grant Programs	1	48	\$75,134	0.01%
SONYMA	Subordinate Loan/ Grant Programs	6	1,635	\$57,332,299	8.03%
REMIC [†]	Subordinate Loan/ Grant Programs	19	1,227	\$113,997,371	15.96%
GNMA	HAC	4	364	\$22,871,689	3.20%
None	Subordinate Loan/ Grant Programs ^{†††}	65	3,435	\$68,527,226	9.60%
None	Section 236	4	4,039	\$124,322,952	17.41%
None	None	1	1,258	\$48,457,131	6.79%
TOTAL		148	19,867	\$714,140,345	100.00%

† REMIC Insurance secured either twenty percent (20%) or twenty-five percent (25%) of the original principal amount of the Permanent Mortgage Loan for each of these Developments.

†† Subsequent to February 28, 2002, one (1) Development consisting of 270 dwelling units, with an outstanding Permanent Mortgage Loan balance of \$7,692,894, was prepaid.

††† Subsequent to February 28, 2002 through April 20, 2002, two (2) Developments consisting of 71 dwelling units, with an aggregate outstanding Permanent Mortgage Loan balance of \$5,189,000, were financed.

†††† May not add due to rounding.

See “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding Under the Program as of February 28, 2002.”

All of the Construction Mortgage Loans are secured by standby letters of credit or GNMA Securities; such letters of credit need not meet the requirements under the Resolution for Credit Facilities. Such letters of credit may be drawn upon by the Corporation if a Mortgagor fails to make the required payments of interest and principal on the related Construction Mortgage Loan. Such letters of credit are not pledged to the owners of the Bonds; however, any payments received by the Corporation from the letter of credit providers pursuant to such letters of credit will be pledged for the benefit of the owners of the Bonds.

The table below summarizes Developments under construction and Construction Mortgage Loans outstanding under the Program as of February 28, 2002:

Summary of Developments Under Construction and Construction Mortgage Loans

Anticipated Permanent Mortgage Loan Supplemental Security	Subsidy, Subordinate Loan or Grant Program(s)	Number of Developments/ Construction Mortgage Loans	Number of Dwelling Units	Anticipated Amount of Permanent Mortgage Loans	Amount of Original Construction Mortgage Loans	Principal Balance of Construction Mortgage Loans Advanced
SONYMA	Subordinate Loan/Grant Programs	1	85	\$9,790,000	\$10,350,000	\$9,805,549
GNMA [†]	None	1	104	\$30,115,000	\$30,115,000	\$15,466,935
None	Subordinate Loan/Grant Programs ^{††}	11	924	\$58,960,000	\$78,229,460	\$45,084,023
TOTAL		13	1,113	\$98,865,000	\$118,694,460	\$70,356,507

[†] GNMA also provides supplemental security for construction loan advances.

^{††} Subsequent to February 28, 2002 through April 30, 2002, one (1) Development consisting of 32 dwelling units, with an outstanding Permanent Mortgage Loan balance of \$1,570,000, was financed (see “Summary of All Developments and All Mortgage Loans” chart and “Summary of Completed Developments and Permanent Mortgage Loans” chart above).

See “Appendix E-1—Developments and Mortgage Loans Outstanding Under the Program—Developments and Construction Mortgage Loans Outstanding Under the Program as of February 28, 2002.”

In addition to the Developments described above, the Corporation expects to use the remaining proceeds of the 2000 Series B Bonds on deposit as of February 28, 2002 to fund the following Developments and Permanent Mortgage Loans:

Summary of Developments and Permanent Mortgage Loans Expected to be Funded

Anticipated Permanent Mortgage Loan Supplemental Security	Anticipated Subsidy, Subordinate Loan or Grant Program	Expected Applicable Series Resolution	Expected Number of Developments/ Permanent Mortgage Loans	Expected Number of Dwelling Units	Estimated Permanent Mortgage Loan Amount
None	Subordinate Loan/Grant Program [†]	2000 Series B	4	146	\$11,709,000

[†] Subsequent to February 28, 2002 through April 30, 2002, one (1) Development consisting of 39 dwelling units, with an outstanding Permanent Mortgage Loan balance of \$3,619,000, was financed (see “Summary of All Developments and All Mortgage Loans” chart and “Summary of Completed Developments and Permanent Loans” chart above).

See “Appendix E-2—Developments and Mortgage Loans Expected to be Financed with the Proceeds of the 2000 Series B Bonds” for a description of the Developments to be financed with the 2000 Series B Bonds.

The General Resolution provides for the issuance of additional Bonds to be used for financing any corporate purpose including the financing of Mortgage Loans and Developments which are neither secured by supplemental security nor subsidized. Furthermore, 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.”

The following sections include a description of the servicing activities related to the Mortgage Loans under the Program, a description of the Bonds outstanding under the Program and a summary of Program assets and revenues. Brief descriptions of FHA Mortgage Insurance, REMIC Insurance, Mortgage Loans not secured by supplemental security, subsidies or Subordinate Loan/Grant Programs, the Section 8, the Section 236 and the Mitchell-Lama programs, certain factors affecting the Mortgage Loans and Mortgage Loans with current financial difficulties are also included herein. More detailed descriptions of FHA Mortgage Insurance, REMIC Insurance, the Section 8 and Section 236 programs and each of the other supplemental security programs and subsidy programs currently being utilized under the Program as well as the Mitchell-Lama program may be found in Appendix F hereto.

Servicing

All of the Mortgage Loans are serviced by the Corporation except for (i) the Mortgage Loans financed through the acquisition of GNMA Securities which are serviced by the applicable Mortgage Banker and (ii) certain construction loans financed by the proceeds of the 1999 Series A Bonds, the 1999 Series B Bonds, the 1999 Series C Bonds, the 1999 Series E Bonds, the 2000 Series A Bonds, the 2000 Series B Bonds, the 2001 Series A Bonds and the 2001 Series C Bonds, which are serviced by the bank issuing the letter of credit during construction. With respect to Mortgage Loans serviced by the Corporation and not regulated by HPD, 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. FHA and GNMA regulations impose similar obligations on the Mortgage Banker in connection with the Mortgage Loans financed through the acquisition of GNMA Securities. However, with respect to Mortgage Loans regulated by HPD pursuant to the Mitchell-Lama Law and not insured by FHA, there is no such escrow requirement. With respect to Mortgage Loans serviced by the Corporation and not regulated by HPD, 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. With respect to Mortgage Loans regulated by HPD pursuant to the Mitchell-Lama Law and not insured by FHA, each Mortgagor is required to maintain a reserve fund for replacements. All of the Developments are subject to certain regulatory requirements. Most of the Developments are subject to such regulatory requirements contained in agreements between the Mortgagor, the United States Department of Housing and Urban Development (“HUD”) and/or the Corporation. The agreements, among other things, regulate the use of revenues, specify standards and provisions for the management, maintenance and occupancy of the Development, establish and regulate certain reserve funds, and establish dates for financial reporting. However, with respect to Mortgage Loans regulated by HPD pursuant to the Mitchell-Lama Law and not insured by FHA, there are no such regulatory agreements between the Mortgagor, HPD and/or the Corporation. Notwithstanding this, the Mortgagors of such Mortgage Loans must comply with the Mitchell-Lama Law as well as certain rules and regulations of HPD. In general, the applicable reserves at the Developments serviced by the Corporation were funded at the required levels. Financial statements for each Development are required to be furnished to the Corporation annually.

The Corporation conducts an annual site review of each Development with a Permanent Mortgage Loan to monitor its physical condition; however, Developments with FHA-insured Mortgage Loans having a superior inspection rating need only be inspected by the Corporation every three (3) years and Developments with Permanent Mortgage Loans recently made may not have been inspected by the Corporation. 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, which incorporate HUD's inspection ratings for FHA-insured mortgage loans, include four rating levels: superior (HUD score: 90-100), satisfactory (HUD score: 60-89), below average (HUD score: 46-59) and unsatisfactory (HUD score: 0-45). As of February 28, 2002, the physical condition of the inspected Developments based upon the aggregate outstanding principal balance of Permanent Mortgage Loans was approximately 6% superior, 60% satisfactory, 26% below average and 8% unsatisfactory. The Corporation's annual 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, financial operations, vouchering procedures, as well as physical condition. For additional information concerning the Permanent Mortgage Loans and the Developments, their respective physical inspection ratings, and the Corporation's inspection procedures and rating categories, see Appendix E-1 hereto and "Appendix E-4—Permanent Mortgage Loan Physical Inspection Ratings." In addition, the Corporation conducts an annual review of the inspected Developments to monitor their financial condition and the Section 8 Developments (as defined below in "The Section 8 Program") to monitor their financial management controls.

Any Development subsidized through the Section 8 program which receives an unsatisfactory physical condition rating by the Corporation may have its subsidy payments reduced, suspended or terminated. In the event such payments were reduced, suspended or terminated in respect of a Permanent Mortgage Loan secured by a Section 8 contract, such reduced, suspended or terminated payments would not be available to pay debt service on such Mortgage Loan, which could result in a default on such Mortgage Loan. All such Mortgage Loans currently pledged under the General Resolution are the beneficiary of supplemental security in the form of FHA Insurance except for one such Mortgage Loan which is the beneficiary of supplemental security in the form of SONYMA Insurance.

Notwithstanding any insurance coverage required by FHA (see "Appendix F—Description of Supplemental Security, Subsidy, Subordinate Loan/Grant and Mitchell-Lama Programs—The FHA Insurance Program—General"), SONYMA or REMIC, with respect to the Mortgage Loans the Corporation services, the Corporation requires property, liability, boiler and machinery, and fidelity insurance. Property insurance must cover at least the outstanding Mortgage Loan amount and lost rental value of at least one year's rental income at the Development. As of February 28, 2002, all such Developments are in compliance with the Corporation's insurance requirements.

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Bonds Outstanding Under the Program

As of March 1, 2002, the following Series of Bonds were Outstanding under the Program:

<u>Series</u>	<u>Original Par Amount</u>	<u>Outstanding Par Amount</u>
1993 Series A	\$ 15,020,000	\$ 13,265,000
1993 Series B	114,980,000	86,050,000*
1994 Series A	6,500,000	5,140,000
1995 Series A	49,635,000	18,560,000
1996 Series A	217,310,000	122,375,000
1997 Series A	12,215,000	11,005,000
1997 Series B	13,050,000	11,205,000
1997 Series C	30,000,000	25,260,000
1998 Series A	57,800,000	57,200,000
1998 Series B	21,380,000	21,380,000
1999 Series A-1	49,100,000	44,700,000
1999 Series A-2	17,500,000	17,500,000
1999 Series B-1	10,000,000	10,000,000
1999 Series B-2	30,200,000	29,900,000
1999 Series C	9,800,000	9,800,000
1999 Series D	8,110,000	7,610,000
1999 Series E	10,715,000	10,670,000
2000 Series A	11,440,000	11,440,000
2000 Series B	24,800,000	24,800,000
2001 Series A	30,115,000	30,115,000
2001 Series B	87,370,000	85,330,000
2001 Series C-1	10,730,000	10,730,000
2001 Series C-2	<u>17,770,000</u>	<u>17,770,000</u>
TOTAL	<u>\$855,540,000</u>	<u>\$681,805,000</u>

* On or about July 15, 2002, it is anticipated that \$3,960,000 principal amount of the 1993 Series B Bonds will be redeemed by the Corporation.

Summary of Program Assets and Revenues

Accompanying the audited financial statements of the Corporation for the fiscal year ended October 31, 2001 is supplemental information related to the Program (referred to therein as the "Housing Revenue Bond Program") which is specifically set forth in Schedule 1, all as set forth in Appendix B hereto. Schedule 1 is supplemental information primarily related to the Program for the Corporation's fiscal years ended October 31, 2000 and October 31, 2001. Said schedule includes (i) a balance sheet with assets, liabilities and fund balances substantially related to the assets pledged under the General Resolution and (ii) a statement of revenues and expenses substantially related to the revenues pledged under the General Resolution. In addition, this schedule does not include financial information with respect to (i) the 2001 Series C Bonds, the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds, (ii) certain of the Mortgage Loans financed by the 1999 Series A Bonds, the 1999 Series B Bonds, the 1999 Series C Bonds, the 1999 Series E Bonds, the 2000 Series A Bonds and the 2001 Series A Bonds, (iii) certain of the Mortgage Loans financed or expected to be financed by the proceeds of the 1999 Series B Bonds, the 2000 Series B Bonds and the 2001 Series C Bonds, or (iv) the 2002 Series A Mortgage Loans, the 2002 Series B Mortgage Loans, the 2002 Series C Mortgage Loans and the 2002 Series D Mortgage Loans. See "PLAN OF FINANCING."

Schedule 1 contains a balance sheet which reflects fund balances of \$237,617,420 for the fiscal year ended October 31, 2001, an increase of 10.3% from the 2000 fiscal year. This schedule also reflects an excess of revenues over expenses after operating transfers of \$31,705,227 in the fiscal year ended October 31, 2001, an increase of 24.9% from the 2000 fiscal year.

The Corporation may withdraw assets and surplus revenues from the pledge and lien of the General Resolution upon the filing with the Trustee of a Cash Flow Statement or a Cash Flow Certificate as more fully described under the caption "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates." Since the inception of the Program, the Corporation has made withdrawals of surplus revenues. During the fiscal year ending October 31, 2000, the Corporation withdrew \$19,730,247 in surplus revenues and during the fiscal year ending October 31, 2001, the Corporation withdrew \$15,538,728 in surplus revenues. Subsequent to October 31, 2001 through February 28, 2002, the Corporation withdrew \$13,671,938 in surplus revenues.

FHA Mortgage Insurance

Certain Mortgage Loans are insured under multi-family mortgage insurance programs administered by HUD, acting through FHA, as established pursuant to Sections 220, 221(d)(3), 221(d)(4) and 223(f) of Title II of the National Housing Act and the regulations thereunder (the "FHA Mortgage Loans"). As of February 28, 2002, forty-eight (48) Mortgage Loans under the Program, with an aggregate outstanding Mortgage Loan balance of \$278,556,544, are FHA Mortgage Loans. Subsequent to February 28, 2002, one (1) FHA Mortgage Loan, with respect to the Lewis Morris Apartments Development, having an outstanding Mortgage Loan balance of \$7,692,894 as of February 28, 2002, was prepaid.

The Corporation, as an FHA-approved mortgagee for the FHA Mortgage Loans, is eligible to receive FHA Insurance benefits in the event of a default under the FHA Mortgage Loans. FHA regulations define a default under an FHA insured mortgage (including the note incorporated therein) as: (1) a failure to make any payments due under such mortgage or (2) a failure to perform any other mortgage covenant (which includes the failure of the Mortgagor to keep the Project in good repair and covenants in the regulatory agreement executed in connection with such FHA insured mortgage) if the mortgagee, because of such failure, has accelerated the debt. In the event that there is a default beyond applicable notice and grace periods under the FHA regulatory agreement and FHA so requests, the mortgagee, at its option, may declare the whole indebtedness due and payable. Furthermore, the FHA regulations provide that upon notice of a violation of a mortgage covenant, FHA reserves the right to require the mortgagee to accelerate payment of the outstanding principal in order to protect FHA's interests. A mortgagee is entitled to receive the benefits of the mortgage insurance after the mortgagor has defaulted and such default (as defined in the FHA regulations) has continued for a period of thirty (30) days subject to certain requirements.

The Corporation has covenanted to take all steps reasonably necessary in its judgment to protect its rights with respect to the FHA Mortgage Loans, which shall include notifying FHA of a default under any FHA Mortgage Loan and otherwise complying with all applicable FHA Insurance procedures, including the timely assignment of any FHA Mortgage Loan in default, so as to avoid any loss or diminution of benefits receivable under the FHA Insurance program. The Corporation has further covenanted to take any and all action necessary or desirable to ensure that all such benefits are paid to the Corporation in cash. Following the occurrence of a default, the Corporation will, pursuant to the applicable Supplemental Resolution, assign the defaulted FHA Mortgage Loan to FHA.

The FHA Insurance benefits received in the event of any claim under the FHA Insurance contract will be subject to certain deductions. In addition, processing claims for FHA Insurance benefits involves

certain time delays. Deductions in addition to those described below, processing delays and the procedures which must be followed in filing and perfecting a claim for FHA Insurance benefits are described in Appendix F hereto under the caption “The FHA Insurance Program.”

The Corporation is entitled to settlement of an FHA insurance claim in cash in an amount equal to 99% of the amount of the principal balance of the defaulted FHA Mortgage Loan outstanding as of the date of default, after adjustment for certain expenses and for deposits or assets held by the Corporation for the benefit of the related Development and not assigned to FHA. FHA Insurance benefits include the payment of interest at the FHA debenture rate on the amount of the insurance claim from the date of default to the date the claim is paid (or such earlier date by which the mortgagee is required to file the election to assign the mortgage or complete submissions as described below, if the mortgagee fails to take such action on a timely basis). The interest rate on the FHA debentures is the rate in effect as of the date of the commitment for FHA Insurance or as of the date of initial endorsement of the mortgage note by FHA, whichever is higher. In the case of a monetary default, the date of default is deemed to be the date on which payment on the FHA Mortgage Loan originally should have been received. Since interest is paid one month in arrears on the FHA Mortgage Loans, the Corporation, in the event of a claim for FHA Insurance benefits, will not be reimbursed for interest which has accrued in the previous month and was due and payable on the date of default.

Under FHA regulations, if the Corporation receives proceeds from any policy of casualty insurance, it may not exercise its option under the mortgages related to the FHA Mortgage Loans to use such proceeds for either rebuilding the Developments, prepaying the mortgage notes or for any other disposition without FHA’s prior written approval. If FHA fails to give its approval to the use of the insurance proceeds within 30 days after written request by the Corporation, the Corporation may use or apply the funds for the purposes specified in such mortgages without prior FHA approval.

The failure to maintain adequate casualty insurance on a Development may result in the partial or full loss of the FHA Insurance benefits in the event of damage to or destruction of such Development. FHA Insurance benefits may also be lost for failure to pay required FHA mortgage insurance premiums or failure to provide FHA with required notices. FHA Insurance benefits may also be denied if fraudulent statements were made to FHA by the Corporation or by the Mortgagor with the knowledge of the Corporation.

For additional information regarding the FHA Insurance program, see Appendix F hereto under the caption “The FHA Insurance Program.”

Mortgage Loans Not Secured by Supplemental Security, Subsidy or Subordinate Loan/Grant Programs

As of February 28, 2002, seventy (70) Mortgage Loans under the Program, with an aggregate outstanding Mortgage Loan balance of \$241,307,309, are not secured by supplemental security such as FHA Insurance, SONYMA Insurance, REMIC Insurance or GNMA Securities. In addition, as of February 28, 2002, eleven (11) Permanent Mortgage Loans expected to be financed under the Program are not expected to be secured by such supplemental security, which Mortgage Loans are expected to be in an aggregate amount of \$45,084,023. Each of such Mortgage Loans is evidenced by a mortgage note payable to the Corporation and secured by a first mortgage lien on a Development. In the event of a default on such Mortgage Loans, such mortgage liens would likely be the sole security for repayment of such Mortgage Loans (see “Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures” below).

As of February 28, 2002, three (3) Developments under the Program had Mortgage Loans with individual outstanding mortgage loan balances exceeding 5% of the aggregate outstanding principal

balance of all Mortgage Loans financed under the Program (see Appendix E-1 hereto). One of these Developments, which has a Mortgage Loan financed by the proceeds of the 1996 Series A Bonds, Ruppert/Yorkville, is not secured by supplemental security such as FHA Insurance, SONYMA Insurance, REMIC Insurance or GNMA Securities, and is not subsidized through federal, State or local subsidy programs such as the Section 8, Section 236 or HAC, or the Subordinate Loan/Grant Programs. With respect to Ruppert/Yorkville, the Corporation has been notified that the Mortgagor of this Development intends to prepay its Mortgage Loan in 2002; however, no specific date for prepayment has been requested by such Mortgagor. The Mortgage Loans for the other two Developments, Linden Plaza and Washington Plaza/Independence Plaza, are subsidized through the Section 236 program (see “The Section 236 Program” below, and Appendix E-1 and Appendix F hereto). HPD is the supervising agency of the Linden Plaza, the Washington Plaza/Independence Plaza and the Ruppert/Yorkville Developments, which are regulated pursuant to the Mitchell-Lama Law. See “Certain Factors Affecting the Mortgage Loans—Prepayments of Principal” below, and Appendix E-1 and Appendix F hereto.

The Section 8 Program

With respect to certain Developments, the Corporation, HPD or HUD, as the administrator under the HAP Contract (the “Administrator”) and the Mortgagor have entered into a HAP Contract approved by HUD pursuant to which the Mortgagor receives subsidy payments on behalf of low income tenants under the housing assistance payments program authorized by Section 8 (the “Section 8 Developments”) of the 1937 Housing Act. As of February 28, 2002, thirty-three (33) Mortgage Loans under the Program, with an aggregate outstanding Mortgage Loan balance of \$184,982,840, are Mortgage Loans on Section 8 Developments. Subsequent to February 28, 2002, one (1) such Mortgage Loan, with respect to the Lewis Morris Apartments Development, having an outstanding Mortgage Loan balance of \$7,692,894 as of February 28, 2002, was prepaid.

The housing assistance payments are project-based, i.e. such payments remain available for each Section 8 Development so long as the owner is in compliance with the HAP Contract. Generally, this project-based variant of the Section 8 program is no longer funded by HUD for new developments, although subsidies continue as required by contract for the Section 8 Developments.

The Section 8 program is administered by HUD and authorizes subsidy payments to the owners of qualified housing for the benefit of lower income families (defined generally as families whose incomes do not exceed 80% of the median income for the area as determined by HUD) and very low income families (defined generally as families whose incomes do not exceed 50% of the median income for the area as defined by HUD). The housing assistance payments generally represent the difference between the “contract rents” on all eligible units in a development, as approved by HUD from time to time, and the eligible tenant’s contribution, which is generally 30% of such tenant’s income as adjusted for family size, income and expenses. The housing assistance payments made by HUD, together with any tenants’ rental payments, are available to the owner to pay debt service on the mortgage for the development, operating costs for such development, and except in the case of owners organized as nonprofit entities, a return on the owner’s initial equity in the development.

The HAP Contracts for all but one of the Section 8 Developments expire prior to the respective maturity dates of the related Mortgage Loans which are in each case FHA insured. Since payments received under the HAP Contracts constitute a primary source of revenues for the related Developments, the expiration of the HAP Contracts (without renewal or replacement) would have a material adverse impact on the ability of the related Developments to generate revenues sufficient to pay the principal of and interest on the related Mortgage Loans. There can be no assurance that the HAP Contracts will be renewed or replaced. Legislation has been enacted that makes fundamental changes with respect to the renewal of Section 8 contracts. See “Certain Factors Affecting the Mortgage Loans—Section 8

Legislation” below. In the event of the expiration of one or more of the HAP Contracts (without renewal or replacement), there is a likelihood of a default on one or more of the related FHA Mortgage Loans and the assignment of such FHA Mortgage Loan(s) by the Corporation to FHA for FHA Insurance benefits. Upon receipt of such FHA Insurance benefits, the Corporation may elect to redeem an allocable portion of the Bonds (other than certain Bonds including the 2002 Series C Bonds). See “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series A Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series B Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Recoveries of Principal” and “—Redemption Provisions for the 2002 Series D Bonds—Special Redemption from Recoveries of Principal.” For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.” See “Certain Factors Affecting the Mortgage Loans” below. See Appendix E-1 hereto for the date of expiration of the HAP Contracts.

The Corporation is the Administrator under all but two (2) of the HAP Contracts for the Section 8 Developments; HPD is the Administrator for the remaining two (2) Developments subsidized under the Section 8 moderate rehabilitation program. If HUD determines that the Administrator has failed to fulfill its obligations under the Section 8 program, HUD may, after notice to the Administrator giving it a reasonable opportunity to take corrective action, require that the Administrator assign to it all rights under the HAP Contract. The Corporation has, to date, never been notified by HUD that it has failed to fulfill its obligations with respect to any of the Developments.

For additional information regarding the Section 8 program, see “Certain Factors Affecting the Mortgage Loans—Section 8 Legislation” below and Appendix F hereto under the caption “The Section 8 Program.”

The Section 236 Program

As of February 28, 2002, twelve (12) Mortgage Loans under the Program, with an aggregate outstanding Mortgage Loan balance of \$208,863,978, are Mortgage Loans on Section 236 Developments.

Pursuant to Section 236, the Secretary of HUD (the “Secretary”) entered into Section 236 Contracts to make periodic interest reduction payments to the Corporation on behalf of the Mortgagors of the Section 236 Developments which were designed for occupancy by persons and families of low income. HUD’s interest reduction subsidy payment share is in an amount equal to the difference between the monthly payment for principal and interest which a Mortgagor is obligated to pay under its Mortgage Loan and the monthly payment for principal and interest which a Mortgagor would be obligated to pay if its Mortgage Loan were to bear interest at the rate of one per centum (1%) per annum. Under Section 236, interest reduction payments (the “HUD Payments”) with respect to a Section 236 Development shall be made only during the period that such Development is operated as a rental or cooperative housing project.

HUD is obligated to make HUD Payments under a Section 236 Contract and may not terminate or reduce HUD Payments under a Section 236 Contract, except under the circumstances described in Appendix F hereto under the caption “The Section 236 Program,” including, but not limited to, certain foreclosure actions instituted by the Corporation (see “Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy” below and “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to Mortgage Loans”). If HUD Payments are terminated, the Secretary may reinstate them at his discretion pursuant to such additional requirements as the Secretary may prescribe. A Section 236 Contract may be terminated at the option of, and upon written notice from, the Secretary after the expiration of one year from the date of the

termination of HUD Payments, unless such payments have been reinstated. In the event HUD were to terminate HUD Payments in respect of a Mortgage Loan secured by a Section 236 Contract (a “Section 236 Mortgage Loan”), such terminated HUD Payments would not be available to pay debt service on such Section 236 Mortgage Loan, which could result in a default on such Mortgage Loan. Except for the Mortgage Loans financed in connection with the 2001 Series B Bonds, the Section 236 Mortgage Loans do not benefit from FHA Insurance.

Each Section 236 Contract provides that the Mortgagor shall pay monthly to HUD all rental charges collected in excess of the basic rental charges for all occupied units (“Excess Income Payments”). Prior to April 1996, mortgagors were permitted to calculate the amount of Excess Income Payments payable to HUD on a project-wide basis, which enabled mortgagors to use Excess Income Payments to offset collection losses from nonpaying tenants. Section 236 was amended to require that, beginning in 1996, Excess Income Payments must be remitted to HUD on a unit-by-unit basis, thus precluding the ability of mortgagors to use such Excess Income Payments to offset collection losses and potentially reducing the income available to the projects. HUD has previously stated that it would implement strict enforcement actions against an owner of a project who does not remit excess rental amounts (see Appendix F hereto under the caption “The Section 236 Program—Excess Income”).

As a result of this legislative change, the Mortgagors of the Section 236 Developments are required to remit a greater amount of Excess Income Payments to HUD unless, as described below, HUD permits them to retain all or a portion of such Excess Income Payments. Based solely on a review of the most recent information submitted to it by the Mortgagors of the Section 236 Developments, the Corporation believes that such Mortgagors are current on the Excess Income Payments due to HUD. No assurance can be given as to the impact of the revised Section 236(g) in the current or any future fiscal year on the ability of the Mortgagors of the Section 236 Developments to cover operating expenses and debt service on their respective Section 236 Mortgage Loans without requiring an increase in rents after Excess Income Payments are remitted to HUD. In 1999, Congress passed the “Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act” as part of HUD’s Fiscal Year 2000 Appropriations Act (the “1999 Act”). This and subsequent legislation allow Mortgagors of Section 236 Developments to retain excess rents for project purposes if consented to by HUD. The 1999 Act also permits Mortgagors of Section 236 Developments to refinance their mortgages (if the mortgages are otherwise eligible for prepayment) while retaining the Section 236 subsidy. It is too early to tell what impact this provision will have upon the Section 236 Developments that are otherwise eligible for prepayment.

Each Mortgagor has covenanted in the Section 236 Contract to limit admission to the subsidized dwelling units in the Section 236 Development to those families whose incomes do not exceed the applicable limits approved by the Corporation or the Secretary, with the exception of those tenants who agree to pay fair market rent. The Secretary has the authority to terminate HUD Payments at any time upon default by a Mortgagor under any of such covenants as well or upon any other default by a Mortgagor or the Corporation under the terms and conditions of the Section 236 Contract.

Each Mortgagor covenanted in the applicable Section 236 Mortgage Loan documents not to prepay such Mortgage Loan prior to 20 years from the date the Section 236 Development was occupied. Each such Mortgage Loan permits the Mortgagor to prepay such Mortgage Loan at any time after such date (see “Appendix E-3—Mortgage Loan Prepayment Provisions—Category 10”). Based on the Section 236 Developments’ certificates of occupancy, the period during which prepayment is prohibited under the Section 236 Mortgage Loans has ended. Therefore, owners of projects assisted under Section 236 may prepay their mortgage loans, subject to compliance with certain tenant protection requirements and, where applicable, the approval of the mortgagee. Any such prepayment could result in the special redemption from Recoveries of Principal of Bonds (other than certain Bonds including the 2002 Series C Bonds) at

any time. See “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series A Bonds—Special Redemption from Recoveries of Principal” “—Redemption Provisions for the 2002 Series B Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Recoveries of Principal” and “—Redemption Provisions for the 2002 Series D Bonds—Special Redemption from Recoveries of Principal.” For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.”

Each Section 236 Development was constructed and is operated as a limited-profit housing project or a cooperative under the Mitchell-Lama Law. See “The Mitchell-Lama Program” below. For additional information regarding the Section 236 program, including a discussion of a proposal regarding restructuring of mortgage loans under the Section 236 program, see Appendix F hereto under the caption “The Section 236 Program—Recent Developments.”

The Mitchell-Lama Program

The Mitchell-Lama program was created to facilitate the construction and continued operation of affordable moderate and middle income rental and cooperative housing in the State of New York. Many of the Corporation’s projects, including certain of the Section 236 Developments and the Unsubsidized Development, are regulated under the Mitchell-Lama program. Each rental project in the Mitchell-Lama program was constructed and is operated as a limited-profit housing project or a cooperative in accordance with the Mitchell-Lama Law. As of February 28, 2002, thirteen (13) Mortgage Loans under the Program, with an aggregate outstanding Mortgage Loan balance of \$257,321,109 are Mortgage Loans regulated under the Mitchell-Lama Law.

HPD has supervisory authority over the Developments in the Mitchell-Lama program; however, for those Section 236 Developments that benefit from FHA Insurance, HUD assumes certain supervisory responsibility. HPD regulates the Developments’ tenant income limits and building replacement reserve requirements. HPD oversees rental procedures including the renting of vacant units, the establishment of waiting lists and the advertising process relating thereto. HPD approves the admission of new tenants as well as the transfer of existing tenants to other units in a regulated Development. HPD also verifies initial and annual income certifications submitted by tenants to ensure that the tenant income requirements of the Mitchell-Lama program are maintained. Tenants with incomes in excess of Mitchell-Lama program income requirements are required to pay rent surcharges to such Development’s owners. HPD conducts a periodic physical inspection of the common areas of the regulated Developments in order to assess property maintenance levels. However, for those Section 236 Developments that benefit from FHA Insurance, HUD, among other things, oversees building replacement reserve requirements and approves rent increases.

The Act empowers the Corporation, and the General Resolution and the Fifth Supplemental Resolution require the Corporation (whenever it shall find that the maximum rentals, which are charged tenants of the dwellings in any regulated Development, in whole or in part, shall not be sufficient together with all other income of the Mortgagor to meet within reasonable limits all necessary payments to be made by the Mortgagor of all expenses, including fixed charges, sinking funds, reserves and dividends) to request the Mortgagor to make application to HPD to vary such rentals so as to secure sufficient income, and upon the Mortgagor’s failure to do so within thirty (30) days after the receipt of written request from the Corporation, to request HPD to take action upon HPD’s own motion so to vary such rental rate, and upon failure of HPD either upon application by the Mortgagor or upon its own motion so to vary such rental rate within sixty (60) days after receipt of written request from the Corporation to do so, to vary such rental rate by action of the Corporation. Any such rental increases in Section 236 Developments benefitting from FHA Insurance shall also be subject to the approval of HUD. The Corporation has only

taken such actions relating to rental increases with respect to one (1) Development, which was done in 1978.

The Mitchell-Lama Law permits the Mortgagor to prepay its Mortgage Loan and the Development to be released from HPD regulation after twenty years from the date of initial occupancy if certain procedural steps are followed. Upon such prepayment, all real estate tax exemptions, FHA Insurance and Section 236 program benefits, if applicable, would terminate. Each Mortgagor covenanted in the applicable Mortgage Loan for the Section 236 Developments and for each Unsubsidized Development not to prepay such Mortgage Loan prior to 20 years from the date the applicable Development was occupied; however, such Mortgage Loan permits the Mortgagor to prepay such Mortgage Loan at any time after such date (see Appendix E-3 hereto under the captions “Category 10” and “Category 11”). The Corporation believes that the period during which prepayment is prohibited under such Mortgage Loans has ended. The Corporation has been notified that the Mortgagor of one (1) such Development, Ruppert/Yorkville, intends to prepay its Mortgage Loan (see “Certain Factors Affecting the Mortgage Loans —Prepayments of Principal” below). Any such prepayment could result in the special redemption from Recoveries of Principal of Bonds (other than certain Bonds including the 2002 Series C Bonds) at any time. See “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series A Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series B Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Recoveries of Principal” and “—Redemption Provisions for the 2002 Series D Bonds—Special Redemption from Recoveries of Principal.” For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.”

For additional information regarding the Mitchell-Lama program, see Appendix F hereto under the caption “The Mitchell-Lama Program.”

REMIC Insurance

Certain Mortgage Loans are partially insured by REMIC. As of February 28, 2002, nineteen (19) Mortgage Loans under the Program, with an aggregate outstanding Mortgage Loan balance of \$113,997,371, are partially insured by REMIC. The REMIC Master Policy of Insurance (the “REMIC Policy”), which covers a specified percentage of the original Mortgage Loan amount for each insured Mortgage Loan on a first loss basis, requires each insured lender benefiting from REMIC Insurance (an “Insured”) to notify REMIC within 45 days after a payment default by a Mortgagor on an insured Mortgage Loan and to provide various additional notices during the period of default. When a Mortgagor fails to pay a total aggregate amount equal to four regular monthly payments of principal and interest, and any escrow payments due under the terms of an insured Mortgage Loan, disregarding any waivers or extensions by the Insured (termed “Four Months in Default” under the REMIC Policy), and assuming such notices have been timely submitted and other preconditions have been met, the Insured may make a claim for REMIC Insurance benefits.

Upon receipt of a notice of default under an insured Mortgage Loan, REMIC has the right to purchase the Mortgage Loan from the Insured for a price equal to the unpaid principal balance thereof and all “Allowed Costs” (defined to mean delinquent interest, taxes, attorney fees and the like) not previously reimbursed by REMIC. Thereafter, REMIC is to receive an assignment of the Mortgage Loan and all reserves held for the credit of the related Development. The Insured may also request, if the Mortgage Loan is Four Months in Default, that REMIC enter into (i) a periodic payment plan lasting no more than two years during which time the Insured is to receive from REMIC on a quarterly basis the amounts due on the Mortgage Loan net of the operating income from the Development assigned by the Mortgagor to

the Insured, or (ii) where there is no reasonable expectation that there will be a cure of the Mortgage Loan default, a lump sum payment agreement requiring payment by REMIC to the Insured of an amount equal to the average of two quoted market valuations of the property plus the REMIC insurance coverage (the "Coverage Percentage") of Allowed Costs. At the end of the two year periodic payment plan period, any additional insurance benefits due to the Insured are to be paid by REMIC. In the case of both a periodic payment plan and a lump sum payment plan, total insurance benefits paid may not exceed the lesser of (x) the Coverage Percentage of the full Claim for Loss (defined below), or (y) the Coverage Percentage of the Mortgage Loan principal amount as initially insured.

Unless the related Mortgage Loan is purchased by REMIC, or a periodic payment plan or lump sum payment plan has been executed, as described above, the Insured is required by the REMIC Policy to commence proceedings to obtain title to the Development when the insured Mortgage Loan becomes Four Months in Default (although the Insured is free to commence such proceedings upon any default). However, upon consent of REMIC or satisfaction of certain other conditions, actions, including foreclosure proceedings, may be undertaken in which title to the property will pass to a third party.

In the event that the Insured obtains title to the Development, the Insured may present a claim under the REMIC Insurance and REMIC, at its option, will pay insurance benefits in either of the following amounts:

(a) the full "Claim for Loss," consisting of the Mortgage Loan principal balance as of the date of default and Allowed Costs but net of reserves held for the Development and net of any portion of the claim attributable to Insured fault or previously reimbursed to the Insured, in which case title to the Development is to be transferred to REMIC, or

(b) a percentage of the full Claim for Loss equal to the Coverage Percentage thereof, but not in excess of the Coverage Percentage of the Mortgage Loan principal amount as initially insured, in which case the Insured is to retain title to the Development.

If proceedings are undertaken in which title to the property passes to a third party, the Insured may claim under the REMIC Insurance for payment of the full Claim for Loss, net of the amounts realized by the Insured from such proceedings, but never in excess of the Coverage Percentage of the Mortgage Loan principal amount as initially insured.

For specific information on the coverage provided by REMIC Insurance, reference should be made to the applicable REMIC commitment and the Master Policy issued by REMIC, which are available at the offices of the Corporation.

The REMIC Insurance may terminate pursuant to its terms upon the occurrence of certain events including, without limitation, the nonpayment of renewal premium, the material modification of the Mortgage without the prior written approval of REMIC, and the disposal of property or collateral securing the Mortgage Loan prior to the final settlement of a claim for loss.

For additional information regarding REMIC Insurance, see Appendix F hereto under the caption "The REMIC Insurance Program."

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, the full and timely receipt of subsidy payments, if any, and the proceeds under the applicable supplemental security program, if any, in the event of a default on a Mortgage Loan. 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 subsidy payments, as applicable, the ability to achieve and maintain rents sufficient to cover payments under such Mortgage Loan and operating expenses (including taxes, utility rates and maintenance costs), any changes in the amount of subsidy payments, 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 (see “INTRODUCTION—Recent Developments”). Accordingly, in the event of the occurrence of substantial increases in operating costs without corresponding increases in rent levels on a timely basis or substantial reductions in occupancy or a reduction, loss or termination of subsidy payments, 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, if any, due with regard to any such Mortgage Loan. In the event of any such default where such Mortgage Loan is not secured by supplemental security such as FHA Insurance, SONYMA Insurance, REMIC Insurance or GNMA Securities, such mortgage lien would likely be the sole security for repayment of such Mortgage Loan (see “New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures” below and “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to Mortgage Loans”). 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 Bonds; provided, however, that (i) the only proceeds which may be applied to redeem the 2002 Series C Bonds pursuant to a special redemption from Recoveries of Principal are those derived from a 2002 Series C Mortgage Loan, (ii) the only Recoveries of Principal which may be applied to redeem the 2002 Series D Bonds pursuant to a special redemption from Recoveries of Principal are those derived from an underlying 2002 Series D Purchased Mortgage Loan, (iii) no Series of Bonds other than the 2002 Series D Bonds may be redeemed pursuant to a special redemption from Recoveries of Principal with Recoveries of Principal derived from any underlying 2002 Series D Purchased Mortgage Loan or any 2002 Series D Purchased Development and (iv) Recoveries of Principal derived from or with respect to any underlying 2002 Series D Purchased Mortgage Loan or 2002 Series D Purchased Development shall only be deposited in the Redemption Account and may not be deposited in the Bonds Proceeds Account or the Revenue Account. See “DESCRIPTION OF THE 2002 BONDS —Redemption Provisions for the 2002 Series A Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series B Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Recoveries of Principal” and “—Redemption Provisions for the 2002 Series D Bonds—Special Redemption from Recoveries of Principal.” For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.” For a discussion of supplemental security, subsidy and Mitchell-Lama programs and Subordinate Loan/Grant Programs, see Appendix F 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. As of March 1, 2002, principal prepayments are permitted: (i) at the option of the applicable Mortgagor with respect to thirty-seven (37) Mortgage Loans with an aggregate outstanding principal balance as of May 31, 2001 of \$378,027,217 and (ii) at the option of the applicable Mortgagor with the approval of FHA and/or the Corporation with respect to five (5) Mortgage Loans with an aggregate outstanding principal balance as of February 28, 2002 of \$14,166,178. With respect to one (1) Development under the Program, Lewis Morris Apartments, the Mortgagor of this Development prepaid its Mortgage Loan subsequent to February 28, 2002, which Mortgage Loan had an outstanding Mortgage Loan balance of \$7,692,894 as of February 28, 2002. Optional prepayments of principal with respect to the remaining Mortgage Loans financed under the Program are not currently permitted to be made by the applicable Mortgagor. In addition, all of the Mortgage Loans are 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.

From time to time the Corporation has received inquiries or expressions of interest from Mortgagors regarding the possible prepayment or refinancing of their respective Mortgage Loans. There can be no assurance as to whether these or other Mortgagors will prepay or refinance their respective Mortgage Loans. With respect to one (1) of the Developments under the Program with an outstanding Mortgage Loan balance exceeding 5% of the aggregate outstanding principal balance of all Mortgage Loans financed under the Program, Ruppert/Yorkville, the Corporation has been notified that the Mortgagor of this Development intends to prepay its Mortgage Loan (see “Mortgage Loans Not Secured by Supplemental Security, Subsidy or Subordinate Loan/Grant Programs” above). This Mortgage Loan, with an outstanding balance as of February 28, 2002 of \$48,457,131, can be prepaid at the option of the Mortgagor with no further approval required by the Corporation. The Corporation can give no assurance as to whether such prepayment will occur. See Appendix E-1 hereto. 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 Bonds (other than certain Bonds including the 2002 Series C Bonds and the 2002 Series D Bonds) at any time. See “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series A Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series B Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Recoveries of Principal” and “—Redemption Provisions for the 2002 Series D Bonds—Special Redemption from Recoveries of Principal.” For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.”

For a more detailed discussion of the prepayment terms and conditions for all of the outstanding Mortgage Loans under the Program, see Appendix E-3 hereto which sets forth each of the categories of prepayment provisions. The expected prepayment features of the 2002 Series A Mortgage Loans and the 2002 Series B Mortgage Loans are described in Category 29, the expected prepayment features of the 2002 Series C New Mortgage Loans are described in Category 30, the expected prepayment features of the 2002 Series C Additional Mortgage Loans are described in Category 15 and the expected prepayment features of the 2002 Series D Mortgage Loans are described in Category 31. Any prepayment premium or penalty described in Appendix E-3 hereto (except for the premium described in Category 9, Category 18, Category 21, Category 23, Category 24 and Category 26) shall not constitute a Pledged Receipt or Recovery of Principal.

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, Recoveries of Principal are to be deposited in the Redemption Account and used to purchase or redeem Bonds unless the Corporation files a Cash Flow Statement with the Trustee, in which case the Corporation 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 “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. However, (i) the only Recoveries of Principal which may be applied to redeem the 2002 Series C Bonds pursuant to a special redemption from Recoveries of Principal are those derived from a 2002 Series C Mortgage Loan, (ii) the only Recoveries of Principal which may be applied to redeem the 2002 Series D Bonds pursuant to a special redemption from Recoveries of Principal are those derived from an underlying 2002 Series D Purchased Mortgage Loan, (iii) no Series of Bonds other than the 2002 Series D Bonds may be redeemed pursuant to a special redemption from Recoveries of Principal with Recoveries of Principal derived from any underlying 2002 Series D Purchased Mortgage Loan or any 2002 Series D Purchased Development and (iv) Recoveries of Principal derived from or with respect to any underlying 2002 Series D Purchased Mortgage Loan or any 2002 Series D Development shall only be deposited in the Redemption Account and may not be deposited in the Bond Proceeds Account or the Revenue Account. See “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series A Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series B Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Recoveries of Principal” and “—Redemption Provisions for the 2002 Series D Bonds—Special Redemption from Recoveries of Principal.” For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.”

Section 8 Legislation

In recent years there have been numerous proposals and pronouncements from members of Congress and the Executive Branch, including HUD officials, which address the future of HUD and the various programs operating pursuant to Section 8 of the 1937 Housing Act. The primary subject of these proposals and pronouncements have been projects, such as the Section 8 Developments, which have FHA insured mortgages with terms ranging from 30 to 40 years and which have Section 8 HAP Contracts with substantially shorter terms. Efforts to address this subject are often referred to, generally and without specific import, as “Portfolio Reengineering” or “Mark-to-Market.”

After a series of interim legislative acts and demonstration programs, a generally applicable Mark-to-Market program was established by the “Multifamily Assisted Housing Reform and Affordability Act of 1997” (the “1997 Act”), enacted as part of HUD’s Fiscal Year 1998 Appropriations Act, Pub. L. 105-65, as amended by HUD’s Fiscal Year 1999 Appropriations Act, Pub. L. 105-276. Under the Mark-to-Market program, many FHA-insured Section 8 projects with expiring HAP Contracts and above-market rents are eligible for restructuring plans and, upon restructuring, will receive continuing Section 8 assistance. These restructuring plans may include partial or full prepayment of mortgage debt intended to reduce Section 8 rent levels to those of comparable market rate properties or to the minimum

level necessary to support proper operations and maintenance, and in certain cases is designed to result in a change from “project-based” to “tenant-based” Section 8 payments. The 1997 Act provides, however, that no restructuring or renewal of HAP Contracts will occur if the owner of a project has engaged in material adverse financial or managerial actions with respect to that project or other federally assisted projects, or if the poor condition of the project cannot be remedied in a cost effective manner. Three (3) Mortgage Loans previously financed under the Program have been prepaid through February 28, 2002 as part of the Portfolio Reengineering or Mark-to-Market programs.

The 1997 Act contained distinct mortgage restructuring and HAP Contract renewal and contract rent determination standards for Section 8 projects for which the primary financing or mortgage insurance was provided by a state or local government, or a unit or instrumentality of such government. Such projects, including the Section 8 Developments, are, under the 1997 Act, excluded from restructuring and instead are eligible for renewals at the lesser of (i) existing rents, adjusted by an operating cost adjustment factor established by HUD, (ii) a budget-based rent, or (iii) in the case of certain “moderate rehabilitation” Section 8 assistance contracts, the lesser of (x) existing rents, adjusted by an operating cost factor determined by HUD, (y) existing fair market rents (less any amounts allowed for tenant purchased utilities), or (z) comparable market rents for the market area. Under current HUD policy, existing fair market rents for moderate rehabilitation projects means 120% of HUD’s published existing fair market rents.

The 1999 Act (as defined in “The Section 236 Program” above) amends portions of the 1997 Act. Under the 1999 Act, as interpreted by HUD in its implementing guidelines, Section 8 developments with FHA insured mortgages for which the primary financing was provided by a unit of state or local government are subject to the Mark-to-Market program unless the implementation of a mortgage restructuring plan would be in conflict with applicable law or agreements governing such financing. The 1999 Act also provides for a new program for preservation of Section 8 developments that allows increases in Section 8 rent levels for certain Section 8 developments (including Section 236 Developments which also have project-based HAP Contracts) that have below market rents, to market-rate or near market-rate levels.

Contract rents under any Mark-to-Market legislation, including the 1997 Act, as amended, may be significantly lower than the current Section 8 contract rents in the Section 8 Developments, and the corresponding reduction in housing assistance payments for such Developments would materially adversely affect the ability of the Mortgagors of such Developments to pay the currently scheduled principal and interest on the related Mortgage Loans. Any termination or expiration of HAP Contracts without renewal or replacement with other project-based assistance (whether due to enactment of additional legislation, material adverse financial or managerial actions by a Mortgagor, poor condition of the project or other causes) would also have a material adverse impact on the ability of the related Section 8 Developments to generate revenues sufficient to pay the currently scheduled principal of and interest on the related Mortgage Loans. See “Appendix E-1—Developments and Mortgage Loans Outstanding Under the Program” for a description of the Mortgage Loans and the expiration dates of the HAP Contracts.

