

NEW ISSUES

*2001 Series A 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 2001 Series A 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 2001 Series A Bond for any period during which such 2001 Series A 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 2001 Series A Bonds or a "related person," and (ii) interest on the 2001 Series A Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.*

*2001 Series B Bonds: In the opinion of Bond Counsel, interest on the 2001 Series B Bonds is included in gross income for Federal income tax purposes pursuant to the Code.*

**State Tax Exemption**

*In the opinion of Bond Counsel, under existing statutes, interest on the 2001 Series A Bonds and the 2001 Series B 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" herein.*

**\$130,000,000**

**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**

**Multi-Family Mortgage Revenue Bonds (Related – West 55th Street Development)**

**\$118,500,000 2001 Series A**

**\$11,500,000 2001 Series B (Federally Taxable)**

**Dated: Date of Delivery**

**Price 100%**

**Due: December 1, 2034**

Each Series of 2001 Bonds will be issued as fully registered bonds in the initial denomination of \$100,000 or any whole multiple of \$100,000 and will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on and principal of the 2001 Bonds will be payable by the Trustee to Cede & Co., as nominee of DTC. Purchasers of the 2001 Bonds will not receive physical delivery of bond certificates. The 2001 Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. First Union National Bank, New York, New York, is the Trustee with respect to the 2001 Bonds.

**The 2001 Bonds are subject to optional and mandatory redemption at the times and in the events set forth in the Resolution and described herein.**

The 2001 Bonds are being issued to finance a mortgage loan to 55th Clinton Associates, L.L.C., a Delaware limited liability company (the "Mortgagor"), for the purposes of paying the costs of acquiring, constructing and equipping a multi-family rental housing facility located on the west side of 10th Avenue between West 55<sup>th</sup> Street and West 56<sup>th</sup> Street in the Borough of Manhattan, New York, and certain other costs related thereto. The 2001 Bonds are special revenue obligations of the Corporation payable from various sources as provided in the Resolution. The principal of, interest on and purchase price of the 2001 Bonds are payable from the funds drawn under an irrevocable direct pay letter of credit issued in favor of the Trustee by

**BAYERISCHE HYPO- UND VEREINSBANK AG, NEW YORK BRANCH**

until its stated expiration date of December 15, 2006, unless extended or terminated earlier in accordance therewith as described herein.

The 2001 Series A Bonds are being issued as variable rate obligations which will bear interest from their date of issue to but not including the Wednesday following said date of issue at a rate per annum set forth in a certificate of the Corporation delivered on the date of issuance of the 2001 Series A Bonds. The 2001 Series B Bonds are being issued as variable rate obligations which will bear interest from their date of issue to but not including the Wednesday following said date of issue at a rate per annum set forth in a certificate of the Corporation delivered on the date of issuance of the 2001 Series B Bonds. Thereafter, each Series of the 2001 Bonds will bear interest at the Weekly Rate, as determined from time to time by the Remarketing Agent (as defined herein), payable on each Interest Payment Date, and will be subject to a maximum rate, all as described herein. The term "Interest Payment Date" means the first Business Day of each month, commencing January, 2002, each Change Date and the final maturity date of any 2001 Bonds so long as such 2001 Bonds bear interest at the Weekly Rate. The interest rate established with respect to each Series of the 2001 Bonds during any Weekly Rate Period shall be determined separately for each Series and need not be the same interest rate. Each Series of the 2001 Bonds is subject to conversion to alternate methods of determining interest rates thereon from time to time and to conversion to an interest rate fixed to maturity upon the terms and conditions described herein.

During the period when a Series of the 2001 Bonds bears interest at the Weekly Rate, 2001 Bonds of such Series shall be purchased upon demand by the owner thereof, at a price equal to 100% of the principal amount of such 2001 Bond plus accrued and unpaid interest thereon to the date of purchase, on any Business Day, upon seven (7) days' notice and delivery thereof to First Union National Bank, New York, New York, as the Tender Agent, as described herein. Each Series of the 2001 Bonds will be subject to mandatory tender for purchase upon a change in the method of determining the interest rate for such Series of 2001 Bonds. The 2001 Bonds will also be subject to mandatory tender for purchase upon any substitution of the Letter of Credit or provision for an Alternate Security. The 2001 Bonds will also be subject to mandatory tender for purchase in other circumstances as described herein.