A reduction in Section 8 contract rents or the termination or expiration of the HAP Contract (without renewal or replacement with other project-based assistance, or without prepayment, forgiveness, write-down or refinancing as described below), as described in the previous paragraphs, could thus result in a default under the Mortgage Loan for the related Section 8 Development and claims for insurance benefits under the applicable FHA or SONYMA mortgage insurance program. All but one of the Section 8 Developments are financed with FHA Mortgage Loans; the remaining Section 8 Development is financed with a Mortgage Loan secured by SONYMA Insurance. One of the Developments under the Program, President Arms, had its Section 8 contract rents recently reduced by HUD. The mortgagor of

this Development is in the process of negotiating a restructuring of the related Mortgage Loan with FHA which, if not completed, would mean that the amount of the Mortgage Loan would not be reduced; therefore, a default under this Mortgage Loan could occur. Nonetheless, if any or all of such Mortgage Loans were to default, FHA and/or SONYMA insurance benefits received by the Corporation, together with monies held in the Accounts under or pursuant to the General Resolution, including the Debt Service Reserve Account, are expected to be sufficient to redeem, pursuant to a special redemption from Recoveries of Principal, an allocable portion of the Bonds (other than certain Bonds including the 2002 Series C Bonds) in the event the Corporation is required or elects to redeem Bonds with such funds. See “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series A Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series B Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Recoveries of Principal” and “—Redemption Provisions for the 2002 Series D Bonds—Special Redemption from Recoveries of Principal.” For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.” Moreover, in the event of such partial redemption, sufficient monies are expected to be available from the remaining Mortgage Loans, the Debt Service Reserve Account and earnings on all monies held in the Accounts maintained under the Resolution to continue to make timely payments of scheduled principal of and interest on the remaining Outstanding Bonds.

The restructuring plans established by the 1997 Act referred to above, as a general matter, contemplate restructuring FHA insured mortgage loans on certain Section 8 projects through a nondefault partial or full prepayment of such loans. Nondefault partial or full prepayment or similar forgiveness or write-down of mortgage debt pursuant to a restructuring of these Mortgage Loans could result in the special redemption from Recoveries of Principal of an allocable portion of the Bonds (other than certain Bonds including the 2002 Series C Bonds) at any time with the proceeds the Corporation receives from any such prepayment, forgiveness or write-down. In addition, the Mortgagors of these Mortgage Loans could opt to refinance their Mortgage Loans in full, pursuant to Section 223(a) (7) of the FHA regulations, which could also result in the special redemption from Recoveries of Principal of an allocable portion of the Bonds (other than certain Bonds including the 2002 Series C Bonds) at any time with the proceeds the Corporation receives from any such refinancing. See “DESCRIPTION OF THE 2002 BONDS—Redemption Provisions for the 2002 Series A Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series B Bonds—Special Redemption from Recoveries of Principal,” “—Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Recoveries of Principal” and “—Redemption Provisions for the 2002 Series D Bonds—Special Redemption from Recoveries of Principal.” For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.” See Appendix E-1 hereto for a description of the Mortgage Loans and the expiration dates of the HAP Contracts. See also “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates.”

New York Foreclosure Procedures and Bankruptcy

Below are descriptions of current foreclosure procedures in New York State and current bankruptcy provisions for mortgage loans generally. Such descriptions are relevant for Mortgage Loans under the Program not fully secured by supplemental security.

New York Foreclosure Procedures. In order to recover the debt due on a defaulted mortgage loan, the holder of the mortgage loan may either commence an action on the mortgage debt or commence an action to foreclose the mortgage. New York law restricts the ability of the holder of a mortgage loan to simultaneously bring an action to recover the mortgage debt and foreclose the mortgage.

For purposes of these restrictions, actions to recover the mortgage debt include actions against the party primarily liable on the mortgage debt, actions against any guarantor of the mortgage debt and actions on insurance policies insuring the mortgaged premises. If an election is made to commence an action to foreclose the mortgage, no other action on the mortgage debt may be commenced to recover any part of the mortgage debt without leave of court. If an election is made to commence an action on the mortgage debt, where final judgment has been rendered in such an action, an action may not be commenced to foreclose the mortgage unless the sheriff has been issued an execution against the property of the defendant, which has been returned wholly or partially unsatisfied. In addition, there is New York case law indicating that if an action is commenced on the mortgage debt where final judgment has not been rendered and a subsequent action is commenced to foreclose the mortgage, then the action on the mortgage debt must be stayed or discontinued to prevent the mortgagee from pursuing both actions simultaneously.

In addition to bringing an action to foreclose a mortgage, New York law provides the alternative of foreclosure by advertisement. Foreclosure by advertisement is available only where the mortgage grants the power to foreclose by advertisement, and, as is the case with foreclosure by action, there are restrictions on the ability of the holder of the mortgage to simultaneously foreclose by advertisement and bring an action on the debt secured by the mortgage. Although foreclosure by advertisement is authorized by statute, it is currently not used in New York as a matter of practice because of, among other things, difficulties in complying with the statute's technical requirements and questions as to the constitutionality of the process.

Where a foreclosure action is brought, every person having an estate or interest in possession or otherwise in the property whose interest is claimed to be subject and subordinate to the mortgage must be made a party defendant to the action in order to have its interest in the property extinguished. At least 20 days before a final judgment directing a sale is rendered, the mortgagee must file, in the clerk's office for the county where the mortgaged property is located, a notice of the pendency of the action. Judicial foreclosure in New York is a lengthy process, as judicial intervention is required at all stages, including but not limited to (1) the appointment of a referee to compute the amount due, (2) the appointment of a receiver to operate the property during the pendency of the action, (3) the confirmation of the referee's oath and report, (4) the issuance of the judgment of foreclosure and sale, (5) the confirmation of the sale and (6) the issuance of a deficiency judgment and/or rights to surplus monies. If during the pendency of the action the mortgagor pays into court the amount due for principal and interest and the costs of the action together with the expenses of the proceedings to sell, if any, the court will (i) dismiss the complaint without costs against the mortgagee if the payment is made before judgment directing the sale or (ii) stay all proceedings upon judgment if the payment is made after judgment directing sale but before sale.

Where the mortgage debt remains partly unsatisfied after the sale of the property, the court, upon application, may award the mortgagee a deficiency judgment for the unsatisfied portion of the mortgage debt, or as much thereof as the court may deem just and equitable, against a mortgagor who has appeared or has been personally served in the action. Prior to entering a deficiency judgment the court determines the fair and reasonable market value of the mortgaged premises as of the date such premises were bid in at auction or such nearest earlier date as there shall have been any market value thereof. In calculating the deficiency judgment, the court will reduce the amount to which the mortgagee is entitled by the higher of the sale price of the mortgaged property and the fair market value of the mortgaged property as determined by the court.

The mortgagee may also, at its discretion, negotiate with the delinquent mortgagor to offer a deed in lieu of foreclosure to the mortgagee, where appropriate. In some situations this would allow the mortgagee to reduce the cost of, and the time involved in, acquiring the property.

Most of the Mortgage Loans under the Program are non-recourse to the Mortgagor. Therefore, the Corporation may only have limited rights to pursue the enforcement of an action on the debt. Consequently, with respect to such Mortgage Loans, the above provisions relating to an action on the mortgage debt, as opposed to a foreclosure action, are not applicable.

The Section 236 Contracts for the Section 236 Developments at Linden Plaza and Ocean Park provide that the Secretary may terminate the HUD Payments under the Section 236 Contract if an action of foreclosure is instituted by the Corporation unless the foreclosure proceeding is instituted by the Corporation subject to the continuing lien of the respective Mortgage, and such Development is acquired by a purchaser eligible to be an owner under Section 236. The Section 236 Contracts for the Washington Plaza/Independence Plaza and the Knickerbocker Plaza Developments provide that HUD Payments under the Section 236 Contracts shall terminate if the related Development is acquired by the Corporation or by any ineligible owner, and also provide that the Secretary may terminate HUD Payments if an action of foreclosure is instituted, unless the Secretary approves a plan providing for continuity of eligibility of the related Development for receiving HUD Payments. It may not be possible, under New York foreclosure procedures to complete a foreclosure sale subject to the continuing lien of the mortgage being foreclosed. Under Pub. L. 98-473, enacted in 1984, contract authority which would otherwise be subject to recapture by HUD at the time of termination of a contract for Section 236 interest reduction payments as a result of a foreclosure of the mortgage loan on a development shall remain available for such development for the balance of the contract term, and the Secretary is directed to offer to execute new Section 236 Contracts with the new owners of such projects, subject to satisfaction of statutory eligibility requirements. On this basis the Corporation believes that, notwithstanding the language of the Section 236 Contracts, in the event of a foreclosure of a Section 236 Mortgage Loan not subject to FHA Insurance, the Secretary would enter into a contract for Section 236 interest reduction payments with the new owner, subject to the satisfaction of statutory eligibility requirements and the availability of appropriations.

For a description of provisions regarding enforcement and foreclosure of the Mortgage Loans financed through the issuance of the 1996 Series A Bonds (the "1996 Series A Mortgage Loans") under the General Resolution and the Fifth Supplemental Resolution, see "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to Mortgage Loans."

Bankruptcy. If a petition for relief under federal bankruptcy law were filed voluntarily by a mortgagor, or involuntarily against a mortgagor by its creditors, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceedings, including without limitation, foreclosure proceedings, against such mortgagor and its property. If a bankruptcy court so ordered, the mortgagor's property, including its revenues, could be used for the benefit of the mortgagor, despite the rights granted the mortgagee or a trustee. A bankruptcy court also has the power to invalidate certain provisions of the mortgage that make the initiation of bankruptcy and related proceedings by or against the mortgagor an event of default thereunder.

In addition, if a bankruptcy court concludes that a mortgagee is "adequately protected," it might (A) substitute other security for the property presently pledged and (B) subordinate the lien of the mortgagee or a trustee to (i) claims by persons supplying goods and services to the mortgagor after commencement of such bankruptcy proceedings, (ii) the administrative expenses of the bankruptcy proceedings and (iii) a lien granted a lender providing funds to the mortgagor during the pendency of the bankruptcy case.

In bankruptcy proceedings initiated by the filing of a petition under Chapter 11 of the United States Bankruptcy Code, a mortgagor or another party-in-interest could elect to file a plan of reorganization which seeks to modify the rights of creditors generally, or any class of creditors, including secured creditors. In the event a mortgagor files under Chapter 11, the mortgagor may seek to modify the

terms of the mortgage note and the mortgage in a plan of reorganization. In a reorganization case, a mortgagee holds a secured claim equal to the lesser of the value of the mortgaged premises or the debt. If the adjusted value is less than the pre-petition debt, then the mortgagee is not entitled to post-petition interest and the deficiency will be treated as an unsecured claim. With respect to the mortgagee's secured claim, if the debtor intends to retain the premises, the debtor will generally propose to treat the mortgage as unimpaired by curing any defaults and reinstating the terms of the mortgage. Alternatively, the debtor may seek to alter the terms, however, the mortgagee is entitled to retain its lien under a plan and must receive deferred cash payments totaling the amount of the claim with a present value not less than the value of the mortgaged premises. If the premises are to be sold by the debtor, the mortgagee can bid at the bankruptcy court sale and offset its claim against the selling price at such sale.

Mortgage Loan with Current Financial Difficulties

The Mortgagor of one of the Developments under the Program, which has a Mortgage Loan financed by the proceeds of the 2000 Series B Bonds and is secured by FHA Insurance, North Shore Plaza, has not made principal and certain interest payments under its Mortgage Loan since November 1, 2001, resulting in an arrearage of \$278,931.20 as of May 1, 2002. FHA has been notified of this failure to pay but no default has yet been declared under said Mortgage Loan. In addition, the Mortgagor of North Shore Plaza has not fully funded tax and insurance escrows, water and sewer reserves, and reserves for replacements in an aggregate amount of \$91,702.08 as of May 1, 2002. The Corporation believes that the related Development needs more than \$5 million in capital repairs and improvements; as of May 1, 2002, reserves for replacements for this Development were \$175,716. The Mortgagor of North Shore Plaza has requested a rent increase from HUD and the Corporation is currently negotiating to effect a cure of this default by providing additional funds to the Development along with other funds of a third-party lender. The Corporation can give no assurance as to whether such proposed actions will be implemented and, if implemented, when such actions will be effective. Once a default is declared under this Mortgage Loan, the Corporation is eligible to receive FHA Insurance benefits (see "FHA Mortgage Insurance" above).

DESCRIPTION OF THE 2002 BONDS

General

The 2002 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 2002 Bonds.

2002 Series A Bonds

The 2002 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 2002 Series A Bonds will accrue from their dated date and be payable on May 1 and November 1 in each year, commencing November 1, 2002, at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the 2002 Series A Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

2002 Series B Bonds

The 2002 Series B 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 2002 Series B Bonds will accrue from their dated date and be payable on May 1 and November 1 in each year, commencing November 1, 2002, at the rates per annum set forth on the inside cover page of this Official

Statement. Interest on the 2002 Series B Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

2002 Series C Bonds

The 2002 Series C Bonds initially issued will be dated the date of delivery thereof and will be issued as fully registered bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

The 2002 Series C Bonds shall bear interest at a variable rate determined as provided below. Interest on the 2002 Series C Bonds shall be payable on each Reset Date (as defined below) and shall be computed on the basis of a 365 or 366-day year, actual number of days elapsed. The variable rate on the 2002 Series C Bonds shall be established for each Variable Rate Term (as defined below) and shall, with respect to such Variable Rate Term, be in effect from the Reset Date that is the first day of such Variable Rate Term until (but not including) the next Reset Date (or earlier redemption date); provided that, from their dated date to and including July 31, 2002, the interest rate on the 2002 Series C Bonds shall be at a rate per annum set forth in a certificate of the Corporation delivered on the date of issue of the 2002 Series C Bonds. The variable rate on the 2002 Series C Bonds for each Variable Rate Term shall equal the FHLB Discount Notes Funding Cost (as defined below) plus three-tenths of one percent (0.3%). The FHLB Discount Notes Funding Cost, with respect to a Variable Rate Term beginning on a particular Reset Date, shall be determined on the Determination Date which immediately precedes such Reset Date. If, on a Determination Date, the FHLB Discount Notes Funding Cost is not displayed as described below, the rate for the next succeeding Variable Rate Term shall be equal to LIBOR (as defined below) plus 0.15%. The 2002 Series C Bonds will be subject to a maximum interest rate of fifteen percent (15%) per annum. In connection with the issuance of the 2002 Series C Bonds, the Corporation is expected to obtain interest rate caps from TFA (see “PLAN OF FINANCING—Interest Rate Caps”).

THERE IS NO RIGHT TO TENDER THE 2002 SERIES C BONDS ON THE PART OF THE HOLDERS THEREOF AND THERE IS NO OBLIGATION TO PURCHASE THE 2002 SERIES C BONDS ON THE PART OF THE CORPORATION, THE UNDERWRITERS, THE PLACEMENT AGENT, THE TRUSTEE OR ANY OTHER PERSON.

No later than the close of business on the second business day immediately following each Determination Date, the Trustee shall give notice of the interest rate determined on such Determination Date to the Corporation and to each Bondholder of the 2002 Series C Bonds who has filed its name and address with the Trustee for such purpose.

For so long as the initial institutional purchaser of the 2002 Series C Bonds is the sole holder of such Bonds, the 2002 Series C Bonds may be converted on any Reset Date to a fixed rate, not to exceed fifteen percent (15%) per annum, to be determined by the Corporation, with the consent of said initial institutional purchaser upon at least fifteen (15) days prior written notice to the Trustee. In the event that the interest rate on the 2002 Series C Bonds is converted to a fixed rate, the interest on the 2002 Series C Bonds will be payable on May 1 and November 1 in each year, and the dates with respect to the special redemption and the optional redemption provisions of the 2002 Series C Bonds will be changed to reflect terms mutually agreed to by the Corporation and the initial institutional purchaser of the 2002 Series C Bonds prior to such conversion. Interest on the 2002 Series C Bonds converted to a fixed rate will be computed on the basis of a 360-day year of twelve 30-day months.

For the purposes of this subsection and “Redemption Provisions for the 2002 Series C Bonds—Special Redemption from Recoveries of Principal,” “—Special Redemption from Unexpended 2002

Series C Bond Proceeds” and “—Optional Redemption” below, the following terms shall have the following meaning:

“Determination Date” means the date which is two (2) business days prior to the next Reset Date.

“FHLB Discount Notes Funding Cost” means the rate set forth on Telerate 24701 (or such other Telerate page as may replace said page 24701), at 10:00 a.m. (New York City time) on a Determination Date, with a maturity equal to three months following such Determination Date.

“LIBOR” means the per annum rate for deposits in United States dollars for three (3) months which appears on the Official BBA LIBOR Fixings Page as of 11:00 a.m. London, England time, on a Determination Date. If on a Determination Date such rate does not appear on the Official BBA LIBOR Fixings Page, the Trustee will request the principal London office of each of at least two major banks, determined by the Trustee, that are engaged in transactions in the London interbank market, to provide the Trustee with its offered quotation for United States dollar deposits for three (3) months to prime banks in the London interbank market as of 11:00 a.m., London, England time, on such date. If at least two such major banks provide the Trustee with such offered quotations, “LIBOR” on such date will be the arithmetic mean (rounded, if necessary, to the nearest one-sixteenth of a percent, with a one thirty-second being rounded upwards) of all such quotations. If on such date fewer than two of the major banks provide the Trustee with such an offered quotation, “LIBOR” on such date will be the arithmetic mean (rounded, if necessary, to the nearest one-sixteenth of a percent, with a one thirty-second being rounded upwards) of the offered rates which one or more leading banks in the City of New York (other than the Trustee or another bank owned by, or affiliated with, the Trustee) are quoting as of 11:00 a.m., New York City time, on such date to leading European banks for United States dollar deposits for three (3) months; provided, however, that if such banks are not quoting as described above, “LIBOR” will be the “LIBOR” applicable to the most recent Variable Rate Term for which “LIBOR” was available.

“Official BBA LIBOR Fixings Page” means the display designated as page “Official BBA LIBOR Fixings” on the Bloomberg Financial Markets Commodities News Service (or such other page as may replace the Official BBA LIBOR Fixings page on that service for the purpose of displaying London interbank offered rates of major banks).

“Reset Date” means February 1, May 1, August 1 and November 1 of each year, commencing August 1, 2002.

“Variable Rate Term” means the period commencing on a Reset Date and ending on the last calendar day prior to the next succeeding Reset Date.

2002 Series D Bonds

The 2002 Series D Bonds initially issued will be dated the date of delivery thereof and will be issued as fully registered bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

The 2002 Series D Bonds shall bear interest at a variable rate determined as provided below. Interest on the 2002 Series D Bonds shall be payable on each Reset Date (as defined below) and shall be computed on the basis of a 365 or 366-day year, actual number of days elapsed. The variable rate on the 2002 Series D Bonds shall be established for each Variable Rate Term (as defined below) and shall, with respect to such Variable Rate Term, be in effect from the Reset Date that is the first day of such Variable Rate Term until (but not including) the next Reset Date (or earlier redemption date); provided that, from their dated date to and including July 31, 2002, the interest rate on the 2002 Series D Bonds shall be at a

rate per annum set forth in a certificate of the Corporation delivered on the date of issue of the 2002 Series D Bonds. The variable rate on the 2002 Series D Bonds for each Variable Rate Term shall equal the FHLB Discount Notes Funding Cost (as defined below) plus three-tenths of one percent (0.3%). The FHLB Discount Notes Funding Cost, with respect to a Variable Rate Term beginning on a particular Reset Date, shall be determined on the Determination Date which immediately precedes such Reset Date. If, on a Determination Date, the FHLB Discount Notes Funding Cost is not displayed as described below, the rate for the next succeeding Variable Rate Term shall be equal to LIBOR (as defined below) plus 0.15%. The 2002 Series D Bonds will be subject to a maximum interest rate of fifteen percent (15%) per annum. In connection with the issuance of the 2002 Series D Bonds, the Corporation is expected to obtain interest rate caps from TFA (see “PLAN OF FINANCING—Interest Rate Caps”).

THERE IS NO RIGHT TO TENDER THE 2002 SERIES D BONDS ON THE PART OF THE HOLDERS THEREOF AND THERE IS NO OBLIGATION TO PURCHASE THE 2002 SERIES D BONDS ON THE PART OF THE CORPORATION, THE UNDERWRITERS, THE PLACEMENT AGENT, THE TRUSTEE OR ANY OTHER PERSON.

No later than the close of business on the second business day following each Determination Date, the Trustee shall give notice of the interest rate determined on such Determination Date to the Corporation and to each Bondholder of the 2002 Series D Bonds who has filed its name and address with the Trustee for such purpose.

For the purposes of this subsection and “Redemption Provisions for the 2002 Series D Bonds—Special Redemption from Recoveries of Principal,” “—Special Redemption from Unexpended 2002 Series D Bonds” and “—Optional Redemption” below, the following terms shall have the following meaning:

“Determination Date” means the date which is two (2) business days prior to the next Reset Date.

“FHLB Discount Notes Funding Cost” means the rate set forth on Telerate 24701 (or such other Telerate page as may replace said page 24701), at 10:00 a.m. (New York City time) on a Determination Date, with a maturity equal to three months following such Determination Date.

“LIBOR” means the per annum rate for deposits in United States dollars for three (3) months which appears on the Official BBA LIBOR Fixings Page as of 11:00 a.m. London, England time, on a Determination Date. If on a Determination Date such rate does not appear on the Official BBA LIBOR Fixings Page, the Trustee will request the principal London office of each of at least two major banks, determined by the Trustee, that are engaged in transactions in the London interbank market, to provide the Trustee with its offered quotation for United States dollar deposits for three (3) months to prime banks in the London interbank market as of 11:00 a.m., London, England time, on such date. If at least two such major banks provide the Trustee with such offered quotations, “LIBOR” on such date will be the arithmetic mean (rounded, if necessary, to the nearest one-sixteenth of a percent, with a one thirty-second being rounded upwards) of all such quotations. If on such date fewer than two of the major banks provide the Trustee with such an offered quotation, “LIBOR” on such date will be the arithmetic mean (rounded, if necessary, to the nearest one-sixteenth of a percent, with a one thirty-second being rounded upwards) of the offered rates which one or more leading banks in the City of New York (other than the Trustee or another bank owned by, or affiliated with, the Trustee) are quoting as of 11:00 a.m., New York City time, on such date to leading European banks for United States dollar deposits for three (3) months; provided, however, that if such banks are not quoting as described above, “LIBOR” will be the “LIBOR” applicable to the most recent Variable Rate Term for which “LIBOR” was available.

“Official BBA LIBOR Fixings Page” means the display designated as page “Official BBA LIBOR Fixings” on the Bloomberg Financial Markets Commodities News Service (or such other page as may replace the Official BBA LIBOR Fixings page on that service for the purpose of displaying London interbank offered rates of major banks).

“Reset Date” means February 1, May 1, August 1 and November 1 of each year, commencing August 1, 2002.

“Variable Rate Term” means the period commencing on a Reset Date and ending on the last calendar day prior to the next succeeding Reset Date.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York will act as securities depository for the 2002 Bonds. The 2002 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 2002 Series A Bond certificate, one fully-registered 2002 Series B Bond certificate, one fully-registered 2002 Series C Bond and one fully-registered 2002 Series D Bond certificate will be issued for each maturity of the Bonds of such Series, totaling in the aggregate the principal amount of the Bond of such Series, and will be deposited with DTC.

DTC 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 securities that its 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, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation, 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”). The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission.

Purchases of 2002 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 2002 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2002 Series A Bond, 2002 Series B Bond, 2002 Series C Bond and 2002 Series D 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, but Beneficial Owners are 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 2002 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 2002 Bonds, except in the event that use of the book-entry system for the 2002 Bonds is discontinued.

To facilitate subsequent transfers, all 2002 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 2002 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2002 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2002 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 2002 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2002 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2002 Bond documents. For example, Beneficial Owners of 2002 Bonds may wish to ascertain that the nominee holding the 2002 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the 2002 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 maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2002 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 2002 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 2002 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 will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and/or the 2002 Series D Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, such 2002 Series A Bond certificates, 2002 Series B Bond certificates, 2002 Series C Bond certificates and/or 2002 Series D Bond certificates, as the

case may be, are required, pursuant to the Resolution, to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2002 Series A Bond certificates, 2002 Series B Bond certificates, 2002 Series C Bond certificates and 2002 Series D 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, the Underwriters and the Placement Agent believe to be reliable, but neither the Corporation, the Underwriters nor the Placement Agent 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 2002 Bonds of a Series, as nominee for DTC, references herein to Bondholders or registered owners of the 2002 Bonds of such Series (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Series of 2002 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.

NEITHER THE CORPORATION, THE UNDERWRITERS, THE PLACEMENT AGENT 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 2002 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 2002 SERIES A BONDS, THE 2002 SERIES B BONDS, THE 2002 SERIES C BONDS AND/OR THE 2002 SERIES D 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 2002 SERIES A BONDS, THE 2002 SERIES B BONDS, THE 2002 SERIES C BONDS AND/OR THE 2002 SERIES D BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2002 BONDS; OR (VI) ANY OTHER MATTER.

Redemption Provisions for the 2002 Series A Bonds

The 2002 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 2002 Series A Bonds are subject to redemption, in whole or in part, at any time prior to maturity, at a Redemption Price equal to 100% of the principal amount of the 2002 Series A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date from amounts representing: (a) Recoveries of Principal deposited in the Redemption Account and resulting from (i) proceeds from the acceleration of payments due under any 2002 Series A Mortgage Loan or other remedial proceedings taken in the event of a default thereon, including proceeds of the sale of any Acquired Project, (ii) amounts obtained under a letter of credit or other credit enhancement securing any

2002 Series A Mortgage Loan or under any agreement entered into by the Corporation and the provider of such letter of credit or other credit enhancement in connection with the providing of such letter of credit or credit enhancement (other than with respect to scheduled principal and/or interest payments required by such 2002 Series A Mortgage Loan) in the event of a default on such 2002 Series A Mortgage Loan, (iii) proceeds of insurance awards resulting from damage or destruction of a Development financed by any 2002 Series A Mortgage Loan, which proceeds are required to be applied to payment of the applicable Mortgage Note pursuant to the applicable Mortgage, (iv) proceeds of a condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Development financed by any 2002 Series A Mortgage Loan or any portion thereof, which proceeds are required to be applied to payment of the applicable Mortgage Note pursuant to the applicable Mortgage or (v) proceeds of the sale, assignment, endorsement or other disposition of any 2002 Series A Mortgage Loan 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, a 2002 Series A Mortgage Loan is in default, 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—2002 Series A Mortgage Loans.”

The 2002 Series A Bonds are subject to redemption, in whole or in part, at any time prior to maturity on or after May 1, 2012, from amounts representing Recoveries of Principal deposited in the Redemption Account and resulting from (a) proceeds of an optional prepayment of any 2002 Series A Mortgage Loan by the Mortgagor thereof, (b) proceeds of the sale, assignment, endorsement or other disposition of any 2002 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, a 2002 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, at a Redemption Price equal to 100% of the principal amount of such 2002 Series A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Notwithstanding the foregoing, upon the filing of a Cash Flow Statement with the Trustee, and except as otherwise provided in a Supplemental Resolution authorizing a Series of Bonds other than the 2002 Series A Bonds, (i) all or a portion of the 2002 Series A Bonds 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 any Mortgage Loans or Developments financed in connection with a Series of Bonds other than the 2002 Series A Bonds and (ii) the Series of Bonds to be redeemed in connection with the Recoveries of Principal deposited in the Redemption Account derived from or with respect to any 2002 Series A Mortgage Loan or a Development financed therefrom shall be selected as directed by the Corporation; provided, however, that such selection need not include the 2002 Series A Bonds and shall not include the 1994 Series A Bonds, the 1997 Series C Bonds, the 1998 Series A Bonds, the 1998 Series B Bonds, the 1999 Series A-1 Bonds, the 1999 Series A-2 Bonds, the 1999 Series B-1 Bonds, the 1999 Series B-2 Bonds, the 1999 Series E Bonds, the 2000 Series B Bonds, the 2001 Series A Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds. For a description of the cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.”

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 “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION.”

See “THE PROGRAM—Certain Factors Affecting the Mortgage Loans” and “Appendix E-3—Mortgage Loan Prepayment Provisions” for a description of the prepayment features applicable to the Mortgage Loans.

Special Redemption from Unexpended 2002 Series A Bond Proceeds

The 2002 Series A Bonds are subject to redemption, at the option of the Corporation, in whole or in part, at any time prior to maturity on or after May 1, 2003, in an amount not in excess of amounts on deposit in the Bond Proceeds Account representing unexpended proceeds of the 2002 Series A Bonds not used to finance the 2002 Series A Mortgage Loans and any other monies made available under the General Resolution in connection with such redemption, at a Redemption Price equal to 100% of the principal amount of the 2002 Series A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Sinking Fund Redemption

The 2002 Series A Term Bonds maturing on November 1, 2022, the 2002 Series A Term Bonds maturing on November 1, 2023 and the 2002 Series A Term Bonds maturing on November 1, 2034 are subject to redemption at a Redemption Price equal to 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 May 1 and November 1 of each year the principal amount of such 2002 Series A Bonds specified for each of the Redemption Dates shown below:

2002 SERIES A TERM BONDS
MATURING ON NOVEMBER 1, 2022

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2016	\$285,000	Nov. 1, 2020	\$360,000
Nov. 1, 2017	305,000	Nov. 1, 2021	380,000
Nov. 1, 2018	325,000	Nov. 1, 2022	400,000 [†]
Nov. 1, 2019	340,000		

[†] Stated maturity

2002 SERIES A TERM BONDS
MATURING ON NOVEMBER 1, 2023

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2016	\$590,000	Nov. 1, 2020	\$ 720,000
Nov. 1, 2017	620,000	Nov. 1, 2021	755,000
Nov. 1, 2018	645,000	Nov. 1, 2022	795,000
Nov. 1, 2019	680,000	Nov. 1, 2023	1,265,000 [†]

[†] Stated maturity

2002 SERIES A TERM BONDS
MATURING ON NOVEMBER 1, 2034

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2024	\$1,330,000	Nov. 1, 2030	\$1,830,000
Nov. 1, 2025	1,400,000	Nov. 1, 2031	1,935,000
Nov. 1, 2026	1,480,000	Nov. 1, 2032	2,040,000
Nov. 1, 2027	1,560,000	Nov. 1, 2033	2,150,000
Nov. 1, 2028	1,645,000	Nov. 1, 2034	2,275,000 [†]
Nov. 1, 2029	1,740,000		

[†] 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 day preceding the due date of such Sinking Fund Payment, to the purchase of the 2002 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 2002 Series A 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 2002 Series A Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 2002 Series A 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 2002 Series A 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 May 1, 2012, at a Redemption Price equal to 100% of the principal amount of the 2002 Series A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Redemption Provisions for the 2002 Series B Bonds

The 2002 Series B 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 2002 Series B Bonds are subject to redemption, in whole or in part, at any time prior to maturity, at a Redemption Price equal to 100% of the principal amount of the 2002 Series B Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date from amounts representing: (a) Recoveries of Principal deposited in the Redemption Account and resulting from (i) proceeds from the acceleration of payments due under any 2002 Series B Mortgage Loan or other

remedial proceedings taken in the event of a default thereon, including proceeds of the sale of any Acquired Project, (ii) proceeds of insurance awards resulting from damage or destruction of a Development financed by any 2002 Series B Mortgage Loan, which proceeds are required to be applied to payment of the applicable Mortgage Note pursuant to the applicable Mortgage, (iii) proceeds of a condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Development financed by any 2002 Series B Mortgage Loan or any portion thereof, which proceeds are required to be applied to payment of the applicable Mortgage Note pursuant to the applicable Mortgage or (iv) proceeds of the sale, assignment, endorsement or other disposition of any 2002 Series B Mortgage Loan 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, a 2002 Series B Mortgage Loan is in default, 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—2002 Series B Mortgage Loans.”

The 2002 Series B Bonds are subject to redemption, in whole or in part, at any time prior to maturity on or after May 1, 2012, from amounts representing Recoveries of Principal deposited in the Redemption Account and resulting from (a) proceeds of an optional prepayment of any 2002 Series B Mortgage Loan by the Mortgagor thereof, (b) proceeds of the sale, assignment, endorsement or other disposition of any 2002 Series B 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, a 2002 Series B 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, at a Redemption Price equal to 100% of the principal amount of the 2002 Series B Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Notwithstanding the foregoing, upon the filing of a Cash Flow Statement with the Trustee, and except as otherwise provided in a Supplemental Resolution authorizing a Series of Bonds other than the 2002 Series B Bonds, (i) all or a portion of the 2002 Series B Bonds 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 any Mortgage Loans or Developments financed in connection with a Series of Bonds other than the 2002 Series B Bonds and (ii) the Series of Bonds to be redeemed in connection with the Recoveries of Principal deposited in the Redemption Account derived from or with respect to any 2002 Series B Mortgage Loan or a Development financed therefrom shall be selected as directed by the Corporation; provided, however, that such selection need not include the 2002 Series B Bonds and shall not include the 1994 Series A Bonds, the 1997 Series C Bonds, the 1998 Series A Bonds, the 1998 Series B Bonds, the 1999 Series A-1 Bonds, the 1999 Series A-2 Bonds, the 1999 Series B-1 Bonds, the 1999 Series B-2 Bonds, the 1999 Series E Bonds, the 2000 Series B Bonds, the 2001 Series A Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds. For a description of the cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.”

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 “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION.”

See “THE PROGRAM—Certain Factors Affecting the Mortgage Loans” and “Appendix E-3—Mortgage Loan Prepayment Provisions” for a description of the prepayment features applicable to the Mortgage Loans.

Special Redemption from Unexpended 2002 Series B Bond Proceeds

The 2002 Series B Bonds are subject to redemption, at the option of the Corporation, in whole or in part, at any time prior to maturity, in an amount not in excess of amounts on deposit in the Bond Proceeds Account representing unexpended proceeds of the 2002 Series B Bonds not used to finance the 2002 Series B Mortgage Loans and any other monies made available under the General Resolution in connection with such redemption, at a Redemption Price equal to 100% of the principal amount of the 2002 Series B Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Sinking Fund Redemption

The 2002 Series B Term Bonds maturing on November 1, 2023 and the 2002 Series B Term Bonds maturing on November 1, 2032 are subject to redemption at a Redemption Price equal to 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 May 1 and November 1 of each year the principal amount of such 2002 Series B Bonds specified for each of the Redemption Dates shown below:

2002 SERIES B TERM BONDS
MATURING ON NOVEMBER 1, 2023

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2016	\$195,000	Nov. 1, 2020	\$245,000
Nov. 1, 2017	205,000	Nov. 1, 2021	250,000
Nov. 1, 2018	215,000	Nov. 1, 2022	270,000
Nov. 1, 2019	230,000	Nov. 1, 2023	285,000 [†]

[†] Stated maturity

2002 SERIES B TERM BONDS
MATURING ON NOVEMBER 1, 2032

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2024	\$295,000	Nov. 1, 2029	\$385,000
Nov. 1, 2025	315,000	Nov. 1, 2030	415,000
Nov. 1, 2026	330,000	Nov. 1, 2031	430,000
Nov. 1, 2027	350,000	Nov. 1, 2032	460,000 [†]
Nov. 1, 2028	370,000		

[†] 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 day preceding the due date of such Sinking Fund Payment, to the purchase of the 2002 Series B 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 2002 Series B 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 2002 Series B Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 2002 Series B 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 2002 Series B 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 May 1, 2012, at a Redemption Price equal to 100% of the principal amount of the 2002 Series B Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date.

Redemption Provisions for the 2002 Series C Bonds

The 2002 Series C 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 2002 Series C Bonds are subject to redemption, in whole or in part, on any Reset Date on or after August 1, 2003, at a Redemption Price equal to 100% of the principal amount of the 2002 Series C Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date from amounts representing: (a) Recoveries of Principal deposited in the Redemption Account and resulting from (i) proceeds from the acceleration of payments due under any 2002 Series C Mortgage Loan or other remedial proceedings taken in the event of a default thereon, including proceeds of the sale of any Acquired Project, (ii) amounts obtained under a letter of credit or other credit enhancement securing any 2002 Series C Mortgage Loan or under any agreement entered into by the Corporation and the provider of such letter of credit or other credit enhancement in connection with the providing of such letter of credit or credit enhancement (other than with respect to scheduled principal and/or interest payments required by such 2002 Series C Mortgage Loan) in the event of a default on such 2002 Series C Mortgage Loan, (iii) proceeds of insurance awards resulting from damage or destruction of a Development financed by any 2002 Series C Mortgage Loan, which proceeds are required to be applied to payment of the applicable Mortgage Note pursuant to the applicable Mortgage, (iv) proceeds of a condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Development financed by any 2002 Series C Mortgage Loan or any portion thereof, which proceeds are required to be applied to payment of the applicable Mortgage Note pursuant to the applicable Mortgage or (v) proceeds of the sale, assignment, endorsement or other disposition of any 2002 Series C Mortgage Loan 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, a 2002 Series C Mortgage Loan is in default, 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—2002 Series C Mortgage Loans."

The 2002 Series C Bonds are subject to redemption, in whole or in part, on any Reset Date on or after August 1, 2003, from amounts representing Recoveries of Principal deposited in the Redemption Account and resulting from (a) proceeds of an optional prepayment of any 2002 Series C Mortgage Loan by the Mortgagor thereof, (b) proceeds of the sale, assignment, endorsement or other disposition of any 2002 Series C 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, a 2002 Series C 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, at a Redemption Price equal to 100% of the principal amount of the 2002 Series C Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Notwithstanding the foregoing, upon the filing of a Cash Flow Statement with the Trustee, and except as otherwise provided in a Supplemental Resolution authorizing a Series of Bonds other than the 2002 Series C Bonds, the Series of Bonds to be redeemed in connection with the Recoveries of Principal deposited in the Redemption Account derived from or with respect to any 2002 Series C Mortgage Loan or a Development financed therefrom shall be selected as directed by the Corporation; provided, however, that such selection need not include the 2002 Series C Bonds and shall not include the 1994 Series A Bonds, the 1997 Series C Bonds, the 1998 Series A Bonds, the 1998 Series B Bonds, the 1999 Series A-1 Bonds, the 1999 Series A-2 Bonds, the 1999 Series B-1 Bonds, the 1999 Series B-2 Bonds, the 1999 Series E Bonds, the 2000 Series B Bonds, the 2001 Series A Bonds and the 2002 Series D Bonds. Notwithstanding anything to the contrary contained in the Resolutions, so long as the 2002 Series C Bonds remain Outstanding, the 2002 Series C 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 2002 Series C Bonds. For a description of the cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.”

As provided in the Resolutions, the Recoveries of Principal described in the first and second paragraphs 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 “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION.”

See “THE PROGRAM—Certain Factors Affecting the Mortgage Loans” and “Appendix E-3—Mortgage Loan Prepayment Provisions” for a description of the prepayment features applicable to the Mortgage Loans.

Special Redemption from Unexpended 2002 Series C Bond Proceeds

The 2002 Series C Bonds are subject to redemption, at the option of the Corporation, in whole or in part, on any Reset Date on or after August 1, 2003, in an amount not in excess of amounts on deposit in the Bond Proceeds Account representing unexpended proceeds of the 2002 Series C Bonds not used to finance the Mortgage Loans for multi-family housing developments and any other monies made available under the General Resolution in connection with such redemption, at a Redemption Price equal to 100% of the principal amount of the 2002 Series C Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Sinking Fund Redemption

The 2002 Series C Term Bonds maturing on May 1, 2034 are subject to redemption at a Redemption Price equal to 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, May 1, August 1 and November 1 of each year the principal amount of such 2002 Series C Bonds specified for each of the Redemption Dates shown below:

2002 SERIES C TERM BONDS MATURING ON MAY 1, 2034

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
May 1, 2004	\$105,000	Aug. 1, 2019	\$340,000
Aug. 1, 2004	110,000	Nov. 1, 2019	345,000
Nov. 1, 2004	115,000	Feb. 1, 2020	355,000
Feb. 1, 2005	115,000	May 1, 2020	360,000
May 1, 2005	120,000	Aug. 1, 2020	365,000
Aug. 1, 2005	120,000	Nov. 1, 2020	375,000
Nov. 1, 2005	120,000	Feb. 1, 2021	380,000
Feb. 1, 2006	125,000	May 1, 2021	390,000
May 1, 2006	130,000	Aug. 1, 2021	395,000
Aug. 1, 2006	125,000	Nov. 1, 2021	400,000
Nov. 1, 2006	135,000	Feb. 1, 2022	410,000
Feb. 1, 2007	135,000	May 1, 2022	420,000
May 1, 2007	135,000	Aug. 1, 2022	425,000
Aug. 1, 2007	140,000	Nov. 1, 2022	435,000
Nov. 1, 2007	145,000	Feb. 1, 2023	440,000
Feb. 1, 2008	140,000	May 1, 2023	450,000
May 1, 2008	150,000	Aug. 1, 2023	460,000
Aug. 1, 2008	150,000	Nov. 1, 2023	465,000
Nov. 1, 2008	155,000	Feb. 1, 2024	475,000
Feb. 1, 2009	155,000	May 1, 2024	485,000
May 1, 2009	160,000	Aug. 1, 2024	495,000
Aug. 1, 2009	160,000	Nov. 1, 2024	500,000
Nov. 1, 2009	165,000	Feb. 1, 2025	515,000
Feb. 1, 2010	170,000	May 1, 2025	520,000
May 1, 2010	170,000	Aug. 1, 2025	530,000
Aug. 1, 2010	175,000	Nov. 1, 2025	545,000
Nov. 1, 2010	175,000	Feb. 1, 2026	550,000
Feb. 1, 2011	185,000	May 1, 2026	565,000
May 1, 2011	180,000	Aug. 1, 2026	570,000
Aug. 1, 2011	190,000	Nov. 1, 2026	585,000
Nov. 1, 2011	190,000	Feb. 1, 2027	595,000
Feb. 1, 2012	195,000	May 1, 2027	605,000
May 1, 2012	200,000	Aug. 1, 2027	615,000
Aug. 1, 2012	205,000	Nov. 1, 2027	630,000
Nov. 1, 2012	205,000	Feb. 1, 2028	640,000
Feb. 1, 2013	210,000	May 1, 2028	650,000
May 1, 2013	215,000	Aug. 1, 2028	665,000
Aug. 1, 2013	215,000	Nov. 1, 2028	680,000
Nov. 1, 2013	225,000	Feb. 1, 2029	690,000
Feb. 1, 2014	225,000	May 1, 2029	700,000
May 1, 2014	230,000	Aug. 1, 2029	715,000
Aug. 1, 2014	235,000	Nov. 1, 2029	730,000
Nov. 1, 2014	240,000	Feb. 1, 2030	745,000

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Feb. 1, 2015	245,000	May 1, 2030	755,000
May 1, 2015	245,000	Aug. 1, 2030	770,000
Aug. 1, 2015	255,000	Nov. 1, 2030	785,000
Nov. 1, 2015	255,000	Feb. 1, 2031	800,000
Feb. 1, 2016	265,000	May 1, 2031	815,000
May 1, 2016	265,000	Aug. 1, 2031	835,000
Aug. 1, 2016	275,000	Nov. 1, 2031	845,000
Nov. 1, 2016	275,000	Feb. 1, 2032	860,000
Feb. 1, 2017	285,000	May 1, 2032	880,000
May 1, 2017	285,000	Aug. 1, 2032	895,000
Aug. 1, 2017	295,000	Nov. 1, 2032	910,000
Nov. 1, 2017	300,000	Feb. 1, 2033	930,000
Feb. 1, 2018	305,000	May 1, 2033	945,000
May 1, 2018	310,000	Aug. 1, 2033	960,000
Aug. 1, 2018	315,000	Nov. 1, 2033	985,000
Nov. 1, 2018	320,000	Feb. 1, 2034	1,000,000
Feb. 1, 2019	330,000	May 1, 2034	1,020,000 [†]
May 1, 2019	335,000		

[†] 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 day preceding the due date of such Sinking Fund Payment, to the purchase of the 2002 Series C 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 2002 Series C 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 2002 Series C Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 2002 Series C 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 2002 Series C Bonds are also subject to redemption, at the option of the Corporation, in whole or in part, on any Reset Date on or after August 1, 2003, at a Redemption Price equal to 100% of the principal amount of the 2002 Series C Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Redemption Provisions for the 2002 Series D Bonds

The 2002 Series D 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 2002 Series D Bonds are subject to redemption, in whole or in part, on any Reset Date, at a Redemption Price equal to 100% of the principal amount of the 2002 Series D Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date from amounts representing: (a) Recoveries of Principal deposited in the Redemption Account with respect to the 2002 Series D Purchased Mortgage Loans and the underlying 2002 Series D Purchased Mortgage Loans and resulting from any amounts required to be passed through the 2002 Series D Purchased Mortgage Loans as a result of (i) the advance payment of principal amounts to become due with respect to any underlying 2002 Series D Purchased Mortgage Loan insured by FHA, at the option or direction of FHA, (ii) proceeds from the acceleration of payments due under any underlying 2002 Series D Purchased Mortgage Loan or other remedial proceedings taken in the event of a default thereon, including proceeds of the sale of any Acquired Project, (iii) proceeds of insurance awards resulting from damage or destruction of a Development financed by any underlying 2002 Series D Purchased Mortgage Loan, which proceeds are applied to payment of the applicable underlying mortgage note, (iv) proceeds of a condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Development financed by any underlying 2002 Series D Purchased Mortgage Loan or any portion thereof, which proceeds are applied to payment of the applicable underlying mortgage note or (v) proceeds of the sale, assignment, endorsement or other disposition of any underlying 2002 Series D Purchased Mortgage Loan 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, an underlying 2002 Series D Purchased Mortgage Loan is in default, including proceeds of FHA Insurance, if any, with respect to any underlying 2002 Series D Purchased Mortgage Loan insured by FHA, 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—2002 Series D Mortgage Loans.”

The 2002 Series D Bonds are subject to redemption, in whole or in part, on any Reset Date, from amounts representing Recoveries of Principal deposited in the Redemption Account and resulting from (a) proceeds of an optional prepayment of any underlying 2002 Series D Purchased Mortgage Loan by the Mortgagor thereof, (b) proceeds of the sale, assignment, endorsement or other disposition of any underlying 2002 Series D Purchased 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, an underlying 2002 Series D Purchased Mortgage Loan is in default, including proceeds of FHA Insurance, if any, with respect to any underlying 2002 Series D Purchased Mortgage Loan insured by FHA) and (c) any other monies made available under the General Resolution in connection with the redemptions described in clauses (a) and (b) above, at a Redemption Price equal to 100% of the principal amount of the 2002 Series D Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Notwithstanding anything to the contrary contained in the Resolutions, so long as the 2002 Series D 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 underlying 2002 Series D Purchased Mortgage Loans or the 2002 Series D Purchased Developments shall be the 2002 Series D Bonds, (ii) the 2002 Series D 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 2002 Series D Bonds and (iii) Recoveries of Principal derived from or with respect to the underlying 2002 Series D Purchased Mortgage Loans or the 2002 Series D Purchased Developments shall only be

deposited in the Redemption Account and may not be deposited in the Bond Proceeds Account or the Revenue Account. For a description of the cross-call provisions for the Bonds Outstanding under the General Resolution, see “SECURITY FOR THE BONDS—Cross-Call Provisions and Other Related Information.”

See “THE PROGRAM—Certain Factors Affecting the Mortgage Loans” and “Appendix E-3—Mortgage Loan Prepayment Provisions” for a description of the prepayment features applicable to the Mortgage Loans.

Special Redemption from Unexpended 2002 Series D Bond Proceeds

The 2002 Series D Bonds are subject to redemption, at the option of the Corporation, in whole or in part, on any Reset Date, on or after November 1, 2002 in an amount not in excess of amounts on deposit in the 2002 Series D Capitalized Interest Sub-Account and not used to pay interest due on Outstanding 2002 Series D Bonds, at a Redemption Price equal to 100% of the principal amount of the 2002 Series D Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Sinking Fund Redemption

The 2002 Series D Term Bonds maturing on November 1, 2032 are subject to redemption at a Redemption Price equal to 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, May 1, August 1 and November 1 of each year the principal amount of such 2002 Series D Bonds specified for each of the Redemption Dates shown below:

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2002 SERIES D TERM BONDS
MATURING ON NOVEMBER 1, 2032

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Aug. 1, 2007	\$ 850,000	May 1, 2020	\$ 3,350,000
Nov. 1, 2007	915,000	Aug. 1, 2020	3,540,000
Feb. 1, 2008	980,000	Nov. 1, 2020	3,255,000
May 1, 2008	1,005,000	Feb. 1, 2021	3,115,000
Aug. 1, 2008	1,055,000	May 1, 2021	3,360,000
Nov. 1, 2008	1,100,000	Aug. 1, 2021	2,965,000
Feb. 1, 2009	1,195,000	Nov. 1, 2021	4,810,000
May 1, 2009	1,295,000	Feb. 1, 2022	11,095,000
Aug. 1, 2009	2,955,000	May 1, 2022	10,075,000
Nov. 1, 2009	1,470,000	Aug. 1, 2022	3,640,000
Feb. 1, 2010	1,540,000	Nov. 1, 2022	7,715,000
May 1, 2010	1,600,000	Feb. 1, 2023	5,130,000
Aug. 1, 2010	2,980,000	May 1, 2023	2,180,000
Nov. 1, 2010	1,800,000	Aug. 1, 2023	3,970,000
Feb. 1, 2011	1,810,000	Nov. 1, 2023	3,370,000
May 1, 2011	5,085,000	Feb. 1, 2024	1,380,000
Aug. 1, 2011	2,505,000	May 1, 2024	2,600,000
Nov. 1, 2011	2,265,000	Aug. 1, 2024	5,765,000
Feb. 1, 2012	3,565,000	Nov. 1, 2024	1,215,000
May 1, 2012	2,680,000	Feb. 1, 2025	2,300,000
Aug. 1, 2012	2,805,000	May 1, 2025	6,750,000
Nov. 1, 2012	3,535,000	Aug. 1, 2025	3,375,000
Feb. 1, 2013	4,505,000	Nov. 1, 2025	2,340,000
May 1, 2013	6,175,000	Feb. 1, 2026	1,570,000
Aug. 1, 2013	3,905,000	May 1, 2026	1,415,000
Nov. 1, 2013	3,005,000	Aug. 1, 2026	1,280,000
Feb. 1, 2014	3,740,000	Nov. 1, 2026	835,000
May 1, 2014	4,740,000	Feb. 1, 2027	815,000
Aug. 1, 2014	5,155,000	May 1, 2027	830,000
Nov. 1, 2014	4,485,000	Aug. 1, 2027	3,165,000
Feb. 1, 2015	4,270,000	Nov. 1, 2027	880,000
May 1, 2015	3,400,000	Feb. 1, 2028	1,870,000
Aug. 1, 2015	2,865,000	May 1, 2028	2,245,000
Nov. 1, 2015	4,190,000	Aug. 1, 2028	900,000
Feb. 1, 2016	3,090,000	Nov. 1, 2028	600,000
May 1, 2016	3,170,000	Feb. 1, 2029	770,000
Aug. 1, 2016	2,685,000	May 1, 2029	920,000
Nov. 1, 2016	5,130,000	Aug. 1, 2029	1,865,000
Feb. 1, 2017	3,405,000	Nov. 1, 2029	505,000
May 1, 2017	2,965,000	Feb. 1, 2030	2,650,000
Aug. 1, 2017	3,000,000	May 1, 2030	1,760,000
Nov. 1, 2017	3,090,000	Aug. 1, 2030	3,340,000
Feb. 1, 2018	3,155,000	Nov. 1, 2030	1,075,000
May 1, 2018	3,140,000	Feb. 1, 2031	415,000
Aug. 1, 2018	3,160,000	May 1, 2031	675,000
Nov. 1, 2018	3,275,000	Aug. 1, 2031	2,125,000
Feb. 1, 2019	3,020,000	Nov. 1, 2031	315,000
May 1, 2019	3,965,000	Feb. 1, 2032	310,000
Aug. 1, 2019	4,610,000	May 1, 2032	670,000
Nov. 1, 2019	3,190,000	Aug. 1, 2032	960,000
Feb. 1, 2020	3,330,000	Nov. 1, 2032	140,000 [†]

[†] 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 day preceding the due date of such Sinking Fund

Payment, to the purchase of the 2002 Series D 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 2002 Series D 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 2002 Series D Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 2002 Series D 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 2002 Series D Bonds are also subject to redemption, at the option of the Corporation, in whole or in part, on any Reset Date on or after November 1, 2002, at a Redemption Price equal to 100% of the principal amount of the 2002 Series D Bonds or portions thereof to be so redeemed, 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 2002 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.

Notwithstanding the foregoing, no 2002 Series C Bond or 2002 Series D Bond shall be selected for redemption if the portion of such 2002 Series C Bond or 2002 Series D Bond, as the case may be, remaining after such redemption would not be in an authorized denomination.

Corporation's Right to Purchase Bonds

The Corporation retains the right to purchase 2002 Series A Bonds, 2002 Series B Bonds, 2002 Series C Bonds and 2002 Series D 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 the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds, as the case may be. 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 2002 Series A Bonds, 2002 Series B Bonds, 2002 Series C Bonds or 2002 Series D Bonds or is otherwise required to redeem the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds or the 2002 Series D Bonds, the Trustee will give notice, in the name of the Corporation, of the redemption of such 2002 Series A Bonds, 2002 Series B Bonds, 2002 Series C Bonds or 2002 Series D Bonds. Such notice will specify the Series and maturities of the 2002 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 the 2002 Series A Bonds or the 2002 Series B Bonds and not less than fifteen (15) days before the Redemption Date for the 2002 Series C Bonds or the 2002 Series D Bonds, as the case may be, the Trustee is to mail a copy of such notice to the registered owners of any 2002 Series A Bonds, 2002 Series B Bonds, 2002 Series C Bonds or 2002 Series D Bonds, or portions of 2002 Series A Bonds, 2002 Series B Bonds, 2002 Series C Bonds or 2002 Series D Bonds, which are to be redeemed, at their last addresses appearing upon the registry books. Interest will not be payable on the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds or the 2002 Series D Bonds, as the case may be, 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 the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds or the 2002 Series D Bonds on such date and all conditions precedent, if any, to such redemption shall have been satisfied.

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 (the "Subordinate 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. 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 2002 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, 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 “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 “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Revenue Account.”

Cross-Call Provisions and Related Information

The following table sets forth for each Series of Bonds: the original par amount, the outstanding par amount, the maximum interest rate, the final maturity, whether cross-calls into a Series are permitted and whether cross-calls out of a Series are permitted. As used herein, the term “cross-calls” refers to the redemption of Bonds of one Series from amounts representing Recoveries of Principal derived from or with respect to Mortgage Loans attributable to a different Series of Bonds. This table is not intended by the Corporation to be entirely inclusive of the information necessary for a Bondholder to determine the likelihood of redemptions due to cross-calls or otherwise with respect to a particular Series of Bonds. Many factors may affect the Corporation’s decision to cross-call including, but not limited to, economic factors and certain limitations under federal tax law.

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Series of Bonds	Original Par Amount	Outstanding Par Amount [†]	Maximum Interest Rate	Final Maturity	Cross-Calls Into Series Permitted	Cross-Calls Out of Series Permitted
1993 Series A	\$15,020,000	\$13,265,000	5.85%	05/01/25	Yes	Yes
1993 Series B	\$114,980,000	\$86,050,000	5.85%	05/01/26	Yes	Yes
1994 Series A	\$6,500,000	\$5,140,000	8.95%	05/01/25	No	No
1995 Series A	\$49,635,000	\$18,560,000	5.60%	11/01/07	Yes	Yes
1996 Series A	\$217,310,000	\$122,375,000	5.625%	05/01/12	Yes	Yes
1997 Series A	\$12,215,000	\$11,005,000	5.75%	11/01/18	Yes	Yes
1997 Series B	\$13,050,000	\$11,205,000	5.875%	11/01/18	Yes	Yes
1997 Series C	\$30,000,000	\$25,260,000	6.73%	05/01/11	No	Yes
1998 Series A	\$57,800,000	\$57,200,000	6.84%	05/01/30	No	Yes
1998 Series B	\$21,380,000	\$21,380,000	5.25%	11/01/31	No	No
1999 Series A-1	\$49,100,000	\$44,700,000	6.06%	11/01/22	No	Yes
1999 Series A-2	\$17,500,000	\$17,500,000	12.00% ^{††}	05/01/37	No	Yes
1999 Series B-1	\$10,000,000	\$10,000,000	12.00% ^{††}	05/01/31	No	Yes
1999 Series B-2	\$30,200,000	\$29,900,000	7.32%	05/01/22	No	Yes
1999 Series C	\$9,800,000	\$9,800,000	5.70%	11/01/31	Yes	Yes
1999 Series D	\$8,110,000	\$7,610,000	5.50%	11/01/19	Yes	Yes
1999 Series E	\$10,715,000	\$10,670,000	6.25%	05/01/36	No	No
2000 Series A	\$11,440,000	\$11,440,000	5.95%	11/01/32	Yes	Yes
2000 Series B	\$24,800,000	\$24,800,000	7.79%	11/01/32	No	Yes
2001 Series A	\$30,115,000	\$30,115,000	5.60%	11/01/42	No	Yes
2001 Series B	\$87,370,000	\$85,330,000	5.25%	11/01/16	Yes	Yes
2001 Series C-1	\$10,730,000	\$10,730,000	12.00% ^{†††}	11/01/05	Yes	Yes
2001 Series C-2	\$17,770,000	\$17,770,000	5.40%	11/01/33	Yes	Yes
2002 Series A	\$36,370,000	\$36,370,000	5.50%	11/01/34	Yes	Yes
2002 Series B	\$7,150,000	\$7,150,000	5.50%	11/01/32	Yes	Yes
2002 Series C	\$49,500,000	\$49,500,000	15.00% ^{††}	05/01/34	No	Yes
2002 Series D	\$285,000,000	\$280,300,000	15.00% ^{††}	11/01/32	No	No

† As of March 1, 2002, other than for the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds which shall be the date of issue.

†† This Series of Bonds bears interest at a variable rate equal to the FHLB Discount Notes Funding Cost plus three-tenths of one percent (0.3%). "FHLB Discount Notes Funding Cost" means the rate set forth on Telerate 24701 (or such other Telerate page as may replace said page 24701), at 10:00 a.m. (New York City time) on a Determination Date, with a maturity equal to three (3) months following such Determination Date. "Determination Date" means the date which is two (2) business days prior to the next Reset Date. "Reset Date" means February 1, May 1, August 1 and November 1 of each year.

††† This Series of Bonds bears interest at a variable rate equal to ninety-five percent (95%) of LIBOR. For this purpose, "LIBOR" means the per annum rate for deposits in United States dollars for one (1) month which appears on the Official BBA LIBOR Fixings Page as of 11:00 a.m. London, England time, on a Determination Date. "Official BBA LIBOR Fixings Page" means the display designated as page "Official BBA LIBOR Fixings" on the Bloomberg Financial Markets Commodities News Service (or such other page as may replace the Official BBA LIBOR Fixings page on that service for the purpose of displaying London interbank offered rates of major banks).

Mortgage Loans

General

Under the General Resolution, the Corporation is authorized to issue Bonds to finance any of its corporate purposes for which the Corporation may issue bonds under the Act or any other applicable law now or hereafter enacted. Such corporate purposes include but are not limited to financing 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 (which need not create a first 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, including, but not limited to, mortgage-backed securities guaranteed by GNMA, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation. 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 may, but are not required to, be subject to supplemental security insuring or securing against Mortgage Loan default losses. Such supplemental security, if any, 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, subsidy or interest rate reduction payments, insurance, 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 government or State or local agencies. Previously, the Corporation relied on the underwriting criteria and expertise of other parties, including HUD, FHA, SONYMA, credit facility providers and/or HPD and, in the case of most of its programs, it has not assumed sole responsibility for the underwriting of mortgage loans financed thereunder or hired personnel exclusively for such purpose. The Corporation, in conjunction with conventional lenders, credit facility providers and/or HPD, has underwritten the Mortgage Loans financed by the 1994 Series A Bonds, the 1997 Series B Bonds, the 1998 Series A Bond, the 1998 Series B Bond and the 1999 Series D Bonds; the Mortgage Loans financed and expected to be financed by the 1997 Series C Bonds, the 1999 Series A Bonds, the 1999 Series B Bonds, the 1999 Series C Bonds, the 1999 Series E Bonds, the 2000 Series A Bonds, the 2000 Series B Bonds and the 2001 Series C Bonds; and the 2002 Series A Mortgage Loans, the 2002 Series B Mortgage Loans and the 2002 Series C Mortgage Loans. In the future the Corporation may determine to undertake such 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. See “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Application and Disbursement of Bond Proceeds” for a description of the Mortgage Loan requirements under the General Resolution. See “THE PROGRAM—General” and “Appendix E-1—Developments and Mortgage Loans Outstanding Under the Program” for a description of the Mortgage Loans financed under the Program to date.

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 insurance on Mortgage Loans or any subsidy payments 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 “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to Mortgage Loans.”

2002 Series D Bonds

The proceeds of the 2002 Series D Bonds will be used to finance the acquisition by the Corporation, pursuant to the Participation Agreement, of the 2002 Series D Purchased Mortgage Loans and the 2002 Series D Trust Mortgage Loans. See “PLAN OF FINANCING—2002 Series D Mortgage Loans—Participation Interest.”

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) whenever any Series of Bonds is issued; (ii) 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; (iii) 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; (iv) prior to selling Mortgage Loans not in default; (v) 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; (vi) prior to the releasing of any Mortgage Loan from the pledge and lien of the General Resolution; (vii) prior to the application of Recoveries of Principal to any use other than the purchase or redemption of Bonds; (viii) 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 (ix) 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.

In addition, the Corporation shall not take any of the actions described in clauses (ii) through (ix) 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. Pursuant to the respective Supplemental Resolutions, and for purposes of the requirements of this paragraph, the current value of the Mortgage Loans with respect to each Series of Bonds is as follows:

Valuation of Mortgage Loans

Series of Bonds	Value as a Percentage of Outstanding Principal Balance ³	Outstanding Principal Balance of Mortgage Loans ³	Percentage of Total Outstanding Principal Balance of Mortgage Loans ^{4, 5}
1993 Series A	99%	\$12,592,532	1.61%
1993 Series B	99%	\$172,315,175	21.97%
1994 Series A	100%	\$5,448,222	0.69%
1995 Series A	100%	\$26,832,673	3.42%
1996 Series A	76%	\$151,026,143	19.25%
1997 Series A	100%	\$10,402,553	1.33%
1997 Series B	71%	\$12,200,973	1.56%
1997 Series C	77.5%	\$34,355,701	4.38%
1998 Series A	96%	\$56,413,546	7.19%
1998 Series B	100%	\$20,594,239	2.63%
1999 Series A ¹	85%	\$87,793,918	11.19%
1999 Series B ¹	78%	\$37,512,902	4.78%
1999 Series C ¹	77%	\$7,923,681	1.01%
1999 Series D	78%	\$7,807,541	1.00%
1999 Series E ¹	100%	\$9,805,549	1.25%
2000 Series A ¹	78%	\$11,079,896	1.41%
2000 Series B ^{1,2}	78%	\$15,759,475	2.01%
2001 Series A ¹	100%	\$15,466,935	1.97%
2001 Series B	99%	\$84,541,026	10.78%
2001 Series C ¹	78%	\$4,624,173	0.59%
2002 Series A	80%	—	—
2002 Series B	80%	—	—
2002 Series C	80%	—	—
2002 Series D	80%	—	—
TOTAL		\$784,496,852	100.00%

¹ The Corporation expects to make additional advances from Construction Mortgage Loans subsequent to February 28, 2002 (see “Appendix E-1—Developments and Mortgage Loans Outstanding Under the Program—Developments and Construction Mortgage Loans Outstanding Under the Program as of February 28, 2002”).

² Subsequent to February 28, 2002 through April 30, 2002, the Corporation acquired two (2) additional Permanent Mortgage Loans (see “Appendix E-1? Developments and Mortgage Loans Outstanding Under the Program? Developments and Permanent Mortgage Loans Outstanding Under the Program Subsequent to February 28, 2002 through April 30, 2002”). The Corporation also expects to acquire three (3) additional Permanent Mortgage Loans subsequent to April 30, 2002 (see “Appendix E-2—Developments and Mortgage Loans Expected to be Financed with the Proceeds of the 2000 Series B Bonds”).

³ As of February 28, 2002 for each Series of Bonds other than 2002 Bonds, and as of the date of delivery for the 2002 Bonds.

⁴ May not add due to rounding.

⁵ As of the date of delivery of the 2002 Bonds based upon the outstanding principal balance of Mortgage Loans as of February 28, 2002 for each Series of Bonds other than the 2002 Bonds, and as of the date of delivery for the 2002 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 "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 (iii) of the third preceding paragraph or (2) clause (v) of the third preceding paragraph 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. 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 “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Debt Service Reserve Account.”

Under the terms of the 2002 Series A Supplemental Resolution, the Debt Service Reserve Account Requirement, with respect to the 2002 Series A Bonds, shall equal, as of any date of calculation, the maximum amount of Debt Service of the 2002 Series A Bonds for the current or any future semiannual period. Under the terms of the 2002 Series B Supplemental Resolution, the Debt Service Reserve Account Requirement, with respect to the 2002 Series B Bonds, shall equal, as of any date of calculation, the maximum amount of Debt Service of the 2002 Series B Bonds for the current or any future semiannual period. Under the terms of the 2002 Series C Supplemental Resolution, the Debt Service Reserve Account Requirement, with respect to the 2002 Series C Bonds, shall equal, as of any date of calculation, seven and one-half percent (7½%) of the principal amount of the 2002 Series C Bonds Outstanding. Under the terms of the 2002 Series D Supplemental Resolution, the Debt Service Reserve Account Requirement, with respect to the 2002 Series D Bonds, shall equal, as of any date of calculation, seven and one-half percent (7½%) of the principal amount of the 2002 Series D Bonds Outstanding. The Corporation will enter into the Funding Agreement whereby the Corporation will agree to pay Debt Service on the 2002 Series D Bonds in an amount equal to the Debt Service Reserve Account Requirement with respect to the 2002 Series D Bonds in the event other available amounts are insufficient therefor. Said payment obligation will be a general obligation of the Corporation, subject to any agreements with the holders of particular notes or bonds pledging any particular revenues (see Appendix B hereto for the financial statements of the Corporation for the fiscal year ended October 31, 2001). Pursuant to the 2002 Series D Supplemental Resolution, said instrument shall constitute a Cash Equivalent for purposes of the General Resolution. Although under any Supplemental Resolution authorizing a particular Series of Bonds one or more reserve accounts may be established for the purpose of securing only Bonds of such Series, no such reserve accounts are created under the 2002 Supplemental Resolutions for the sole benefit of the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds or the 2002 Series D Bonds.

Upon delivery of the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds and funding of the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Account Requirement for each respective Series of such Bonds, the Debt Service Reserve Account Requirement for all of the Outstanding Bonds will be met. As of February 28, 2002, the Debt Service Reserve Account had a balance of \$45,458,533.

The General Resolution requires that 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.

Additional Security

Under the General Resolution, payment of the principal or redemption or purchase price of and interest on each Series of Bonds issued thereunder may, but is not required to, be secured by a letter of credit, bond insurance, financial guaranty or other credit or liquidity enhancement. In connection with obtaining any such credit or liquidity enhancement, the Corporation is permitted under the General Resolution to pledge to the provider thereof its interests in the Mortgage Loans and the Accounts. The 2002 Bonds will not have the benefit of any such credit enhancement. See “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION.”

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 “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 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 “RATINGS.” Investment earnings on Accounts are to be transferred to the Revenue Account except as otherwise provided by the General Resolution. See “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Deposits and Investments” and “—Revenue Account.”

The following tables set forth for each Series of Bonds: the type of investment, the investment agreement, the counterparties to the respective investment agreements with the Corporation and the Trustee (which includes Morgan Guaranty Trust Company of New York, New York Branch (“Morgan”),

Bayerische Landesbank Girozentrale, New York Branch (“Bayerische”), Westdeutsche Landesbank Girozentrale, New York Branch (“West LB”), Bank of America, N.A. (“Bank of America”), Lehman Brothers Inc. (“Lehman”) and Mizuho Securities Co., Ltd. (“Mizuho”), and the interest rate and the maturity date for such investments, for the Debt Service Reserve Account, the Bond Proceeds Account and certain of the amounts deposited in the Revenue Account. In addition, the following two (2) tables set forth for each Series of Bonds the amount of each investment for the Debt Service Reserve Account and the Bond Proceeds Account.

Debt Service Reserve Account[†]

Series of Bonds ^{††}	Type of Investment	Type of Investment Agreement	Investment Provider	Amount	Interest Rate	Maturity Date
1993 Series A	U.S. Treasury Bonds	Put Agreement	Morgan	\$642,854 ^{††††}	7.125%	5/01/26
1993 Series B	U.S. Treasury Bonds	Put Agreement	Morgan	\$6,032,146 ^{††††}	7.125%	5/01/26
1994 Series A	U.S. Treasury Notes	N/A	N/A	\$396,000 ^{††††}	5.75%	10/31/02
1995 Series A	N/A	Repurchase Agreement	Bayerische	\$1,445,000	6.60%	5/01/12
1996 Series A	N/A	Repurchase Agreement	Bayerische	\$20,750,000	6.60%	5/01/12
1997 Series A	N/A	Repurchase Agreement	West LB	\$400,000	6.16%	10/31/18
1997 Series B	N/A	Repurchase Agreement	West LB	\$790,000	6.16%	10/31/18
1997 Series C	Time Deposit	Deposit Agreement	Bayerische	\$1,824,393	5.90%	4/30/11
1998 Series A	Time Deposit	Deposit Agreement	Bayerische	\$2,397,140	5.80%	5/01/30
1998 Series B	Time Deposit	Deposit Agreement	Bayerische	\$715,000	5.28%	11/01/31
1999 Series A	Time Deposit	Deposit Agreement	Bayerische	\$3,571,000	5.15%	5/01/37
1999 Series E	Time Deposit	Deposit Agreement	Bayerische	\$365,000	6.11%	6/01/36
2001 Series B	Time Deposit	Deposit Agreement	Bank of America	\$6,130,000	5.58%	11/01/16
2002 Series A	†††	†††	†††	\$2,337,563	†††	†††
2002 Series B	†††	†††	†††	\$472,650	†††	†††
2002 Series C	†††	†††	†††	\$3,712,500	†††	†††
2002 Series D	N/A	Funding Agreement	Corporation	\$21,375,000	N/A	8/01/32

[†] As of February 28, 2002 for each Series of Bonds other than the 1994 Series A Bonds, the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds, as of May 1, 2002 for the 1994 Series A Bonds and as of the date of delivery for the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds.

^{††} The Debt Service Reserve Account Requirement with respect to the 1999 Series B Bonds, the 1999 Series C Bonds, the 1999 Series D Bonds, the 2000 Series A Bonds, the 2000 Series B Bonds, the 2001 Series A Bonds and the 2001 Series C Bonds, respectively, equals zero dollars (\$0).

^{†††} The Corporation will fund the Debt Service Reserve Account for this Series of Bonds with amounts already on deposit in the Debt Service Reserve Account from sources other than the proceeds of the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds.

^{††††} Reflects the repurchase price and does not reflect the market value on any given date.

^{†††††} Reflects the par amount and does not reflect the market value on any given date.

Bond Proceeds Account[†]

Series of Bonds	Type of Investment	Type of Investment Agreement	Investment Provider	Amount	Interest Rate	Maturity Date
1999 Series A	N/A	Repurchase Agreement	Lehman	\$944,348	1.70%	6/10/02
1999 Series B	Time Deposit	Deposit Agreement	Bayerische	\$2,854,749	5.665%	8/31/02
1999 Series C	Time Deposit	Deposit Agreement	Bayerische	\$1,876,319	5.665%	8/31/02
1999 Series E	Time Deposit	Deposit Agreement	Bayerische	\$538,370	6.11%	8/01/02
2000 Series A	Time Deposit	Deposit Agreement	Bayerische	\$360,104	6.67%	12/31/02
2000 Series B	Time Deposit	Deposit Agreement	Bayerische	\$14,803,250	6.67%	12/31/02
2001 Series A	Time Deposit	Deposit Agreement	Bank of America	\$14,611,858	5.58%	5/31/03
2001 Series C-1	Time Deposit	Deposit Agreement	Bayerische	\$8,965,199	2.75%	8/01/03
2001 Series C-2	Time Deposit	Deposit Agreement	Bayerische	\$14,910,628	2.75%	8/01/03
2002 Series A	Time Deposit	Deposit Agreement	Bayerische	\$36,370,000	2.65%	10/01/04
2002 Series B	††	††	††	\$7,150,000	††	††
2002 Series C	Time Deposit	Deposit Agreement	Bayerische	\$66,689,610	LIBOR minus 0.11% ^{†††}	10/01/04

[†] As of February 28, 2002 for each Series of Bonds other than the 1999 Series A Bonds, the 2002 Series A Bonds, the 2002 Series B Bonds and the 2002 Series C Bonds, as of June 5, 2002 for the 1999 Series A Bonds and as of the date of delivery for the 2002 Series A Bonds, the 2002 Series B Bonds and the 2002 Series C Bonds.

^{††} It is anticipated that the Corporation will solicit bids for the investment of the proceeds related to this Series of Bonds; a Deposit Agreement or a Repurchase Agreement is expected to be entered into simultaneously with the issuance of such Series of Bonds.

^{†††} For this purpose, "LIBOR" means the per annum rate for deposits in United States dollars for three (3) months which appears on the Official BBA LIBOR Fixings Page as of 11:00 a.m. London, England time, on a determination date. "Official BBA LIBOR Fixings Page" means the display designated as page "Official BBA LIBOR Fixings" on the Bloomberg Financial Markets Commodities News Service (or such other page as may replace the Official BBA LIBOR Fixings page on that service for the purpose of displaying London interbank offered rates of major banks).

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Revenue Account[†]

Series of Bonds	Type of Investment	Type of Investment Agreement	Investment Provider	Interest Rate	Maturity Date
1993 Series A	N/A	Repurchase Agreement	Bayerische	6.60%	5/01/12
1993 Series B	N/A	Repurchase Agreement	Bayerische	6.60%	5/01/12
1993 Series B	N/A	Repurchase Agreement	Mizuho	1.68%	6/19/02
1994 Series A	U.S. Treasury Notes	N/A	N/A	5.75%	10/31/02
1995 Series A	N/A	Repurchase Agreement	Bayerische	6.60%	5/01/12
1996 Series A	N/A	Repurchase Agreement	Bayerische	6.60%	5/01/12
1996 Series A	N/A	Repurchase Agreement	Mizuho	1.68%	6/19/02
1997 Series A	N/A	Repurchase Agreement	West LB	6.16%	10/31/18
1997 Series B	N/A	Repurchase Agreement	West LB	6.16%	10/31/18
1997 Series C	Time Deposit	Deposit Agreement	Bayerische	5.90%	4/30/11
1998 Series A	Time Deposit	Deposit Agreement	Bayerische	5.80%	5/01/30
1998 Series B	Time Deposit	Deposit Agreement	Bayerische	5.28%	11/01/31
1999 Series A	Time Deposit	Deposit Agreement	Bayerische	5.15%	5/01/37
1999 Series B	Time Deposit	Deposit Agreement	Bayerische	5.665%	1/01/31
1999 Series C	Time Deposit	Deposit Agreement	Bayerische	5.665%	1/01/31
1999 Series D	Time Deposit	Deposit Agreement	Bayerische	5.665%	9/01/19
1999 Series E	Time Deposit	Deposit Agreement	Bayerische	6.11%	6/01/36
2000 Series A	U.S. Treasury Notes	N/A	N/A	5.75%	10/31/02
2000 Series B	U.S. Treasury Notes	N/A	N/A	5.75%	10/31/02
2001 Series A	Time Deposit	Deposit Agreement	Bank of America	5.58%	11/01/42
2001 Series B	Time Deposit	Deposit Agreement	Bank of America	5.58%	11/01/42
2001 Series C-1	U.S. Treasury Notes	N/A	N/A	6.50%	5/31/02
2001 Series C-2	U.S. Treasury Notes	N/A	N/A	5.75%	10/31/02
2002 Series A	Time Deposit	Deposit Agreement	Bayerische	2.65%	11/01/34
2002 Series B	Time Deposit	Deposit Agreement	Bayerische	2.65%	11/01/32
2002 Series C	Time Deposit	Deposit Agreement	Bayerische	2.65%	5/01/34
2002 Series D (Revenue Account)	Time Deposit	Deposit Agreement	Bayerische	4.91%	11/01/32
2002 Series D (Capitalized Interest Sub- Account)	Time Deposit	Deposit Agreement	Bayerische	3.91%	5/01/07

[†] As of February 28, 2002 for each Series of Bonds other than the 1994 Series A Bonds, the 2000 Series A Bonds, the 2000 Series B Bonds, the 2001 Series C-1 Bonds, the 2001 Series C-2 Bonds, the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds, as of May 1, 2002 for the 1994 Series A Bonds, the 2000 Series A Bonds, the 2000 Series B Bonds, the 2001 Series C-1 Bonds and the 2001 Series C-2 Bonds, and as of the date of delivery for the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds.

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SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

Set forth below are abridged or summarized excerpts of certain sections of the General Resolution. In some instances, the General Resolution permits the modification of certain of its provisions by a Supplemental Resolution relating to a specific Series of Bonds. Certain of such permitted modifications, which have been made with respect to the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds by the provisions of the 2002 Series A Supplemental Resolution, the 2002 Series B Supplemental Resolution, the 2002 Series C Supplemental Resolution and the 2002 Series D Supplemental Resolution, respectively, have been summarized below. Prior to the issuance of the 2002 Bonds, other Supplemental Resolutions authorizing other Series of Bonds have also modified certain provisions of the General Resolution with respect to the Series of Bonds authorized thereunder and such modifications (except as described in the next sentence) have not been summarized below. Certain modifications to the General Resolution, which have been made with respect to the 1996 Series A Bonds by the provisions of the Fifth Supplemental Resolution, have also been summarized below. These have been included because the outstanding principal balance of certain of the Mortgage Loans financed with the proceeds of the 1996 Series A Bonds, which Mortgage Loans are not secured by supplemental security and, in one case, is not subsidized under any subsidy program, exceeds 5% of the aggregate outstanding principal balance of all Mortgage Loans financed under the General Resolution. The excerpts set forth below do not purport to be complete or to cover all sections of the General Resolution. Reference is made to the General Resolution, the Fifth Supplemental Resolution, the 2002 Series A Supplemental Resolution, the 2002 Series B Supplemental Resolution, the 2002 Series C Supplemental Resolution and the 2002 Series D Supplemental Resolution, copies of which are on file with the Corporation and the Trustee, for a complete statement of the rights, duties and obligations of the Corporation, the Trustee and the Bond owners thereunder.

Contract With Bond Owners—Security for Bonds—Limited Obligation

In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, the provisions of the General Resolution shall be deemed to be and shall constitute a contract among the Corporation, the Trustee and the owners from time to time of such Bonds. The pledges and assignments made in the General Resolution and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Corporation shall be for the benefit, protection and security of the owners of any and all of such Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the General Resolution or a Supplemental Resolution authorizing a Series of Bonds. The Corporation pledges the Revenues and all amounts held in any Account established under the General Resolution to the payment of the principal or Redemption Price of and interest on the Bonds, subject to provisions permitting the use and application of such amounts for stated purposes, as provided in the General Resolution; provided, however, that notwithstanding anything to the contrary contained in the General Resolution, the Corporation may, pursuant to a Supplemental Resolution authorizing the issuance of a Series of Bonds, also pledge such Revenues and amounts to one or more Credit Facility Providers who have provided Credit Facilities to secure such Series of Bonds and such further pledge may be either on a parity with or subordinate to the pledge set forth in this paragraph to secure the payment of the Bonds, all as set forth in such Supplemental Resolution; and provided further, however, that the Corporation may, pursuant to a Supplemental Resolution, provide that amounts in an Account established pursuant to such Supplemental Resolution be excluded from the pledge set forth in this paragraph to secure the payment of the Bonds or otherwise limit such pledge with respect to such Account. The

foregoing pledge does not include amounts on deposit in or required to be deposited in the Rebate Fund. The Bonds shall be special revenue obligations of the Corporation payable solely from the revenues and assets pledged therefor pursuant to the General Resolution.

Provisions for Issuance of Bonds

In order to provide sufficient funds for financing the Corporation Corporate Purposes, Bonds of the Corporation are authorized to be issued without limitation as to amount except as may be provided by law. The Bonds shall be executed by the Corporation for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Corporation or upon its order, but only upon the receipt by the Trustee of, among other things:

- (a) a Bond Counsel's Opinion to the effect that (i) the General Resolution and the Supplemental Resolution have been duly adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency and other laws affecting creditors' rights and remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)); (ii) the General Resolution and such Supplemental Resolution create the valid pledge and lien which they purport to create of and on the Revenues and all the Accounts established under the General Resolution and such Supplemental Resolution and monies and securities on deposit therein, subject to the use and application thereof for or to the purposes and on the terms and conditions permitted by the General Resolution and such Supplemental Resolution; and (iii) upon the execution, authentication and delivery thereof, such Bonds will have been duly and validly authorized and issued in accordance with the laws of the State, including the Act as amended to the date of such Opinion, and in accordance with the General Resolution and such Supplemental Resolution;
- (b) a written order as to the delivery of such Bonds, signed by an Authorized Officer;
- (c) the amount of the proceeds of such Bonds to be deposited with the Trustee pursuant to the General Resolution;
- (d) a Cash Flow Statement conforming to the requirements of the General Resolution; and
- (e) except with respect to the initial Series of Bonds issued under the General Resolution, confirmation of the then existing rating on the Bonds (other than Subordinate Bonds) by each of the Rating Agencies.

Refunding Bonds

Refunding Bonds of the Corporation may be issued under and secured by the General Resolution, subject to the conditions provided in the General Resolution, from time to time, for the purpose of providing funds, with any other available funds, for (i) redeeming (or purchasing in lieu of redemption) prior to their maturity or maturities, or retiring at their maturity or maturities, all or any part of the Outstanding Bonds of any Series, including the payment of any redemption premium thereon (or premium, to the extent permitted by law, included in the purchase price, if purchased in lieu of redemption), (ii) making any required deposits to the Debt Service Reserve Account, (iii) if deemed necessary by the Corporation, paying the interest to accrue on the refunding Bonds or refunded Bonds to the date fixed for their redemption (or purchase) and (iv) paying any expenses in connection with such

refunding. Before such Bonds shall be issued, the Corporation shall adopt a Supplemental Resolution authorizing the issuance and sale of such Bonds, fixing the amount and the details thereof, describing the Bonds to be redeemed and setting forth determinations required by the General Resolution.

Except as otherwise provided in the Supplemental Resolution authorizing a Series of refunding Bonds, refunding Bonds shall be on a parity with and shall be entitled to the same benefit and security of the General Resolution as all other Bonds (other than Subordinate Bonds) issued under the General Resolution, provided, however, a Supplemental Resolution may provide for differences in the maturities thereof or the Interest Payment Dates or the rate or rates of interest or the provisions for redemption.

Before any Series of refunding Bonds shall be authenticated and delivered by the Trustee, there shall be on file with the Trustee, among other things, the following:

- (a) the documents specified under the heading "Provisions for Issuance of Bonds";
- (b) a certificate of an Authorized Officer stating that the proceeds (excluding accrued interest but including any premium) of such refunding Bonds, together with any monies which have been made available to the Trustee for the purpose of paying Debt Service, or the principal of and the interest on the investment of such proceeds or any such monies, will be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded and the interest which will become due and payable on or prior to the date of their payment or redemption and the expenses in connection with such refunding and to make any required deposits to the Debt Service Reserve Account; and
- (c) if all or part of the refunded Bonds are to be redeemed prior to maturity, irrevocable instructions from an Authorized Officer to the Trustee to redeem the applicable Bonds.

The proceeds of such refunding Bonds and the investment income therefrom shall, to the extent practicable, be invested and reinvested by the Trustee, with the approval of the Corporation in Investment Securities, and the monies so invested shall be available for use when required.

Application and Disbursement of Bond Proceeds

Unless otherwise provided in the applicable Supplemental Resolution, the proceeds of sale of a Series of Bonds, shall, as soon as practicable upon the delivery of such Bonds by the Trustee, be applied as follows:

- (1) the amount, if any, received at such time as a premium above the aggregate principal amount of such Bonds shall be applied as specified in the Certificate of an Authorized Officer, and such portion of the amount, if any, received as accrued interest shall be deposited in the Revenue Account as shall be directed by an Authorized Officer;
- (2) with respect to any Series issued for the purpose of refunding Bonds or any other bonds, notes or other obligations of the Corporation or other entity, the amount, if any, required to pay Costs of Issuance, as designated by an Authorized Officer of the Corporation, shall be deposited in the Bond Proceeds Account;
- (3) with respect to any Series issued for the purpose of refunding Bonds or any other bonds, notes or other obligations of the Corporation or other entity, the balance remaining after

such deposits have been made as specified in (1) and (2) above shall be applied as specified in the Supplemental Resolution authorizing such Series;

(4) the amount, if any, necessary to cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement immediately following the time of such delivery shall be deposited in the Debt Service Reserve Account together with such additional amount, if any, as may be specified in the Supplemental Resolution authorizing such Bonds; and

(5) the balance remaining after such deposits have been made shall be deposited in the Bond Proceeds Account.

Except as otherwise provided in the applicable Supplemental Resolution, amounts in the Bond Proceeds Account shall not be disbursed for financing a Mortgage Loan, including either advances during construction or permanent financing thereof, unless, among other things, (1) the instrument evidencing such Mortgage Loan and the Mortgage and any other document securing such Mortgage Loan shall have been duly executed and delivered and, in the opinion of counsel, who may be counsel to the Mortgagor, constitute valid and binding agreements between the parties thereto enforceable in accordance with their terms, except as such enforcement may be limited by operation of bankruptcy, insolvency or similar laws affecting the rights and remedies of creditors; (2) there shall have been filed with the Trustee, an opinion of counsel, who may be counsel to the Corporation, to the effect that such Mortgage Loan complies with all provisions of the Act or otherwise applicable law and the General Resolution; (3) the Mortgage is the subject of a policy of title insurance, in an amount not less than the amount of the unpaid principal balance of the Mortgage Loan, insuring in favor of the Corporation, a mortgage lien (which need not be a first mortgage lien, if so provided in the applicable Supplemental Resolution), subject only to Permitted Encumbrances, on the real property securing the Mortgage Loan; and (4) the Project is insured against loss by fire and other hazards as required by the Corporation.

Pursuant to the terms of the Fifth Supplemental Resolution, with respect to the 1996 Series A Bonds and the 1996 Series A Mortgage Loans, the provisions of clause (1) of the preceding paragraph regarding an opinion of counsel shall be inapplicable.

Deposits and Investments

Any amounts that are pledged pursuant to the General Resolution and held by the Trustee in any Accounts under or pursuant to the General Resolution may be invested in Investment Securities. In computing the amount in any Account, obligations purchased as an investment of monies therein shall be valued at amortized value or if purchased at par value, at par.

Upon receipt of written instructions from an Authorized Officer of the Corporation, the Trustee shall exchange any coin or currency of the United States of America or Investment Securities held by it pursuant to the General Resolution or any Supplemental Resolution for any other coin or currency of the United States of America or Investment Securities of like amount.

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 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.

Establishment of Accounts

The General Resolution establishes the following special trust accounts to be held and maintained by the Trustee in accordance with the General Resolution:

- (1) Bond Proceeds Account;
- (2) Revenue Account;
- (3) Redemption Account; and
- (4) Debt Service Reserve Account.

Bond Proceeds Account

There shall be deposited from time to time in the Bond Proceeds Account any proceeds of the sale of Bonds representing principal or premium or other amounts required to be deposited therein pursuant to the General Resolution and any Supplemental Resolution and any other amounts determined by the Corporation to be deposited therein from time to time. Upon the issuance, sale and delivery of any Series of Bonds pursuant to the General Resolution, the Corporation shall establish on the books of the Corporation a separate sub-account designated “_____ Series _____ Bond Proceeds Sub-Account” (inserting therein the appropriate series and other necessary designation). Upon payment of any amounts from the Bond Proceeds Account, such payments shall be charged to the appropriate Bond Proceeds Sub-Account on the books of the Corporation.

Amounts in the Bond Proceeds Account shall be expended only (i) to finance one or more of the Corporation Corporate Purposes, including but not limited to, the financing of Mortgage Loans, in accordance with the General Resolution, which may include making Mortgage Loans, acquiring Mortgage Loans or refinancing Mortgage Loans; (ii) to pay Costs of Issuance; (iii) to pay principal of and interest on the Bonds when due, in accordance with the General Resolution, to the extent amounts in the Revenue Account are insufficient for such purpose; (iv) to purchase or redeem Bonds in accordance with the General Resolution; (v) to pay, purchase or redeem bonds, notes or other obligations of the Corporation or any other entity in accordance with the General Resolution; and (vi) if so provided in a Supplemental Resolution, to reimburse a Credit Facility Provider for amounts obtained under a Credit Facility for the purposes described in clauses (iii), (iv) or (v) of this paragraph.

At least one day prior to each Interest Payment Date the Corporation shall deliver to the Trustee a Certificate of an Authorized Officer setting forth the amounts necessary and available to pay the principal of and interest on the Bonds from the amount on deposit in the Bond Proceeds Account, after giving effect to the actual and expected application of amounts therein to the financing of the Corporation Corporate Purposes as of the date of such Certificate, the amount on deposit for such use in the Revenue Account, and any other amount available for such use pursuant to a Supplemental Resolution. On each Interest Payment Date the Trustee shall transfer the amounts so stated to the Revenue Account.

If so provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, the Corporation may direct the Trustee in writing to transfer amounts in the Bond Proceeds Account to fund the payment, purchase or redemption of bonds, notes or other obligations, which may include interest thereon, theretofore issued by the Corporation or any other entity upon receipt by the Trustee of a written

requisition setting forth (i) the issue of bonds, notes or other obligations with respect to which the transfer is to be made, and (ii) the amount of the transfer.

Revenue Account

The Corporation shall cause all Pledged Receipts to be deposited promptly with the Trustee in the Revenue Account. There shall also be deposited in the Revenue Account any other amounts required to be deposited therein pursuant to the General Resolution and any Supplemental Resolution. Earnings on all Accounts established under the General Resolution not required to be deposited in the Rebate Fund shall be deposited, as realized, in the Revenue Account.

The Trustee shall pay out of the Revenue Account (i) on or before each Interest Payment Date, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date, and (ii) on or before the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Outstanding Bonds to be redeemed or purchased on such date unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by the Trustee to such payments; provided, however, that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to make the payments referred to in this paragraph, then amounts in the Revenue Account which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

Any amount accumulated in the Revenue Account up to the unsatisfied balance of each Sinking Fund Payment may, and if so directed in writing by the Corporation shall, be applied (together with amounts accumulated in the Revenue Account with respect to interest on the Bonds for which such Sinking Fund Payment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Payment (i) to the purchase of Bonds of the maturity for which such Sinking Fund Payment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price plus accrued interest, or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above; provided, however, that the purchase of such Bonds may be at prices exceeding that set forth in clause (i) of this paragraph if the Corporation shall have filed with the Trustee a Cash Flow Statement pursuant to the General Resolution, and provided further, however, that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to make the purchases referred to in this paragraph, then amounts in the Revenue Account which would have otherwise been used to make such purchases may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

Except as otherwise provided in an applicable Supplemental Resolution, upon the purchase or redemption of any Bond for which Sinking Fund Payments have been established from amounts in the Revenue Account, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 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.

As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Payment, the Trustee shall call for redemption on such due date, Bonds of the maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of a principal amount of Bonds equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee

shall so call such Bonds for redemption whether or not it then has monies in the Revenue Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date.

On each Interest Payment Date, the Trustee shall transfer from the Revenue Account (i) first, to the Debt Service Reserve Account, an amount equal to the amount necessary to be transferred to such Account in order that the amount on deposit therein be equal to the Debt Service Reserve Account Requirement (or such lesser amount as may be available), (ii) second, to the Bond Proceeds Account, such amount as the Corporation determines is required to finance Corporation Corporate Purposes, as evidenced by a Certificate of an Authorized Officer, (iii) third, if so directed by the Corporation, to the Trustee, an amount equal to the Trustee's unpaid fees and expenses, (iv) fourth, if so directed by the Corporation, to any Credit Facility Providers, an amount equal to any fees due and owing to such Credit Facility Providers, (v) fifth, to the Corporation, an amount equal to the administrative fee, if any, of the Corporation, to the extent unpaid and (vi) sixth, to the entities providing Investment Securities with respect to the Accounts or any arrangements or agreements with respect thereto, amounts equal to the fees due and payable on or before the next succeeding Interest Payment Date to such entities, as designated in a Certificate of an Authorized Officer. At any time after the transfers described in (i), (ii), (iii), (iv), (v) and (vi) above have been made, except as otherwise provided in a Supplemental Resolution, the Corporation may, upon the written request of an Authorized Officer and upon filing with the Trustee of a Cash Flow Statement or a Cash Flow Certificate pursuant to the General Resolution, withdraw free and clear of the lien of the General Resolution any amount remaining in the Revenue Account.

Notwithstanding any other provision under this heading, the Trustee may at any time make transfers from the Revenue Account, upon the written direction of an Authorized Officer, to the Redemption Account for the purposes of such Account. No such transfer shall be made, however, unless there is on deposit in the Revenue Account after such transfer an amount equal to the Debt Service accrued on all Outstanding Bonds as of the date of such transfer.

Notwithstanding any other provision under this heading, no payments shall be required to be made into the Revenue Account so long as the amount on deposit therein shall be sufficient to pay all Outstanding Bonds (including the Sinking Fund Payments for the retirement thereof) in accordance with their terms, and any Revenues thereafter received by the Corporation may be applied to any corporate purpose of the Corporation free and clear of the pledge and lien of the General Resolution.

2002 Series D Capitalized Interest Sub-Account

Pursuant to the 2002 Series D Supplemental Resolution, a 2002 Series D Capitalized Interest Sub-Account of the Revenue Account has been established. There shall be deposited in the 2002 Series D Capitalized Interest Sub-Account of the Revenue Account all amounts required to be deposited therein pursuant to the 2002 Series D Supplemental Resolution and any other amounts received and determined to be deposited therein by the Corporation. Notwithstanding any other provision of the General Resolution, monies in the 2002 Series D Capitalized Interest Sub-Account shall be applied by the Trustee solely for the purpose of the payment, at the times and in the amounts needed, of interest due on Outstanding 2002 Series D Bonds; provided that (i) if other amounts held under the General Resolution are insufficient therefor, amounts in the 2002 Series D Capitalized Interest Sub-Account may be used for the payment of principal of, redemption premium, if any, or interest on any Bonds and (ii) if, at any time, the Corporation determines that amounts in the 2002 Series D Capitalized Interest Sub-Account are not expected to be needed for the payment of interest on the 2002 Series D Bonds, the Trustee shall, at the direction of the Corporation, transfer the amount specified by the Corporation from the 2002 Series D Capitalized Interest Sub-Account to the Redemption Account. Subject to the foregoing, amounts in the 2002 Series D Capitalized Interest Sub-Account shall be used to pay interest on the 2002 Series D Bonds prior to using any other amounts under the General Resolution for such purpose.

Redemption Account

There shall be deposited in the Redemption Account all amounts which are required to be deposited therein pursuant to the General Resolution and any Supplemental Resolution and any other amounts available therefor and determined by the Corporation to be deposited therein. Subject to the provisions of the General Resolution or of any Supplemental Resolution authorizing the issuance of a Series of Bonds, requiring the application thereof to the payment, purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Redemption Account to the purchase or redemption of Bonds at the times and in the manner provided in the General Resolution.

Notwithstanding anything to the contrary contained in the General Resolution, if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to purchase or redeem Bonds, then amounts in the Redemption Account which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

Debt Service Reserve Account

There shall be deposited in the Debt Service Reserve Account all amounts required to be deposited therein pursuant to the General Resolution and any Supplemental Resolution and any other amounts received and determined to be deposited therein by the Corporation.

Amounts on deposit in the Debt Service Reserve Account shall be applied, to the extent other funds are not available therefor pursuant to the General Resolution and the applicable Supplemental Resolution, to pay the Principal Installments of and interest on the Outstanding Bonds when due, whether by call for redemption or otherwise.

Whenever the amount in the Debt Service Reserve Account exceeds the Debt Service Reserve Account Requirement, the amount of such excess, upon the direction of the Corporation, shall be transferred to the Revenue Account.

Monies in the Debt Service Reserve Account may, and at the direction of the Corporation shall, be withdrawn by the Trustee and deposited in the Redemption Account for the purchase or redemption of Bonds at any time, provided that subsequent to such purchase or redemption the amount in the Debt Service Reserve Account will not be less than the Debt Service Reserve Account Requirement.

If on any Interest Payment Date or Redemption Date for the Bonds the amount in the Revenue Account and the Redemption Account, as applicable, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency.

Notwithstanding anything to the contrary contained in the General Resolution, if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to pay the Principal Installments of and interest on Bonds, then amounts in the Debt Service Reserve Account which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

The Fifth Resolution, with respect to the 1996 Series A Bonds, the 2002 Series A Supplemental Resolution, with respect to the 2002 Series A Bonds, the 2002 Series B Supplemental Resolution, with respect to the 2002 Series B Bonds, the 2002 Series C Supplemental Resolution, with respect to the 2002

Series C Bonds, and the 2002 Series D Supplemental Resolution, with respect to the 2002 Series D Bonds, each provide that, notwithstanding anything to the contrary contained in the General Resolution, the Corporation may, at any time, provide to the Trustee one or more Cash Equivalents for deposit in the Debt Service Reserve Account with respect to such Bonds. In the event any such Cash Equivalents are so provided in replacement of funds on deposit in the Debt Service Reserve Account, the Trustee shall make such deposit and transfer funds in an equivalent amount from the Debt Service Reserve Account to the Revenue Account.

Rebate Fund

The General Resolution also establishes the Rebate Fund as a special trust account to be held and maintained by the Trustee. Except as otherwise provided in a Supplemental Resolution with respect to an Account established thereunder which is not pledged to the payment of the Bonds or to any Credit Facility Provider in connection with a Credit Facility securing one or more Series of Bonds, earnings on all Accounts required to be deposited into the Rebate Fund shall be deposited, at least as frequently as the end of each fifth Bond Year and at the time that the last Bond that is part of the Series for which a Rebate Amount is required is discharged, into the Rebate Fund.

The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee or any Bond owner or any other person other than as set forth in the General Resolution.

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Officer, shall deposit in the Rebate Fund at least as frequently as the end of each fifth Bond Year and at the time that the last Bond that is part of the Series for which a Rebate Amount is required is discharged, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such time of calculation. The amount deposited in the Rebate Fund pursuant to the previous sentence shall be deposited from amounts withdrawn from the Revenue Account, and to the extent such amounts are not available in the Revenue Account, directly from earnings on the Accounts.

Amounts on deposit in the Rebate Fund shall be invested in the same manner as amounts on deposit in the Accounts, except as otherwise specified by an Authorized Officer to the extent necessary to comply with the covenant set forth in the General Resolution, and except that the income or interest earned and gains realized in excess of losses suffered by the Rebate Fund due to the investment thereof shall be deposited in or credited to the Rebate Fund from time to time and reinvested.

In the event that, on any date of calculation of the Rebate Amount, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Officer, shall withdraw such excess amount and deposit it in the Revenue Account.

The Trustee, upon the receipt of written instructions and certification of the Rebate Amount from an Authorized Officer, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the date of original issuance of each Series for which a Rebate Amount is required, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to each Series for which a Rebate Amount is required as of the date of such payment, and (ii) notwithstanding the provisions of the General Resolution, not later than sixty (60) days after the date on which all Bonds of a Series for which a Rebate Amount is required have been paid in full, 100% of the Rebate Amount as of the date of payment.

Payment of Bonds

The Corporation covenants that it will duly and punctually pay or cause to be paid, as provided in the General Resolution, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof and shall duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds.

Tax Covenants

The following covenants are made solely for the benefit of the owners of, and shall be applicable solely to, any Bonds as designated in a Supplemental Resolution, to which the Corporation intends that the following covenants shall apply.

The Corporation shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes, except in the event that the owner of any such Bond is a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of the Code.

The Corporation shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Corporation to be used directly or indirectly to acquire any securities or obligations or other investment property, the acquisition of which would cause any Bond to be an “arbitrage bond” as defined in Section 148(a) of the Code.

Except as otherwise permitted in a Supplemental Resolution authorizing the issuance of a Series of Bonds the Corporation shall not permit any person or “related person” (as defined in the Code) to purchase Bonds in an amount related to the Mortgage Loan to be acquired by the Corporation from such person or “related person.”

Pursuant to the provisions of the 2002 Series C Supplemental Resolution and the 2002 Series D Supplemental Resolution, the Corporation has designated the 2002 Series C Bond and the 2002 Series D Bonds as Bonds to which the Corporation intends the provisions under this heading to not apply.

Covenants with Respect to Mortgage Loans

The Corporation pledges for the benefit of the Bond owners all of its right, title and interest in and to the Mortgage Loans, which pledge shall be valid and binding from and after the date of adoption of the General Resolution. Such Mortgage Loans shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation, irrespective of whether such parties have notice thereof. Notwithstanding anything to the contrary contained in the General Resolution, the Corporation may, pursuant to a Supplemental Resolution authorizing a Series of Bonds, (i) also pledge one or more Mortgage Loans for the benefit of one or more Credit Facility Providers who have provided Credit Facilities to secure such Series of Bonds and such further pledge may be either on a parity with or subordinate to the pledge set forth in this paragraph to secure the payment of the Bonds, all as set forth in such Supplemental Resolution or (ii) provide that any or all of the mortgage loans financed by the Series of Bonds authorized pursuant to such Supplemental Resolution be excluded from the pledge set forth in this paragraph to secure the payment of the Bonds or otherwise limit such pledge with respect to such mortgage loans. In addition, notwithstanding the foregoing, any Mortgage Loan pledged under the General Resolution may, at the written direction of the Corporation, be released from such pledge upon the filing with the Trustee of a Cash Flow Statement

pursuant to the General Resolution. Upon the happening of an event of default specified under the heading "Events of Default," the written request of the Trustee or the owners of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds (other than Subordinate Bonds), the Corporation shall effectuate the assignment and deliver the Mortgage Loans to the Trustee. If, however, the Trustee and the Bond owners are restored to their positions in accordance with the General Resolution, the Trustee shall assign such Mortgage Loans with respect thereto back to the Corporation.

Notwithstanding the foregoing, pursuant to the 2002 Series D Supplemental Resolution, at such time as no 2002 Series D Bonds are Outstanding, the 2002 Series D Mortgage Loans shall be released from the pledge set forth in the foregoing paragraph without the filing of a Cash Flow Statement or a Cash Flow Certificate.

Pursuant to the Fifth Supplemental Resolution, with respect to the 1996 Series A Mortgage Loans subsidized through Section 236, any such assignment or reassignment of such Mortgage Loans shall be effected in accordance with all applicable HUD regulations and requirements so as not to jeopardize the payment of any federal subsidy benefits pursuant to Section 236 of the National Housing Act.

In order to pay the Principal Installments of and interest on the Bonds when due, the Corporation shall, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, any other applicable law, the provisions of the General Resolution and sound banking practices and principles, (i) use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the kind permitted by the General Resolution, to finance the Corporation Corporate Purposes pursuant to the Act, any other applicable law and the General Resolution and any applicable Supplemental Resolution, (ii) do all such acts and things as shall be necessary to receive and collect Revenues (including diligent enforcement of the prompt collection of all arrears on Mortgage Loans), (iii) 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 insurance on Mortgage Loans or any subsidy payments 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.

Pursuant to the Fifth Supplemental Resolution, with respect to the 1996 Series A Mortgage Loans, pursuant to the 2002 Series A Supplemental Resolution, with respect to the 2002 Series A Mortgage Loans, pursuant to the 2002 Series B Supplemental Resolution with respect to the 2002 Series B Mortgage Loans, pursuant to the 2002 Series C Supplemental Resolution, with respect to the 2002 Series C Mortgage Loans, and pursuant to the 2002 Series D Supplemental Resolution, with respect to the underlying 2002 Series D Purchased Mortgage Loans not secured by FHA Insurance, the following additional provisions shall apply:

(1) The Corporation shall take all steps, actions and proceedings reasonably necessary, in the judgment of the Corporation, to protect its rights with respect to the Mortgages securing such Mortgage Loans.

(2) Whenever, in the Corporation's judgment, it shall be necessary in order to protect and enforce the rights of the Corporation under a Mortgage securing a 1996 Series A Mortgage Loan, a 2002 Series A Mortgage Loan, a 2002 Series B Mortgage Loan, a 2002 Series C Mortgage Loan or an underlying 2002 Series D Purchased Mortgage Loan, as the case may be, and to protect and enforce the rights and interests of Bondholders, the Corporation may, in its discretion, commence foreclosure proceedings against each Mortgagor in default under the

provisions of such Mortgage and/or, in protection and enforcement of its rights under such Mortgage, the Corporation may, in its discretion, acquire and take possession of the Project covered by such Mortgage by bidding for and purchasing such Project at the foreclosure sale thereof, by deed in lieu of foreclosure or otherwise.

(3) Upon acquisition by the Corporation of a Project securing a 1996 Series A Mortgage Loan, a 2002 Series A Mortgage Loan, a 2002 Series B Mortgage Loan, a 2002 Series C Mortgage Loan or an underlying 2002 Series D Purchased Mortgage Loan, as the case may be, by foreclosure, deed in lieu of foreclosure or otherwise, and so long as the Corporation shall have title thereto or be in possession thereof, the Corporation shall, as the case may be, operate and administer such Project in the place and stead of the Mortgagor and in the manner required of such Mortgagor by the terms and provisions of such Mortgage. The Corporation shall pay the Acquired Project Net Operating Income derived from such Acquired Project to the Trustee for deposit into the Revenue Fund.

(4) Notwithstanding the provisions of paragraph (3) above, upon acquisition by the Corporation of a Project securing a 1996 Series A Mortgage Loan, a 2002 Series A Mortgage Loan, a 2002 Series B Mortgage Loan, a 2002 Series C Mortgage Loan or an underlying 2002 Series D Purchased Mortgage Loan, as the case may be, whether by foreclosure, deed in lieu of foreclosure or otherwise:

(a) The Corporation may at any time thereafter sell such Project to another qualified entity and make a Mortgage Loan with respect thereto as if such entity were the original Mortgagor, provided that (i) the Mortgage securing such a Mortgage Loan shall contain the terms, conditions, provisions and limitations substantially similar to the Mortgage of such Project which had previously secured the related 1996 Series A Mortgage Loan, 2002 Series A Mortgage Loan, 2002 Series B Mortgage Loan, 2002 Series C Mortgage Loan or underlying 2002 Series D Purchased Mortgage Loan, (ii) said new Mortgage Loan shall automatically become subject to the lien of the General Resolution and (iii) the Corporation shall file with the Trustee a Certificate of an Authorized Officer describing said replacement Mortgage Loan and specifying which 1996 Series A Mortgage Loan, 2002 Series A Mortgage Loan, 2002 Series B Mortgage Loan, 2002 Series C Mortgage Loan or underlying 2002 Series D Purchased Mortgage Loan, has been so replaced; or

(b) The Corporation may at any time thereafter sell such Project provided that the proceeds of such sale shall be treated as a Recovery of Principal.

(5) In addition, and as an alternative to the rights of the Corporation described above, following a default under a 1996 Series A Mortgage Loan, a 2002 Series A Mortgage Loan, a 2002 Series B Mortgage Loan, a 2002 Series C Mortgage Loan or an underlying 2002 Series D Purchased Mortgage Loan, the Corporation may, in its discretion, cause or consent to the sale of a Project to another qualified entity and, in connection with any such sale (a) allow the purchaser to assume the related Mortgage, or (b) make a Mortgage Loan with respect thereto as if such entity were the original Mortgagor, if such sale shall occur after the original Mortgage shall have been discharged, provided, however, that (i) the Mortgage securing such a Mortgage Loan shall contain the terms, conditions, provisions and limitations substantially similar to the Mortgage of such Project which had previously secured the related 1996 Series A Mortgage Loan, 2002 Series A Mortgage Loan, 2002 Series B Mortgage Loan, 2002 Series C Mortgage Loan or underlying 2002 Series D Purchased Mortgage Loan, (ii) said new Mortgage Loan shall automatically become subject to the lien of the General Resolution and (iii) the Corporation shall file with the

Trustee a Certificate of an Authorized Officer describing said replacement Mortgage Loan and specifying which 1996 Series A Mortgage Loan, 2002 Series A Mortgage Loan, 2002 Series B Mortgage Loan, 2002 Series C Mortgage Loan or underlying 2002 Series D Purchased Mortgage Loan has been so replaced.

(6) To the extent permitted by law, any rights of the Corporation set forth in (1)–(5) above may be exercised by a subsidiary of the Corporation established pursuant to Section 654-a of the Act.

Pursuant to the 2002 Series A Supplemental Resolution, with respect to the 2002 Series A Mortgage Loans, and the 2002 Series C Supplemental Resolution, with respect to the 2002 Series C Mortgage Loans, respectively, in addition, and as a further alternative to the rights of the Corporation described in (1)–(6) above, following a default under a 2002 Series A Mortgage Loan or a 2002 Series C Mortgage Loan, as the case may be, the Corporation may, in its discretion, obtain amounts under any letter of credit or other credit enhancement securing such 2002 Series A Mortgage Loan or 2002 Series C Mortgage Loan or under any agreement entered into by the Corporation and the provider of such letter of credit or other credit enhancement in connection with the providing of such letter of credit or credit enhancement, in accordance with the terms thereof; provided that if the Corporation obtains funds in an amount equal to the outstanding principal balance of such 2002 Series A Mortgage Loan or 2002 Series C Mortgage Loan, plus the lesser of (i) accrued interest thereon or (ii) the maximum amount available with respect to accrued interest thereon, pursuant to any such letter of credit, credit enhancement or other agreement, the Corporation shall immediately assign such 2002 Series A Mortgage Loan or 2002 Series C Mortgage Loan to or upon the order of the provider thereof free and clear of the lien of the General Resolution.

Issuance of Additional Obligations

The Corporation shall not hereafter create or permit the creation of or issue any obligations or create any indebtedness which will be secured by a superior charge and lien on the Revenues and assets pledged under or pursuant to the General Resolution for the payment of the Bonds (other than Subordinate Bonds). In addition, the Corporation shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Bonds and except as expressly permitted by the General Resolution with respect to pledges made for the benefit of Credit Facility Providers) which will be secured by an equal charge and lien on the Revenues and assets pledged under or pursuant to the General Resolution. The Corporation expressly reserves the right (i) to issue one or more Series of Subordinate Bonds pursuant to Supplemental Resolutions and (ii) to issue one or more series of bonds, notes or other obligations pursuant to other resolutions which will be secured by a subordinate charge and lien on the Revenues and assets pledged under the General Resolution.

Sale of Mortgage Loans

The Corporation is authorized to sell, assign or otherwise dispose of a Mortgage Loan, in addition to a sale, assignment or disposition required pursuant to the General Resolution or any applicable Supplemental Resolution, provided the proceeds of such sale, assignment or disposition shall be treated as Recoveries of Principal for purposes of the General Resolution and provided, further, that, with respect to any Mortgage Loan not in default, a Cash Flow Statement is filed with the Trustee.

Disposition of Recoveries of Principal

All Recoveries of Principal shall be deposited in the Redemption Account and applied to the redemption of Bonds as soon as practically possible; provided, however, that, except as otherwise

provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, in lieu of such deposit, the Corporation may, upon filing a Cash Flow Statement, direct the Trustee to deposit all or a portion of any such Recoveries of Principal in the Bond Proceeds Account or the Revenue Account.

Powers of Amendment

Any modification of or amendment to the provisions of the General Resolution and of the rights and obligations of the Corporation and of the owners of the Bonds may be made by a Supplemental Resolution, with the written consent (given as provided in the General Resolution), (i) of the owners of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the owners of at least two-thirds in principal amount of the Bonds so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the owners of at least two-thirds in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given; provided, however, that in addition to the foregoing and notwithstanding anything to the contrary contained in the General Resolution, any modification of or amendment to a Supplemental Resolution authorizing the issuance of a Series of Bonds and of the rights and obligations of the Corporation and of the owners of the Bonds of such Series thereunder, in any particular, may, if no Bonds other than the Bonds of such Series are affected by the modification or amendment, be made by a Supplemental Resolution, but only, in the event such Supplemental Resolution shall require the consent of Bond owners, with the written consent given as provided in the General Resolution, of at least two-thirds in principal amount of the Bonds of such Series Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified Series and maturity remain Outstanding however, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

The Corporation may adopt, without the consent of any owners of the Bonds, Supplemental Resolutions to, among other things, provide limitations and restrictions in addition to the limitations and restrictions contained in the General Resolution on the issuance of other evidences of indebtedness; add to the covenants and agreements of limitations and restrictions on, the Corporation's other covenants and agreements or limitations and restrictions which are not contrary to or inconsistent with the General Resolution; surrender any right, power or privilege of the Corporation under the General Resolution, but only if the surrender is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the General Resolution; confirm any pledge under the General Resolution of the Revenues or of any other revenues or assets; modify any of the provisions of the General Resolution in any respect whatever (but no such modification shall be effective until all Bonds theretofore issued are no longer Outstanding); provide for the issuance of Bonds in coupon form payable to bearer; authorize the issuance of a Series of Bonds and prescribe the terms and conditions thereof; cure any ambiguity or correct any defect or inconsistent provision in the General Resolution (provided that the Trustee shall consent thereto); comply with the Code; pledge under the General Resolution any additional collateral as further security for the Bonds or specific Series of Bonds, including, but not limited to, additional Mortgage Loans or other assets or revenues; appoint a trustee (other than the Trustee) with respect to any

Subordinate Bonds; or make any additions, deletions or modifications to the General Resolution which, in the opinion of the Trustee, are not materially adverse to the interests of the Bond owners.

Events of Default

Each of the following events shall constitute an “Event of Default” with respect to the Bonds: (1) payment of the principal or Redemption Price, if any, of or interest on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise, shall not be made when and as the same shall become due; or (2) the Corporation shall fail or refuse to comply with the provisions of the General Resolution or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in any applicable Supplemental Resolution or the Bonds, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee or the owners of not less than 5% in principal amount of the Outstanding Bonds (other than Subordinate Bonds).

Remedies

Upon the happening and continuance of any Event of Default specified in clause (1) of the preceding paragraph, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in clause (2) of the preceding paragraph, the Trustee may proceed and, upon the written request of the owners of not less than 25% in principal amount of the Outstanding Bonds (other than Subordinate Bonds), shall proceed, in its own name, subject to the provisions of the General Resolution, to protect and enforce the rights of the Bond owners by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bond owners, including the right to require the Corporation to receive and collect Revenues adequate to carry out the covenants and agreements as to the Mortgage Loans and to require the Corporation to carry out any other covenants or agreements with such Bond owners, including the assignment of the Mortgage Loans, and to perform its duties under the Act; (2) by bringing suit upon the Bonds; (3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds; (4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; (5) by declaring all Outstanding Bonds due and payable (provided that with respect to an Event of Default specified in clause (2) of the preceding paragraph, no such declaration shall be made without the consent of the owners of 100% in principal amount of the Outstanding Bonds (other than Subordinate Bonds)), and if all defaults shall be cured, then, with the written consent of the owners of not less than 25% in principal amount of the Outstanding Bonds (other than Subordinate Bonds), by annulling such declaration and its consequences; or (6) in the event that all Outstanding Bonds are declared due and payable, by selling Mortgage Loans and any Investment Securities securing such Bonds.

In the enforcement of any rights and remedies under the General Resolution, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from the Corporation for principal, Redemption Price, interest or otherwise, under any provisions of the General Resolution or a Supplemental Resolution or of the Bonds with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bond owners, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses (including without limitation pre-trial, trial and appellate attorneys’ fees), and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

Anything in the General Resolution to the contrary notwithstanding, the owners of the majority in principal amount of the Bonds then Outstanding (other than Subordinate Bonds) shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the General Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions of the General Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond owners not parties to such direction.

No owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the General Resolution, or for the protection or enforcement of any right under the General Resolution unless such owner shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than 25% in principal amount of the Bonds then Outstanding (other than Subordinate Bonds) shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in the General Resolution granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses (including legal fees and expenses) and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Nothing contained in the General Resolution shall affect or impair the right of any Bond owner to enforce the payment of the principal of and interest on such owner's Bonds, or the obligation of the Corporation to pay the principal of and interest on each Bond issued under the General Resolution to the owner thereof at the time and place in said Bond expressed.

Unless remedied or cured, the Trustee shall give to the Bond owners notice of each Event of Default under the General Resolution known to the Trustee within ninety days after actual knowledge by the Trustee of the occurrence thereof. However, except in the case of default in the payment of the principal or Redemption Price, if any, of or interest on any of the Bonds, or in the making of any payment required to be made into the Bond Proceeds Account, the Trustee may withhold such notice if it determines that the withholding of such notice is in the interest of the Bond owners.

Priority of Payments After Default

In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of the principal or Redemption Price, if any, of and interest then due on the Bonds affected, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other amounts received or collected by the Trustee acting pursuant to the Act and the General Resolution, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the owners of such Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under the General Resolution, shall be applied as follows:

- (1) Unless the principal of all of such Bonds shall have become or have been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due (other than with respect to Subordinate Bonds) in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in

full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference,

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any such Bonds (other than Subordinate Bonds) which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds (other than Subordinate Bonds) due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference,

THIRD: To the payment to the persons entitled thereto of all installments of interest then due with respect to Subordinate Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, and

FOURTH: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Subordinate Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Subordinate Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all such Bonds shall have become or have been declared due and payable, first to the payment of the principal and interest then due and unpaid upon such Bonds (other than Subordinate Bonds) without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond (other than Subordinate Bonds) over any other such Bond (other than Subordinate Bonds), ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds (other than Subordinate Bonds), and second, to the payment of the principal and interest then due and unpaid upon the Subordinate Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Subordinate Bond over any other such Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Subordinate Bonds.

Defeasance

If the Corporation shall pay or cause to be paid to the owners of all Bonds then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the General Resolution, then the pledge of any Revenues and other monies, securities, funds and property pledged by the General Resolution and all other rights granted by the General Resolution shall be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which monies shall have been set aside and shall be held in trust by the Trustee (through deposit by the Corporation of funds for such

payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. Except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, all Outstanding Bonds of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the above paragraph if: (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to give as provided in the General Resolution notice of redemption on said date of such Bonds, (ii) there shall have been set aside and shall be held in trust by the Trustee (through deposit by the Corporation of funds for such payment or redemption or otherwise) either (a) monies in an amount which shall be sufficient, or (b) Government Obligations or (c) obligations (1) validly issued by or on behalf of a state or political subdivision thereof, (2) the interest on which is excluded from gross income for federal income taxation purposes pursuant to Section 103(a) of the Code and (3) fully secured by a first lien on Government Obligations, the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to give by mail, as soon as practicable, notice to the owners of such Bonds that the deposit required by this subsection has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the General Resolution and stating such maturity or Redemption Date upon which monies are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. To the extent required for the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds, neither monies deposited with the Trustee pursuant to the General Resolution nor principal or interest payments on any such Government Obligations or obligations described in clause (c) above and deposited with the Trustee pursuant to the General Resolution shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations or obligations described in clause (c) above and deposited with the Trustee pursuant to the General Resolution, if not then needed for such purpose, shall, to the extent practicable, be reinvested in obligations described in clauses (b) or (c) above maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, of and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and, if not required for the payment of such Bonds, any monies deposited with the Trustee pursuant to the General Resolution and principal and interest payments on the obligations described in clauses (b) or (c) above shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge. The Trustee may sell, transfer or otherwise dispose of the obligations described in clauses (b) and (c) above deposited with the Trustee pursuant to the General Resolution; provided that the amounts received upon any such sale, transfer or other disposition, or a portion of such amounts, shall be applied to the purchase of other obligations described in clauses (b) and (c) above, the principal of and the interest on which when due will provide monies which, together with the monies on deposit with the Trustee, shall be sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, in accordance with the General Resolution.

Amounts held by the Trustee for the payment of principal or Redemption Price of, or interest on, Bonds held by particular Bond owners with respect to which no claim for payment has been made shall be disposed of as provided by applicable law, or if there shall be no such applicable law, shall be returned to the Corporation three years after the date on which payment of such amounts would have been due.

RATINGS

Standard & Poor's Ratings Services ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned the 2002 Bonds ratings of "AA" and "Aa2," respectively. Ratings were applied for by the Corporation and certain information was supplied by the Corporation to such rating agencies to be considered in evaluating the 2002 Bonds. Such ratings reflect only the respective views of such rating agencies, 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 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 such ratings, or either of them, may have an adverse effect on the market price of the 2002 Bonds.

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 2002 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 2002 Bonds, or in any way impair the rights and remedies of such owners until the 2002 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 2002 Bonds, are fully met and discharged.

TAX MATTERS

Opinion of Bond Counsel

2002 Series A Bonds and 2002 Series B Bonds

In the opinion of Bond Counsel, under existing statutes and court decisions, (i) interest on the 2002 Series A Bonds and the 2002 Series B Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any 2002 Series A Bond or 2002 Series B Bond for any period during which such 2002 Series A Bond or 2002 Series B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2002 Series A Bonds and the 2002 Series B Bonds or a "related person," and (ii) interest on the 2002 Series A Bonds and the 2002 Series B Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering such opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagors of the 2002 Series A Developments, the 2002 Series B Developments and others in connection with the issuance of the 2002 Series A Bonds and the 2002 Series B Bonds, as the case may be, and Bond Counsel has assumed compliance by the Corporation and such Mortgagors of the 2002 Series A Developments and the 2002 Series B Developments with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2002 Series A Bonds and the 2002 Series B Bonds, as the case may be, from gross income under Section 103 of the Code.

2002 Series C Bonds and 2002 Series D Bonds

In the opinion of Bond Counsel, interest on the 2002 Series C Bonds and the 2002 Series D Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

2002 Bonds

In the opinion of Bond Counsel, under existing statutes, interest on the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds or the 2002 Series D Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2002 Series A Bonds and the 2002 Series Bonds, or under state and local tax law.

Summary of Certain Federal Tax Requirements

2002 Series A Bonds

Under applicable provisions of the Code, the exclusion from gross income of interest on the 2002 Series A Bonds for purposes of federal income taxation requires with respect to one (1) of the two (2) 2002 Series A Developments financed by the 2002 Series A Bonds that (i) at least 20% of the units in such Development be occupied during the "Qualified Project Period" (as defined in this paragraph) by individuals whose incomes, determined in a manner consistent with Section 8 of the 1937 Housing Act, do not exceed 50% of the median income for the area, as adjusted for family size, and (ii) all of the units of such Development be rented or available for rental on a continuous basis during the Qualified Project Period. "Qualified Project Period" for such Development financed with the proceeds of the 2002 Series A Bonds means a period commencing upon the later of (a) occupancy of 10% of the units in such Development or (b) the date of issue of the 2002 Series A Bonds and running until the later of (i) the date which is 15 years after occupancy of 50% of the units in such Development or (ii) the first date on which no tax-exempt private activity bonds issued with respect to such Development are outstanding.

Under applicable provisions of the Code, the exclusion from gross income of interest on the 2002 Series A Bonds for purposes of federal income taxation requires with respect to one (1) of the two (2) 2002 Series A Developments financed by the 2002 Series A Bonds that (i) at least 25% of the units in such Development be occupied during the "Qualified Project Period" (as defined in this paragraph) by individuals whose incomes, determined in a manner consistent with Section 8 of the 1937 Housing Act, do not exceed 60% of the median income for the area, as adjusted for family size, and (ii) all of the units of such Development be rented or available for rental on a continuous basis during the Qualified Project Period. "Qualified Project Period" for such Development financed with the proceeds of the 2002 Series A Bonds means a period commencing upon the occupancy of 10% of the units in such Development and running until the later of (i) the date which is 15 years after occupancy of 50% of the units in such Development or (ii) the first date on which no tax-exempt private activity bonds issued with respect to such Development are outstanding.

An election is expected to be made by each Mortgagor of such Developments to treat such Development as a deep rent skewed project which requires that (i) at least 15% of the low income units in such Development be occupied during the Qualified Project Period by individuals whose income is 40% or less of the median income for the area, (ii) the gross rent of each low income unit in such Development not exceed 30% of the applicable income limit which applies to the individuals occupying the unit and (iii) the gross rent with respect to each low income unit in such Development not exceed one-half of the average gross rent with respect to units of comparable size which are not occupied by individuals who meet the applicable income limit. Under the deep rent skewing election, such Development will meet the continuing low income requirement as long as the income of the individuals occupying the unit does not increase to more than 170% of the applicable limit. Upon an increase over 170% of the applicable limit, the next available low income unit must be rented to an individual having an income of 40% or less of the area median income.

2002 Series B Bonds

Under applicable provisions of the Code, the exclusion from gross income of interest on the 2002 Series B Bonds for purposes of federal income taxation requires with respect to 2002 Series B Developments financed by the 2002 Series B Bonds that (i) at least twenty-five percent (25%) of the units in each of such Developments be occupied during the "Qualified Project Period" (as defined in this paragraph) by individuals whose incomes, determined in a manner consistent with Section 8 of the 1937 Housing Act, do not exceed 60% of the median income for the area, as adjusted for family size, and (ii) all of the units of each of such Developments be rented or available for rental on a continuous basis during the Qualified Project Period. "Qualified Project Period" for each of such Developments financed with the proceeds of the 2002 Series B Bonds means a period commencing upon occupancy of 10% of the units in each of such Developments and running until the later of (i) the date which is 15 years after occupancy of 50% of the units in each of such Developments or (ii) the first date on which no tax-exempt private activity bonds issued with respect to each of such Developments are outstanding. Each such Development will meet the continuing low income requirement as long as an individual's income does not increase to more than 140% of the applicable limit. Upon an increase over 140% of the applicable limit, the next available unit of comparable or smaller size in such Development must be rented to an individual having an income of 60% or less of the area median income, as adjusted for family size.

Compliance and Additional Requirements

In the event of noncompliance with the above requirements arising from events occurring after the issuance of the 2002 Series A Bonds and the 2002 Series B Bonds, the Treasury Regulations provide that the exclusion of interest from gross income for federal income tax purposes will not be impaired if the Corporation takes appropriate corrective action within a reasonable period of time after such noncompliance is first discovered or should have been discovered by the Corporation.

In addition, the Code establishes certain additional requirements which must be met subsequent to the issuance and delivery of the 2002 Series A Bonds and the 2002 Series B Bonds in order that interest on the 2002 Series A Bonds and the 2002 Series B Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of the proceeds of the 2002 Series A Bonds and the 2002 Series B Bonds, yield and other limits regarding investments of the proceeds of the 2002 Series A Bonds and the 2002 Series B Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the United States.

The Corporation has covenanted in the Resolutions that it shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the 2002 Series A Bonds and

the 2002 Series B Bonds shall be excluded from gross income for federal income tax purposes. The Corporation has included provisions in the Resolutions and its Federal Tax Regulatory Certificate and has established procedures in order to assure compliance with the requirements which must be met subsequent to the issuance of the 2002 Series A Bonds and the 2002 Series B Bonds. In connection with the issuance of the 2002 Series A Bonds and the 2002 Series B Bonds, the Corporation is to enter into an agreement with the Mortgagor of each Development to be financed with the proceeds of the 2002 Series A Bonds and the 2002 Series B Bonds to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the provisions or procedures or certifications set forth therein, the remedies available to the Corporation and/or 2002 Series A Bond and 2002 Series B Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the 2002 Series A Bonds and the 2002 Series B Bonds is payable.

Certain Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2002 Series A Bonds and the 2002 Series B Bonds under existing statutes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2002 Series A Bond or a 2002 Series B Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own advisors regarding the federal tax consequences of owning and disposing of the 2002 Series A Bonds and the 2002 Series B Bonds.

Prospective owners of the 2002 Series A Bonds and the 2002 Series B Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property, casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the 2002 Series A Bonds and the 2002 Series B Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Legislation

Legislation affecting municipal bonds is frequently considered by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the 2002 Series A Bonds and the 2002 Series B Bonds will not have an adverse effect on the tax-exempt status or market price of the 2002 Series A Bonds and the 2002 Series B Bonds.

NO LITIGATION

At the time of delivery and payment for the 2002 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 2002 Bonds or the retirement of the Prior Bonds, or in any way contesting or affecting the validity of the 2002 Bonds, the Resolutions, the Disclosure Agreement (as defined below) or any proceedings of the Corporation taken with respect to the

issuance or sale of the 2002 Bonds, or the pledge, collection or application of any monies or security provided for the payment of the Bonds (including the 2002 Bonds), or the financing of the 2002 Series A Mortgage Loans, the 2002 Series B Mortgage Loans, the 2002 Series C Mortgage Loans or the 2002 Series D Mortgage Loans, or the existence or powers 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 2002 Bonds by the Corporation are subject to the approval of Hawkins, Delafield & Wood, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for the Underwriters and the Placement Agent by their Counsel, Swidler Berlin Shereff Friedman, LLP, New York, New York. Swidler Berlin Shereff Friedman, LLP also represents the Mortgagors of certain Developments under the Program, including the Mortgage Loan with current financial difficulties (i.e., the North Shore Plaza Development), none of which has an outstanding Mortgage Loan balance exceeding 5% of the aggregate outstanding principal balance of all Mortgage Loans financed under the Program. Certain legal matters related to the 2002 Series D Bonds will be passed upon for The City of New York by its Corporation Counsel. Certain legal matters related to the Facilitation Trust will be passed upon by its counsel, Morris, James, Hitchens & Williams LLP, Wilmington, Delaware, and Kirkpatrick & Lockhart LLP, New York, New York.

LEGALITY OF 2002 BONDS FOR INVESTMENT AND DEPOSIT

Under the provisions of Section 662 of the Act, the 2002 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 2002 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.

FINANCIAL STATEMENTS

The financial statements of the Corporation as of October 31, 2001 and for the year ended October 31, 2001, which are included as Appendix B to this Official Statement, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing therein. Such financial statements are included herein for information purposes only, and the information contained in these financial statements should not be used in any way to modify the description of the security for the Bonds contained herein. The assets of the Corporation, other than those pledged pursuant to the General Resolution including certain instruments of the Corporation with respect to the Debt Service Reserve Account, are not pledged to nor are they available to Bond owners.

CONTINUING DISCLOSURE

In order to assist the Underwriters 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 2002 Bonds (the “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 (the “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 150 days after the end of each fiscal year of the Corporation commencing with the fiscal year ending October 31, 2002, certain financial and operating data, referred to herein as “Corporation Annual Information,” including, but not limited to annual financial statements of the Corporation. In addition, the Corporation will undertake in the Disclosure Agreement, for the benefit of the holders of the 2002 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) annual financial statements of the Corporation 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 the Repository and to the State Information Depository when they become available; (b) a statement setting forth the amount on deposit in the Debt Service Reserve Account; (c) a statement setting forth the valuations of the Mortgage Loans with respect to each Series of Bonds; and (d) financial and operating data of the type set forth herein under the headings or subheadings “THE PROGRAM—General” (charts only), “THE PROGRAM—Bonds Outstanding Under the Program,” “THE PROGRAM—Summary of Program Assets and Revenues,” “SECURITY FOR THE BONDS—Cross-Call Provisions and Related Information,” “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates” (chart only), “SECURITY FOR THE BONDS—Certain Investments” (second paragraph and charts only), “Appendix C—Other Activities of the Corporation,” “Appendix D—Developments and Mortgage Loans Expected to be Financed or Contributed in Connection with the Issuance of the 2002 Bonds,” “Appendix E-1—Developments and Mortgage Loans Outstanding Under the Program,” “Appendix E-2—Developments and Mortgage Loans Expected to be Financed with the Proceeds of the 2000 Series B Bonds,” “Appendix E-3—Mortgage Loan Prepayment Provisions” (chart only) and “Appendix E-4—Permanent Mortgage Loan Physical Inspection Ratings” (chart only); together with (e) 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.

Pursuant to the Disclosure Agreement, the Corporation will further undertake to use its best efforts to provide to each Repository and the State Information Depository, on an annual basis on or before 150 days after the end of each fiscal year of any Mortgagor whose payment obligations under its Mortgage Note equals or exceeds twenty percent (20%) of the aggregate payment obligations due under all outstanding Mortgage Notes, certain financial and operating data, referred to herein as “Mortgagor Annual Information,” including, but not limited to annual financial statements of such Mortgagor, prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with generally accepted auditing standards if so required by the applicable Mortgage; provided, however, that if audited financial statements are required but not available in accordance with the dates described above, unaudited financial statements shall be provided

and such audited financial statements shall be delivered to the Repository and to the State Information Depository when they become available. Currently, there are no Mortgagors whose payment obligations equal or exceed the twenty percent (20%) threshold.

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 2002 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 2002 Bonds; (7) modification to the rights of holders of 2002 Bonds; (8) 2002 Bond calls, other than mandatory sinking fund redemptions; (9) defeasances of all or a portion of the 2002 Bonds; (10) the release, substitution or sale of property securing repayment of the 2002 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 Disclosure Agreement.

If any party to the Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to the Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of the 2002 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 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 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 2002 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 2002 Bonds upon the occurrence of an Event of Default described in the General Resolution. A breach or default under the 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 Disclosure Agreement, insofar as the provisions of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided. Beneficial Owners of the 2002 Bonds are third-party beneficiaries of the Disclosure Agreement and, as such, are deemed to be holders of the 2002 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 Disclosure Agreement, however, may be amended or modified without the consent of the holders of the 2002 Bonds under certain circumstances set forth in the Disclosure Agreement.

Copies of the Disclosure Agreement, when executed and delivered by the parties thereto on the date of the initial delivery of the 2002 Bonds, will be on file at the office of the Corporation.

With regard to certain Series of Bonds issued under the General Resolution to which Rule 15c2-12 applies, the Corporation has entered into agreements substantially identical to the Disclosure Agreement and has complied with the provisions of such agreements.

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 recently discovered that it did not provide notice of such failure as required by the CDA. As a result of this discovery, 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.

FURTHER INFORMATION

The information contained in this Official Statement is subject to change without notice and no implication should be derived therefrom or from the sale of the 2002 Bonds that there has been no change in the affairs of the Corporation from the date hereof. Pursuant to the General Resolution, the Corporation has covenanted to keep proper books of record and account in which full, true and correct entries will be made of all its dealings and transactions under the General Resolution and to cause such books to be audited for each fiscal year. The General Resolution requires that such books be open to inspection by the Trustee and the owners of not less than 5% of the 2002 Bonds issued thereunder during regular business hours of the Corporation and that the Corporation furnish a copy of the auditor's report, when available, upon the request of the owner of any Outstanding 2002 Bond.

Additional information, including the annual report of the Corporation, may be obtained from the undersigned at 110 William Street, New York, New York 10038, (212) 227-5500 or through its internet address: www.nychdc.org.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinions, whether or not expressly so stated, are intended as such, and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Corporation and the purchasers or owners of any 2002 Bonds.

This Official Statement is submitted in connection with the sale of the 2002 Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Official Statement and the distribution thereof has been duly authorized and approved by the Corporation and duly executed and delivered on behalf of the Corporation.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: /s/ Charles A. Brass
Charles A. Brass
President

Dated: June 14, 2002

DEFINITIONS OF CERTAIN TERMS

In some instances, the General Resolution permits the modification of certain of its provisions by a Supplemental Resolution relating to a specific Series of Bonds. Certain of such permitted modifications, which have been made with respect to the 2002 Series A Bonds, the 2002 Series B Bonds, the 2002 Series C Bonds and the 2002 Series D Bonds by the provisions of the 2002 Series A Supplemental Resolution, the 2002 Series B Supplemental Resolution, the 2002 Series C Supplemental Resolution and the 2002 Series D Supplemental Resolution, respectively, are reflected in the defined terms set forth below. Prior to the issuance of the 2002 Bonds, other Supplemental Resolutions authorizing other Series of Bonds have also modified certain provisions of the General Resolution with respect to the Series of Bonds authorized thereunder and such modifications (except as described in the next sentence) are not reflected in the defined terms set forth below. Certain modifications to the General Resolution, which have been made with respect to the 1996 Series A Bonds by the provisions of the Fifth Supplemental Resolution, are also reflected in the defined terms set forth below. These have been included because the outstanding principal balance of certain of the Mortgage Loans financed with the proceeds of the 1996 Series A Bonds, which Mortgage Loans are not secured by supplemental security and, in some cases, are not subsidized under any subsidy program, exceeds 5% of the aggregate outstanding principal balance of all Mortgage Loans financed under the General Resolution. This Appendix A does not purport to be comprehensive or definitive and is qualified by reference to the Resolutions and the Supplemental Resolutions relating to the Bonds issued prior to the issuance of the 2002 Bonds, copies of which may be obtained from the Corporation. The following terms shall have the following meaning unless the context shall clearly indicate otherwise.

“Account” means one of the special accounts (other than the Rebate Fund) created and established pursuant to the General Resolution or a Supplemental Resolution.

“Acquired Project” means a Project financed by a 1996 Series A Mortgage Loan, a 2002 Series A Mortgage Loan, a 2002 Series B Mortgage Loan, a 2002 Series C Mortgage Loan or a 2002 Series D Purchased Mortgage Loan, title to or the right to possession of which has been acquired by or on behalf of the Corporation or, in the case of a Project financed by a 2002 Series D Mortgage Loan, another entity through protection and enforcement of rights conferred by law or the Mortgage upon such Project.

“Acquired Project Expenses” means all costs and expenses arising from the acquisition, ownership, possession, operation or maintenance of an Acquired Project, including reasonable operating, repair and replacement reserves therefor.

“Acquired Project Gross Operating Income” means all monies received in connection with the acquisition, ownership, possession, operation or maintenance of an Acquired Project.

“Acquired Project Net Operating Income” means Acquired Project Gross Operating Income less Acquired Project Expenses.

“Authorized Officer” means the Chairperson, Vice-Chairperson, President, First Senior Vice President or any other Senior Vice President of the Corporation and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Corporation then authorized to perform such act or discharge such duty.

“Bond” means one of the bonds to be authenticated and delivered pursuant to the General Resolution.

“Bond Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporation and satisfactory to the Trustee.

“Bond owner” or “owner” or words of similar import, when used with reference to a Bond, means any person who shall be the registered owner of any Outstanding Bond.

“Bond Proceeds Account” means the Bond Proceeds Account established pursuant to the General Resolution.

“Bond Year” means a twelve month period ending on the first day of November of any year.

“Cap” means any financial arrangement entered into by the Corporation with an entity which is a cap, floor or collar, or any similar transaction or combination thereof or any option with respect thereto executed by the Corporation for the purpose of limiting its exposure with respect to interest rate fluctuations which has been designated in writing to the Trustee by an Authorized Officer of the Corporation as a Cap with respect to the 2002 Series C Bonds and/or the 2002 Series D Bonds. “Cap” shall also include any such financial arrangement described above entered into by the Corporation with an entity, as a replacement of a Cap that has been terminated and which has been so designated in writing to the Trustee by an Authorized Officer of the Corporation with respect to the 2002 Series C Bonds and/or the 2002 Series D Bonds.

“Cap Receipts” means any amount actually received by the Corporation or the Trustee under a Cap.

“Cash Equivalent” means a Letter of Credit, Insurance Policy, Surety, Guaranty or other Security Arrangement (each as defined and provided for in a Supplemental Resolution providing for the issuance of Bonds rated by the Rating Agencies or in another Supplemental Resolution), provided by an institution which has received a rating of its claims paying ability from the Rating Agencies at least equal to the then existing rating on the Bonds (other than Subordinate Bonds) or whose unsecured long-term debt securities are rated at least the then existing rating on the Bonds (other than Subordinate Bonds) (or “A-1+” or “P-1,” as applicable, if the Cash Equivalent has a remaining term at the time of acquisition not exceeding one year) by the Rating Agencies; provided, however, that a Cash Equivalent may be provided by an institution which has received a rating of its claims paying ability which is lower than that set forth above or whose unsecured long-term (or short-term) debt securities are rated lower than that set forth above, so long as the providing of such Cash Equivalent does not, as of the date it is provided, in and of itself, result in the reduction or withdrawal of the then existing rating assigned to the Bonds (other than Subordinate Bonds) by any of the Rating Agencies.

“Cash Flow Certificate” means a Cash Flow Certificate conforming to the requirements of the General Resolution.

“Cash Flow Statement” means a Cash Flow Statement conforming to the requirements of the General Resolution.

“City” means The City of New York, a municipal corporation organized and existing under and pursuant to the laws of the State.

“Code” means the Internal Revenue Code of 1954 or 1986, each as amended from time to time, and as applicable to the Bonds pursuant to Section 1313 of the Tax Reform Act of 1986, as amended.

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

“Corporation Corporate Purposes” means any purpose for which the Corporation may issue bonds pursuant to the Act or other applicable law.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, and any other cost, charge or fee in connection with the original issuance of Bonds.

“Credit Facility” means (i) an unconditional and irrevocable letter of credit in form and drawn on a bank or banks acceptable to the Corporation (which bank or banks must 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 Credit Facility has a remaining term at the time it is provided not exceeding one year); provided, however, that such letter of credit may be provided by a bank or banks whose rating is lower than that set forth above, so long as the providing of such letter of credit does not, as of the date it is provided, 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, (ii) cash, (iii) a certified or bank check, (iv) Investment Securities, or (v) any other credit facility similar to the above in purpose and effect, including, but not limited to, a guaranty, standby loan or purchase commitment, insurance policy, surety bond or financial security bond or any combination thereof, which is approved by each of the Rating Agencies.

“Credit Facility Provider” means the issuer of or obligor under a Credit Facility.

“Debt Service” means, with respect to any particular Bond Year, an amount equal to the sum of (i) all interest payable on Outstanding Bonds during such Bond Year, plus (ii) any Principal Installments of such Bonds during such Bond Year.

“Debt Service Reserve Account” means the Debt Service Reserve Account established pursuant to the General Resolution.

“Debt Service Reserve Account Requirement” means as of any date of calculation, the aggregate of the amounts specified as the Debt Service Reserve Account Requirement for each Series of Bonds in the Supplemental Resolution authorizing the issuance of a Series of Bonds; provided, however, that a Supplemental Resolution may provide that the Debt Service Reserve Account Requirement for the Series of Bonds authorized thereunder may be funded, in whole or in part, through Cash Equivalents and such method of funding shall be deemed to satisfy all provisions of the General Resolution with respect to the Debt Service Reserve Account Requirement and the amounts required to be on deposit in the Debt Service Reserve Account.

“Escrow Payments” means and includes all amounts whether paid directly to the Corporation or to the servicer of any Mortgage Loan representing payments to obtain or maintain mortgage insurance or any subsidy with respect to a Mortgage Loan or the mortgaged premises or payments in connection with real estate taxes, assessments, water charges, sewer rents, ground rents, fire or other insurance, replacement or operating reserves or other like payments in connection therewith.

“Event of Default” means any of the events specified in the General Resolution as an Event of Default.

“Facilitation Trust” means the New York City Mortgage Sale Facilitation Trust 2002-2.

“Federal Housing Commissioner” means the Secretary of the United States Department of Housing and Urban Development (or successor thereof) or the Federal Housing Commissioner of the Federal Housing Administration (or successor thereof) or a duly authorized agent thereof.

“FHA Insurance” means the federal mortgage insurance authorized pursuant to Section 220, 221(d)(3), 221(d)(4) or 223(f) of Title II of the National Housing Act of 1934, as amended.

“General Resolution” means the Multi-Family Housing Revenue Bonds Bond Resolution adopted by the Corporation on July 27, 1993, and any amendments thereof or supplements thereto made in accordance with its terms.

“GNMA” means the Government National Mortgage Association.

“GNMA Security” means a mortgage-backed security guaranteed by GNMA as to payments of principal and interest.

“Government Obligations” means (i) direct obligations of or obligations guaranteed by the United States of America, including, but not limited to, United States Treasury Obligations, Separate Trading of Registered Interest and Principal of Securities (STRIPS) and Coupons Under Book-Entry Safekeeping (CUBES), provided the underlying United States Treasury Obligation is not callable prior to maturity, and (ii) obligations of the Resolution Funding Corporation, including, but not limited to, obligations of the Resolution Funding Corporation stripped by the Federal Reserve Bank of New York.

“HUD” means the United States Department of Housing and Urban Development, or any successor thereof.

“Interest Payment Date” means any date upon which interest on the Bonds is due and payable in accordance with their terms.

“Investment Securities” means and includes any of the following obligations, to the extent the same are at the time legal for investment of funds of the Corporation under the Act, including the amendments thereto hereafter made, or under other applicable law:

- (1) Government Obligations;
- (2) any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Farm Credit System Banks, Federal Home Loan Banks, Tennessee Valley Authority and Export-Import Bank of the United States;
- (3) any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(4) any other obligation of the United States of America or any federal agencies guaranteed by the full faith and credit of the United States of America which may then be purchased with funds belonging to the Corporation;

(5) deposits in interest-bearing time or demand deposits, or certificates of deposit, secured by any of the obligations described above or fully insured by the Federal Deposit Insurance Corporation or its successor;

(6) any participation certificate of the Federal Home Loan Mortgage Corporation guaranteeing timely payment of principal and any mortgage-backed securities of the Federal National Mortgage Association; and

(7) any other investment permitted under the Corporation's investment guidelines adopted August 14, 1984, as amended from time to time.

"Mortgage" means a mortgage or other instrument securing a Mortgage Loan.

"Mortgage Banker" means the mortgagee of record of a mortgage loan that backs a GNMA Security.

"Mortgage Loan" means a loan, evidenced by a note, for a Project, secured by a Mortgage and specified in a Supplemental Resolution as being subject to the lien of the General Resolution; provided, that Mortgage Loan shall also mean 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; provided, further, that Mortgage Loan shall also mean an instrument evidencing an ownership in such loans, including, but not limited to, a mortgage backed security guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

"Mortgage Note" means the note evidencing a Mortgage Loan.

"Mortgagor" means a mortgagor with respect to any Mortgage Loan.

"Outstanding," when used with reference to Bonds, means, as of any date, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, all Bonds theretofore or thereupon being authenticated and delivered under the General Resolution except:

(1) any Bond canceled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) any Bond (or portion of a Bond) for the payment or redemption of which there have been separately set aside and held in a Redemption Account under the General Resolution either:

(a) monies in an amount sufficient to effect payment of the principal or applicable Redemption Price thereof, together with accrued interest on such Bond to the payment date or Redemption Date, which payment date or Redemption Date shall be specified in irrevocable instructions to the Trustee to apply such monies to such payment or redemption on the date so specified; or

(b) Government Obligations, as described in the Section of the General Resolution entitled "Defeasance," in such principal amounts, of such maturities, bearing such

interest and otherwise having such terms and qualifications as shall be necessary to provide monies in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment date or Redemption Date, which payment date or Redemption Date shall be specified in irrevocable instructions to the Trustee to apply such monies to such payment or redemption on the date so specified; or

(c) any combination of (a) and (b) above;

(3) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the General Resolution; and

(4) any Bond deemed to have been paid as provided in the General Resolution.

“Participation Agreement” means the Participation Agreement by and between the Corporation and the Facilitation Trust, dated the date of issuance of the 2002 Series D Bonds.

“Participation Interest” means the Participant Interest in the Participated Assets (net of certain amounts payable to the Corporation and certain voting rights that the Corporation may, in the future, obtain with respect to the Class B-1 Sheridan Trust II Certificate) (all as defined in the Participation Agreement).

“Permitted Encumbrances” means such liens, encumbrances, reservations, easements, rights of way and other clouds on title as do not impair the use or value of the premises or such other liens, encumbrances, reservations, easements, rights of way and other clouds on title as are specified in a Supplemental Resolution with respect to a Mortgage Loan.

“Pledged Receipts” means, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, (i) the scheduled or other payments required by any Mortgage Loan and paid to or to be paid to the Corporation from any source, including, but not limited to, interest, rent or other subsidy payments, and including both timely and delinquent payments,* (ii) accrued

* The Fifth Supplemental Resolution, with respect to the 1996 Series A Mortgage Loans, the 2002 Series A Supplemental Resolution, with respect to the 2002 Series A Mortgage Loans, the 2002 Series B Supplemental Resolution, with respect to the 2002 Series B Mortgage Loans, the 2002 Series C Supplemental Resolution, with respect to the 2002 Series C Mortgage Loans, and the 2002 Series D Supplemental Resolution, with respect to the underlying 2002 Series D Purchased Mortgage Loans, each provides that any prepayment premium or penalty shall not constitute a Pledged Receipt. The 2002 Series D Supplemental Resolution provides that all amounts received with respect to the underlying 2002 Series D Trust Mortgage Loans shall constitute Pledged Receipts. The Fifth Supplemental Resolution, the 2002 Series A Supplemental Resolution, the 2002 Series B Supplemental Resolution, the 2002 Series C Supplemental Resolution and the 2002 Series D Supplemental Resolution each provides that, with respect to any Acquired Project, Acquired Project Net Operating Income shall constitute a Pledged Receipt. The Fifth Supplemental Resolution, with respect to the 1996 Series A Mortgage Loans subsidized through Section 236, provides that only those Section 236 interest reduction payments duly and properly paid and actually received by or on behalf of the Corporation or the Trustee shall constitute Pledged Receipts. The 2002 Series D Supplemental Resolution, with respect to the underlying 2002 Series D Mortgage Loans subsidized through Section 8, provides that, with respect to Section 8 housing assistance payments, only those payments duly and properly paid and actually received by the holder of the underlying 2002 Series D Mortgage Loans and thereafter passed through to the holder of the Participation Interest shall constitute Pledged Receipts. The 2002 Series A Supplemental Resolution, with respect to the 2002 Series A Mortgage Loans, and the 2002 Series C Supplemental Resolution, with respect to the 2002 Series C Mortgage Loans, each provides that amounts obtained under a letter of credit or other credit enhancement securing a 2002 Series A Mortgage Loan or a 2002 Series C Mortgage Loan or under any agreement entered into by the Corporation and the provider of such letter of credit or other credit enhancement

interest received at the sale of Bonds and (iii) all income earned or gain realized in excess of losses suffered on any investment or deposit of monies in the Accounts established and maintained pursuant to the General Resolution or a Supplemental Resolution, or monies provided by the Corporation and held in trust for the benefit of the Bond owners pursuant to the General Resolution, but shall not mean or include amounts required to be deposited into the Rebate Fund, Recoveries of Principal, any payments with respect to any Mortgage Loan received prior to the date that Revenues therefrom are pledged under the General Resolution, Escrow Payments, late charges, administrative fees, if any, of the Corporation or any amount retained by the servicer (which may include the Corporation) of any Mortgage Loan, as financing, servicing, extension or settlement fees.

“Principal Installment” means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the General Resolution of Sinking Fund Payments payable before such future date plus (ii) the unsatisfied balance, determined as provided in the General Resolution, of any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance.

“Project” means any multi-family housing development or other facility financeable by the Corporation under the Act or other applicable law and approved by the Corporation.

“Rating Agencies” means, collectively, (i) Standard & Poor’s Corporation or any successor thereto (“S&P”) when the Bonds are rated by S&P and (ii) Moody’s Investors Service Inc. or any successor thereto (“Moody’s”) when the Bonds are rated by Moody’s or, if neither S&P nor Moody’s is maintaining a rating on the Bonds, then any other nationally recognized rating agency when the Bonds are rated by such agency, pursuant to a request for a rating by the Corporation.

“Rebate Amount” means, with respect to a particular Series of Bonds, the amount, if any, required to be deposited in the Rebate Fund in order to comply with the covenants contained in the General Resolution.

“Rebate Fund” means the Rebate Fund established pursuant to the General Resolution.

“Recoveries of Principal” means, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, all amounts received by the Corporation as a recovery of the principal amount disbursed by the Corporation in connection with any Mortgage Loan, including any premium or penalty with respect thereto, on account of (i) the advance payment of amounts to become due pursuant to such Mortgage Loan, at the option of the Mortgagor, (ii) the sale, assignment, endorsement or other disposition thereof, (iii) the acceleration of payments due thereunder or other remedial proceedings taken in the event of the default thereon, (iv) proceeds of any insurance award resulting from the damage or destruction of a Project which are required to be applied to payment of a Mortgage Note pursuant to a Mortgage, (v) proceeds of any condemnation award resulting from the

in connection with the providing of such letter of credit or credit enhancement in the event of a default on such 2002 Series A Mortgage Loan or 2002 Series C Mortgage Loan with respect to scheduled principal and/or interest payments required by such 2002 Series A Mortgage Loan or 2002 Series C Mortgage Loan, shall constitute Pledged Receipts. The 2002 Series C Supplemental Resolution, with respect to the 2002 Series C Bonds, and the 2002 Series D Supplemental Resolution, with respect to the 2002 Series D Bonds, each provides that any Cap Receipts paid to the Corporation or the Trustee under a Cap shall constitute a Pledged Receipt.

taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Project or any portion thereof, which proceeds are required to be applied to payment of a Mortgage Note pursuant to a Mortgage or (vi) proceeds of any mortgage insurance or credit enhancement with respect to a Mortgage Loan which is in default.*

“Redemption Account” means the Redemption Account established pursuant to the General Resolution.

“Redemption Date” means the date or dates upon which Bonds are to be called for redemption pursuant to the General Resolution.

* The Fifth Supplemental Resolution, with respect to the 1996 Series A Mortgage Loans, the 2002 Series A Supplemental Resolution with respect to the 2002 Series A Mortgage Loans, the 2002 Series B Supplemental Resolution, with respect to the 2002 Series B Mortgage Loans, the 2002 Series C Supplemental Resolution, with respect to the 2002 Series C Mortgage Loans, and the 2002 Series D Supplemental Resolution, with respect to the underlying 2002 Series D Mortgage Loans, each provides that any prepayment premium or penalty shall not constitute a Recovery of Principal. The Fifth Supplemental Resolution, the 2002 Series A Supplemental Resolution, the 2002 Series B Supplemental Resolution, the 2002 Series C Supplemental Resolution and the 2002 Series D Supplemental Resolution each provides that, with respect to any Acquired Project, the proceeds of sale of any Acquired Project shall constitute a Recovery of Principal. The Fifth Supplemental Resolution provides that the term “Recoveries of Principal” shall mean, with respect to (a) proceeds of any insurance award resulting from the damage or destruction of a Project financed by a 1996 Series A Mortgage Loan and (b) proceeds of any condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a project financed by a 1996 Series A Mortgage Loan or any portion thereof, only those proceeds applied to the payment of the applicable Mortgage Note, whether or not required to be so applied pursuant to the applicable Mortgage. The 2002 Series D Supplemental Resolution, with respect to the underlying 2002 Series D Purchased Mortgage Loans, provides that any amounts required to be passed through the 2002 Series D Purchased Mortgage Loans as a result of (i) the advance payment of principal amounts to become due with respect to any underlying 2002 Series D Purchased Mortgage Loan insured by FHA, at the option or direction of FHA, (ii) proceeds from the acceleration of payments due under any underlying 2002 Series D Purchased Mortgage Loan or other remedial proceedings taken in the event of a default thereon, including proceeds of the sale of any Acquired Project, (iii) proceeds of insurance awards resulting from damage or destruction of a Development financed by any underlying 2002 Series D Purchased Mortgage Loan, which proceeds are applied to payment of the applicable underlying mortgage note, whether or not required to be so applied pursuant to the applicable underlying mortgage, (iv) proceeds of a condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Development financed by any underlying 2002 Series D Purchased Mortgage Loan or any portion thereof, which proceeds are applied to payment of the applicable underlying mortgage note, whether or not required to be so applied pursuant to the applicable underlying mortgage and (v) proceeds of the sale, assignment, endorsement or other disposition of any underlying 2002 Series D Purchased Mortgage Loan including proceeds of FHA Insurance, if any, with respect to any underlying 2002 Series D Purchased Mortgage Loan insured by FHA, shall constitute Recoveries of Principal. The 2002 Series A Supplemental Resolution, with respect to the 2002 Series A Mortgage Loans, and the 2002 Series C Supplemental Resolution, with respect to the 2002 Series C Mortgage Loans, each provides that amounts obtained under a letter of credit or other credit enhancement securing a 2002 Series A Mortgage Loan or a 2002 Series C Mortgage Loan, or under any agreement entered into by the Corporation and the provider of such letter of credit or other credit enhancement in connection with the providing of such letter of credit or credit enhancement in the event of a default on such 2002 Series A Mortgage Loan or 2002 Series C Mortgage Loan, other than with respect to scheduled principal and/or interest payments required by such 2002 Series A Mortgage Loan or 2002 Series C Mortgage Loan, shall constitute Recoveries of Principal.

“Redemption Price” means, with respect to any Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

“Revenue Account” means the Revenue Account established pursuant to the General Resolution.

“Revenues” means the Pledged Receipts and Recoveries of Principal.

“Series” means any Series of Bonds issued pursuant to the General Resolution.

“Sinking Fund Payment” means, with respect to a particular Series, as of any particular date of calculation, the amount required to be paid at all events by the Corporation on a single future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by the Corporation by reason of the maturity of a Bond or by call for redemption at the election of the Corporation.

“SONYMA” means the State of New York Mortgage Agency, a corporate governmental agency of the State of New York constituting a political subdivision and public benefit corporation established under the SONYMA Act.

“SONYMA Act” means the State of New York Mortgage Agency Act, constituting Chapter 612 of the Laws of New York, 1970, as amended.

“SONYMA Insurance” means the mortgage insurance for multi-family rental housing developments authorized pursuant to the SONYMA Act.

“State” means the State of New York.

“Subordinate Bonds” means any Bonds which, pursuant to the Supplemental Resolution authorizing such Bonds, are secured by a subordinate charge and lien on the Revenues and assets pledged under the General Resolution.

“Supplemental Resolution” means any resolution supplemental to or amendatory of the General Resolution, adopted by the Corporation and effective in accordance with the General Resolution.

“Trustee” means the trustee designated as Trustee in the General Resolution and its successor or successors and any other person at any time substituted in its place pursuant to the General Resolution.

“2002 Series D Mortgage Loans” means the 2002 Series D Purchased Mortgage Loans and the 2002 Series D Trust Mortgage Loans.

“2002 Series D Purchased Mortgage Loans” means the 100% participation interest of the Corporation in approximately 380 permanent mortgage loans for multi-family housing developments.

“2002 Series D Trust Mortgage Loans” means the 100% participation interest of the Corporation in a portion of the cash flow derived from the Class-B-1 Sheridan Trust II, Multifamily Mortgage Pass-through Certificate, Series 1996-M1 evidencing a beneficial ownership interest in the Class B Sheridan Trust Multifamily Mortgage Pass-Through Certificate, Series 1995-M1 which, in turn, has a beneficial ownership interest primarily in a pool of certain permanent mortgage loans for multi-family housing developments, of which approximately 90 permanent mortgage loans relate to the 2002 Series D Bonds and the participation interest purchased by the Corporation.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CORPORATION
FOR FISCAL YEAR ENDED OCTOBER 31, 2001
INCLUDING AS SCHEDULE 1 SUPPLEMENTAL INFORMATION
RELATED TO THE HOUSING REVENUE BOND PROGRAM**

OTHER ACTIVITIES OF THE CORPORATION

The Corporation is engaged in the various activities and programs described below.

I. BOND PROGRAMS. The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the programs described below. As of February 28, 2002, the Corporation had bonds and notes outstanding in the aggregate principal amount of approximately \$2,661,047,289.70 for these purposes. All outstanding principal amounts of bonds and notes listed below are as of February 28, 2002 unless otherwise indicated. All of the projects financed by the Corporation have been completed and are in operation except where indicated below. None of the projects described below provide security under the General Resolution. In addition, none of the bonds described below is secured by the General Resolution.

A. Multi-Family Program. The Corporation established its Multi-Family Program to develop privately owned multi-family rental housing, all or a portion of which is reserved for low income tenants.

(1) Rental Projects; Letter of Credit Enhanced: Under its Multi-Family Program, the Corporation has issued tax-exempt and/or taxable bonds to finance a number of mixed income projects which bonds are secured by letters of credit issued by rated commercial lending institutions. On January 20, 1989, the Corporation issued its \$10,000,000 Variable Rate Demand Bonds (Upper Fifth Avenue Project), 1989 Series A, of which \$4,900,000 is outstanding, to finance a 151-unit project in Manhattan. On December 17, 1999, the Corporation issued its \$60,400,000 Multi-Family Mortgage Revenue Bonds (West 54th Street Development), 1999 Series A and 1999 Series B, all of which are outstanding, to finance a 222-unit project in Manhattan. On June 29, 2000, the Corporation issued its federally taxable \$72,100,000 Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2000 Series A, all of which are outstanding, to finance a 356-unit project in Manhattan. On December 19, 2000, the Corporation issued its \$56,000,000 Multi-Family Mortgage Revenue Bonds (Related-15th Street Development), 2000 Series A, all of which are outstanding, to finance a 213-unit project in Manhattan which is presently under construction. On December 18, 2001, the Corporation issued its \$130,000,000 Multi-Family Mortgage Revenue Bonds (Related-West 55th Street Development), 2001 Series A and 2001 Series B, all of which are outstanding, to finance a 371-unit project in Manhattan which is presently under construction. On January 4, 2002, the Corporation issued its \$44,000,000 Multi-Family Mortgage Revenue Bonds (Ninth Avenue Development), 2002 Series A, all of which are outstanding, to finance a 259-unit development in Manhattan which is presently under construction.

On April 6, 1994, the Corporation issued its \$28,000,000 Multi-Family Mortgage Revenue Bonds (James Tower Development), 1994 Series A, of which \$22,600,000 is outstanding, to refinance a 200-unit building located on the west side of Manhattan and to refund bonds previously issued by the Corporation to finance this project. On May 15, 2002, the Corporation issued its \$86,900,000 Multi-Family Rental Housing Revenue Bonds (Chelsea Centro), 2002 Series A, all of which are outstanding, to refinance a 356-unit project in Manhattan and to refund the \$72,100,000 of bonds previously issued by the Corporation to finance this project, which refunded bonds were all outstanding on February 28, 2002.

Under its Multi-Family Program, the Corporation has issued tax-exempt bonds to finance a number of entirely low income projects, which bonds are secured by letters of credit issued by rated commercial lending institutions. On October 5, 1999, the Corporation issued its \$3,000,000 Multi-Family Mortgage Revenue Bonds (Harmony House Project), 1999 Series A, all of which are outstanding, to

finance a 55-unit development in Manhattan. On October 5, 1999, the Corporation issued its \$1,300,000 Multi-Family Mortgage Revenue Bonds (Sullivan Street Project), 1999 Series A, all of which are outstanding, to finance a 20-unit development in Brooklyn. On May 9, 2002, all of these bonds were redeemed. On June 8, 2000, the Corporation issued its \$3,400,000 Multi-Family Mortgage Revenue Bonds (St. Ann's Apartments), 2000 Series A, all of which are outstanding, to finance a 60-unit project in Bronx County. On June 22, 2000, the Corporation issued its \$6,000,000 Multi-Family Mortgage Revenue Bonds (Spring Creek IV Project), 2000 Series A, all of which are outstanding, to finance an 83-unit development in Brooklyn. On June 27, 2000, the Corporation issued its \$2,400,000 Multi-Family Mortgage Revenue Bonds (Sackman Street Project), 2000 Series A, all of which are outstanding, to finance a 38-unit development in Brooklyn. On August 10, 2000, the Corporation issued its \$1,600,000 Multi-Family Mortgage Revenue Bonds (East 116th Street Project), 2000 Series A, all of which are outstanding, to finance a 23-unit development in Manhattan. On May 13, 2002, all of these bonds were redeemed. On December 14, 2000, the Corporation issued its \$2,800,000 Multi-Family Mortgage Revenue Bonds (Linden Mews Project), 2000 Series A, all of which are outstanding, to finance a 39-unit development in Brooklyn. On December 15, 2000, the Corporation issued its \$6,700,000 Multi-Family Mortgage Revenue Bonds (Marmion Avenue Project), 2000 Series A, all of which are outstanding, to finance a 90-unit development in Bronx County. On December 28, 2000, the Corporation issued its \$9,000,000 Multi-Family Mortgage Revenue Bonds (Ogden Avenue Project), 2000 Series A, all of which are outstanding, to finance a 120-unit development in Bronx County. On June 28, 2001, the Corporation issued its \$7,000,000 Multi-Family Mortgage Revenue Bonds (Fox Street Project), 2001 Series A, all of which are outstanding, to finance a 106-unit development in Bronx County. On November 21, 2001, the Corporation issued its \$7,500,000 Multi-Family Mortgage Revenue Bonds (Fountains at Spring Creek Project), 2001 Series A, all of which are outstanding, to finance a 102-unit development located in Brooklyn. On November 21, 2001, the Corporation issued its \$3,700,000 Multi-Family Mortgage Revenue Bonds (The Lafayette Project), 2001 Series A, all of which are outstanding, to finance a 47-unit development in Manhattan. All of these projects are presently under, or have recently completed, construction.

(2) Rental Projects; Fannie Mae Enhanced: Pursuant to its Multi-Family Program, the Corporation has issued tax-exempt and/or taxable bonds which are secured by mortgage loan payments, which payments are secured by obligations of Fannie Mae under a Collateral Agreement. On March 29, 1995, the Corporation issued its \$23,570,000 Multi-Family Mortgage Revenue Bonds (Columbus Apartments Project), 1995 Series A, of which \$21,970,000 is outstanding, to refinance a 166-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On October 31, 1997, the Corporation issued its \$13,775,000 Multi-Family Rental Housing Revenue Bonds (Related-Columbus Green), 1997 Series A, all of which are outstanding, to refinance a 95-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On October 31, 1997, the Corporation issued its \$66,800,000 Multi-Family Rental Housing Revenue Bonds (Related-Carnegie Park), 1997 Series A, all of which are outstanding, to refinance a 461-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On October 31, 1997, the Corporation issued its \$104,600,000 Multi-Family Rental Housing Revenue Bonds (Related-Monterey), 1997 Series A, all of which are outstanding, to refinance a 522-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On October 31, 1997, the Corporation issued its \$55,000,000 Multi-Family Rental Housing Revenue Bonds (Related-Tribeca Tower), 1997 Series A, all of which are outstanding, to refinance a 440-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On September 18, 1998, the Corporation issued its \$17,875,000 Multi-Family Rental Housing Revenue Bonds (100 Jane Street Development), 1998 Series A and 1998 Series B, of which \$17,275,000 is outstanding, to refinance a 148-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On October 22, 1998, the Corporation issued its \$37,315,000 Multi-Family Rental Housing Revenue Bonds (Parkgate Development), 1998 Series A and 1998 Series B, of

which \$36,500,000 is outstanding, to refinance a 207-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On November 19, 1998, the Corporation issued its \$150,000,000 Multi-Family Rental Housing Revenue Bonds (One Columbus Place Development), 1998 Series A and 1998 Series B, of which \$146,400,000 is outstanding, to refinance a 729-unit development in Manhattan and to refund bonds previously issued by the Corporation to finance this development. On April 6, 1999, the Corporation issued its \$55,820,000 Multi-Family Rental Housing Revenue Bonds (West 43rd Street Development), 1999 Series A and 1999 Series B, of which \$54,720,000 is outstanding, to refinance a 375-unit development in Manhattan and to refund bonds previously issued by the Corporation to finance this development. On June 18, 1999, the Corporation issued its \$57,000,000 Multi-Family Rental Housing Revenue Bonds (Brittany Development), 1999 Series A, all of which are outstanding, to refinance a 272-unit development in Manhattan and to refund bonds previously issued by the Corporation to finance this development.

In addition, the Corporation has issued tax-exempt bonds and taxable bonds which are secured by a Direct Pay Credit Enhancement Instrument issued by Fannie Mae. On March 2, 2000, the Corporation issued its \$53,000,000 Multi-Family Rental Housing Revenue Bonds (Related-West 89th Street Development), 2000 Series A, all of which are outstanding, to refinance a 265-unit building in Manhattan and to refund bonds previously issued by the Corporation to finance this development. On July 11, 2001, the Corporation issued its \$22,500,000 Multi-Family Mortgage Revenue Bonds (West 48th Street Development), 2001 Series A and 2001 Series B, all of which are outstanding, to finance a 109-unit facility in Manhattan which is presently under construction. On November 1, 2001, the Corporation issued its \$91,000,000 Multi-Family Rental Housing Revenue Bonds (Related-Lyric Development), 2001 Series A and 2001 Series B, all of which are outstanding, to refinance a 285-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project.

(3) Rental Projects; Freddie Mac Enhanced: Under its Multi-Family Program, the Corporation has issued tax-exempt bonds which are secured by a Direct Pay Credit Enhancement Agreement with Federal Home Loan Mortgage Corporation. On June 7, 2000, the Corporation issued its \$24,200,000 Multi-Family Rental Housing Revenue Bonds (Westmont Apartments), 2000 Series A, all of which are outstanding, to refinance a 163-unit development in Manhattan and to refund bonds previously issued by the Corporation to finance this development. On March 21, 2001, the Corporation issued its \$10,800,000 Multi-Family Rental Housing Revenue Bonds (Queenswood Apartments), 2001 Series A, all of which are outstanding, to refinance a 296-unit development in Queens and to refund bonds previously issued by the Corporation to finance this development.

(4) Rental Projects; FHA Enhanced: Under its Multi-Family Program, the Corporation has issued bonds to finance a number of mixed income projects with mortgages insured by the Federal Housing Administration ("FHA"). See "FHA Insured Mortgage Loan Programs" below.

(5) Rental Project; REMIC Enhanced: Under its Multi-Family Program, the Corporation has issued tax-exempt bonds to finance a mortgage loan for a residential facility, which mortgage loan is insured by the New York City Residential Mortgage Insurance Corporation ("REMIC"), which is a subsidiary of the Corporation. On April 26, 1996, the Corporation issued its \$5,620,000 Multi-Family Mortgage Revenue Bonds (Barclay Avenue Development), 1996 Series A, of which \$5,450,000 is outstanding, to fund a REMIC-insured permanent mortgage loan for a 66-unit building located in Queens County.

(6) Hospital Staff Housing: Pursuant to its Multi-Family Program, the Corporation has provided financing for residential facilities for hospital staff. A multi-purpose facility for the benefit of The Society of the New York Hospital, located on the east side of Manhattan, was financed in 1985 by the Corporation. On April 17, 1998, the Corporation issued its \$103,300,000 MBIA Insured Residential

Revenue Refunding Bonds (Royal Charter Properties East, Inc. Project), 1998 Series 1, of which \$101,925,000 is outstanding, in order to refinance its outstanding bonds for this multipurpose facility. The payment of principal of and interest on the 1998 Series 1 Bonds is guaranteed by a municipal bond guaranty insurance policy issued by MBIA Insurance Corporation.

On March 19, 1993, the Corporation issued its \$36,600,000 Residential Revenue Bonds (East 17th Street Properties, Inc.), 1993 Series A, of which \$32,600,000 is outstanding, to provide a mortgage loan to East 17th Street Properties, Inc. (an affiliate of Beth Israel Medical Center) for two residential housing facilities located in Manhattan. These bonds are secured by a letter of credit issued by a rated commercial lending institution. On June 17, 1993, the Corporation issued its \$8,400,000 Residential Revenue Bonds (Montefiore Medical Center Project), 1993 Series A, all of which are outstanding, to finance a mortgage loan made to Montefiore Medical Center for a residential housing facility in Bronx County. These bonds are secured by a letter of credit issued by a rated commercial lending institution.

(7) Cooperative Housing: Pursuant to the Corporation's Multi-Family Program, the Corporation has issued tax-exempt obligations in order to fund underlying mortgage loans to cooperative housing developments. On April 28, 1994, the Corporation issued its \$12,330,000 Mortgage Revenue Bonds (Maple Court Cooperative), 1994 Series A, of which \$11,645,000 is outstanding, to fund an underlying permanent mortgage loan for a 134-unit cooperative located in Manhattan. On December 19, 1996, the Corporation issued its \$16,750,000 Mortgage Revenue Bonds (Maple Plaza Cooperative), 1996 Series A, of which \$16,335,000 is outstanding, to fund an underlying permanent mortgage loan for a 154-unit cooperative located in Manhattan. Each mortgage loan is insured by the State of New York Mortgage Agency.

(8) Senior Housing: Pursuant to its Multi-Family Program, the Corporation has issued tax-exempt obligations to finance a mortgage loan for low-income senior housing. On December 20, 2000, the Corporation issued its \$6,100,000 Multi-Family Mortgage Revenue Bonds (55 Pierrepont Development), 2000 Series A, of which \$5,900,000 is outstanding, to fund a mortgage loan to acquire a 189-unit senior rental housing facility located in Brooklyn. These bonds are secured by a letter of credit issued by a rated commercial lending institution.

B. FHA Insured Mortgage Loan Programs. The Corporation is empowered to make loans secured by mortgages insured by the federal government for new construction and rehabilitation of multiple dwellings.

(1) On January 15, 1993, the Corporation issued its \$164,645,000 Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loan), 1993 Series A and 1993 Series B, of which \$146,945,000 of the 1993 Series A bonds (and none of the 1993 Series B bonds) is outstanding, to acquire a defaulted FHA-insured mortgage loan for the Manhattan Park Project (also known as Roosevelt Island Northtown Phase II) from the United States Department of Housing and Urban Development. On January 17, 1995, the Corporation issued its taxable \$13,910,000 Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loan), 1995 Series A, of which \$7,580,000 is outstanding, to refund a like amount of the 1993 Series B bonds. This 1,107-unit project receives Section 8 housing assistance payments, administered by the Corporation, for 222 units. This project was originally financed by bonds issued by the Corporation which have been redeemed.

(2) On December 27, 1993, the Corporation issued its \$141,735,000 Multi-Family Housing Revenue Bonds (FHA Insured Mortgage Loan-Manhattan West Development), 1993 Series A, all of which are outstanding, to finance a portion of an FHA-insured construction and permanent

mortgage loan for the Manhattan West Development, a 1,000-unit mixed income project, located in Manhattan.

C. Section 223(f) Refinancing Program. The Corporation has the power to acquire mortgages originally made by 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 the sale of such mortgages or issuance of obligations to the City. Between 1977 and 1978, tax-exempt obligations in the aggregate principal amount of \$379,884,800 were issued by the Corporation and secured by mortgage loans insured by FHA as described below.

The Corporation issued \$299,886,700 aggregate principal amount of its Multifamily Housing Limited Obligation Bonds (FHA Insured Mortgage Loans), in 58 series under a resolution adopted July 25, 1977, and issued \$79,998,100 aggregate principal amount of such bonds in 15 series under a second resolution adopted October 10, 1978, of which a combined total of \$280,787,289.70 is outstanding. Each series of such bonds is secured by a mortgage loan insured by FHA pursuant to Section 223(f) of Title II of the National Housing Act of 1934, as amended (the "National Housing Act"). Debt service on each series of bonds is paid only from monies received on account of the applicable mortgage loan securing such series, including, with respect to certain projects, interest reduction subsidy payments received by the Corporation pursuant to Section 236 of the National Housing Act. The bonds, which are structured as modified pass-through obligations, were privately placed with certain savings institutions under bond purchase agreements dated as of August 11, 1977 and November 30, 1978, respectively, as amended. Two series of these bonds have been redeemed in full as a result of the prepayment in full of the mortgage loan securing the respective series.

On June 21, 1996, the Corporation commenced loan servicing of thirty-seven subordinate permanent mortgage loans with an aggregate outstanding principal balance of \$210,176,085.11. These subordinate permanent mortgage loans are held by State Street Bank and Trust Company as trustee for the NYC Mortgage Loan Trust. In the case of thirty-one of these mortgage loans, each such mortgage loan is subordinate to one of the FHA-insured mortgage loans which secure certain of the bonds issued by the Corporation under its Section 223(f) Refinancing Program.

II. DEVELOPMENT SERVICES PROGRAM. The Corporation commenced its Development Services Program in 1987, which program is funded by monies drawn from the Corporation's unrestricted reserves. The Development Services Program is comprised of eight subprograms: (1) the Construction Loan Program, (2) the Seed Money Loan Program, (3) the Project Management Program, (4) the Working Capital Loan Program, (5) the Tax Credit Bridge Loan Program, (6) the HPD Loan Servicing Program, (7) the Minority and Women-Owned Business Enterprise Working Capital Loan Program and (8) the Participation Loan Program. The subprograms that were active on February 28, 2002 are described below.

Neither the monies used to fund the Development Services Program nor the projects funded by the Development Services Program provide security under the Resolution.

(1) Seed Money Loan Program. Pursuant to Memoranda of Understanding ("MOUs") with the City, acting through HPD, the Corporation has provided interim assistance in the form of an unsecured, interest-free loan to (i) the Neighborhood Partnership Housing Development Fund Company, Inc., in the amount of \$2,250,000, to fund certain expenses associated with HPD's Neighborhood Entrepreneurs Program and (ii) Hope Community, Inc., in the amount of \$238,920, to fund certain expenses associated with a project being developed through HPD's 85/85 Program.

(2) Working Capital Loan Program. Pursuant to an MOU with the City, acting through HPD, the Corporation has agreed to provide up to \$8,100,000 to fund 87 interest-free Working Capital loans to not-for-profit sponsors of projects through HPD's Special Initiatives Program. The proceeds of such loans are used for rent-up expenses and initial operation costs of such projects.

(3) HPD Loan Servicing Program. The Corporation acts as loan servicer in connection with certain of HPD's construction and permanent housing loan programs pursuant to several agreements with HPD. As of February 28, 2002, the Corporation was servicing construction and permanent loans in the approximate face amount of \$1,322,155,190.18.

(4) Participation Loan Program. The Corporation established a program to make mortgage loans in an aggregate amount not to exceed \$7,700,000 for the rehabilitation of certain multiple dwelling projects pursuant to the provisions of Article XV of the New York Private Housing Finance Law. The projects funded under this program are selected by HPD. The Corporation's loan for each project is made in conjunction with a loan from a private lender. Four loans have been made by the Corporation under this program.

III. AFFORDABLE HOUSING PERMANENT LOAN PROGRAM. The Corporation has established a program to make permanent mortgage loans for projects constructed or rehabilitated in conjunction with HPD loan programs. All of the mortgage loans under this program are expected to be financed by the proceeds of the 1997 Series C Bonds and/or other monies of the Corporation.

IV. NEW HOUSING OPPORTUNITIES PROGRAM (New HOP). The Corporation has established a program to make construction and permanent mortgage loans for developments intended to house low and moderate income tenants. The developments also receive subordinate loans from the Corporation. All of the first mortgage loans under this program are expected to be financed by the proceeds of obligations issued under the General Resolution, including the 1998 Series A Bonds, the 1998 Series B Bonds, the 1999 Series A Bonds, the 1999 Series B Bonds, the 1999 Series E Bonds, the 2000 Series B Bonds, the 2001 Series C Bonds, the 2002 Series A Bonds and the 2002 Series C Bonds and/or other monies of the Corporation.

**DEVELOPMENTS AND MORTGAGE LOANS
EXPECTED TO BE FINANCED OR CONTRIBUTED IN CONNECTION WITH
THE ISSUANCE OF THE 2002 BONDS**

**DEVELOPMENTS AND MORTGAGE LOANS EXPECTED TO BE FINANCED
WITH THE PROCEEDS OF THE 2002 SERIES A BONDS***

Development	Borough	Number of Units	Estimated Construction/ Permanent Mortgage Loan Amount	Expected Construction Loan Interest Rate	Expected Permanent Mortgage Interest Rate	Expected Permanent Mortgage Term	Loan Status**	Expected Prepayment Category (see Appendix E-)
279 West 117 th Street	Manhattan	138	\$18,770,000	5.35%	6.00%	30 years	2	29
306-18 West 117 th Street	Manhattan	96	\$17,600,000	5.35%	6.00%	30 years	1	29
TOTAL		234	\$36,370,000					

* All of the Developments are expected to utilize 2002 Series A Bond proceeds for a portion of construction and permanent financing; however, the Corporation may, in its sole discretion, substitute another Development. The Mortgage Loans expected to be financed with the proceeds of the 2002 Series A Bonds are not expected to be initially secured by supplemental security. However, the Corporation may, in the future, seek mortgage insurance from SONYMA for certain of the Developments financed with the 2002 Series A Bonds which, if obtained, would be effective subsequent to completion of construction and rent-up of the applicable Development. The Mortgage Loans expected to be financed with the proceeds of the 2002 Series A Bonds are expected to be subsidized pursuant to New HOP. See "PLAN OF FINANCING-2002 Series A Mortgage Loans" herein. In addition, all of the Developments are expected to be newly constructed. It is anticipated that the Permanent Mortgage Loans will be made within the next two (2) years.

** Loan Status: 1 = Under review by the Corporation, commitment pending; 2 = Commitment executed.

**DEVELOPMENTS AND PERMANENT MORTGAGE LOANS EXPECTED
TO BE FINANCED WITH THE PROCEEDS OF THE 2002 SERIES B BONDS**

Supplemental Security	Subsidy Program	Development Name	Borough	No. of Units	Occupancy Rate (as of April 30, 2002)	Outstanding Mortgage Balance*	Mortgage Interest Rate*	Date of Completion	Final Mortgage Maturity*	Prepayment Category (see Appendix E-3)	Physical Inspection
N/A	N/A	Linden Mews	Brooklyn	36	92%	\$1,230,000	6.00%	2/18/02	7/01/32	29	N/A
N/A	N/A	Spring Creek IV	Brooklyn	83	94%	\$2,620,000	6.00%	4/25/02	7/01/32	29	N/A
N/A	N/A	2035 Marmion Avenue	Bronx	90	92%	\$3,300,000	6.00%	1/17/02	7/01/32	29	N/A
TOTAL				209		\$7,150,000					

* Anticipated mortgage balance, interest rate and final mortgage maturity, as the case may be, upon acquisition of the 2002 Series B Mortgage Loans.

**DEVELOPMENTS AND MORTGAGE LOANS EXPECTED TO BE FINANCED
WITH THE PROCEEDS OF THE 2002 SERIES C BONDS***

Development	Borough	Number of Units	Estimated Permanent Mortgage Loan Amount	Expected Permanent Mortgage Term	Loan Status**	Expected Prepayment Category (see Appendix E-3)
64-34 & 65-06 Grand Central Parkway	Queens	48	\$6,400,000	30 years	1	29
74-78 Third Avenue	Brooklyn	30	\$3,510,000	30 years	2	29
221 Parkville Avenue	Brooklyn	41	\$4,550,000	30 years	1	29
235-47 East 105 th Street	Manhattan	48	\$3,800,000	30 years	2,3	29
277 Gates Avenue	Brooklyn	35	\$2,560,000	30 years	1	29
343 4 th Avenue	Brooklyn	68	\$10,490,000	30 years	1	29
893-95 Pacific Street	Brooklyn	16	\$1,490,000	30 years	1	29
1050-96 Bergen Avenue & 1055-99 East 73 rd Street	Brooklyn	72	\$8,020,000	30 years	1	29
1791 Walton Avenue	Bronx	49	\$4,390,000	30 years	1	29
3800 Putnam Avenue	Bronx	44	\$4,290,000	30 years	1	29
TOTAL		451	\$49,500,000			

* All of the Developments are expected to utilize 2002 Series C Bond proceeds for a portion of construction and permanent financing and the acquisition of Permanent Mortgage Loans; however, the Corporation may, in its sole discretion, substitute another Development. The Mortgage Loans expected to be financed with the proceeds of the 2002 Series C Bonds are not expected to be initially secured by supplemental security. However, the Corporation may, in the future, seek full or partial mortgage insurance from SONYMA or REMIC for some or all the Developments financed with the 2002 Series C Bonds which, if obtained, would be effective subsequent to completion of construction and rent-up of the applicable Development. The Mortgage Loans expected to be financed with the proceeds of the 2002 Series C Bonds are expected to be subsidized pursuant to New HOP. See "PLAN OF FINANCING—2002 Series C Mortgage Loans" herein. In addition, all of the Developments are expected to be newly constructed or substantially rehabilitated. It is anticipated that the Permanent Mortgage Loans will be made within the next two (2) years.

** Loan Status: 1 = Under review by the Corporation, commitment pending; 2 = Commitment executed; 3 = Construction loan closed.

**DEVELOPMENTS AND MORTGAGE LOANS
CONTRIBUTED IN CONNECTION WITH
THE ISSUANCE OF THE 2002 SERIES C BONDS**

CONSTRUCTION MORTGAGE LOANS:

Supplemental Security	Subsidy Program(s)	Development Name	Borough	No. of Units	Advances Made to Date (as of April 30, 2002)	Construction/Permanent Mortgage Loan Amount**	Construction Loan Interest Rate**	Permanent Mortgage Interest Rate**	Expected Date of Completion	Final Permanent Mortgage Maturity**	Prepayment Category (see Appendix E-3)
N/A*	New HOP	Beach 94 th Street & Holland Avenue	Queens	92	\$344,196.24	\$7,640,000	6.75%	7.75%	3/31/03	3/31/33	15
N/A*	New HOP	14-56 31 st Drive	Queens	60	\$6,702,749.00	\$7,400,000	6.75%	7.75%	2/28/02	2/28/32	15
N/A*	New HOP	170 East 108 th Street, 156 East 109 th Street, & 1509 Lexington Avenue	Manhattan	17	\$512,087.46	\$1,530,000	6.75%	7.75%	4/01/03	4/01/33	15
N/A*	New HOP	222-26 & 247-65 West 144 th Street	Manhattan	110	\$819,951.00	\$5,820,000	6.75%	7.75%	2/01/04	2/01/34	15
N/A*	New HOP	1825 Needham Avenue	Bronx	48	\$2,184,881.30	\$4,400,000	6.75%	7.75%	9/30/02	9/30/32	15
N/A*	New HOP	2232 & 2295-97 First Avenue	Manhattan	21	\$946,525.27	\$1,910,000	7.85%	8.50%	9/30/02	9/01/32	15
TOTAL				348	\$11,510,390.27	\$28,700,000					

PERMANENT MORTGAGE LOAN:

Supplemental Security	Subsidy Program(s)	Development Name	Borough	No. of Units	Occupancy Rate (as of April 30, 2002)	Outstanding Mortgage Balance**	Original Mortgage Loan Amount**	Permanent Mortgage Interest Rate**	Date of Completion	Final Mortgage Maturity**	Prepayment Category (see Appendix E-3)
N/A*	New HOP	99-22 67 th Road	Queens	29	100%	\$3,390,000	\$3,390,000	7.75%	1/20/02	4/01/32	15

* The Corporation may, in the future, seek partial mortgage insurance from REMIC for some or all the Developments expected to be contributed in connection with the issuance of the 2002 Series C Bonds which, if obtained, would be effective subsequent to completion of construction and rent-up of the applicable Development. See "PLAN OF FINANCING—2002 Series C Additional Mortgage Loans" herein.

** Anticipated mortgage balance and amount, interest rates and final mortgage maturity, as the case may be, upon financing of the 2002 Series C Mortgage Loans.

**DEVELOPMENTS AND PERMANENT MORTGAGE LOANS EXPECTED
TO BE FINANCED WITH THE PROCEEDS OF THE 2002 SERIES D BONDS**

**2002 SERIES D PURCHASED MORTGAGE LOANS*
(as of April 30, 2002)**

Supplemental Security	Subsidy Program(s)	Number of Mortgage Loans ^{***}	No. of Units ^{***}	Aggregate Outstanding Mortgage Balance ^{***}	Weighted Average Mortgage Interest Rate ^{***}	Prepayment Category (see Appendix E-3)
FHA 221(d)(4)	Section 8 Mod Rehab/PLP	1	66	\$711,239	1.76%	31
FHA 221(d)(4)	HoDAG/PLP	5	326	\$3,578,257	1.00%	31
FHA 223(f)	Section 8 Mod Rehab/PLP	4	275	\$3,715,935	7.48%	31
N/A	Section 8 Mod Rehab/PLP	28	1,625	\$11,806,633	1.00%	31
N/A	HoDAG/PLP	6	667	\$22,859,687	1.00%	31
N/A	PLP	330	15,321	\$354,583,240	1.00%	31
N/A	N/A ^{**}	6	1,982	\$16,138,257	5.11%	31
TOTAL		380	20,262	\$413,393,248	1.22%	

* These 2002 Series D Purchased Mortgage Loans are evidenced by a 100% participation interest in the underlying 2002 Series D Purchased Mortgage Loans.

** All of the 6 Mortgages of these Mortgage Loans, representing approximately 3.9% of the aggregate outstanding mortgage balance of these 2002 Series D Purchased Mortgage Loans, are regulated by HPD pursuant to the Mitchell-Lama Law.

*** Anticipated number of mortgage loans, number of units, aggregate outstanding mortgage balance and weighted average interest rate, as the case may be, upon issuance of the 2002 Series D Bonds.

**DEVELOPMENTS AND PERMANENT MORTGAGE LOANS EXPECTED
TO BE FINANCED WITH THE PROCEEDS OF THE 2002 SERIES D BONDS**

**2002 SERIES D TRUST MORTGAGE LOANS*
(as of April 30, 2002)**

Supple- mental Security	Subsidy Program(s)	Number of Mortgage Loans***	No. of Units***	Aggregate Outstanding Mortgage Balance***	Weighted Average Mortgage Interest Rate***	Prepayment Category (see Appendix E-3)
N/A	PLP	50	4,552	\$137,337,202	1.00%	31
N/A	Section 236**	4	1,245	\$45,848,427	8.35%	31
N/A	N/A***	36	10,298	\$85,936,632	5.34%	31
TOTAL		90	16,095	\$269,122,261	3.64%	

* The 2002 Series D Trust Mortgage Loans are evidenced by a 100% participation interest in a portion of the cash flow derived from the Class B-1 Sheridan Trust II, Multifamily Mortgage Pass-Through Certificate, Series 1996M-1 which certificate evidences a beneficial ownership interest in the Class B Sheridan Trust Multifamily Mortgage Pass-Through Certificate, Series 1995M-1 which certificate, in turn, represents a beneficial ownership interest in the underlying 2002 Series D Trust Mortgage Loans.

** All of the Mortgagors of these Mortgage Loans, representing approximately 49.0% of the aggregate outstanding mortgage balance of these 2002 Series D Trust Mortgage Loans, are regulated by HPD pursuant to the Mitchell-Lama Law.

*** Anticipated number of mortgage loans, number of units, aggregate outstanding mortgage balance and weighted average interest rate, as the case may be, upon issuance of the 2002 Series D Bonds.

DEVELOPMENTS AND MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM

DEVELOPMENTS AND PERMANENT MORTGAGE LOANS
OUTSTANDING UNDER THE PROGRAM
AS OF FEBRUARY 28, 2002

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date ^{†††}	Payment Category (see Appendix E-3)	Physical Inspection ^{††††}
FHA 220	Section 8	Caparra La Nueva	1993 Series B	Manhattan	83	98%	\$5,412,075.43	\$5,908,800	9.70%	11/26/85	8/01/25	6/21/05	4	SUP
FHA 220	Section 8	Charles Hill Towers	1993 Series B	Manhattan	101	96%	\$6,858,469.91	\$7,373,200	10.36%	9/03/85	1/01/26	6/27/05	5	S
FHA 220	Section 8	Cooper Square Site 1B	1993 Series B	Manhattan	145	100%	\$9,798,434.08	\$10,678,100	9.70%	9/13/85	10/01/25	6/24/05	4	S
FHA 220	Section 8	Ennis Francis Houses	1993 Series B	Manhattan	230	95%	\$15,410,593.42	\$16,794,100	9.70%	9/19/85	10/01/25	10/15/04 4/22/05	4	BA
FHA 220	Section 8	Hamilton Heights Terrace	1993 Series B	Manhattan	131	99%	\$7,889,274.09	\$8,654,300	9.70%	4/26/85	3/01/25	12/14/04	4	S
FHA 220	Section 8	James Alston House	1993 Series B	Bronx	64	98%	\$4,167,658.38	\$4,510,200	10.36%	2/08/85	5/01/25	11/20/04	5	S
FHA 220	Section 8	Lexington Gardens	1993 Series B	Manhattan	107	100%	\$7,102,116.98	\$7,749,800	9.70%	9/03/86	5/01/25	6/18/05 3/10/06	4	S
FHA 220	Section 8	McGee Hill Apartments	1993 Series B	Bronx	58	97%	\$3,173,655.65	\$3,677,200	10.36%	10/30/84	3/01/25	12/01/04	5	U
FHA 220	Section 8	McKinley Manor Apartments	1993 Series B	Bronx	59	100%	\$3,454,196.41	\$3,738,100	10.36%	9/06/85	5/01/25	11/09/04	5	S
FHA 220	Section 8	Metro North Court	1993 Series B	Manhattan	90	99%	\$5,588,170.82	\$6,063,300	10.36% ^{††}	3/04/86	2/01/25	4/01/05	5	S
FHA 220	Section 8	Rainbow Plaza	1993 Series B	Bronx	126	99%	\$8,473,692.56	\$9,088,200	10.36%	6/25/86	4/01/26	1/21/06	5	S
FHA 220	Section 8	Revive 103 Apartments	1993 Series B	Manhattan	59	97%	\$4,010,193.11	\$4,318,100	10.36%	7/05/85	11/01/25	7/16/05	5	S
FHA 220	Section 8	Thessalonica Court	1993 Series B	Bronx	190	98%	\$12,903,161.43	\$13,940,000	9.90%	5/12/86	4/01/26	1/17/06	4	S
FHA 220	Section 8	Villa Alejandrina	1993 Series B	Bronx	70	100%	\$3,708,231.12	\$4,084,600	9.70%	1/31/84	11/01/24	2/14/04	4	S

[†] Unless otherwise noted, Section 8 refers to the Section 8 New Construction/Substantial Rehabilitation Program.

^{††} The Corporation has agreed to lower the mortgage interest rate to approximately 7.50%; however, the Corporation can give no assurance as to whether this modification will occur and, if it occurs, when this new mortgage interest rate will become effective.

^{†††} Where there is more than one expiration date, the Development was completed in two or more stages.

^{††††} Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/ § 236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-3)	Physical Inspection ^{††††}
FHA 220	Section 8	Will' A View Apartments	1993 Series B	Manhattan	54	98%	\$3,508,141.16	\$3,777,300	10.36%	11/04/85	10/01/25	7/19/05	5	S
FHA 221(d)(3)-FAF	Section 8	Fulton Park Sites 7 & 8	1993 Series A	Brooklyn	208	99%	\$12,592,531.73	\$13,780,700	9.70%	2/04/86	4/01/25	12/19/04 2/18/05	2	S
FHA 221(d)(4)	Section 8	Boro Park Courts	1993 Series B	Brooklyn	130	100%	\$7,274,588.20	\$8,459,100	9.90%	8/09/85	11/01/25	6/25/05 8/19/05	2	U
FHA 221(d)(4)	Section 8	Brookhaven I	1993 Series B	Bronx	94	100%	\$5,161,815.12	\$5,673,500	9.70%	6/25/85	1/01/25	3/01/05	2	U
FHA 221(d)(4)	Section 8	Clinton Arms	1993 Series B	Bronx	85	100%	\$4,593,601.90	\$4,962,700	10.36%	7/25/85	7/01/25	11/09/04	3	S
FHA 221(d)(4)	Section 8	Crown Heights Development I	1993 Series B	Brooklyn	35	91%	\$2,035,674.44	\$2,197,400	10.36%	1/21/85	8/01/25	11/26/04	3	S
FHA 221(d)(4)	Section 8	Crown Heights Development II	1993 Series B	Brooklyn	31	97%	\$1,616,291.59	\$1,744,700	10.36%	10/04/84	8/01/25	10/05/04	3	S
FHA 221(d)(4)	Section 8	Felisa Rincon De Gautier Houses	1993 Series B	Bronx	108	98%	\$6,856,828.52	\$7,420,400	10.36%	12/31/84	5/01/25	1/16/05	3	S
FHA 221(d)(4)	Section 8	La Cabana Houses	1993 Series B	Brooklyn	166	100%	\$8,788,171.59	\$9,603,700	9.70%	10/08/85	7/01/25	1/25/05 3/05/05 3/28/05	2	SUP
FHA 221(d)(4)	Section 8	Lower East Side II ^{††}	1993 Series B	Manhattan	90	99%	\$4,629,855.62	\$5,665,000	7.50%	9/19/83	10/01/21	7/25/02	1	BA
FHA 221(d)(4)	Section 8	Miramar Court	1993 Series B	Bronx	89	93%	\$3,975,176.42	\$4,895,900	7.607856%	3/30/83	8/01/21	8/23/02	1	SUP
FHA 221(d)(4)	Section 8	President Arms ^{†††}	1993 Series B	Brooklyn	31	100%	\$1,060,462.45	\$1,326,500	7.50%	12/23/81	11/01/20	4/30/03	1	U

[†] Unless otherwise noted, Section 8 refers to the Section 8 New Construction/Substantial Rehabilitation Program.

^{††} The Corporation has been notified that the Mortgagor of this Development intends to prepay this Mortgage Loan; however, no date for prepayment has been requested by such Mortgagor and the Corporation can give no assurance as to whether such prepayment will occur.

^{†††} The Corporation has been notified that the Mortgagor of this Development is in the process of restructuring this Mortgage Loan and that a reduction in HAP contract payments has occurred under the HUD "Mark-to-Market" program; however, such restructuring (including the possible prepayment of this Mortgage Loan), which was anticipated to occur on or about May 1, 2002, has not occurred. The Corporation can give no assurance as to whether such restructuring or prepayment will occur and, if either occurs, when such restructuring will occur or when such prepayment will be made (see "THE PROGRAM—Certain Factors Affecting the Mortgage Loans—Section 8 Legislation").

^{††††} Where there is more than one expiration date, the Development was completed in two or more stages.

^{†††††} Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/§236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-3)	Physical Inspection ^{††††}
FHA 221(d)(4)	Section 8	Prospect Arms	1993 Series B	Brooklyn	90	96%	\$2,825,425.23	\$3,505,700	7.50%	12/23/81	4/01/21	6/30/02	1	U
FHA 221(d)(4)	Section 8	Target V Phase I	1993 Series B	Bronx	82	91%	\$5,174,645.81	\$5,552,100	10.36%	2/27/86	2/01/26	11/29/05	3	S
FHA 221(d)(4)	Section 8	Washington Plaza	1993 Series B	Bronx	74	97%	\$4,565,795.81	\$4,954,000	10.36%	2/08/85	2/01/25	11/06/04	3	S
FHA 221(d)(4)	Section 8	Woodycrest Courts II	1993 Series B	Bronx	57	98%	\$2,930,629.81	\$3,199,800	9.90%	12/10/84	4/01/25	6/25/04	2	SUP
FHA 221(d)(4)	Section 8	1650 President Street	1993 Series B	Brooklyn	47	100%	\$1,675,258.71	\$2,411,200	7.50%	8/17/81	8/01/21	5/30/06	1	S
FHA 221(d)(4)	Section 8 Mod Rehab	Lewis Morris Apartments ^{††}	1993 Series B	Bronx	270	99%	\$7,692,893.93	\$11,363,700	7.94124%	5/30/86	7/01/15	9/01/02 10/01/02 11/01/02 12/01/02 1/01/03 2/01/03 4/01/03	2	BA
FHA 221(d)(4)	PLP	Ditmas Arms Apartments	1995 Series A	Brooklyn	66	95%	\$883,572.18	\$1,495,000	10.30%	5/23/86	10/01/16	N/A	6	S
FHA 221(d)(4)	HoDAG	285 Development	1995 Series A	Brooklyn	58	97%	\$1,515,009.78	\$1,800,000	10.30%	10/22/86	12/01/17	N/A	6	S
FHA 221(d)(4)	HoDAG/PLP	Artist's Housing 1220 Grand Concourse	1997 Series A	Bronx	23	96%	\$373,520.69	\$474,900	10.25%	9/27/89	6/01/18	N/A	13	S
FHA 221(d)(4)	HoDAG/PLP	Revive 103 North 155-61 East 103rd Street	1997 Series A	Manhattan	30	97%	\$632,115.33	\$978,600	10.25%	4/27/89	8/01/19	N/A	13	S
FHA 221(d)(4)	HoDAG/PLP	Robin Housing 1197 & 1250 Grand Concourse	1997 Series A	Bronx	101	99%	\$1,476,802.05	\$1,883,100	10.25%	4/11/89	8/01/18	N/A	13	S
FHA 221(d)(4)	HoDAG/PLP	Willoughby/Wyckoff Apartments	1997 Series A	Brooklyn	68	94%	\$1,155,403.03	\$1,459,900	7.00%	5/08/91	6/01/18	N/A	13	BA
FHA 221(d)(4)	HoDAG/PLP	79-95 Woodruff Avenue	1997 Series A	Brooklyn	84	99%	\$1,155,866.55	\$1,463,700	10.25%	11/01/90	6/01/18	N/A	13	S
FHA 221(d)(4)	HoDAG/PLP	1290 & 1326 Grand Concourse	1997 Series A	Bronx	104	97%	\$1,915,521.68	\$2,412,200	10.25%	4/14/89	6/01/18	N/A	13	BA

[†] Unless otherwise noted, Section 8 refers to the Section 8 New Construction/Substantial Rehabilitation Program.

^{††} On June 13, 2002, the Mortgagor of this Development prepaid this Mortgage Loan. It is anticipated that \$3,960,000 principal amount of the 1993 Series B Bonds will be redeemed on or about July 15, 2002 in connection with this prepayment.

^{†††} Where there is more than one expiration date, the Development was completed in two or more stages.

^{††††} Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

Supplemental Security	Subsidy Program(s)	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-3)	Physical Inspection ††††
FHA 223(f)	Section 236	Atlantic Terminal 2C [†]	2001 Series B	Brooklyn	201	99%	\$3,749,225.86	\$4,677,500	8.50%	11/01/76	9/01/19	8/16/19	10	BA
FHA 223(f)	Section 236	Atlantic Terminal 4A [†]	2001 Series B	Brooklyn	305	99%	\$5,570,260.23	\$6,949,400	8.50%	8/16/79	9/01/19	8/16/19	10	S
FHA 223(f)	Section 236	Confucius Plaza [†]	2001 Series B	Manhattan	760	100%	\$18,307,685.87	\$23,390,400	8.50%	2/10/78	10/01/18	9/15/18	10	BA
FHA 223(f)	Section 236	Goodwill Terrace [†]	2001 Series B	Queens	208	99%	\$2,884,487.70	\$3,606,100	8.50%	5/10/72	8/01/19	7/31/19	10	S
FHA 223(f)	Section 236	Land's End I [†]	2001 Series B	Manhattan	252	98%	\$5,768,630.32	\$7,226,800	8.50%	10/20/78	7/01/19	6/28/19	10	BA
FHA 223(f)	Section 236	North Shore Plaza ^{†, ††}	2001 Series B	Staten Island	536	93%	\$13,818,484.13	\$17,156,100	8.50%	3/08/79	8/01/19	7/10/19	10	S
FHA 223(f)	Section 236	Tower West [†]	2001 Series B	Manhattan	217	100%	\$3,196,446.17	\$3,996,100	8.50%	12/15/71	8/01/19	7/11/19	10	S
FHA 223(f)	Section 236	1199 Plaza [†]	2001 Series B	Manhattan	1,594	100%	\$31,245,806.06	\$39,920,500	8.50%	2/06/76	10/01/18	9/20/18	10	U
SONYMA	Section 8 Mod Rehab/PLP	Kamol Apartments	1995 Series A	Manhattan	48	94%	\$75,133.88	\$995,735	8.875%	4/04/89	11/01/02	12/01/03 12/15/04	8	S
SONYMA	PLP	Allerton Coops	1995 Series A	Bronx	698	99%	\$2,746,899.07	\$6,094,365	8.875%	2/29/88	5/01/07	N/A	8	BA
SONYMA	PLP	Met Houses III	1995 Series A	Queens	468	99%	\$2,057,503.82	\$5,432,051	8.875%	9/30/87	4/01/06	N/A	8	BA
SONYMA	PLP	White Star Houses	1995 Series A	Manhattan	52	90%	\$186,892.63	\$549,147	8.875%	9/23/87	10/01/05	N/A	8	S
SONYMA	PLP	217 Ocean Avenue	1995 Series A	Brooklyn	49	100%	\$189,295.78	\$499,765	8.875%	6/30/87	4/01/06	N/A	8	S
SONYMA	GML Article 16/New HOP	Central Harlem Plaza	1999 Series A	Manhattan	241	100%	\$31,557,468.76	\$31,615,000	6.65%	10/25/01	11/01/36	N/A	20	N/A
SONYMA	New HOP	de Sales Assisted Living Project	1998 Series B	Manhattan	127	98%	\$20,594,238.51	\$20,665,000	5.30%	1/19/01	10/01/31	N/A	18	N/A

[†] The Mortgagor of this Development is regulated by HPD pursuant to the Mitchell-Lama Law.

^{††} The Mortgagor of this Development has not made principal and certain interest payments under its Mortgage Loan since November 1, 2001; however, no default has yet been declared under the Mortgage Loan (see "THE PROGRAM—Mortgage Loan with Current Financial Difficulties").

^{†††} Where there is more than one expiration date, the Development was completed in two or more stages.

^{††††} Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

Supplemental Security	Subsidy Program(s)	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date	Prepayment Category (see Appendix E-3)	Physical Inspection †††
REMIC [†]	New HOP	39-07 208th Street	1998 Series A	Queens	26	100%	\$1,944,010.86	\$2,092,000	7.50%	11/27/98	4/01/29	N/A	17	S
REMIC ^{††}	New HOP	58-12 Queens Boulevard	1998 Series A 2000 Series B	Queens	122	98%	\$11,638,659.86 \$993,876.67	\$11,825,000 \$1,000,000	7.50% 9.00%	6/01/99	6/01/30	N/A	17	S
REMIC ^{††}	New HOP	65-84 & 66-08 Austin Street	1998 Series A	Queens	132	100%	\$11,820,927.24	\$12,000,000	7.50%	5/04/00	7/01/30	N/A	17	S
REMIC [†]	New HOP	79 Clifton Place	1998 Series A	Brooklyn	40	100%	\$3,707,478.86	\$3,800,000	7.50%	8/09/00	12/01/30	N/A	17	S
REMIC [†]	New HOP	136-43 37th Avenue	1998 Series A	Queens	60	97%	\$6,491,572.24	\$6,685,000	7.50%	10/29/98	3/01/29	N/A	17	S
REMIC [†]	New HOP	287 Prospect Avenue	1998 Series A	Brooklyn	52	100%	\$4,607,197.98	\$4,740,000	7.50%	11/25/98	4/01/29	N/A	17	S
REMIC ^{††}	New HOP	421 DeGraw Street	1998 Series A	Brooklyn	90	99%	\$7,436,656.75	\$7,713,000	7.50%	10/01/99	4/01/30	N/A	17	S
REMIC [†]	New HOP	471 Vanderbilt Avenue	1998 Series A	Brooklyn	26	96%	\$2,265,929.96	\$2,330,000	7.50%	11/01/99	4/01/30	N/A	17	S
REMIC ^{††}	New HOP	3310-22 Palmer Avenue	1998 Series A	Bronx	135	99%	\$11,986,112.72	\$12,100,000	7.50%	6/29/00	11/01/30	N/A	17	S
REMIC ^{††}	New HOP	167 Clermont Avenue	1999 Series A	Brooklyn	110	99%	\$10,110,594.59	\$10,340,000	7.50%	9/21/00	11/01/30	N/A	19	S
REMIC ^{††}	New HOP	597 Grand Avenue	1999 Series A	Brooklyn	52	100%	\$3,535,092.33	\$3,617,000	7.50%	6/29/00	11/01/30	N/A	19	S
REMIC [†]	New HOP	Triangle Court Phase I	1999 Series B/ 2000 Series B	Manhattan	51	100%	\$3,760,829.24	\$3,820,000	7.58%	10/21/00	12/01/30	N/A	19	S
REMIC ^{††}	New HOP	32-08 Union Street	1999 Series B	Queens	25	96%	\$2,732,485.32	\$2,770,000	8.00%	6/08/00	7/01/30	N/A	19	S
REMIC ^{††}	New HOP	137-02 Northern Boulevard	1999 Series B	Queens	71	100%	\$7,145,051.15	\$7,200,000	8.00%	1/23/01	3/01/31	N/A	19	N/A
REMIC ^{††}	New HOP	139 Emerson Place	1999 Series B	Brooklyn	50	98%	\$3,932,506.84	\$4,000,000	8.00%	8/10/00	12/01/30	N/A	19	BA
REMIC ^{††}	New HOP	140-26 Franklin Avenue	1999 Series B 2000 Series B	Queens	54	100%	\$5,161,482.16 \$259,703.31	\$5,190,000 \$261,000	8.00% 8.50%	4/14/01	6/01/31	N/A	19	S
REMIC ^{††}	New HOP	349-53 East 4 th Street	1999 Series B	Manhattan	33	100%	\$3,460,000.00	\$3,460,000	8.00%	2/22/02	6/01/31	N/A	19	N/A
REMIC ^{††}	New HOP	390-96 East 8 th Street	1999 Series B/ 2000 Series B	Manhattan	38	100%	\$4,018,759.09	\$4,047,000	8.06%	5/15/01	8/31/31	N/A	19	N/A
REMIC ^{††}	New HOP	136-14 Northern Boulevard	2000 Series B	Queens	60	100%	\$6,988,443.01	\$7,000,000	9.00%	10/15/01	10/01/31	N/A	25	N/A

† REMIC Insurance secures twenty-five percent (25%) of the original principal amount of the Mortgage Loan for this Development.

†† REMIC Insurance secures twenty percent (20%) of the original principal amount of the Mortgage Loan for this Development.

††† Physical inspection secured by the Corporation are as follows: SUP=superior; S=satisfactory; BA=below average; and U=unsatisfactory (see Appendix E-4).

Supplemental Security	Subsidy Program(s)	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date	Prepayment Category (see Appendix E-3)	Physical Inspection ^{†††}
GNMA	HAC	Logan Plaza Apartments [†] , ^{††}	1995 Series A	Manhattan	130	100%	\$8,151,886.81	\$10,291,000	9.18%	12/23/88	4/01/16	4/01/16	7	BA
GNMA	HAC	United Help/Selfhelp Sheltered Extension (a/k/a Scheuer House of Flushing) [†]	1995 Series A	Queens	155	98%	\$10,332,870.38	\$13,229,700	7.50%	3/20/90	2/01/16	2/01/16	7	SUP
GNMA	HAC	1010 Development [†]	1995 Series A	Brooklyn	16	100%	\$693,608.19	\$919,800	9.18%	7/01/86	1/01/15	1/01/15	7	S
GNMA	HAC	2051 Grand Concourse [†]	1997 Series A	Bronx	63	95%	\$3,693,323.47	\$4,450,000	8.94%	3/08/89	8/01/18	8/01/18	13	S
N/A	PLP	Fifth Avenue Corridor	1994 Series A	Brooklyn	36	100%	\$565,549.83	\$631,000	8.95%	6/11/96	11/01/16	N/A	9	S
N/A	PLP	Van Buren Street	1994 Series A	Brooklyn	65	98%	\$447,904.27	\$502,500	8.95%	11/26/96	9/01/16	N/A	9	S
N/A	PLP	1/5/7 West 137 th Street	1994 Series A	Manhattan	51	99%	\$526,483.06	\$602,000	8.95%	10/26/95	9/01/16	N/A	9	S
N/A	PLP	9 West 137th Street	1994 Series A	Manhattan	17	99%	\$210,586.29	\$270,329	8.95%	11/02/95	9/01/11	N/A	9	S
N/A	PLP	110 West 111th Street & 245 W. 113 th Street	1994 Series A	Manhattan	48	98%	\$444,597.08	\$550,080	8.95%	12/09/96	4/01/12	N/A	9	S
N/A	PLP	302-06 Willis Avenue	1994 Series A	Bronx	35	100%	\$305,977.27	\$373,000	8.95%	2/10/97	7/10/12	N/A	9	S
N/A	PLP	480 Nostrand Avenue	1994 Series A	Brooklyn	25	100%	\$191,499.11	\$250,000	8.95%	11/11/95	6/01/11	N/A	9	S
N/A	PLP	591 East 165 th Street	1994 Series A	Bronx	30	100%	\$190,938.50	\$239,400	8.95%	6/09/95	10/01/14	N/A	9	S
N/A	PLP	651 Southern Boulevard	1994 Series A	Bronx	41	98%	\$148,242.97	\$167,250	8.95%	2/12/97	7/01/16	N/A	9	S
N/A	PLP	675 Coster Street	1994 Series A	Bronx	33	97%	\$223,922.51	\$297,823	8.95%	6/06/94	8/01/11	N/A	9	S
N/A	PLP	753, 759, 763 & 787 Greene Avenue	1994 Series A	Brooklyn	41	95%	\$129,409.57	\$164,000	8.75%	9/14/95	12/01/11	N/A	9	S
N/A	PLP	889 & 890 Dawson Street	1994 Series A	Bronx	96	100%	\$1,049,310.48	\$1,120,000	8.95%	3/15/93	3/01/25	N/A	9	S
N/A	PLP	988 & 992 Boston Road	1994 Series A	Bronx	31	100%	\$96,706.15	\$122,800	8.95%	12/08/95	11/01/11	N/A	9	S

[†] The Corporation does not service the Mortgage Loan related to this Development.

^{††} The Corporation has been notified that the Mortgagor of this Development intends to prepay this Mortgage Loan; however, the Corporation can give no assurance as to whether such prepayment will occur and, if it occurs, when such prepayment will be made.

^{†††} Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

Supplemental Security	Subsidy Program(s)	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date	Prepayment Category (see Appendix E-3)	Physical Inspection †
N/A	PLP	1038, 1051, 1057, 1058, 1061, 1063-65 & 1077 Boston Road	1994 Series A	Bronx	149	98%	\$681,857.05	\$911,334	8.95%	10/01/92	2/01/11	N/A	9	S
N/A	PLP	5201 Snyder Avenue	1994 Series A	Brooklyn	32	100%	\$235,238.19	\$318,278	8.95%	7/13/95	12/01/10	N/A	9	S
N/A	PLP	55 West 129th Street	1997 Series B	Manhattan	36	100%	\$1,692,590.91	\$1,818,000	3.00% (years 1-20) 1.00% (years 21-30)	9/10/98	12/01/28	N/A	14	S
N/A	PLP	55 East 130th Street	1997 Series B	Manhattan	25	100%	\$934,622.90	\$968,000	3.00% (years 1-20) 1.00% (years 21-30)	10/09/98	3/01/30	N/A	14	S
N/A	PLP	117-19 East 115th Street	1997 Series B	Manhattan	54	100%	\$2,496,355.58	\$2,635,000	3.00% (years 1-20) 1.00% (years 21-30)	8/17/98	5/01/29	N/A	14	BA
N/A	PLP	144 West 144th Street	1997 Series B	Manhattan	16	81%	\$634,457.46	\$675,000	3.00% (years 1-20) 1.00% (years 21-30)	1/20/99	2/01/29	N/A	14	S
N/A	PLP	216 & 224 West 141 st Street	1997 Series B	Manhattan	31	94%	\$1,249,963.48	\$1,342,000	3.00% (years 1-20) 1.00% (years 21-30)	2/11/98	5/01/28	N/A	14	S
N/A	PLP	500 Nostrand Avenue	1997 Series B	Brooklyn	46	100%	\$3,000,819.07	\$3,212,000	3.31%	7/21/99	10/01/29	N/A	14	S
N/A	PLP	542-48 West 149th Street	1997 Series B	Manhattan	36	100%	\$1,552,279.87	\$1,659,000	3.00% (years 1-20) 1.00% (years 21-30)	1/14/99	2/01/29	N/A	14	S
N/A	PLP	1120-22 Madison Street	1997 Series B	Brooklyn	16	100%	\$639,883.30	\$670,000	3.00% (years 1-20) 1.00% (years 21-30)	10/29/98	1/01/30	N/A	14	S
N/A	PLP	Clarkson Gardens	1997 Series C	Brooklyn	105	100%	\$1,655,732.94	\$2,000,000	7.65%	1/10/92	11/01/15	N/A	15	S
N/A	PLP	21-23 East 104th Street	1997 Series C	Manhattan	70	99%	\$1,055,792.08	\$1,144,000	6.92%	9/29/97	5/01/18	N/A	15	BA

† Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

Supplemental Security	Subsidy Program(s)	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date	Prepayment Category (see Appendix E-3)	Physical Inspection †
N/A	PLP	36 West 131st Street	1997 Series C	Manhattan	14	100%	\$409,686.66	\$430,885	7.50%	2/17/00	4/01/18	N/A	15	S
N/A	PLP	54 Vermilyea Avenue	1997 Series C	Manhattan	20	100%	\$207,107.21	\$233,075	6.95%	6/19/97	4/01/17	N/A	15	SUP
N/A	PLP	128-36 Edgecombe Avenue	1997 Series C	Manhattan	67	100%	\$925,520.47	\$1,000,000	8.00%	5/23/95	9/01/23	N/A	15	S
N/A	PLP	171 Rockaway Boulevard	1997 Series C	Brooklyn	44	100%	\$82,305.14	\$98,000	8.95%	12/03/96	12/01/12	N/A	15	S
N/A	PLP	201 Pulaski Street & 305 Franklin Avenue	1997 Series C	Brooklyn	17	100%	\$570,393.79	\$590,712	7.21%	11/30/98	2/01/29	N/A	15	S
N/A	PLP	201 West 144th Street, 216 West 116th Street & 234 Bradhurst Avenue	1997 Series C	Manhattan	63	97%	\$898,086.67	\$959,444	7.55%	7/17/95	8/01/14	N/A	15	S
N/A	PLP	205-13 West 145th Street	1997 Series C	Manhattan	62	89%	\$1,435,514.18	\$1,512,431	8.95%	1/05/98	10/01/20	N/A	15	S
N/A	PLP	236 Greene Avenue	1997 Series C	Brooklyn	16	100%	\$610,032.44	\$645,124	7.25%	7/22/97	3/01/25	N/A	15	S
N/A	PLP	240 East 175th Street	1997 Series C	Bronx	117	100%	\$712,217.16	\$963,750	8.56%	6/05/95	6/01/07	N/A	16	S
N/A	PLP	243-45 & 247-49 13th Street	1997 Series C	Brooklyn	50	100%	\$662,765.38	\$749,771	6.81%	1/05/98	4/01/14	N/A	15	S
N/A	PLP	253-57 West 152nd Street & 57-60 Macombs Place	1997 Series C	Manhattan	58	98%	\$988,238.95	\$1,103,600	7.00%	2/22/00	8/01/11	N/A	15	S
N/A	PLP	263 East Tremont Avenue & 1911 Anthony Avenue	1997 Series C	Bronx	31	97%	\$1,203,421.80	\$1,207,706	7.50%	10/07/98	12/01/22	N/A	15	S
N/A	PLP	301-09 West 113th Street	1997 Series C	Manhattan	70	100%	\$788,835.92	\$952,000	7.50%	7/01/91	10/01/09	N/A	16	S
N/A	PLP	349-59 Lenox Avenue	1997 Series C	Manhattan	26	100%	\$686,358.68	\$761,000	7.02%	12/31/98	12/01/14	N/A	15	S
N/A	PLP	455 Decatur Street	1997 Series C	Manhattan	25	96%	\$247,987.62	\$255,850	7.21%	10/01/99	7/01/28	N/A	15	S

† Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

Supplemental Security	Subsidy Program(s)	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date	Prepayment Category (see Appendix E-3)	Physical Inspection †
N/A	PLP	466-70 West 150th Street	1997 Series C	Manhattan	60	100%	\$716,155.09	\$760,314	7.65%	12/22/97	3/01/23	N/A	15	S
N/A	PLP	530 Audubon Avenue	1997 Series C	Manhattan	45	100%	\$700,621.48	\$757,800	6.80%	4/14/98	6/01/18	N/A	15	S
N/A	PLP	630 West 135th Street	1997 Series C	Manhattan	31	97%	\$205,119.92	\$234,262	7.28%	5/22/96	10/01/16	N/A	15	S
N/A	PLP	709-15 Lafayette Avenue	1997 Series C	Brooklyn	24	96%	\$776,725.37	\$815,000	7.43%	11/03/98	2/01/20	N/A	15	S
N/A	PLP	750-54 East 169th Street & 1227 Boston Road	1997 Series C	Bronx	40	95%	\$410,364.41	\$456,000	7.50%	3/17/94	9/01/10	N/A	16	S
N/A	PLP	887-89 Hunts Point Avenue	1997 Series C	Bronx	46	98%	\$1,172,123.27	\$1,237,161	7.28%	12/07/98	4/01/19	N/A	15	S
N/A	PLP	932-38 Eastern Parkway	1997 Series C	Brooklyn	24	100%	\$713,862.20	\$814,000	7.40%	10/16/96	10/01/16	N/A	15	S
N/A	PLP	1037-39 Bergen Street	1997 Series C	Brooklyn	24	100%	\$635,189.89	\$654,949	7.15%	3/13/00	12/01/19	N/A	15	S
N/A	PLP	1180 Anderson Avenue	1997 Series C	Bronx	41	98%	\$260,151.51	\$294,000	7.50%	6/14/91	4/01/11	N/A	15	U
N/A	PLP	1189 Sheridan Avenue	1997 Series C	Bronx	48	100%	\$385,364.02	\$455,000	7.50%	2/13/92	4/01/09	N/A	15	S
N/A	PLP	1409 & 1415 St. John's Place	1997 Series C	Brooklyn	40	93%	\$631,287.75	\$690,000	7.50%	6/03/97	3/01/13	N/A	15	S
N/A	PLP	1469-71 Bedford Avenue	1997 Series C	Brooklyn	27	100%	\$922,085.72	\$956,725	6.50%	3/24/00	9/01/12	N/A	15	S
N/A	PLP	1544 Park Place	1997 Series C	Brooklyn	34	100%	\$411,292.70	\$460,000	7.25%	12/30/96	6/01/16	N/A	15	S
N/A	PLP	1572 Lexington Avenue	1997 Series C	Manhattan	13	92%	\$481,591.47	\$540,039	7.73%	11/10/97	10/01/15	N/A	15	S
N/A	PLP	1740 Grand Avenue	1997 Series C	Bronx	92	100%	\$957,427.63	\$1,107,738	7.25%	1/27/98	7/01/14	N/A	15	S
N/A	PLP	1985 & 1995 Creston Avenue	1997 Series C	Bronx	85	100%	\$872,720.92	\$987,383	6.80%	1/21/94	6/01/14	N/A	15	BA
N/A	PLP	2038 Fifth Avenue	1997 Series C	Manhattan	7	86%	\$185,627.97	\$195,000	7.65%	3/31/98	1/01/20	N/A	15	S

† Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

Supplemental Security	Subsidy Program(s)	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/§236 Contract Expiration Date	Prepayment Category (see Appendix E-3)	Physical Inspection [†]
N/A	PLP	2245, 59, 85 & 89 Adam Clayton Powell Boulevard	1997 Series C	Manhattan	27	100%	\$385,512.53	\$406,086	7.20%	3/02/98	4/01/19	N/A	15	S
N/A	PLP	2492 Frederick Douglass Boulevard	1997 Series C	Manhattan	27	100%	\$137,023.02	\$152,000	9.00%	12/18/96	5/01/14	N/A	15	S
N/A	PLP	2733 Frederick Douglass Boulevard	1997 Series C	Manhattan	12	92%	\$357,207.32	\$406,000	6.92%	12/23/97	8/01/15	N/A	15	S
N/A	PLP	Sheridan Manor	1999 Series D	Bronx	450	99%	\$7,807,540.69	\$8,310,000	7.00%	3/06/92	10/01/19	N/A	22	S
N/A	GML Article 16	Two Bridges	1997 Series C	Manhattan	198	99%	\$6,343,619.82	\$7,541,997	8.00%	6/03/97	3/01/13	N/A	16	SUP
N/A	New HOP	Celebration at Rainbow Hill	1999 Series A	Staten Island	74	100%	\$8,714,789.87	\$8,768,000	7.50%	5/18/00	8/01/31	N/A	19	S
N/A	HTF	Brook Avenue	1997 Series C	Bronx	79	99%	\$2,725,198.90	\$2,750,000	7.15%	8/10/00	3/01/31	N/A	15	S
N/A	HTF	1046 & 1050 Hoe Avenue	1997 Series C	Bronx	42	100%	\$829,430.66	\$900,000	7.00%	4/03/00	5/01/14	N/A	15	S

[†] Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

Supplemental Security	Subsidy Program(s)	Development Name	Applicable Series Resolution	Borough	No. Of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date	Prepayment Category (see Appendix E-3)	Physical Inspection ^{†††}
N/A	Section 236	Knickerbocker Plaza [†]	1999 Series A	Manhattan	578	99%	\$21,753,939.56	\$24,844,100	9.50%	6/30/75	7/20/25	7/20/25	10	S
N/A	Section 236	Linden Plaza [†]	1996 Series A	Brooklyn	1527	99%	\$37,297,348.75	\$50,301,388	6.0019% (\$48,560,652.50) 6.33652%	10/71	5/01/23	5/01/23	10	BA
N/A	Section 236	Ocean Park [†]	1996 Series A	Queens	602	98%	\$14,090,412.00	\$18,265,900	7.02%	2/72	5/01/22	5/01/22	10	S
N/A	Section 236	Washington Plaza/ Independence Plaza [†]	1996 Series A	Manhattan	1332	98%	\$50,418,064.85 \$763,186.41	\$63,644,650 \$950,000	7.050492% (\$53,421,050) 9.972% (\$10,223,600) 7.60% (\$950,000)	9/74	5/01/22	5/01/22	10	BA
N/A	N/A	Ruppert/ Yorkville ^{†,††}	1996 Series A	Manhattan	1258	99%	\$20,974,092.71 \$27,483,038.65	\$26,905,265 \$35,532,755	8.2049% (\$2,012,700) 6.306246% (\$24,892,564.68) 6.3133% (\$31,920,255.04) 8.205% (\$3,612,500)	8/74	5/01/23	N/A	11	S
TOTAL					19,867		\$714,140,345.09	\$831,892,918						

[†] The Mortgagor of this Development is regulated by HPD pursuant to the Mitchell-Lama Law.

^{††} The Corporation has been notified that the Mortgagor of this Development intends to prepay this Mortgage Loan in 2002; no specific date for prepayment has been requested by such Mortgagor and the Corporation can give no assurance as to whether such prepayment will occur.

^{†††} Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

**DEVELOPMENTS AND PERMANENT MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM
SUBSEQUENT TO FEBRUARY 28, 2002 THROUGH APRIL 30, 2002**

Supplemental Security	Subsidy Program(s)	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Date of Completion	Final Mortgage Maturity	HAP/TAC/§236 Contract Expiration Date	Prepayment Category (see Appendix E-3)	Physical Inspection [†]
N/A	New HOP	50 Greene Avenue	2000 Series B	Brooklyn	39	100%	\$3,619,000	\$3,619,000	9.00%	3/26/02	4/01/32	N/A	25	N/A
N/A	New HOP	800 Bergen Street	2000 Series B	Brooklyn	32	100%	\$1,570,000	\$1,570,000	9.00%	8/15/01	4/01/32	N/A	25	N/A
TOTAL					71		\$5,189,000	\$5,189,000						

[†] Physical inspection ratings determined by the Corporation are as follows: SUP = superior; S = satisfactory; BA = below average; and U = unsatisfactory (see Appendix E-4).

**DEVELOPMENTS AND CONSTRUCTION MORTGAGE LOANS
OUTSTANDING UNDER THE PROGRAM
AS OF FEBRUARY 28, 2002**

Supple- Mental Security	Subsidy Program	Development Name	Applicable Series Resolution	Borough	No. of Units	Advances Made to Date	Construction Mortgage Loan Amount	Construction Loan Interest Rate	Anticipated Permanent Mortgage Loan Amount	Perma- nent Mortgage Interest Rate	Expected Date of Completion	Final Perma- nent Mortgage Maturity	Prepay ment Category (Appendix E-3)
SONYMA	New HOP/ HTF	Village Care Apartments	1999 Series E	Manhattan	85	\$9,805,549.44	\$10,350,000	6.20%	\$9,790,000	6.35%	6/28/02	7/01/36	23
GNMA	N/A	1842-46 Second Avenue	2001 Series A	Manhattan	104	\$15,466,935.00	\$30,115,000	6.25%	\$30,115,000	5.95%	4/01/03	4/01/43	26
N/A	PLP	Brook East	2001 Series C	Bronx	34	\$454,672.09	\$2,689,460	5.30%	\$1,000,000	6.00%	11/06/03	11/06/28	27
N/A	New HOP	203-15 West 148 th Street	2001 Series C	Manhattan	87	\$1,986,509.42	\$6,800,000	5.30%	\$3,440,000	6.00%	11/06/03	11/06/33	27
N/A	New HOP	3815 Putnam Avenue	1999 Series A	Bronx	91	\$6,637,032.80	\$6,870,000	6.85%	\$6,870,000	7.50%	7/01/02	12/01/32	19
N/A	New HOP	71st Avenue	1999 Series B	Queens	137	\$12,400,469.02	\$17,200,000	7.35%	\$17,200,000	8.00%	8/31/02	7/01/31	19
N/A	New HOP	800 Bergen Street [†]	2000 Series B	Brooklyn	32	\$1,536,750.00	\$1,570,000	8.25%	\$1,570,000	9.00%	8/15/01	4/01/32	25
N/A	New HOP	64-78 West 9 th Street	2000 Series B	Brooklyn	26	\$882,020.93	\$3,060,000	7.85%	\$3,060,000	8.50%	12/26/02	12/26/32	25
NA	New HOP	202-18 West 148 th Street	2001 Series C	Manhattan	100	\$1,118,642.27	\$6,550,000	5.30%	\$6,550,000	6.00%	11/06/03	11/06/33	28
N/A	HTF	Wavecrest Apartments II	1999 Series C	Queens	122	\$7,923,681.07	\$9,800,000	5.85%	\$5,600,000	6.00%	9/23/02	10/01/31	21
N/A	HTF	75 East 116 th Street	2000 Series A	Manhattan	129	\$11,079,896.30	\$11,440,000	5.90%	\$6,890,000	7.00%	9/30/02	9/01/32	24
N/A	HTF	Nelson Senior Houses	2001 Series C	Bronx	82	\$0.00	\$6,000,000	5.30%	\$3,380,000	6.00%	6/16/03	06/17/33	27
N/A	Certificate Program	638 Sagamore Street	2001 Series C	Bronx	84	\$1,064,349.00	\$6,250,000	5.30%	\$3,400,000	6.00%	11/07/03	11/04/33	27
TOTAL					1,113	\$70,356,507.34	\$118,694,460		\$98,865,000				

[†] Subsequent to February 28, 2002, the Permanent Mortgage Loan for this Development was made (see "Development and Permanent Mortgage Loan Outstanding Under the Program Subsequent to February 28, 2002 through April 30, 2002" above).

**DEVELOPMENTS AND MORTGAGE LOANS EXPECTED TO BE FINANCED WITH
THE PROCEEDS OF THE 2000 SERIES B BONDS
AS OF FEBRUARY 28, 2002***

Development	Applicable Series Resolution	Borough	Number of Units	Estimated Permanent Mortgage Loan Amount	Expected Permanent Mortgage Term	Loan Status^{***}	Expected Prepayment Category (see Appendix E-3)
Harlem Gateway	2000 Series B	Manhattan	50	\$3,570,000	25 years	2, 3	25
Triangle Phase II	2000 Series B	Manhattan	40	\$3,200,000	30 years	2, 3	25
46-19 88th Street	2000 Series B	Queens	17	\$1,320,000	30 years	2, 3	25
50 Greene Avenue ^{**}	2000 Series B	Brooklyn	39	\$3,619,000	30 years	2, 3	25
TOTAL			146	\$11,709,000			

* All of the Developments are expected to utilize 2000 Series B Bond proceeds for a portion of permanent financing; however, the Corporation may, in its sole discretion, substitute other Developments. The Mortgage Loans expected to be financed with the proceeds of the 2000 Series B Bonds are not expected to be secured by supplemental security. However, the Corporation may, in the future, seek partial mortgage insurance from SONYMA or REMIC for certain of the Developments financed with the 2000 Series B Bonds which, if obtained, would be effective subsequent to completion of construction and rent-up of the applicable Development. In addition, all of the Developments are expected to be newly constructed or substantially rehabilitated. It is anticipated that the Permanent Mortgage Loans will be made within the next twelve (12) months. All of the Mortgage Loans expected to be financed with the proceeds of the 2000 Series B Bonds are expected to be subsidized pursuant to New HOP.

** Subsequent to February 28, 2002, the Permanent Mortgage Loan related to this Development was made (see "Appendix E-1—Developments and Mortgage Loans Outstanding Under the Program—Developments and Mortgage Loans Outstanding Subsequent to February 28, 2002 through April 30, 2002").

*** Loan Status: 1 = Under review by the Corporation, permanent commitment pending; 2 = Commitment executed; 3 = Construction loan closed.

MORTGAGE LOAN PREPAYMENT PROVISIONS

One of the following categories of prepayment provisions applies to the prepayment of principal with respect to each of the outstanding Mortgage Loans. Appendices E-1 and E-2 denote which one of the prepayment provisions applies to each outstanding Mortgage Loan and expected Mortgage Loan, respectively. The following chart summarizes the applicability of each prepayment category as of February 28, 2002.

Prepayment Category	Number of Mortgage Loans	Outstanding Principal Balance of Mortgage Loans ⁶	Percentage of Total Outstanding Principal Balance of Mortgage Loans ⁶
Category 1	5	\$14,166,178	1.81%
Category 2	6	\$44,440,630	5.66%
Category 3	6	\$24,842,838	3.17%
Category 4	7	\$62,223,887	7.93%
Category 5	8	\$39,234,173	5.00%
Category 6	2	\$2,398,582	0.31%
Category 7	3	\$19,178,365	2.44%
Category 8	5	\$5,255,725	0.67%
Category 9	15	\$5,448,222	0.69%
Category 10	12	\$208,863,978	26.62%
Category 11	1	\$48,457,131	6.18%
Category 12	—	—	—
Category 13	7	\$10,402,553	1.33%
Category 14	8	\$12,200,973	1.56%
Category 15 ¹	36	\$26,100,663	3.33%
Category 16	4	\$8,255,037	1.05%
Category 17	9	\$62,892,423	8.02%
Category 18	1	\$20,594,239	2.63%
Category 19	12	\$71,868,796	9.16%
Category 20	1	\$31,557,469	4.02%
Category 21	1	\$7,923,681	1.01%
Category 22	1	\$7,807,541	1.00%
Category 23	1	\$9,805,549	1.25%
Category 24	1	\$11,079,896	1.41%
Category 25 ²	3	\$9,407,214	1.20%
Category 26	1	\$15,466,935	1.97%
Category 27	4	\$3,505,531	0.45%
Category 28	1	\$1,118,642	0.14%
Category 29 ³	—	—	—
Category 30 ⁴	—	—	—
Category 31 ⁵	—	—	—
TOTAL	161	\$784,496,852	100.00%

¹ Expected prepayment category for the 2002 Series C Additional Mortgage Loans.

² Subsequent to February 28, 2002 through April 30, 2002, two (2) Mortgage Loans, with an aggregate outstanding Permanent Mortgage Loan balance of \$5,189,000, were financed.

³ Expected prepayment category for the 2002 Series A Mortgage Loans and the 2002 Series B Mortgage Loans.

⁴ Expected prepayment category for the 2002 Series C New Mortgage Loans.

⁵ Expected prepayment category for the 2002 Series D Mortgage Loans.

⁶ May not add due to rounding.

The 2002 Series A Mortgage Loans and the 2002 Series B Mortgage Loans are expected to be governed by the prepayment terms set forth in Category 29, the 2002 Series C New Mortgage Loans are expected to be governed by the prepayment terms set forth in Category 30, the 2002 Series C Additional Mortgage Loans are expected to be governed by the prepayment terms set forth in Category 15 and the 2002 Series D Mortgage Loans are expected to be governed by the prepayments terms set forth in Category 31. Any prepayment premium or penalty described below (except for the premium described in Category 9, Category 18, Category 21, Category 23, Category 24 and Category 26) shall not constitute a Pledged Receipt or Recovery of Principal.

Category 1. Prepayments of the principal amount of a Mortgage Loan may be made only with the approval of FHA upon giving the Corporation at least thirty (30) days' prior written notice. Any such prepayment may be made on any May 1 or November 1. In the event than any prepayment of principal is made, the Mortgagor must pay to the Corporation such fees and charges which are reasonable, as determined by FHA, and which are related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount will be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation, FHA and the Trustee. With the consent of the Corporation and FHA, prepayment of the principal amount of a Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for any fees or charges which are reasonable, as determined by FHA, and which are related to the Corporation's cost of redeeming the allocable portion of the Bonds.

Category 2. Prepayments of the principal amount of a Mortgage Loan may be made only with the written approval of FHA and the Corporation. The Corporation will grant such approval only if it determines that such a prepayment would not affect the tax-exempt status of the bonds issued to finance the Mortgage Loan. A prepayment may not be made prior to the later of (i) the date which is 21 years after the date on which any units in such Development are first occupied or (ii) the date on which assistance under the HAP Contract relating to such Development is terminated. In the event that any prepayment is made, the Mortgagor must pay to the Corporation such fees and charges which are reasonable, as determined by FHA and which are related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount will be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation, FHA and the Trustee. Notwithstanding the prior paragraph, with the consent of the Corporation and FHA, prepayment of the principal amount of a Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for any fees or charges which are reasonable, as determined by FHA, and which are related to the Corporation's cost of redeeming the allocable portion of the Bonds.

Category 3. The prepayment terms for a Mortgage Loan in Category 3 are identical in all respect to the terms set forth in Category 2 except that no premium is due and no prepayment shall be made prior to the latest of (i) the date which is 10 years after the date on which 50% of the units in the Development are first occupied, (ii) the date which is 22 years and 4 months after the date on which any unit in the Development is first occupied or (iii) the date on which assistance under the HAP Contract with respect to such Development is terminated.

Category 4. Prepayments of the principal amount of a Mortgage Loan may be made in whole or in part on the first day of any month upon thirty (30) days' written notice to the Corporation. In the event that any prepayment is made, the Mortgagor must pay to the Corporation such fees and charges which are reasonable, as determined by FHA and which are related to the Corporation's cost of redeeming the allocable portion of the Bonds. Notwithstanding the foregoing, a Mortgagor is permitted to prepay up to fifteen percent (15%) of the original principal amount of its Mortgage Loan without penalty in each calendar year.

In the event of a partial prepayment, the remaining principal amount will be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation, FHA and the Trustee. Notwithstanding the prior paragraph, with the consent of the Corporation and FHA, prepayment of the principal amount of a Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for any fees or charges which are reasonable, as determined by FHA, and which are related to the Corporation's cost of redeeming the allocable portion of the Bonds.

Category 5. The prepayment terms of a Mortgage Loan in Category 5 are identical in all respects to the terms set forth in Category 4.

Category 6. Prepayment of the principal amount of a Mortgage Loan may be made only with the approval of FHA and the Corporation. The Corporation will grant such approval only if it determines that such a prepayment would not affect the tax-exempt status of the bonds issued to finance the Mortgage Loan. A prepayment may not be made prior to the later of (i) the date which is sixteen (16) years and three (3) months after the date on which any unit in the Development is first occupied or (ii) the date on which assistance under the HAP Contract relating to such Development, if any, is terminated. In the event that any prepayment is made, the Mortgagor must pay to the Corporation a penalty or charge in an amount equal to such fees and charges which are reasonable, as determined by FHA, and which are related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, will be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation, FHA and the Trustee. Notwithstanding the prior paragraph, with the consent of the Corporation and FHA, prepayment of a Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for any fees or charges which are reasonable, as determined by FHA, and which are related to the Corporation's cost of redeeming the allocable portion of the Bonds.

Category 7. Prepayments of the principal amount of a Mortgage Loan may be made only upon giving the Mortgage Banker at least thirty (30) days' prior written notice. Any such prepayment may be made on any Mortgage Loan payment date only upon payment to the Mortgage Banker of certain costs, if any. Notwithstanding the foregoing, with respect to the Mortgage Loan for United Help/Selfhelp Sheltered Extension (a/k/a Scheuer House of Flushing), the Mortgagor of this Development may not prepay in whole or in part the principal balance of said Mortgage Loan prior to its maturity.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Mortgage Banker and FHA. Notwithstanding the prior paragraph, with the consent of the Mortgage Banker and FHA, prepayment of the principal amount of a Mortgage Loan may be made in whole or part from the proceeds of insurance or condemnation without a penalty or charge.

Category 8. Prepayments of the principal amount of a Mortgage Loan may be made only with the written approval of the Corporation. The Corporation will grant such approval only if it determines that such prepayment would not affect the tax-exempt status of the bonds issued to finance the Mortgage Loan. A prepayment may not be made prior to the later of (i) ten (10) years nine (9) months after the date on which the Mortgage Loan was made (i.e. shortly after completion of the Development) or (ii) the date on which assistance under the HAP Contract relating to the Development is terminated. In the event that any prepayment is made, the Mortgagor must pay to the Corporation certain other fees and charges, if any.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain fees and charges, if any.

Category 9. No prepayment is permitted if any amounts are due and owing under a Mortgage Loan or an event of default has occurred under a Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to November 1, 2004. On or after such date, upon sixty (60) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of a Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to two percent (2%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after November 1, 2004 until the premium reaches zero.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 10. Prepayments of the principal amount of a Mortgage Loan may be made at any time upon payment of such amount and certain other fees and charges. See "THE PROGRAM—The Mitchell-Lama Program," and "Appendix F—Description of Supplemental Security, Subsidy, Subordinate Loan/Grant and Mitchell-Lama Programs—The Section 236 Program" and "—The Mitchell-Lama Program" for a discussion of other factors concerning prepayment of a Mortgage Loan.

Category 11. Prepayments of the principal amount of a Mortgage Loan may be made at any time upon payment of such amount and certain other fees and charges. See "THE PROGRAM—The Mitchell-Lama Program" and "Appendix F—Description of Supplemental Security, Subsidy, Subordinate Loan/Grant and Mitchell-Lama Programs—The Mitchell-Lama Program" for a discussion of other factors concerning prepayment of a Mortgage Loan.

Category 12. [Reserved]

Category 13. Prepayments of the principal amount of a Mortgage Loan may be made only upon giving the holder of the Mortgage Loan (either the Corporation or the Mortgage Banker) at least thirty (30) days' prior written notice. Any such prepayment may be made on any Mortgage Loan payment date and shall include certain other costs, if any.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the holder of the Mortgage Loan and FHA. Notwithstanding the prior paragraph, prepayment of the principal amount of a Mortgage Loan may be made in whole or in part at any time without a penalty or charge (i) from the proceeds of insurance or condemnation or (ii) if HUD determines that such prepayment will avoid a mortgage insurance claim and is therefore in the best interest of the federal government.

Category 14. No prepayment is permitted if any amounts are due and owing under a Mortgage Loan or an event of default has occurred under a Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to May 1, 2007. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of a Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to two percent (2%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after May 1, 2007 until the premium reaches zero.

Notwithstanding the prior paragraph, under certain circumstances, at the election of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 15. No prepayment is permitted if any amounts are due and owing under a Mortgage Loan or an event of default has occurred under a Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to the tenth (10th) anniversary of the Mortgage Loan closing, which closing typically occurs shortly after the completion of the Development. On or after such date, upon either thirty (30) days' or sixty (60) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of a Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to two percent (2%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after the tenth (10th) anniversary of the Mortgage Loan closing until the premium reaches zero. In the event that any prepayment is made, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

Notwithstanding the prior paragraph, under certain circumstances, at the election of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 16. The prepayment terms of the Mortgage Loan in Category 16 are identical in all respects to the terms set forth in Category 15 except that the Mortgagor is not required to pay any premium after the tenth (10th) anniversary of the Mortgage Loan closing.

Category 17. No prepayment is permitted if any amounts are due and owing under a Mortgage Loan or an event of default has occurred under a Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to May 1, 2008. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of a Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to two percent (2%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after May 1, 2008 until the premium reaches

zero. In the event that any prepayment is made, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 18. No prepayment is permitted if any amounts are due and owing under a Mortgage Loan or an event of default has occurred under a Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to November 1, 2008. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of a Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to one and one-half percent (1.50%) of the amount of such prepayment less three-quarters of one percent (.75%) for each twelve (12) month period which has elapsed after November 1, 2008 until the premium reaches zero. In the event that any prepayment is made, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 19. No prepayment is permitted if any amounts are due and owing under a Mortgage Loan or an event of default has occurred under a Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to the fifteenth (15th) anniversary of the expiration of the scheduled construction period or the date of the making of the permanent financing, as applicable, for such Mortgage Loan. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of a Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to two percent (2%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after the fifteenth (15th) anniversary of the issuance of the Bonds, or such later date as determined by the Corporation, until the premium reaches zero. In the event that any prepayment is made, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 20. No prepayment is permitted if any amounts are due and owing under a Mortgage Loan or an event of default has occurred under a Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to the twentieth (20th) anniversary of the expiration of the scheduled construction period for such Mortgage Loan. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may

prepay the principal amount of a Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to two percent (2%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after the twentieth (20th) anniversary of the issuance of the Bonds, or such later date as determined by the Corporation, until the premium reaches zero. In the event that any prepayment is made, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 21. No prepayment is permitted if any amounts are due and owing under the Mortgage Loan or an event of default has occurred under the Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to November 1, 2009. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of the Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to one percent (1%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after November 1, 2009 until the premium reaches zero. Notwithstanding the foregoing, the Mortgagor will be required to make a mandatory prepayment of the Mortgage Loan, without any premium, in an amount of \$4,200,000 on September 1, 2003, provided, however, the Mortgagor may make such mandatory prepayment prior to September 1, 2003 but not earlier than February 1, 2001. In the event that any prepayment is made, except for such mandatory prepayment, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 22. No prepayment is permitted if any amounts are due and owing under the Mortgage Loan or an event of default has occurred under the Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to November 1, 2006. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of the Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to one percent (1%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after November 1, 2006 until the premium reaches zero. In the event that any prepayment is made, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 23. No prepayment is permitted if any amounts are due and owing under the Mortgage Loan or an event of default has occurred under the Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to November 1, 2009. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of the Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to one percent (1%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after November 1, 2009 until the premium reaches zero. Notwithstanding the foregoing, the Mortgagor will be required to make a mandatory prepayment of the Mortgage Loan, without any premium, in an amount of \$560,000 on March 1, 2003, provided, however, the Mortgagor may make such mandatory prepayment prior to March 1, 2003 but not earlier than January 1, 2001. In the event that any prepayment is made, except for such mandatory prepayment, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 24. No prepayment is permitted if any amounts are due and owing under the Mortgage Loan or an event of default has occurred under the Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to November 1, 2010. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of the Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to one percent (1%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after November 1, 2010 until the premium reaches zero. Notwithstanding the foregoing, the Mortgagor will be required to make a mandatory prepayment of the Mortgage Loan, without any premium, in an amount of \$4,550,000 on September 1, 2004, provided, however, the Mortgagor may make such mandatory prepayment prior to September 1, 2004 but not earlier than April 1, 2002. In the event that any prepayment is made, except for such mandatory prepayment, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 25. No prepayment is permitted if any amounts are due and owing under the Mortgage Loan or an event of default has occurred under the Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to the tenth (10th) anniversary of the expiration of the scheduled construction period for such Mortgage Loan. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of the Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to one percent (1%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after the tenth (10th) anniversary of the issuance of the Bonds, or such later date as determined by the Corporation, until the premium reaches zero. In the event

that any prepayment is made, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 26. The Mortgage Loan is expected to contain the following prepayment provisions. The Mortgagor is prohibited from making any prepayment prior to May 1, 2011. On or after such date, the Mortgagor may prepay the principal amount of the Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to one percent (1%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after May 1, 2011 until the premium reaches zero, plus a charge related to the Corporation's cost of redeeming the allocable portion of Bonds. Any such prepayment may be made on any Mortgage Loan payment date only upon payment to the Mortgage Banker of certain costs, if any.

Notwithstanding the prior paragraph, prepayment of the principal amount of a Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge.

Category 27. No prepayment is permitted if any amounts are due and owing under the Mortgage Loan or an event of default has occurred under the Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to November 1, 2011. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of the Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to one percent (1%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after November 1, 2011 until the premium reaches zero. Notwithstanding the foregoing, the Mortgagor will be required to make a mandatory prepayment of the Mortgage Loan, without any premium, on September 1, 2005, provided, however, the Mortgagor may make such mandatory prepayment prior to September 1, 2005 but not earlier than November 1, 2002. In the event that any prepayment is made, except for such mandatory prepayment, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 28. No prepayment is permitted if any amounts are due and owing under the Mortgage Loan or an event of default has occurred under the Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to November 1, 2011. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of the Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to one percent (1%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after November 1, 2011 until the premium

reaches zero. In the event that any prepayment is made, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 29. No prepayment is permitted if any amounts are due and owing under the Mortgage Loan or an event of default has occurred under the Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to May 1, 2012. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of the Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to one percent (1%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after May 1, 2012 until the premium reaches zero. In the event that any prepayment is made, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 30. No prepayment is permitted if any amounts are due and owing under the Mortgage Loan or an event of default has occurred under the Mortgage Loan unless the written approval of the Corporation is obtained. In addition, the Mortgagor is prohibited from making any prepayment prior to May 1, 2012. On or after such date, upon thirty (30) days' written notice to the Corporation, the Mortgagor may prepay the principal amount of the Mortgage Loan provided that the Mortgagor pays to the Corporation a premium equal to two percent (2%) of the amount of such prepayment less one percent (1%) for each twelve (12) month period which has elapsed after May 1, 2012 until the premium reaches zero. In the event that any prepayment is made, the Mortgagor must pay to the Corporation a charge related to the Corporation's cost of redeeming the allocable portion of the Bonds.

In the event of a partial prepayment, the remaining principal amount, if any, would be recast over the remaining portion of the original mortgage term in monthly payments in an amount approved by the Corporation. Notwithstanding the prior paragraph, with the consent of the Corporation, prepayment of the principal amount of the Mortgage Loan may be made in whole or in part from the proceeds of insurance or condemnation without a penalty or charge except for certain other fees and charges, if any.

Category 31. Prepayments of the principal amount of a Mortgage Loan may be made at any time upon payment of such amount and certain other fees and charges, if any.

PERMANENT MORTGAGE LOAN PHYSICAL INSPECTION RATINGS

The Corporation conducts an annual site review of each Development to monitor its physical condition; however, Developments with FHA insured Mortgage Loans having a superior inspection rating need only be inspected by the Corporation every three (3) years and Developments with Permanent Mortgage Loans made recently may not have been inspected by the Corporation. During this review, the Corporation undertakes various procedures to monitor both the exterior and interior physical condition of the Developments. The exterior review includes an inspection of exterior walls and foundations, roofs, exterior walkways, security systems, and gas, water and sewage systems. The Corporation’s interior review includes an inspection of floors, stairs, interior walkways, community space, electrical and plumbing fixtures, heating and air conditioning systems, and boiler facilities. In addition, the Corporation inspects, among other things, each Development’s play areas, elevators, and fire and safety safeguards.

The Corporation’s inspection ratings for the Developments, which incorporate HUD’s inspection ratings for FHA-insured mortgage loans, include four rating levels: superior (HUD score: 90-100), satisfactory (HUD score: 60-89), below average (HUD score: 46-59) and unsatisfactory (HUD score: 0-45). Appendix E-1 denotes which one of the four rating levels applies to each outstanding inspected Development. The following chart summarizes the applicability of each physical inspection rating level as of February 28, 2002.

Physical Inspection	Number of Mortgage Loans [*]	Outstanding Principal Balance of Mortgage Loans	Percentage of Total Outstanding Principal Balance of Mortgage Loans ^{**}
Superior	7	\$37,989,651	5.93%
Satisfactory	111	\$382,962,754	59.10%
Below Average	17	\$168,422,075	26.30%
Unsatisfactory	7	\$51,001,904	7.96%
TOTAL	142	\$640,376,384	100.00%

Superior

This rating is assigned based on a physical inspection that reveals no fire and safety violations; no roof or boiler leakage; no structural deficiencies; strict implementation of maintenance practices; adequate funds available to make necessary repairs; and overall attractive physical plant with highly presentable public and utility areas.

Satisfactory

This rating is assigned based on a physical inspection that reveals only minor violations in the Development which the Corporation believes management will cure; no structural deficiencies; no fire and safety violations; and basic adherence to maintenance practices.

* Developments with Permanent Mortgage Loans made recently may not yet have been inspected by the Corporation. These include six (6) Permanent Mortgage Loans made prior to February 28, 2002.

** May not add due to rounding.

Below Average

This rating is assigned based on a physical inspection that reveals an inoperable fire alarm control system for the Development regardless of other existing conditions; other fire and safety hazards in the Development; inoperable elevators; and/or structural deficiencies. Failure to correct all deficiencies or failure to fully comply with the Corporation's inspection process and/or reporting requirements after a satisfactory review may result in a below average rating on a subsequent review.

Unsatisfactory

This rating is assigned based on a physical inspection that reveals repeat violations including those covered under a below average rating; hazardous conditions throughout the Development including structural damage, leaking roofs and boilers; unattractive public and/or utility areas; and/or failure to correct deficiencies despite written warnings on at least two (2) occasions.

**DESCRIPTION OF SUPPLEMENTAL SECURITY, SUBSIDY,
SUBORDINATE LOAN/GRANT AND MITCHELL-LAMA PROGRAMS**

The FHA Insurance Program

General. The following describes briefly the multi-family mortgage insurance program administered by HUD, acting through FHA, pursuant to Sections 220, 221(d)(3), 221(d)(4) or 223(f) of Title II of the National Housing Act, as amended, and is qualified in its entirety by reference to the National Housing Act and the regulations thereunder. The applicable FHA regulations regarding such Sections of the National Housing Act are contained in Part 200, Part 220, Part 221 and Part 223 respectively, of Title 24 of the Code of Federal Regulations and, with certain exceptions, incorporate by reference the provisions of Subpart A, Part 207 of Title 24 of the Code of Federal Regulations concerning eligibility requirements of mortgages covering multi-family housing under Section 207 of the National Housing Act and the provisions of Subpart B, Part 207 of Title 24 of the Code of Federal Regulations concerning the contract rights and obligations of the mortgagee with respect to mortgages insured under Section 207 of the National Housing Act. In the event of a conflict between the documents governing the FHA Mortgage Loans, the National Housing Act or the FHA rules, regulations and program requirements and the Resolutions, the documents governing the FHA Mortgage Loans or provisions of the National Housing Act and FHA rules, regulations and program requirements will be controlling. FHA Insurance benefits under the program are available only if the mortgagee of record is an FHA-approved mortgagee. The Corporation has been an FHA-approved mortgagee under the FHA Insurance program since 1972.

FHA regulations define a default under an FHA insured mortgage (including the note incorporated therein) as: (1) a failure to make any payments due under such mortgage or (2) a failure to perform any other mortgage covenant (which includes covenants in the regulatory agreement executed in connection with such FHA insured mortgage) if the mortgagee, because of such failure, has accelerated the debt. In the event that there is a default beyond applicable notice and grace periods under the FHA regulatory agreement and FHA so requests, the mortgagee, at its option, may declare the whole indebtedness due and payable. Furthermore, the FHA regulations provide that upon notice of a violation of a mortgage covenant, FHA reserves the right to require the mortgagee to accelerate payment of the outstanding principal in order to protect FHA's interests. A mortgagee is entitled to receive the benefits of the mortgage insurance after the mortgagor has defaulted and such default (as defined in the FHA regulations) has continued for a period of thirty (30) days subject to certain requirements.

It is the responsibility of the mortgagee to notify FHA in the event of such a default by the mortgagor under the mortgage note or mortgage. FHA regulations further require the mortgagee to make an election, within forty-five (45) days after the date on which the mortgagee becomes eligible to receive FHA Insurance benefits, (i) to assign the mortgage to FHA or (ii) to acquire title to and convey the project property to FHA, unless such time period is extended by FHA.

The mortgagee is required to submit all required documentation within forty-five (45) days of the date the mortgage is assigned to FHA unless the time is extended by FHA. The documentation required to be supplied to FHA includes the mortgage note, the mortgage, the security agreement, the financing statements, the title policy, the hazard policy and other instruments, together with assignments of such documents to FHA. If the election is not made or the documents are not delivered within the forty-five (45) days allowed, FHA will not pay the mortgagee interest on sums outstanding from the date the

election should have been made or the date the required documents should have been submitted to FHA, whichever is applicable, to the date when the mortgage insurance claim is finally paid, unless FHA has agreed to extend the period with interest.

The FHA Insurance benefits received in the event of any claim under the FHA Insurance contract will be subject to certain deductions. The mortgagee will be entitled to settlement of the insurance claim in cash (or, if elected by the mortgagee, in FHA debentures), upon assignment of the mortgage, in an amount equal to 99% of the amount of the principal balance of a defaulted mortgage loan outstanding as of the date of default, after adjustment for certain expenses and for deposits or assets held by the mortgagee for the benefit of the development and not assigned to FHA. However, the Corporation has covenanted in the applicable Supplemental Resolutions to receive insurance claim settlements in cash. FHA Insurance benefits include the payment of interest at the FHA debenture rate on the amount of the insurance claim from the date of default to the date the claim is paid (or such earlier date by which the mortgagee is required to file the election to assign the mortgage or complete submissions as described above, if the mortgagee fails to take such action on a timely basis). The interest rate on the FHA debentures is the rate in effect as of the date of the commitment for FHA Insurance or as of the date of initial endorsement of the note by FHA, whichever is higher. In the case of a monetary default, the date of default is deemed to be the date on which payment on the mortgage loan originally should have been received.

In connection with a claim for FHA Insurance benefits, FHA may require delivery to it of certain cash items. Cash items are defined to include, among other things, any cash held by or on behalf of the mortgagee which has not been applied to reduce the mortgage, funds held by the mortgagee for the account of the mortgagor, any unadvanced balance of the insured note and any undrawn balance under letters of credit delivered to the mortgagee in connection with endorsement of the insured note. The mortgagee is responsible for all funds in its custody and must therefore obtain approval from FHA and others when required, prior to release of any funds which may be in its possession. Failure properly to protect such funds may result in a deduction from the FHA Insurance benefits in an amount equal to the funds FHA asserts should have properly been held as a deposit.

In the event of an assignment, in order to receive FHA Insurance benefits, FHA requires the mortgagee to warrant that: (1) no act or omission of the mortgagee has impaired the validity and priority of the mortgage; (2) the mortgage is prior to all mechanic's and materialmen's liens filed on record subsequent to the recording of the mortgage, regardless of whether such liens attached prior to the recording date; (3) the mortgage is prior to all liens and encumbrances which may have attached or defects which may have arisen subsequent to the recording of the mortgage, except such liens or other matters as may be approved by FHA; (4) the amount stated in the instrument of assignment is actually due under the insured note and mortgage and there are no offsets or counterclaims against such amount; and (5) the mortgagee has a good right to assign the insured note and mortgage. In assigning its security interest in chattels, including materials, located on the premises covered by the mortgage, or its security interest in building components stored either on-site or off-site at the time of assignment, the mortgagee is required to warrant that: (a) no act or omission of the mortgagee has impaired the validity or priority of the lien created by the chattel security instruments; (b) the mortgagee has a good right to assign the security instruments; and (c) the chattel security instruments are a first lien on the items covered by the instruments except for such other liens or encumbrances as may be approved by FHA.

The mortgagee will be required to furnish FHA with a title insurance policy or policies which name FHA as an insured party and which assure that the mortgage constitutes a first lien on the project, subject only to such exceptions previously approved by FHA. The mortgagee will be required to remove

any unapproved intervening liens and to obtain an updated title endorsement within the 45-day period (or such longer period as may be approved by FHA) during which documents are required to be submitted. FHA will deduct the amount of any unapproved liens which have priority over the insured mortgage lien from the mortgage insurance benefits.

FHA typically pays a portion of an insurance claim prior to the delivery of all required documentation, including the mortgage note and the mortgage. If a claim is made, FHA will usually, but is not obligated to, pay 90% of the outstanding principal balance of the note within fifteen days of the recordation of an assignment of the mortgage to FHA. Remaining balances are paid to the mortgagee after FHA has received final financial data and final legal clearance has been received. During the period from the date of default on the mortgage until final payment (or such earlier date by which the mortgagee is required to complete submissions as described above), FHA pays interest on the remaining unpaid amount of the insurance claim at the FHA debenture rate.

FHA requires the maintenance of specified casualty insurance on mortgaged properties. The mortgagee must obtain such coverage in the event the mortgagor fails to do so. If the mortgagee fails to pay any premiums necessary to keep the mortgaged property so insured, the mortgage insurance may be terminated at the election of FHA. Alternatively, failure to maintain such insurance at the required levels may result in loss of FHA Insurance benefits in the event the mortgage is assigned to FHA and there are uncompensated amounts arising out of a casualty loss unless, at the time of initial endorsement of the note by FHA, the related project was covered by casualty insurance and such insurance was later canceled or not renewed and the mortgagee gave notice thereof to FHA within 30 days, or within such further time as FHA may approve, accompanied by a certification that diligent efforts to obtain casualty insurance at reasonably competitive rates were unsuccessful and that efforts to obtain adequate insurance coverage at competitive rates will be continued.

Regulatory Agreement, Rent Adjustments and HUD's Supervisory Powers. Under the form of regulatory agreement used in connection with developments financed pursuant to FHA insured mortgage loans (the "Regulatory Agreement"), the mortgagor is required, among other things, to make all payments due under the mortgage loan and to pay a specified amount monthly into the reserve fund for replacements, which must at all times be under the control of state or local housing finance agencies (the "HFA") and disbursements from which may be made only with HUD's consent or, if authorized by HUD, with the consent of the HFA. In addition, the mortgagor must deposit all rents and other receipts of the development in a development bank account and may withdraw funds from such account only in accordance with the Regulatory Agreement for expenses of the development, certain required remittances to HUD, or distributions of return on equity. For projects subject to rent regulation by HUD (except for projects assisted with Section 8 contracts), rental increases may be made only with the approval of HUD. At any time HUD will consider a written request for a rental increase if such request is properly supported by substantiating evidence. Within a reasonable time HUD must either:

- (1) approve an increase in the rental schedule to compensate for any net increase in taxes other than income taxes and in operating and maintenance expenses over which the mortgagor has no effective control. With respect to certain mortgage loans insured pursuant to Section 223(f) of the National Housing Act, HUD may approve an additional increase giving consideration to the debt associated with any subordinate mortgage on the project provided HUD determines that market conditions warrant an increase sufficient to amortize all or part of such subordinate mortgage on the project and that such an increase will not unduly jeopardize the economic stability of the project because of adverse effects on rent collections or vacancies; or

- (2) deny the increase, stating the reasons therefor.

Rent increases for projects assisted with Section 8 contracts are governed by the provisions of the applicable Section 8 contract. Generally, projects insured under Sections 220 and 221(d)(4) of the National Housing Act are not subject to rent regulation by HUD, with certain project-by-project exceptions.

The Regulatory Agreement also contains provisions detailing requirements for tenant eligibility and enforcement mechanisms thereof, requiring nondiscrimination on account of children, race, color, religion, creed, sex or national origin, and permissible uses of, or changes to, the development. In particular, the Regulatory Agreement prohibits the conveyance, transference or encumbrance of the development or any right to manage the development without the prior written approval of HUD. The mortgagor may not make, receive, or retain any distribution of assets or income from the development except from “surplus cash” and only as permitted under the Regulatory Agreement and applicable laws.

The mortgagor is also prohibited, without the prior written approval of HUD, from remodeling, adding to or demolishing any part of the development or engaging in any other business or activity or incurring any obligation or liability not in connection with the development or requiring as a condition of occupancy of any unit a deposit greater than the prepayment of the first month’s rent plus a security deposit of one month’s rent or permitting the use of the development for any use except the use that was originally intended.

The development and all books, records, and documents relating thereto are required to be subject to examination and inspection at any reasonable time by HUD. Books and accounts of the development are to be kept in accordance with HUD requirements and complete annual financial reports are to be furnished to HUD within sixty (60) days of the end of each fiscal year.

In the event of a violation in the performance of the mortgagor’s obligations under the Regulatory Agreement and the mortgagor’s failure to cure such violation after receiving notice from HUD, even in the absence of a default under a mortgage note or a mortgage, HUD may (a) notify the HFA of such default and request the HFA to declare a default under the mortgage note and the mortgage, and the HFA may, at its option, declare the whole indebtedness due and thereupon proceed with foreclosure of the mortgage or assign the mortgage note and the mortgage to HUD, (b) collect all rents and charges in connection with the operation of the development and use such collections to pay the mortgagor’s obligations under the Regulatory Agreement, the mortgage note and the mortgage and the expenses of maintaining the development, (c) take possession of and operate the development, and (d) apply for an injunction, appointment of a receiver or such other relief as may be appropriate.

The Regulatory Agreement provides that the mortgagor of the development assumes no personal liability for payments due under the related mortgage note and mortgage, for the reserve for replacements or for matters not under its control. The Regulatory Agreement does provide, however, that the mortgagor is liable for funds or property of the development in the possession of the mortgagor and which the mortgagor is not entitled to retain, and for the mortgagor’s actions, or those of others which the mortgagor has authorized, in violation of the Regulatory Agreement.

Loss of FHA Insurance. The failure to maintain adequate casualty insurance on a development may result in the partial or full loss of the FHA Insurance benefits in the event of damage to or destruction of such development. FHA Insurance benefits may also be lost for failure to pay required FHA mortgage insurance premiums or failure to provide FHA with required notices. FHA Insurance benefits may also

be denied if fraudulent statements were made to FHA by the HFA or by the mortgagor with the knowledge of the HFA.

The SONYMA Insurance Program

General. The State of New York Mortgage Agency Act, Chapter 612 of the Laws of New York, 1970, as amended (the “SONYMA Act”), authorizes SONYMA, a public benefit corporation of the State, among other things, to enter into commitments to insure mortgages and contracts of mortgage insurance and to fulfill its obligations and enforce its rights under any insurance so furnished. Part II of the SONYMA Act, authorizing the mortgage insurance program, was adopted by the State Legislature in 1978 to encourage financial institutions to make mortgage loans in neighborhoods suffering from disinvestment by providing mortgage insurance to minimize the investment risk. In 1989, the SONYMA Act was amended to authorize SONYMA to provide insurance for a loan or pool of loans (a) when the property is located in an “economic development zone” as defined under State law, (b) when the property will provide affordable housing, (c) when the entity providing the mortgage financing was or is created by local, State or federal legislation, and certifies to SONYMA that the project meets the program criteria applicable to such entity or (d) when the property will provide a retail or community service facility that would not otherwise be provided. The Mortgage Loans currently insured by SONYMA (the “SONYMA Mortgage Loans”) are insured under the SONYMA Act. The 2002 Series A Mortgage Loans and the 2002 Series C Mortgage Loans are not currently eligible for insurance under the SONYMA Act, and the 2002 Series B Mortgage Loans and the 2002 Series D Mortgage Loans are not eligible for insurance under the SONYMA Act.

The SONYMA Act authorizes SONYMA to create a mortgage insurance fund (the “SONYMA Mortgage Insurance Fund”). The SONYMA Mortgage Insurance Fund is used as a revolving fund for carrying out the provisions of the SONYMA Act with respect to mortgages insured thereunder. The Bonds, including the 2002 Bonds, are not secured by monies held in the SONYMA Mortgage Insurance Fund and SONYMA is not liable on the Bonds, including the 2002 Bonds. The SONYMA Act provides that all monies held in the SONYMA Mortgage Insurance Fund, with certain exceptions, shall be used solely for the payment of its liabilities arising from mortgages insured by SONYMA pursuant to the SONYMA Act. Only monies in the SONYMA Mortgage Insurance Fund will be available to SONYMA for payment of SONYMA’s liabilities under the SONYMA mortgage insurance policies for the SONYMA Mortgage Loans (the “SONYMA Insurance”).

The SONYMA Act establishes within the SONYMA Mortgage Insurance Fund a special account (the “Special Account”), a single family pool insurance account with respect to insurance related to one to four dwelling units (the “Single Family Pool Insurance Account”) and a project pool insurance account with respect to insurance on other properties (the “Project Pool Insurance Account”). The SONYMA Mortgage Loans are insured by SONYMA under the Project Pool Insurance Account. The SONYMA Act provides that assets of the Special Account, the Single Family Pool Insurance Account and the Project Pool Insurance Account shall be kept separate and shall not be commingled with each other or with any other accounts which may be established from time to time, except as authorized by the SONYMA Act. The claims-paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account of the SONYMA Mortgage Insurance Fund are rated “Aa1” and “Aaa,” respectively, by Moody’s Investors Service. The claims-paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account of the SONYMA Mortgage Insurance Fund are rated “A+” and “AA+,” respectively, by Fitch, Inc. Such ratings reflect only the views of such organizations, and an explanation of the significance of such ratings may be obtained from the respective

rating agencies. There is no assurance that such ratings will continue for any period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds, including the 2002 Bonds. These ratings were established subsequent to SONYMA's change in its procedures to now require that reserves established with respect to project primary insurance it provides be deposited to the Project Pool Insurance Account. The payment of principal of and interest on the Bonds, including the 2002 Bonds, is not secured by or payable from monies held in the Project Pool Insurance Account. The SONYMA Act provides that all monies held in the Project Pool Insurance Account, with certain exceptions, shall be used solely for the payment of its liabilities arising from mortgages insured by SONYMA pursuant to the SONYMA Act.

The SONYMA Mortgage Insurance Fund is funded primarily by a surtax on the State mortgage recording tax. Section 253(1-a) of the State Tax Law (the "State Tax Law") imposes a surtax (the "Tax") on recording mortgages of real property situated within the State. Excluded from the Tax are, among others, recordings of mortgages executed by voluntary nonprofit hospital corporations, mortgages executed by or granted to the Dormitory Authority of the State of New York and mortgages, wherein the mortgagee is a natural person, on mortgaged premises consisting of real property improved by a structure containing six or fewer residential dwelling units, each with separate cooking facilities. The Tax is equal to \$0.25 for each \$100 (and each remaining major fraction thereof) of principal debt which is secured by the mortgage. Section 261 of the State Tax Law requires the respective recording officers of each county of the State, on or before the tenth day of each month, after deducting certain administrative expenses incident to the maintenance of their respective recording offices, to pay SONYMA for deposit to the credit of the SONYMA Mortgage Insurance Fund the portion of the Tax collected by such counties during the preceding month, except that: (i) with respect to mortgages recorded on and after May 1, 1987, the balance of the Tax paid during each month to the recording officers of the counties comprising the Metropolitan Commuter Transportation District on mortgages of any real property improved by a structure containing six residential dwelling units or less with separate cooking facilities, shall be paid over to the Metropolitan Transportation Authority; (ii) with respect to mortgages recorded on and after May 1, 1987, the balance of the Tax paid during each month to the recording officers of the County of Erie on mortgages of any real property improved by a structure containing six residential dwelling units or less with separate cooking facilities, shall be paid over to the State Comptroller for deposit into the Niagara Frontier Transportation Authority light rail rapid transit special assistance fund; and (iii) Taxes paid upon mortgages covering real property situated in two or more counties shall be apportioned by the State Tax Commission among SONYMA, the Metropolitan Transportation Authority and the Niagara Frontier Transportation Authority, as appropriate.

Mortgage recording taxes have been collected in the State for more than 75 years. SONYMA has been entitled to receive Tax receipts since December 1978. Under existing law, no further action on the part of the State Legislature is necessary for the SONYMA Mortgage Insurance Fund to continue to receive such monies. However, the State is not bound or obligated to impose, or to impose at current levels, the mortgage recording taxes described above or to direct the proceeds to SONYMA as currently provided. The SONYMA Mortgage Insurance Fund's receipt of Tax receipts is dependent upon the performance by the county recording officers of their collection and remittance obligations; the State Tax Commission is given general supervisory power over such officers. Tax receipts paid to the SONYMA Mortgage Insurance Fund in calendar years 1997, 1998, 1999, 2000 and 2001 were approximately \$41 million, \$68 million, \$74 million, \$66 million and \$84 million, respectively.

The SONYMA Act provides that SONYMA must credit the amount of money received from the recording officer of each county to the Special Account. The SONYMA Act provides that SONYMA

may credit from the Special Account to the Single Family Pool Insurance Account or the Project Pool Insurance Account, such moneys as are needed to satisfy the mortgage insurance reserve requirement of the Single Family Pool Insurance Account or the Project Pool Insurance Account, respectively. The SONYMA Act also provides that if at any time the monies, investments and cash equivalents (valued as determined by SONYMA) of the Single Family Pool Insurance Account or the Project Pool Insurance Account exceed the amount necessary to attain and maintain the credit rating required to accomplish the purposes of either of such Accounts, SONYMA shall transfer such excess to the Special Account. Any excess in the Special Account is required to be remitted to the State annually. The SONYMA Act provides that no monies shall be withdrawn from the SONYMA Mortgage Insurance Fund at any time in such amount as would reduce the amount in such Fund to less than the SONYMA Mortgage Insurance Fund Requirement, except for the purpose of paying liabilities as they become due and for the payment of which other monies are not available. There can be no assurance that the amounts on deposit in the Special Account, the Single Family Pool Insurance Account or the Project Pool Insurance Account will not be depleted through payment of liabilities arising with respect to insured mortgage loans other than the SONYMA Mortgage Loans.

The SONYMA Mortgage Insurance Fund Requirement as of any particular date of computation is equal to an amount of money or cash equivalents equal to the aggregate of (a) the insured amounts of loans that SONYMA has determined to be due and payable as of such date pursuant to its contracts to insure mortgages plus (b) an amount equal to twenty per centum of the amounts of loans insured under SONYMA's insurance contracts plus twenty per centum of the amounts to be insured under SONYMA's commitments to insure less the amounts payable pursuant to clause (a) above; provided, however, that if the board of directors of SONYMA shall have established a different per centum for a category of loans pursuant to the SONYMA Act, such per centum shall be substituted for twenty per centum in clause (b) above. Pursuant to the SONYMA Act, the board of directors of SONYMA may, from time to time, establish a SONYMA Mortgage Insurance Fund Requirement in an amount other than the twenty per centum set forth above. To date the board of directors of SONYMA has not authorized any such substitution; however, there can be no assurance that in the future such SONYMA Mortgage Insurance Fund Requirement will not be changed or reduced.

The SONYMA Mortgage Insurance Fund provides primary mortgage insurance for various types of properties, including single and multi-family residences, special needs facilities, and retail and community service facilities. Since 1989, the SONYMA Mortgage Insurance Fund has been providing pool insurance (the "Single Family Pool Insurance") for mortgages that SONYMA financed pursuant to its single family forward commitment programs. The SONYMA Mortgage Insurance Fund currently provides pool insurance coverage on certain mortgage loans purchased with proceeds of certain of SONYMA's bonds.

As of March 31, 2002, the SONYMA Mortgage Insurance Fund's total liability against commitments and against policies in force was \$2,311,953,374 of which \$1,688,901,749 was against project mortgage insurance commitments and policies in force, the balance of \$623,051,625 being against single family primary and pool insurance commitments and policies in force. As of March 31, 2002, the SONYMA Mortgage Insurance Fund had a total loan amount on outstanding commitments and policies in force of \$8,422,175,768 of which \$1,966,010,760 represented the total loan amount on outstanding project mortgage insurance commitments and policies in force, the balance of \$6,456,165,008 being the total loan amount on outstanding single family primary and pool insurance commitments and policies in force.

As of March 31, 2002, the Project Pool Insurance Account had paid 30 project mortgage insurance claims for loss in the aggregate amount of \$38,039,408. As of March 31, 2002, the SONYMA Mortgage Insurance Fund had 8 project mortgage insurance policies in force on which claims for loss had been submitted. SONYMA estimates that its total liability thereon is \$72,868,275. As of March 31, 2002, the SONYMA Mortgage Insurance Fund had paid 636 single family primary and pool mortgage insurance claims for loss in the aggregate amount of \$16,125,039.

In addition to the mortgage insurance program, the SONYMA Act authorizes SONYMA to purchase and make commitments to purchase mortgage loans on single-family (one- to four-unit) housing and home improvement loans from certain lenders in the State. The SONYMA Act also empowers SONYMA to make and purchase certain student loans. SONYMA may issue its bonds to finance said purposes.

Copies of SONYMA's Annual Report for the fiscal year ended October 31, 2001 and audited financial statements for the fiscal year ended October 31, 2001 are available from the State of New York Mortgage Agency, 641 Lexington Avenue, New York, New York 10022, telephone: (212) 688-4000.

SONYMA makes no representation as to the contents of this Official Statement (other than this section), the suitability of the 2002 Bonds for any investor, the feasibility of the Developments, including the 2001 Series C Developments, or compliance with any securities or tax laws and regulations which may relate to the issuance and sale of the 2002 Bonds.

SONYMA's role is limited to providing the coverage set forth in the SONYMA Insurance.

Collection of SONYMA Mortgage Insurance Benefits.

A. For SONYMA-Insured Mortgage Loans financed by the proceeds of the 1995 Series A Bonds. The Corporation has covenanted not to take any action that would conflict with the requirements or procedures of SONYMA so as to jeopardize the SONYMA Insurance on the SONYMA Mortgage Loans. In the event of a default under a SONYMA Mortgage Loan, the Corporation has covenanted to undertake to assign such SONYMA Mortgage Loan to SONYMA in a timely fashion so as to avoid any loss or diminution of benefits receivable as SONYMA Insurance and to make claims for SONYMA Insurance benefits in cash.

In the event a payment due with respect to a SONYMA Mortgage Loan is in default for 60 days, the Corporation is required to notify SONYMA of the default and thereby trigger the Corporation's right to assign said Mortgage to SONYMA if the default is not cured within the following 60 days. If the default is not fully cured within 120 days, the Corporation is required to exercise its right to assign said Mortgage to SONYMA. Subject to the terms and conditions of the SONYMA commitment to insure each SONYMA Mortgage Loan and the policy issued in connection therewith, SONYMA has agreed that, within ten (10) days after assignment of a Mortgage by the Corporation to SONYMA, it shall pay the Corporation an amount at least equal to the full unpaid principal balance of the SONYMA Mortgage Loan and all accrued interest on such Mortgage Loan.

The SONYMA Insurance with respect to a SONYMA Mortgage Loan may terminate pursuant to its terms upon the occurrence of certain events including the nonpayment of renewal premium, the modification of a SONYMA Mortgage without the prior written approval of SONYMA, and the disposal of property or collateral securing a SONYMA Mortgage Loan prior to the final settlement of a claim for loss.

B. For SONYMA-Insured Mortgage Loans other than the Mortgage Loans financed by the proceeds of the 1995 Series A Bonds. It is expected that the SONYMA-insured Mortgage Loans other than the Mortgage Loans financed by the 1995 Series A Bonds will be or have been insured by SONYMA upon compliance with certain conditions contained in their respective SONYMA insurance commitments. As of the date of this Official Statement, any Mortgage Loans insured by SONYMA have been insured for 100% of the outstanding principal balance thereof. In the future, however, the Corporation may seek partial insurance from SONYMA with respect to certain Mortgage Loans. The following description relates only to Mortgage Loans (other than Mortgage Loans financed by the proceeds of the 1995 Series A Bonds) which are insured for 100% of the outstanding principal balance thereof.

Pursuant to the SONYMA Insurance with respect to each of the SONYMA-insured Mortgage Loans other than the Mortgage Loans financed by the 1995 Series A Bonds, following certain defaults under the respective Mortgage securing such Mortgage Loans, the Corporation shall file a claim for loss with SONYMA. Thereupon, SONYMA has the option to either (i) make periodic payments of its obligation under the SONYMA Insurance in amounts equal to the scheduled principal and interest payments due with respect to such Mortgage Loan plus certain other amounts expended by the Corporation (for which the Corporation has not been reimbursed) or (ii) make a lump sum payment under the SONYMA Insurance in an amount equal to the sum of the principal outstanding and interest accrued on such Mortgage Loan from the date of such claim for loss to the date of payment in respect of such claim for loss and certain other amounts expended by the Corporation (for which the Corporation has not been reimbursed). Periodic payments are to be made monthly. In addition, if SONYMA has chosen initially to make periodic payments it may nevertheless exercise its option to make a lump sum payment in the full amount of its then outstanding obligation under the SONYMA Insurance at any time while SONYMA is making periodic payments. Upon a lump sum payment by SONYMA, the Corporation shall assign such Mortgage to SONYMA. The SONYMA Insurance with respect to such Mortgage Loan may terminate pursuant to its terms upon the occurrence of certain events including the nonpayment of renewal premium. For specific information on the coverage provided by the SONYMA Insurance with respect to such Mortgage Loan, reference should be made to the policy related to such SONYMA Insurance which is available for inspection at the office of the Corporation.

The Corporation has covenanted not to take any action to conflict with SONYMA regulations so as to jeopardize the SONYMA Insurance. In addition, in the event of a default under any of the SONYMA-insured Mortgage Loans other than the Mortgage Loans financed by the 1995 Series A Bonds, the Corporation has covenanted to undertake to assign such Mortgage Loan to SONYMA or take such other actions in timely fashion so as to avoid any loss or diminution of benefits receivable as SONYMA Insurance.

The REMIC Insurance Program

General. REMIC was created in January 1993 as a public benefit corporation of the State under Section 654-d of the New York Private Housing Finance Law (the "REMIC Act"). The REMIC Act also established REMIC as a subsidiary of the Corporation. REMIC is the successor to the New York City Rehabilitation Mortgage Insurance Corporation ("Old REMIC") which was in operation from 1973 until January 1993 when REMIC assumed all of Old REMIC's obligations, including its contracts of insurance and commitments to insure mortgages.

REMIC consists of nine members, seven of whom are the members of the Corporation plus two additional members who are appointed by the Mayor of the City. The Chairperson of the Corporation is

also the Chairperson of REMIC. The powers of REMIC shall be vested in and exercised by no less than five members. REMIC may delegate to one more of its members, officers, agents or employees such powers and duties as it deems proper. The officers and staff of REMIC are all employees of the Corporation. The REMIC Act prohibits REMIC from issuing a commitment to insure a mortgage loan made by the Corporation unless such commitment is approved by at least two members of a three member committee composed of the Chairperson and the two members of REMIC who are not members of the Corporation.

Purposes and Powers. REMIC's purpose is to insure mortgage loans in order to promote the preservation of neighborhoods in New York City which are blighted, are becoming blighted or may become blighted; to discourage disinvestment and encourage investment of mortgage capital in such neighborhoods; and to provide safe, sanitary and affordable housing accommodations to persons and families for which the ordinary operations of private enterprise cannot supply such accommodations. In furtherance of its corporate purpose, REMIC is authorized to enter into commitments to insure mortgages and contracts of insurance, and fulfill its obligations and enforce its rights under any insurance so furnished, including any contracts of insurance of Old REMIC.

REMIC is empowered to insure permanent first mortgage loans made by financial institutions for multi-family housing accommodations, one to four family homes, and emergency, transitional or shelter housing ("Shelter Housing") located in the City of New York. This includes multi-family rental and cooperative buildings, owner-occupied one to four family homes, cooperative units, condominium units, Shelter Housing and mixed-use buildings, provided that with respect to mixed-use buildings containing more than 6 dwelling units and Shelter Housing, the above-ground commercial space must contain less than 25% of the total above-ground square footage of the insured property. REMIC insurance coverage (the "Coverage Percentage") is limited by property type and loan type. Lenders can obtain up to 50% coverage on preservation loans (i.e. refinancing and/or acquisition loans), up to 75% on rehabilitation loans (i.e. permanent loans which replace construction or rehabilitation financing) and up to 100% on preservation or rehabilitation loans made by a public employee pension system or another public benefit corporation, including the Corporation, when such loan is funded with the proceeds of a bond issue.

REMIC Funds. The REMIC Act establishes a housing insurance fund (the "HIF"), a mortgage insurance fund (the "REMIC MIF") and a REMIC premium reserve fund ("PRF"). REMIC is required to maintain the HIF to serve as a revolving fund for carrying out the provisions of the REMIC Act with respect to housing insurance contracts entered into by REMIC. The HIF requirement, as of any particular date of computation, is equal to an amount of money or cash equivalents equal to the aggregate of (a) the insured amounts of loans due and payable as of such date pursuant to its housing insurance contracts, plus (b) an amount equal to 20% of the insured amounts under REMIC's housing insurance contracts (other than insured amounts due and payable pursuant to clause (a) above) plus 20% of the amounts to be insured under REMIC's commitments to insure. Increases to the HIF are funded solely from monies from the PRF. The term "cash equivalent" means a letter of credit, insurance policy, surety, guarantee, indemnity or other security arrangement.

The REMIC Act provides that no monies shall be withdrawn from the HIF at any time in such amount as would reduce the amount in the HIF to less than the HIF requirement, except for the purpose of paying liabilities arising from housing insurance contracts as they come due and for the payment of which other monies are not available.

As of February 28, 2002, the HIF's total liability against commitments and against housing insurance contracts in force was \$103,525,793. As of February 28, 2002, the HIF had a total loan amount

on outstanding commitments and housing insurance contracts in force of \$219,626,900 on 171 multi-family housing properties and forty-six (46) single family properties. As of February 28, 2002, the HIF was funded in cash or marketable securities in an amount at least equal to the HIF requirement.

REMIC is also required to maintain the REMIC MIF which serves as a revolving fund for carrying out the provisions of Old REMIC's commitments to insure and insurance contracts which are known as "mortgage insurance contracts" rather than "housing insurance contracts." The REMIC MIF requirement, as of any particular date of computation, is equal to an amount of money equal to the aggregate of (a) the insured amounts of loans due and payable as of such date pursuant to its mortgage insurance contracts plus (b) an amount equal to the greater of \$7,500,000 or 20% of the insured amounts under REMIC's mortgage insurance contracts (other than insured amounts due and payable pursuant to clause (a) above) plus 20% of the amounts to be insured under Old REMIC's commitments to insure; provided, however, the REMIC MIF requirement will be decreased to an amount equal to the aggregate of (x) the amounts due and payable or insured under mortgage insurance contracts and (y) the amounts to be insured under Old REMIC commitments, when the total of such amounts is less than \$7,500,000. Increases to the REMIC MIF are funded solely from monies from the PRF.

The REMIC Act provides that no monies shall be withdrawn from the REMIC MIF at any time in such amount as would reduce the amount in the REMIC MIF to less than the REMIC MIF requirement, except for the purpose of paying liabilities arising from mortgage insurance contracts as they become due and for the payment of which other monies are not available.

As of February 28, 2002, the REMIC MIF's total liability against mortgage insurance contracts in force was \$3,793,235. As of February 28, 2002, the REMIC MIF had a total loan amount on outstanding commitments and mortgage insurance contracts in force of \$5,991,504 on 54 properties. As of February 28, 2002, the REMIC MIF was funded in an amount at least equal to the REMIC MIF requirement.

REMIC also maintains the PRF to provide for payment of REMIC's liabilities arising from its operations, its housing insurance contracts and its mortgage insurance contracts. All monies deposited in the PRF, whether from earned premiums, investment income or other sources, represent the excess over the REMIC MIF and HIF requirements. If the amounts in the HIF and the REMIC MIF are below their respective requirements, amounts in the PRF are available to restore these funds to their requirements. As of February 28, 2002, the PRF totaled approximately \$3,483,270.

Claims for Loss. As of February 28, 2002, Old REMIC and the REMIC MIF had paid a total of eleven (11) claims for loss on insurance policies under its mortgage insurance coverage in the aggregate amount of \$580,951. As of February 28, 2002, the REMIC MIF had four (4) mortgage insurance policies in force on which claims for loss had been or were expected to be submitted with a maximum potential loss of \$521,210. As of February 28, 2002, the HIF had neither paid claims for loss nor had any policies in force on which claims for loss had been submitted.

The claims-paying ability of the HIF is rated "AA" and "AA-" by S&P and Fitch, Inc., respectively. The REMIC MIF and the PRF are not rated by any recognized rating agency. Such ratings reflect only the respective views of such rating agencies, 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 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 judgement, circumstances so warrant.

The payment of principal and interest on the Bonds is not secured by or payable from monies held in the HIF, the REMIC MIF or the PRF, and REMIC is not liable on the Bonds. The REMIC Act provides that all amounts in the HIF, with certain exceptions, shall be used solely for the payment of its liabilities arising from housing insurance contracts. Only monies in the HIF and the PRF will be available to REMIC for payment of REMIC's liabilities under the REMIC Insurance. There are no other dedicated sources of revenue to pay for the insurance obligations of REMIC. There can be no assurance that the amounts on deposit in the HIF and PRF will not be depleted through payment of liabilities arising with respect to insured mortgage loans other than REMIC-insured Mortgage Loans.

The audited financial statements of REMIC for the fiscal year ended October 31, 2001 are included in the audited financial statements of the Corporation for the fiscal year ended October 31, 2001 which are contained in Appendix B to this Official Statement. Copies of the Annual Report of the Corporation, which includes information on REMIC, are available from REMIC at 110 William Street, New York, New York 10038, telephone (212) 227-5500, or through its internet address: www.nychdc.org/subsidiaries/REMIC.htm.

Benefits for the Mortgage Loans secured or expected to be secured by REMIC Insurance under HIF. The REMIC Master Policy of Insurance (the "REMIC Policy"), which covers a specified percentage of the original Mortgage Loan amount for each insured Mortgage Loan on a first loss basis, requires each insured lender benefitting from REMIC Insurance (an "Insured") to notify REMIC within 45 days after a payment default by a Mortgagor on an insured Mortgage Loan and to provide various additional notices during the period of default. When a Mortgagor fails to pay a total aggregate amount equal to four regular monthly payments of principal and interest, and any escrow payments due under the terms of an insured Mortgage Loan, disregarding any waivers or extensions by the Insured (termed "Four Months in Default" under the REMIC Policy), and assuming such notices have been timely submitted and other preconditions have been met, the Insured may make a claim for REMIC Insurance benefits.

Upon receipt of a notice of default under an insured Mortgage Loan, REMIC has the right to purchase the Mortgage Loan from the Insured for a price equal to the unpaid principal balance thereof and all "Allowed Costs" (defined to mean delinquent interest, taxes, attorney fees and the like) not previously reimbursed by REMIC. Thereafter, REMIC is to receive an assignment of the Mortgage Loan and all reserves held for the credit of the related Development. The Insured may also request, if the Mortgage Loan is Four Months in Default, that REMIC enter into (i) a periodic payment plan lasting no more than two years during which time the Insured is to receive from REMIC on a quarterly basis the amounts due on the Mortgage Loan net of the operating income from the Development assigned by the Mortgagor to the Insured, or (ii) where there is no reasonable expectation that there will be a cure of the Mortgage Loan default, a lump sum payment agreement requiring payment by REMIC to the Insured of an amount equal to the average of two quoted market valuations of the property plus the Coverage Percentage of Allowed Costs. At the end of the two year periodic payment plan period, any additional insurance benefits due to the Insured are to be paid by REMIC. In the case of both a periodic payment plan and a lump sum payment plan, total insurance benefits paid may not exceed the lesser of (x) the Coverage Percentage of the full Claim for Loss (defined below), or (y) the Coverage Percentage of the Mortgage Loan principal amount as initially insured.

Unless the related Mortgage Loan is purchased by REMIC, or a periodic payment plan or lump sum payment plan has been executed, as described above, the Insured is required by the REMIC Policy to commence proceedings to obtain title to the Development when the insured Mortgage Loan becomes Four Months in Default (although the Insured is free to commence such proceedings upon any default).

However, upon consent of REMIC or satisfaction of certain other conditions, actions, including foreclosure proceedings, may be undertaken in which title to the property will pass to a third party.

In the event that the Insured obtains title to the Development, the Insured may present a claim under the REMIC Insurance and REMIC, at its option, will pay insurance benefits in either of the following amounts:

(a) the full “Claim for Loss,” consisting of the Mortgage Loan principal balance as of the date of default and Allowed Costs but net of reserves held for the Development and net of any portion of the claim attributable to Insured fault or previously reimbursed to the Insured, in which case title to the Development is to be transferred to REMIC, or

(b) a percentage of the full Claim for Loss equal to the Coverage Percentage thereof, but not in excess of the Coverage Percentage of the Mortgage Loan principal amount as initially insured, in which case the Insured is to retain title to the Development.

If proceedings are undertaken in which title to the property passes to a third party, the Insured may claim under the REMIC Insurance for payment of the full Claim for Loss, net of the amounts realized by the Insured from such proceedings, but never in excess of the Coverage Percentage of the Mortgage Loan principal amount as initially insured.

For specific information on the coverage provided by REMIC Insurance, reference should be made to the applicable REMIC commitment and the Master Policy issued by REMIC, which are available at the offices of the Corporation.

The REMIC Insurance may terminate pursuant to its terms upon the occurrence of certain events including, without limitation, the nonpayment of renewal premium, the material modification of the Mortgage without the prior written approval of REMIC, and the disposal of property or collateral securing the Mortgage Loan prior to the final settlement of a claim for loss.

With respect to the Mortgage Loans insured or expected to be insured by REMIC, amounts in the HIF are available, and amounts in the REMIC MIF and the PRF are not available, to pay any liability incurred by REMIC with respect to such Mortgage Loans.

As of February 28, 2002, nineteen (19) Mortgage Loans under the Program, with an aggregate outstanding Mortgage Loan balance of \$113,997,371, are partially insured by REMIC.

REMIC makes no representation as to the contents of this Official Statement other than this section, the suitability of the 2002 Bonds for any investor, the feasibility of the Developments or compliance with any securities or tax laws and regulations which may relate to the issuance and sale of the 2002 Bonds.

REMIC’s role is limited to providing the coverage set forth in the REMIC Insurance.

GNMA Mortgage-Backed Securities Program

GNMA Securities are “fully-modified, pass-through” securities which require the Mortgage Banker that issued such GNMA Securities or its assignee (i) to make monthly payments of principal and interest on the aggregate principal balance thereof to the holder of the GNMA Securities, whether or not

the Mortgage Banker receives payments on the mortgage loans backing the GNMA Securities from the mortgagor, and (ii) to pass through any prepayments of principal and premiums on the mortgage loans received by the Mortgage Banker. GNMA Securities are guaranteed as to full and timely payment of principal and interest by GNMA, a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office in Washington, D.C.

GNMA Guaranty. GNMA is authorized by Section 306(g) of Title III of the National Housing Act to guarantee the timely payment of the principal of and interest on securities which are based on and backed by, among other things, an FHA insured mortgage loan under the National Housing Act. Section 306(g) of the National Housing Act provides further that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion, dated December 12, 1969, of an Assistant Attorney General of the United States, states that under Section 306(g) of the National Housing Act, such guarantees of mortgage-backed securities (of the type to be delivered to the Trustee on behalf of the Corporation) are authorized to be made by GNMA and “would constitute general obligations of the United States backed by its full faith and credit.”

GNMA guarantees the timely payment of the principal of and interest on the GNMA Security by the Mortgage Banker. Interest and principal payments on the underlying mortgage loans received by the Mortgage Banker from the mortgagor are the primary source of monies for payments on the GNMA Securities. If such payments are less than what is due under the GNMA Security, the Mortgage Banker is obligated to advance its own funds to insure timely payment of all amounts coming due on the GNMA Security. GNMA guarantees such timely payment to the holder of the GNMA Securities by the Mortgage Banker whether or not made by a mortgagor. If such payments are not received as scheduled, the holder of the GNMA Securities has recourse directly to GNMA. The GNMA Securities do not constitute a liability of, nor evidence any recourse against, the Mortgage Banker as the issuer of the GNMA Securities, but recourse thereon is solely against GNMA.

In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue its general obligations to the United States Treasury in an amount outstanding at any time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on a GNMA Security. The Treasury is authorized to purchase any obligations so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty. GNMA further warrants to the holder of each GNMA Security, that, in the event it is called upon at any time to make good its guaranty of the payment of principal and interest on a GNMA Security, it will, if necessary, in accordance with Section 306(d) of the National Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

Under the GNMA Mortgage-Backed Securities Program, the Mortgage Banker is obligated to execute a Guaranty Agreement which provides that, in the event of a default by the Mortgage Banker, including (i) a request to GNMA to make a payment of principal or interest on a GNMA Security, (ii) the insolvency of the Mortgage Banker, or (iii) a default by the Mortgage Banker under any other Guaranty Agreement with GNMA, GNMA shall have the right to extinguish the Mortgage Banker’s interest in the mortgage loans that back GNMA Securities, which then shall become the absolute property of GNMA, subject only to the unsatisfied rights of the owners of the GNMA Securities. In such event, the GNMA Guaranty Agreement provides that GNMA shall be the successor in all respects to the Mortgage Banker

in its capacity under the GNMA Guaranty Agreement and shall be subject to all responsibilities, duties and liabilities (except the Mortgage Banker's Indemnification of GNMA) of the Mortgage Banker pursuant to the GNMA Guaranty Agreement. GNMA may contract for another eligible issuer of GNMA Securities to undertake and agree to assume any part or all of such responsibilities, duties or liabilities of the Mortgage Banker, as long as no such agreement detracts from or diminishes the responsibilities, duties or liabilities of GNMA in its capacity as guarantor of the GNMA Security or otherwise adversely affects the rights of the owners of the GNMA Securities.

Payment of Principal and Interest on the GNMA Securities. GNMA Securities provide that accrued interest for thirty (30) days is payable by the Mortgage Banker to the holder of the GNMA Securities on the fifteenth (15th) of each successive month thereafter until maturity of the GNMA Security. The GNMA Securities are payable in equal monthly installments, subject to prepayment. The aggregate amount of principal due on the GNMA Securities is in an amount equal to the scheduled principal amortization currently due on the underlying mortgage note.

Each of the monthly installments is subject to adjustment by reason of any prepayments or other early or unscheduled recoveries of principal on the mortgage note. In any event, the Mortgage Banker is obligated to pay to the holder of the GNMA Securities, monthly installments of not less than the interest due on the GNMA Securities at the rate specified in the GNMA Securities, together with any scheduled installments of principal whether or not collected from the mortgagor, and any prepayments or early recoveries of principal (including insurance proceeds and condemnation awards that are applied to principal and FHA insurance benefits) and prepayment premiums paid under the Mortgage Note. Final payment shall be made upon surrender of each outstanding GNMA Security. Any such prepayment could result in the redemption of Bonds at any time.

In the event that a mortgagor defaults under an FHA insured mortgage loan that backs a GNMA Security, the Mortgage Banker may elect to file a claim for FHA Insurance benefits. See "The FHA Insurance Program" above.

Under the GNMA Mortgage-Backed Securities Program, the Mortgage Banker is required to service and otherwise administer the mortgage loans in accordance with generally accepted practices of the mortgage banking industry and the GNMA Servicer Guide. The monthly remuneration of the Mortgage Banker, for its servicing and administrative functions, and the guaranty fee charged by GNMA, are based on the unpaid principal amount of GNMA Securities outstanding. Repayment of principal on such GNMA Securities will be based on repayment of the respective mortgage note which, because of the minimum 0.25% higher interest rate on the note will occur more slowly than would repayment by equal installments of principal and interest at the interest rate on the GNMA Securities.

The Section 8 Program

General. The following is a brief description of the housing assistance payments program authorized by Section 8 of the United States Housing Act of 1937, as amended (the "1937 Housing Act"), which is qualified in its entirety by references to the applicable provisions of said Act and the regulations thereunder (the "Regulations").

The Section 8 program is administered by HUD and authorizes subsidy payments to the owners of qualified housing for the benefit of lower income families (defined generally as families whose income does not exceed 80% of the median income for the area as determined by HUD) and very-low income families (defined generally as families whose income does not exceed 50% of the median income for the

area as defined by HUD). Provision is made under the 1937 Housing Act and HUD regulations thereunder for administration of the Section 8 program through state or local housing finance agencies, as contract administrator (the "Contract Administrator"). Under this arrangement, the Contract Administrator agrees to pay the subsidy to or for the account of the mortgagor and concurrently contracts with HUD for payments of the subsidy by HUD to it. Pursuant to amendments to the 1937 Housing Act effected by the Housing and Community Development Amendments of 1981 (the "1981 Amendments"), not more than 25% of the dwelling units which were available for occupancy under HAP Contracts before the October 1, 1981 effective date of the 1981 Amendments and which are leased thereafter shall be available for leasing by lower income families other than very-low income families; and not more than 15% of the dwelling units which become available for occupancy under HAP Contracts after the effective date of the 1981 Amendments shall be available for leasing by lower income families other than very-low income families. Recent legislation also requires that not less than 40% of the dwelling units that become available for occupancy in any fiscal year shall be available for leasing only by families whose annual income does not exceed 30% of area median income (as determined by HUD and adjusted for family size) at the time of admission. The housing assistance payments generally represent the difference between the "contract rents" (plus estimated utility allowances, where utility costs are paid directly by tenants, and an administrative fee, hereinafter described, where applicable) for all eligible units in a development, as approved by HUD from time to time, and the eligible tenant's contributions, which is generally 30% of such tenant's income, as adjusted for family size, income and expenses, with certain adjustments, although each assisted family is generally required to pay a minimum rent of between \$25 and \$50 per month. The contract rents for a development are generally limited to the "fair market rents" established by HUD as reasonable in relation to rents for comparable units in the area.

Subsidy Contracts. The payment of subsidies under the Section 8 program is made pursuant to two contracts entered into with respect to each development assisted under such program: an annual contributions contract (the "ACC") between HUD and the Contract Administrator, and the HAP Contract between the Contract Administrator and the owner. The ACC obligates the United States to provide funds to the Contract Administrator with which to make monthly housing assistance payments to the owner pursuant to a HAP Contract. The Corporation is the Contract Administrator for all but three of the Section 8 Developments; with respect to which three Developments, HPD is the Contract Administrator.

The ACC establishes the maximum annual amount of the housing assistance payments to be made by HUD for the account of the mortgagor of a development. This amount may not exceed the total of the initial contract rents and utility allowances for the eligible units in a development and any administrative fee. If the amount of housing assistance payments actually disbursed under an ACC in any given year is less than the total available amount, some or all of the excess (including an amount equal to the portion of the contract rents payable by the tenants) is required to be set aside by HUD in a "project account" for the particular development and will be available in future years to fund increases in contract rents for the development, decreases in family incomes or other costs authorized or approved by HUD. In the event that previously appropriated amounts are not sufficient to meet HUD's contractual obligations to the Section 8 Developments, HUD is required by applicable Section 8 provisions to take such additional steps authorized by subsection (c)(6) of Section 8 of the 1937 Housing Act as may be necessary to obtain funds to assure that payment will be adequate to cover increases in contract rents and decreases in tenant payments. Under subsection (c)(6) of Section 8: "[t]he Secretary [of HUD] shall take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or

decreases in family incomes.” In practice, HUD has sought and received amendment authority from Congress sufficient to enable it to discharge its obligations under the HAP Contracts and the ACCs. The Corporation currently is experiencing a decline in the amount of funds available to certain of the Section 8 Developments owing to automatic increases in rental subsidies under the terms of the HAP Contracts associated with such Developments. Consistent with applicable law and regulations, the Corporation expects that HUD will amend the contracts for such Developments to provide additional funds as needed.

The HAP Contract provides for housing assistance payments with respect to a dwelling unit covered by the HAP Contract on the condition that such unit is maintained according to the requirements of the HAP Contract and is occupied by an eligible tenant. An ACC remains in effect for as long as a HAP Contract is in effect.

Amount and Payment of Subsidy. Section 8 subsidies available for debt service on the Bonds are based upon the contract rent applicable to specified dwelling units. The contract rent is initially based on the fair market rent for the dwelling unit, which is determined by HUD periodically with respect to each locality and published in the Federal Register. The proportion of the contract rent paid by HUD and that paid by tenants will vary generally depending upon tenant income.

Adjustment of Subsidy Amounts. Each HAP Contract provides for certain adjustments in contract rents. At least annually, HUD publishes an Annual Adjustment Factor (“AAF”), which is intended to reflect changes in the fair market rent established in the housing area for similar types and sizes of dwelling units; interim revisions may be made where market conditions warrant. Upon request from the owner to the Corporation, the AAF is applied on the anniversary date of each HAP Contract to contract rents, *provided* that no adjustment shall result in a material difference between the rents charged for subsidized and comparable non-subsidized dwelling units except to the extent that the differences existed with respect to the contract rents set at HAP Contract execution or cost certification where applicable. (The difference that existed between the contract rent for a unit at HAP Contract execution and the rent on comparable unassisted units is generally referred to by HUD as the “initial difference” in contract rents.) In addition, provision is made in the regulations for special additional adjustments to reflect increases in actual and necessary expenses of owning and maintaining the subsidized units which have resulted from substantial general increases in real property taxes, assessments, utility rates and utilities not covered by regulated rates, if the owner demonstrates that the automatic annual adjustments have not provided adequate compensation. Under current law (Section 8(c)(2)(C) of the 1937 Housing Act), “[t]he Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under the section..., unless the project has been refinanced in a manner that reduces the periodic payments of the owner.”

Notwithstanding the foregoing, if the contract rents for a development exceed the applicable HUD fair market rents, then contract rents cannot be increased beyond comparable market rents (plus the initial difference) as determined by independent appraisals of at least three comparable local developments submitted by the owner. In addition, the AAFs for Section 8 units which experienced no turnover in tenants since their preceding HAP Contract anniversary date shall be one percentage point less than the AAFs that would otherwise apply.

Vacancies and Debt Service. Generally, the Section 8 subsidy is payable with respect to the dwelling unit only when it is occupied by a qualified person or family. However, applicable law and regulations provide for payment of the subsidy under certain circumstances and, for a limited period of time, when the dwelling unit is not occupied. Upon the occurrence of a vacancy in a dwelling unit, a

subsidy amounting to 80% of the contract rent is payable for a vacancy period of 60 days subject to compliance by the mortgagor with certain conditions relating primarily to a diligent effort to rent the subsidized unit. The payment of a subsidy with respect to a dwelling unit vacant after initial rent-up may continue for an additional 12 months from the expiration of the 60-day period in an amount equal to the principal and interest payments required to amortize the debt service attributable to the vacant unit, if a good faith effort is being made to fill the unit and the unit provides decent, safe, and sanitary housing. Such continued payments also require the mortgagor to show that project costs exceed revenues, a good faith effort is being made to fill the unit and the additional subsidy payments do not exceed the deficiency attributable to the vacant units. With respect to the three Section 8 Developments receiving subsidies pursuant to the Section 8 Moderate Rehabilitation Program, vacancy payments are only available for a maximum period of 60 consecutive days.

Compliance With Subsidy Contracts. The ACC and the HAP Contract each contain numerous agreements on the part of the Contract Administrator and the owner concerning, among other things, maintenance of the development as decent, safe and sanitary housing and compliance with a number of requirements typical of federal contracts (such as non-discrimination, equal employment opportunity, relocation, pollution control and labor standards) as to which non-compliance by the owner may result in abatement by HUD or the Contract Administrator, as the case may be, of the payment of the federal subsidy, in whole or in part.

Housing assistance payments will continue as long as the owner complies with the requirements of the HAP Contract and has leased the assisted units to an eligible tenant or satisfies the criteria for receiving assistance for vacant units. The Contract Administrator, which has primary responsibility for administering each HAP Contract subject to review and audit by HUD, subject to an opportunity by the mortgagor to cure any default under the HAP Contract, may abate housing assistance payments and recover overpayments pending remedy of the default. If the default is not cured, the Contract Administrator may terminate the HAP Contract or take other corrective action, in its discretion or as directed by HUD. HUD has an independent right to determine whether the owner is in default and to take corrective action and apply appropriate remedies.

If HUD determines that the Contract Administrator has failed to fulfill its obligations, HUD may, after notice to the Contract Administrator giving it a reasonable opportunity to take corrective action, require that the Contract Administrator assign to it all rights under the HAP Contract.

The Section 236 Program

General. Pursuant to Section 236(b) of the National Housing Act, as amended (“Section 236”), the Secretary of HUD (the “Secretary”) entered into certain contracts (each a “Section 236 Contract”) to make periodic interest reduction payments to mortgagees on behalf of the mortgagors of housing projects designed for occupancy by persons and families of low income. HUD’s interest reduction subsidy payment share is in an amount equal to the difference between the monthly payment for principal and interest which a mortgagor is obligated to pay under its mortgage loan and the monthly payment for principal and interest a mortgagor would be obligated to pay if its mortgage loan were to bear interest at the rate of one per centum (1%) per annum. Under Section 236, interest reduction payments with respect to a project (the “HUD Payments”) shall be made only during the period that such project is operated as a rental or cooperative housing project.

Termination of HUD Payments. HUD is obligated to make HUD Payments under a Section 236 Contract and may not terminate HUD Payments under a Section 236 Contract, except under the

circumstances described below. If HUD Payments are terminated, the Secretary may reinstate them at his discretion pursuant to such additional requirements as the Secretary may prescribe. A Section 236 Contract may be terminated at the option of, and upon written notice from, the Secretary after the expiration of one year from the date of the termination of HUD Payments, unless such payments have been reinstated. **In the event HUD were to terminate HUD Payments in respect of a Section 236 Mortgage Loan, such terminated HUD Payments would not be available to pay debt service on such Section 236 Mortgage Loan, which could result in a default on such Mortgage Loan. Except for the Mortgage Loans financed in connection with the 2001 Series B Bonds, the Section 236 Mortgage Loans do not benefit from FHA Insurance.**

Acquisition by Ineligible Owner. HUD may terminate HUD Payments with respect to a Project if the Project is acquired by any owner who is not an eligible mortgagor under Section 236. Each Mortgagor has covenanted in the Section 236 Contract only to transfer such Project to an eligible Mortgagor approved by the Secretary and each Mortgagor has covenanted in the Mortgage not to transfer such Project without the consent of the Corporation. The Department of Housing and Urban Development Reform Act of 1989 (the "HUD Reform Act") made public entities eligible to be owners of projects receiving assistance under Section 236. Pursuant to the HUD Reform Act, the Corporation is an eligible Section 236 owner. Transfer of a Project is also subject to the prior approval of HPD.

Excess Income. Pursuant to each Section 236 Contract, the Mortgagor is permitted to charge (i) a basic or subsidized rental charge for each subsidized dwelling unit in the Project (the "basic rent"), determined on the basis of the anticipated operating costs of the Project assuming the payment of principal and interest on a mortgage note bearing interest at the rate of 1% per annum and an amortization period of fifty (50) years, and (ii) a fair market rental charge for each such unit, determined on the basis of the anticipated operating costs of the Project assuming payment of principal and interest at the unsubsidized mortgage rate (the "market rent"). The rent charged for each subsidized unit (the "tenant rent") is the greater of the basic rent or thirty per centum (30%) of the tenant's adjusted monthly income, but in no event may the Mortgagor charge an amount in excess of the market rent (not including permitted surcharges). Under each Section 236 Contract, the Corporation and HUD must approve all rent increases.

Each Section 236 Contract provides that the Mortgagor shall pay monthly to HUD all rental charges collected in excess of the basic rental charges for all occupied units ("Excess Income Payments"). In a notice issued by HUD on January 4, 1991 with respect to all mortgagors subject to Section 236 Contracts, HUD stated that it would implement strict enforcement actions against an owner of a project who does not remit excess rental amounts. This notice states that HUD should attempt to recover Excess Income Payments if the affected mortgagor does not make a lump sum payment or enter into a repayment schedule with HUD through the following actions listed in order of priority: use of the project's residual receipts, repayment of distributions, surplus cash and finally, project income. Among HUD's numerous potential remedies against the affected mortgagors are suspension of interest reduction payments. No assurance can be given regarding which remedies, if any, HUD will utilize against affected mortgagors in the event HUD seeks to affirmatively enforce the collection of Excess Income Payments.

Prior to April 1996, mortgagors were permitted to calculate the amount of Excess Income Payments payable to HUD on a project-wide basis, which enabled mortgagors to use Excess Income Payments to offset collection losses from nonpaying tenants. Section 236 was amended to require that, beginning in 1996, Excess Income Payments must be remitted to HUD on a unit-by-unit basis, thus precluding the ability of mortgagors to use such Excess Income Payments to offset collection losses and potentially reducing the income available to the projects. As authorized by the 1999 Act and subsequent

legislation, projects that are assisted under Section 236 are permitted to retain some or all of such excess income for project use if authorized to do so by HUD.

Certain Mortgagor Covenants. Each Mortgagor has covenanted in the Section 236 Contract to limit admission to the subsidized dwelling units in the Project to those families whose incomes do not exceed the applicable limits approved by the Corporation or the Secretary, with the exception of those tenants who agree to pay fair market rent. The Section 236 Contracts contain other covenants relating to the preference for occupancy for certain displaced or low income families, the compliance with applicable civil rights laws prohibiting discrimination in housing, the maintenance of information and records concerning tenants and tenant income in a form required under HUD regulations, the availability for inspection of such information and records, prohibitions against denying occupancy due to number of children in the family and the number of subsidized units which may be rented to any one tenant at any one time. The Secretary has the authority to suspend or terminate HUD Payments at any time upon default by a Mortgagor under any of such covenants as well or upon any other default by a Mortgagor or the Corporation under the terms and conditions of the Section 236 Contract.

Set-Off Rights of the United States. Payments under a Section 236 Contract duly and properly paid and actually received by or on behalf of the Corporation with respect to a Project have been pledged to the Trustee as part of the security for the Bonds, and the Corporation is obligated to deliver to the Trustee all such payments upon receipt. Under federal law, the United States Government has the right to set-off liabilities of the Corporation to the United States against the amounts payable to the Corporation under a Section 236 Contract. The Corporation does not believe it has any liabilities to the United States which would result in any set-off against such payments. The set-off right of the United States described above applies only to payments under a Section 236 Contract which have not actually been paid by HUD. Once payments under a Section 236 Contract are received by the Corporation and delivered to a trustee, they cannot be subjected to repayment to the United States by such trustee. However, in the case of excessive payments under a Section 236 Contract, the Corporation would remain obligated to refund to the Secretary the amount which was overpaid, and such liabilities could be offset against future payments under the Section 236 Contract.

Section 236, the rules, regulations and directives promulgated pursuant thereto and the Section 236 Contracts, do not contain any express requirement that any savings which result from a reduction in the Corporation's cost of borrowing due to a refunding of its obligations issued to finance a mortgage loan must be used to lower the interest rate on the mortgage loan and thereby to reduce HUD Payments. Consequently, the Corporation did not reduce the interest rate on the applicable Section 236 Mortgage Loans as a result of the issuance of the 1996 Series A Bonds. Based on the foregoing, the Corporation does not believe that HUD or any other party is entitled to all or a portion of the Corporation's debt service savings that result from the issuance of the 1996 Series A Bonds. Similarly, the Corporation does not believe that HUD or any other party is entitled to any amounts received by the Corporation as a result of the redemption of: (i) the Corporation's bonds that originally financed the Knickerbocker Plaza Development related to the Additional Mortgage Loan contributed in connection with the issuance of the 1999 Series A Bonds and (ii) the Corporation's bonds that originally financed the developments related to the Mortgage Loans contributed in connection with the issuance of the 2001 Series B Bonds. However, no assurance can be provided that HUD will not assert a right to reduce the amount of payments payable under the applicable Section 236 Contracts based upon the issuance of the 1996 Series A Bonds and/or the 2001 Series B Bonds and/or the aforesaid redemptions. If such a right is asserted, HUD could take certain actions including attempting to reduce payments under the applicable Section 236 Contracts.

Prepayment of Mortgage Loan. Each Mortgagor covenanted in the applicable Section 236 Mortgage Loan documents not to prepay such Mortgage Loan prior to 20 years from the date the Project was occupied. Each such Mortgage Loan permits the Mortgagor to prepay such Mortgage Loan at any time after such date. Based on the Projects' certificates of occupancy, the period during which prepayment is prohibited under the Section 236 Mortgage Loans has ended and the Section 236 Mortgage Loans may be prepaid. Following such prepayment the Mortgagor is subject to certain restrictions on the Mortgagor's ability to evict, or raise the rents on units leased to, certain low income, elderly or handicapped tenants. In addition, projects regulated pursuant to the Mitchell-Lama Law are subject to additional prepayment provisions. See "The Mitchell-Lama Program—Prepayment of Mortgage" below. Any such prepayment could result in the special redemption from Recoveries of Principal of Bonds at any time.

Transfer of Mortgage Loan. Each Section 236 Contract provides that the corresponding Section 236 Mortgage Loan may only be assigned, including any assignment or reassignment between the Corporation and the Trustee, with HUD's prior written approval. See "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to Mortgage Loans."

HPD Supervision. Each Project was constructed and is operated as a limited-profit housing project or a cooperative in accordance with Article 2 of the New York Private Housing Finance Law also known as the "Mitchell-Lama Law." For more information on the Mitchell-Lama Law, see "The Mitchell-Lama Program" below.

The Participation Loan Program

The Participation Loan Program ("PLP") was established in 1977 pursuant to Article XV of the Private Housing Finance Law of the State of New York. PLP is designed to increase accessibility to mortgage capital for the rehabilitation of privately owned multi-family housing in the City. The Department of Housing Preservation and Development ("HPD") administers PLP which provides mortgage financing for the rehabilitation of such housing at nominal interest rates.

HPD may only make a loan pursuant to PLP if another bona fide lender, such as the Corporation, also lends a portion of the funds necessary to complete the rehabilitation of the project. For each Mortgage Loan financed by the Corporation under PLP and insured by either FHA or SONYMA, the initial feasibility of the Development was determined by the Corporation, HPD and either FHA or SONYMA. In those instances where the Corporation only provided permanent financing, the initial feasibility of the Project was also determined by a conventional construction lender.

With regard to FHA Mortgage Loans financed by the Corporation under PLP, HPD and the Corporation entered into a Participation Agreement pursuant to which HPD has a participation interest in such FHA Mortgage Loans equal to the amount of PLP funds, other than Willoughby/Wyckoff Apartments where HPD has a second mortgage loan on said project. The portion of each such FHA Mortgage Loan allocable to HPD's participation interest is not pledged under the General Resolution except that, pursuant to the Participation Agreement, in the event of a default on any of these loans, the Corporation may first utilize the FHA insurance benefits to satisfy certain of its obligations to Bond owners. Any such remaining FHA insurance benefits would then be disbursed to HPD.

For those Permanent Mortgage Loans financed by the Corporation under PLP which are insured by SONYMA, HPD's PLP funds are secured by a subordinate uninsured permanent mortgage loan. In

the event of a default on any of these Mortgage Loans which would cause the Corporation to seek payment from SONYMA, all such SONYMA insurance benefits would be available to the Corporation.

For those Permanent Mortgage Loans financed by the Corporation under PLP where no supplemental security was or will be provided, such Mortgage Loans are or will be secured by a first mortgage lien. HPD's PLP permanent mortgage is subordinate to the Corporation's Mortgage Loan and is also uninsured. In the event of a default on the Corporation's loan, any proceeds resulting from a foreclosure which might result from such default would be applied to satisfy the Corporation's Mortgage Loan prior to HPD's PLP mortgage.

The Housing Development Grant Program

Pursuant to the Housing Development Grant ("HoDAG") Program, which was authorized by Section 17 of the 1937 Housing Act, HUD made grants to localities for rental housing projects within such localities' respective jurisdictions. HPD received such a grant for certain of the Developments and utilized the funds provided by HUD to make a second unsecured mortgage loan. During the term of the HoDAG second uninsured mortgage loan made to the Mortgagor by HPD, the Mortgagor is required to comply with certain HoDAG Program requirements, including restrictions relative to the occupancy of certain units by low income tenants. If HoDAG Program requirements are not adhered to by the Mortgagor of the Development which received the HoDAG funds, the Mortgagor is required to repay HPD the amount of HoDAG grant funds, subject to certain adjustments. HUD may require the City to refund the grant monies. While no payments are due on this second position permanent loan during the term of the applicable Mortgage Loan, upon a violation of the HoDAG Program requirements by the Mortgagor, the City may then proceed to enforce its right to collect such grant monies from the Mortgagor.

General Municipal Law Article 16

Article 16 of the General Municipal Law, Section 690 et. seq. authorizes certain municipalities in the State, including the City, to make grants or loans (i) to the owner of any property that is part of an urban development action area project (as defined in such law) for the purpose of rehabilitation of an existing private or multiple dwelling, (ii) for the purpose of providing site improvements, or (iii) for the purpose of providing for other costs of construction for the development of private and multiple dwelling housing accommodations. Any loan made in accordance with this section shall be secured by a note and mortgage. In the case of a loan for the purpose of providing rental housing for persons of low income, the rental development must be subject to a regulatory agreement limiting profits and rentals charged.

With regard to the Mortgage Loans financed or expected to be financed by the Corporation which are subsidized through General Municipal Law, Article 16, the initial feasibility of these Developments was determined by the Corporation, HPD and a conventional construction lender. HPD's General Municipal Law, Article 16 permanent loan is subordinate to the Corporation's Mortgage Loan and both loans are uninsured and not secured by supplemental security. In the event of a default on the Corporation's Mortgage Loan, any proceeds resulting from a foreclosure which might result from such default would be applied to satisfy the Corporation's Mortgage Loan prior to HPD's General Municipal Law, Article 16 loan.

New Housing Opportunities Program

The New Housing Opportunities Program (“New HOP”) was established in 1997 by the Corporation to encourage the development of affordable low, moderate and middle income housing in New York City which would not otherwise be produced by the ordinary operations of private enterprise. Pursuant to New HOP, the Corporation will provide subordinate financing in conjunction with first construction and permanent mortgage loans. The first mortgage loans under New HOP have been or are expected to be made with the proceeds of bonds issued by the Corporation. Each development financed under New HOP will be subject to a regulatory agreement restricting the rents to levels affordable to low, moderate and middle income households.

For each New HOP construction mortgage loan made with bond proceeds, the Corporation will require the developer to post a bank letter of credit equal to the face amount of such loan plus a specified interest reserve amount. The letter of credit may be drawn upon by the Corporation if the developer fails to make scheduled payments of interest and principal on the construction mortgage loan. Any amounts received by the Corporation under the letter of credit are pledged to the holders of bonds issued under the General Resolution. Following the completion of construction and the fulfillment of certain other conditions, the Corporation will release the letter of credit. In certain cases, the Corporation will finance a permanent first mortgage loan only. Although it is expected that most New HOP permanent mortgage loans will not be initially secured by supplemental security, the Corporation may, in the future, seek mortgage insurance from SONYMA or REMIC for all or a portion of the principal balance of such mortgage loans.

The §421-a Negotiable Certificate Program

HPD’s §421-a Negotiable Certificate Program (the “Certificate Program”) is designed to link the creation of market rate multi-family housing in certain areas of Manhattan south of 96th Street (the “Geographic Exclusion Zone”) with the development of low income housing in other areas of New York City. In general, newly constructed multi-family housing in the Geographic Exclusion Zone is not eligible to receive any real estate tax exemption unless the developer of such housing either (i) sets aside at least 20% of the units in such projects for low income households or (ii) purchases §421-a Negotiable Certificates from other developers who have constructed or rehabilitated low income housing in other areas of the City (“off-site projects” or “off-site units”) pursuant to the rules and regulations of the Certificate Program. Authorized by §421-a of the New York Real Property Tax Law, the Certificate Program generally permits HPD to grant five §421-a Negotiable Certificates for each off-site low income unit created under the Certificate Program. In turn, each §421-a Negotiable Certificate allows the developer of a market rate unit in the Geographic Exclusion Zone to receive a 10-year phased exemption from any increase in such market rate unit’s assessed value relating to the construction of such market rate unit. The 10-year phased real estate tax exemption increases the value of the market rate Geographical Exclusion Zone unit. Therefore, the developer of the market rate unit will pay the developer of the off-site unit to be able to receive and utilize the §421-a Negotiable Certificates that are generated by the off-site low income project.

New York State Housing Trust Fund Corporation

The New York State Housing Trust Fund Corporation (“HTF”), a public benefit corporation which operates under the aegis of the Division of Housing and Community Renewal (“DHCR”), has two initiatives involving tax exempt bond financing: the Homes For Working Families Initiative (“HWFI”)

and the Senior Housing Initiative (“SHI”). Under both programs, HTF assistance of up to \$35,000 per unit will be provided in the form of low or deferred interest mortgages for affordable housing projects.

Through HWFI, DHCR provides subordinate permanent financing at an interest rate of 1% to private developers for the new construction or substantial rehabilitation of affordable rental housing projects. Under HWFI, 100% of the units must be affordable to households earning less than 60% of area median income. At least 50% of project cost must be financed by tax-exempt bonds issued under Section 142 of the Internal Revenue Code in order to enable the projects to qualify for federal low-income housing tax credits.

Pursuant to SHI, DHCR provides subordinate permanent financing at an interest rate of 0% to 1% to not-for-profit developers for the new construction or substantial rehabilitation of affordable rental housing for the elderly. Under SHI, occupancy is limited to seniors, defined as households headed by a person 60 years of age or older. Approximately 20% of the units in a project assisted through the SHI must be affordable to households earning less than 50% of area median income.

The Housing Assistance Corporation

The Housing Assistance Corporation (“HAC”) is a public benefit corporation of the State established pursuant to Section 654-b of the Act as a subsidiary of the Corporation. HAC is to continue in existence until terminated by law; provided, however, that no such termination shall take effect as long as its obligations remain outstanding. The payments and funds of HAC are not considered to be assets of the Corporation and are not pledged under the Resolutions.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City or the State, for the purpose of assisting rental developments to maintain rentals affordable to low and moderate income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge or assign these monies to any rental development (and may enter into agreements for such purposes with mortgagors of rental developments) or assist the Corporation in financing such developments.

HAC has entered into a Tenant Assistance Contract (“TAC”) with the Mortgagors of four (4) Developments to provide monthly rental assistance payments. To be eligible for the TAC payments the Mortgagor must ensure that (i) 20% of the Development’s rental units are available for households whose annual income at initial occupancy does not exceed 80% of New York City median income (“Median Income”) as adjusted for family size (“Low Income Families”), and (ii) 80% of the rental units are available for households whose annual income at initial occupancy does not exceed 180% of Median Income.

In the event a Mortgagor is in default under a TAC, HAC may take legal action against such Mortgagor or suspend payments for any unit not in compliance with the terms of the TAC. In the event that at least 10% of the units are not leased to Low Income Families, HAC may terminate the TAC. See “Appendix E-1—Developments and Mortgage Loans Outstanding Under the Program” for the date of expiration of the TACs.

The Mitchell-Lama Program

General. The Mitchell-Lama program was created to facilitate the construction and continued operation of affordable moderate and middle income rental and cooperative housing in the State of New York. The Developments which are regulated under the Mitchell-Lama program are all non-refinanced rental housing projects located in the City of New York and therefore, this summary of the Mitchell-Lama program is limited to non-refinanced rental projects. Each rental project in the Mitchell-Lama program was constructed and is operated as a limited-profit housing project or a cooperative in accordance with Article 2 of the New York Private Housing Finance Law and the rules and regulations promulgated thereunder (the “Mitchell-Lama Law”).

HPD Supervision. HPD has supervisory authority over those projects in the Mitchell-Lama program which received financing from the City or the Corporation. HPD carries out all its supervisory functions with limited resources, which may affect the priority or completion time frames for its various supervisory activities.

HPD regulates the project’s rental procedures and tenant income limits. HPD oversees the renting of vacant units including the establishment of waiting lists and the advertising process relating thereto. HPD approves the admission of new tenants as well as the transfer of existing tenants to other units in a project. HPD also verifies initial and annual tenant income certifications submitted by tenants to ensure that the tenant income requirements of the Mitchell-Lama program are maintained. Tenants with incomes in excess of the certain income requirements are required to pay rent surcharges to the project owners.

HPD conducts a periodic physical inspection of the common areas of the projects in the Mitchell-Lama program in order to assess property maintenance levels. HPD has power to audit the books of a project owner and conducts a periodic site administrative review to review service contracts, insurance coverage and the project’s record keeping systems. HPD also reviews all commercial leases, contracts in excess of \$5,000 or \$10,000 depending on project size, monthly project operations reports, the use of blocked reserve accounts and the annual profit retained by the project owner.

HPD approves all rent increase applications after holding a public hearing and reviewing a financial analysis prepared by HPD and project owners, provided, however, such rental increases in projects benefitting from the Section 236 program are also subject to the approval of HUD. HPD has the right to remove any or all of the existing directors of an ownership entity and to appoint individuals that HPD deems advisable in the event of a violation of a provision of the owner’s certificate of incorporation, any applicable law, the loan or mortgage contract or HPD’s rules and regulations.

Corporation Rent Increase Authority. The Act empowers the Corporation and the Resolutions require the Corporation (whenever it shall find that the maximum rentals, which are charged tenants of the dwellings in any Project in the Mitchell-Lama program, in whole or in part, shall not be sufficient together with all other income of the Mortgagor to meet within reasonable limits all necessary payments to be made by the Mortgagor of all expenses, including fixed charges, sinking funds, reserves and dividends) to request the Mortgagor to make application to vary such rentals so as to secure sufficient income, and upon the Mortgagor’s failure to do so within thirty (30) days after the receipt of written request from the Corporation, to request HPD to take action upon HPD’s own motion so to vary such rental rate, and upon failure of HPD either upon application by the Mortgagor or upon its own motion so to vary such rental rate within sixty (60) days after receipt of written request from the Corporation to do so, to vary such rental rate by action of the Corporation. Any such rental increases in Developments

benefitting from the Section 236 program shall also be subject to the approval of HUD. The Corporation has only taken such actions relating to rental increases with respect to one (1) Development which was done in 1978.

Tax Exemption. The Mitchell-Lama Law provides that with the consent of the local legislative body, the real property, both land and improvements, of a project shall be exempt from local and municipal taxes, other than assessments for local improvements, to the extent of all or part of the value of the property included in such project which represents an increase over the assessed valuation of such real property at the time of its acquisition for the project by the company, provided however, that the real property in a project acquired for purposes of rehabilitation shall be exempt to the extent of all or part of the value of the property included in such rehabilitation and provided further that the minimum tax to be paid shall not be less than ten per centum (10%) of the annual shelter rent of such project. This tax exemption continues so long as the mortgage loan made to the owner remains outstanding. In the case of any Project in the Mitchell-Lama program which is the subject of a ground lease, such tax exemption is reflected in the underlying lease payments. Pursuant to the Act, the property of the Corporation is exempt from State and local taxes. In the event the Corporation shall become the owner of a Development, it would be exempt from the payment of real estate taxes.

PROPOSED FORMS OF BOND COUNSEL OPINIONS

Upon delivery of the 2002 Series A Bonds and the 2002 Series B Bonds, Hawkins, Delafield & Wood, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

NEW YORK CITY HOUSING
DEVELOPMENT CORPORATION
110 William Street
New York, New York 10038

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$36,370,000 Multi-Family Housing Revenue Bonds, 2002 Series A (the “2002 Series A Bonds”) and \$7,150,000 Multi-Family Housing Revenue Bonds, 2002 Series B (the “2002 Series B Bonds”; the 2002 Series A Bonds and the 2002 Series B Bonds being collectively referred to as the “2002 Bonds”) of the New York City Housing Development Corporation (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation, organized and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”).

The 2002 Bonds are authorized to be issued pursuant to the Act, the Multi-Family Housing Revenue Bonds Bond Resolution of the Corporation, adopted July 27, 1993, as amended (the “General Resolution”), and, with respect to the 2002 Series A Bonds, the Twenty-Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2002 Series A of the Corporation, adopted May 31, 2002 and, with respect to the 2002 Series B Bonds, the Twenty-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2002 Series B of the Corporation, adopted May 31, 2002 (collectively, the “Supplemental Resolutions”; the General Resolution and the Supplemental Resolutions being collectively referred to as the “Resolutions”). The 2002 Series A Bonds are being issued for the purpose of financing the 2002 Series A Mortgage Loans (as defined in the Resolutions). The 2002 Series B Bonds are being issued for the purpose of refunding certain of the Corporation’s outstanding bonds (the “Prior Bonds”).

The 2002 Bonds are dated, mature, are payable, bear interest and are subject to redemption as provided in the Resolutions.

We have not examined nor are we passing upon matters relating to the real and personal property referred to in the mortgages which are to secure the 2002 Bonds.

Upon the basis of the foregoing, we are of the opinion that:

1. The Corporation has been duly created and validly exists as a corporate governmental agency constituting a public benefit corporation, under and pursuant to the laws of the State of New York (including the Act), and has good right and lawful authority, among other things, to finance the 2002 Series A Mortgage Loans, to refund the Prior Bonds, to provide sufficient funds therefor by the adoption

of the Resolutions and the issuance and sale of the 2002 Bonds, and to perform its obligations under the terms and conditions of the Resolutions, as covenanted in the Resolutions.

2. The Resolutions have been duly adopted by the Corporation, are in full force and effect, and are valid and binding upon the Corporation and enforceable in accordance with their terms.

3. The 2002 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolutions and the laws of the State of New York (the "State"), including the Act.

4. The 2002 Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or monies pledged for the payment thereof pursuant to the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions, and are entitled to the benefit, protection and security of the provisions, covenants and agreements of the Resolutions.

5. The 2002 Bonds are secured by a pledge in the manner and to the extent set forth in the Resolutions. The Resolutions create the valid pledge of and lien on the Revenues (as defined in the Resolutions) and all the Accounts established by the Resolutions and monies and securities therein, which the Resolutions purport to create, subject only to the provisions of the Resolutions permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolutions.

6. The 2002 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2002 Bonds be payable out of any funds other than those of the Corporation pledged for the payment thereof.

7. Under existing statutes and court decisions, (i) interest on the 2002 Series A Bonds and the 2002 Series B Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2002 Series A Bond or 2002 Series B Bond for any period during which such 2002 Series A Bond or 2002 Series B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2002 Series A Bonds and the 2002 Series B Bonds or a "related person," and (ii) interest on the 2002 Series A Bonds and the 2002 Series B Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagors of the 2002 Series A Mortgage Loans and others, in connection with the issuance of the 2002 Series A Bonds and the 2002 Series B Bonds, and we have assumed compliance by the Corporation and such Mortgagors of the 2002 Series A Mortgage Loans with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2002 Series A Bonds and the 2002 Series B Bonds from gross income under Section 103 of the Code. In addition, under existing statutes, interest on the 2002 Series A Bonds and the 2002 Series B Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other federal or state tax consequences with respect to the 2002 Series A Bonds and the 2002 Series B Bonds. We render this opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the 2002 Series A Bonds and the 2002 Series B Bonds, or under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2002 Bonds and the Resolutions may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

This opinion is being rendered as of the date hereof and we do not assume any obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise.

We have examined an executed 2002 Series A Bond and an executed 2002 Series B Bond, and in our opinion the forms of such Bonds and their execution are regular and proper.

Very truly yours,

Upon delivery of the 2002 Series C Bonds and the 2002 Series D Bonds, Hawkins, Delafield & Wood, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

NEW YORK CITY HOUSING
DEVELOPMENT CORPORATION
110 William Street
New York, New York 10038

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$49,500,000 Multi-Family Housing Revenue Bonds, 2002 Series C (the “2002 Series C Bonds”) and \$285,000,000 Multi-Family Housing Revenue Bonds, 2002 Series D (the “2002 Series D Bonds”; the 2002 Series C Bonds and the 2002 Series D Bonds being collectively referred to as the “2002 Bonds”) of the New York City Housing Development Corporation (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation, organized and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”).

The 2002 Bonds are authorized to be issued pursuant to the Act, the Multi-Family Housing Revenue Bonds Bond Resolution of the Corporation, adopted July 27, 1993, as amended (the “General Resolution”), and, with respect to the 2002 Series C Bonds, the Twenty-Sixth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2002 Series C of the Corporation, adopted May 31, 2002 and, with respect to the 2002 Series D Bonds, the Twenty-Seventh Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2002 Series D of the Corporation, adopted May 31, 2002 (collectively, the “Supplemental Resolutions”; the General Resolution and the Supplemental Resolution being collectively referred to as the “Resolutions”). The 2002 Bonds are being issued for the purpose of financing the Mortgage Loans (as defined in the Resolutions) for multi-family housing developments.

The 2002 Bonds are dated, mature, are payable, bear interest and are subject to redemption as provided in the Resolutions.

We have not examined nor are we passing upon matters relating to the real and personal property referred to in the mortgages which are to secure the 2002 Bonds.

Upon the basis of the foregoing, we are of the opinion that:

1. The Corporation has been duly created and validly exists as a corporate governmental agency constituting a public benefit corporation, under and pursuant to the laws of the State of New York (including the Act), and has good right and lawful authority, among other things, to finance the Mortgage Loans for multi-family housing developments, to provide sufficient funds therefor by the adoption of the Resolutions and the issuance and sale of the 2002 Bonds, and to perform its obligations under the terms and conditions of the Resolution, as covenanted in the Resolutions.

2. The Resolutions have been duly adopted by the Corporation, are in full force and effect, and are valid and binding upon the Corporation and enforceable in accordance with their terms.

3. The 2002 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolutions and the laws of the State of New York (the "State"), including the Act.

4. The 2002 Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or monies pledged for the payment thereof pursuant to the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions, and are entitled to the benefit, protection and security of the provisions, covenants and agreements of the Resolutions.

5. The 2002 Bonds are secured by a pledge in the manner and to the extent set forth in the Resolutions. The Resolutions create the valid pledge of and lien on the Revenues (as defined in the Resolutions) and all the Accounts established by the Resolutions and monies and securities therein, which the Resolutions purport to create, subject only to the provisions of the Resolutions permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolutions.

6. The 2002 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2002 Bonds be payable out of any funds other than those of the Corporation pledged for the payment thereof.

7. Interest on the 2002 Series C Bonds and the 2002 Series D Bonds is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended. Under existing statutes, interest on the 2002 Series C Bonds and the 2002 Series D Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2002 Bonds and the Resolutions may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed 2002 Series C Bond and an executed 2002 Series D Bond, and in our opinion the forms of such Bonds and their execution are regular and proper.

Very truly yours,