*This Official Statement in general describes the 2001 Bonds only while the 2001 Bonds bear interest at the Weekly Rate.*

**The 2001 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 2001 Bonds are not a debt of the State of New York or The City of New York and neither the State nor the City shall be liable thereon, nor shall the 2001 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.**

*The 2001 Bonds are offered when, as and if issued and received by the Underwriter and subject to the unqualified approval of legality by 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 Bayerische Hypo- und Vereinsbank AG, New York Branch by its Counsel, Dewey Ballantine LLP, New York, New York and its German Legal Counsel. Certain legal matters will be passed upon for the Mortgagor by its Counsel, Paul, Hastings, Janofsky & Walker LLP, New York, New York and Michael Orbison, Esq., New York, New York. Certain legal matters will be passed upon for the Underwriter by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. It is expected that the 2001 Bonds will be available for delivery in New York, New York on or about December 18, 2001.*

**Goldman, Sachs & Co.**

Dated: December 11, 2001

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 2001 Bonds to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the New York City Housing Development Corporation or the Underwriter to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the New York City Housing Development Corporation; Bayerische Hypo- und Vereinsbank AG; the Mortgagor (in the case of information contained herein relating to the Mortgagor, the managing member of the Mortgagor, the Guarantor, the Mortgage Loan and the Project); and other sources which are believed to be reliable but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by any of such sources as to information from any other source. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the New York City Housing Development Corporation, Bayerische Hypo- und Vereinsbank AG or the Mortgagor since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2001 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2001 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT A PRICE LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THESE SECURITIES 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 ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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## NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

**\$130,000,000**

**Multi-Family Mortgage Revenue Bonds  
(Related-West 55th Street Development)**

**\$118,500,000 2001 Series A**

**\$11,500,000 2001 Series B (Federally Taxable)**

This Official Statement (including the cover page and appendices) provides certain information concerning the New York City Housing Development Corporation (the "Corporation") in connection with the sale of \$118,500,000 aggregate principal amount of Multi-Family Mortgage Revenue Bonds (Related-West 55th Street Development), 2001 Series A (the "2001 Series A Bonds") and \$11,500,000 aggregate principal amount of Multi-Family Mortgage Revenue Bonds (Related-West 55th Street Development), 2001 Series B (the "2001 Series B Bonds") (together with the 2001 Series A Bonds, the "2001 Bonds").

The 2001 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 Mortgage Revenue Bonds (Related-West 55th Street Development) Bond Resolution" adopted by the Members of the Corporation on November 26, 2001. Such resolution, as amended and supplemented from time to time, is herein referred to as the "Resolution." Pursuant to the Resolution, bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein and all such bonds, including the 2001 Bonds, are herein referred to as the "Bonds." First Union National Bank, New York, New York will act as trustee for the 2001 Bonds (with its successors, the "Trustee"). Certain defined terms used herein are set forth in Appendix A hereto.

### 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 2001 Bonds are being issued to finance a mortgage loan (the "Mortgage Loan") to 55th Clinton Associates, L.L.C., a Delaware limited liability company (the "Mortgagor"), for the purposes of paying the costs of acquiring, constructing and equipping a multi-family rental housing facility located on the west side of 10th Avenue between West 55<sup>th</sup> Street and West 56<sup>th</sup> Street in the Borough of Manhattan, New York (the "Project"), and certain other costs related thereto. See "THE PROJECT AND THE MORTGAGOR" and "ESTIMATED SOURCES AND USES OF FUNDS" herein. Completion of construction of the Project depends upon, among other things, the ability of the Mortgagor to obtain various permits and approvals, some of which have not yet been obtained. Until such permits and approvals are obtained, the Mortgagor will not be permitted to use more than \$39,000,000 of the proceeds of the 2001 Bonds. In the event that the Project is not completed by September 1, 2004, as required by the Credit Agreement (hereinafter described), there may be a mandatory tender or redemption of the 2001 Bonds, in whole or in part. See "DESCRIPTION OF THE 2001 BONDS -- Credit Issuer's Right to Cause a Mandatory Tender for Purchase of 2001 Bonds Upon an Event of Termination" and "Redemption of 2001 Bonds - Mandatory -- Mandatory Redemption Upon a Declaration of Acceleration-- Following an Event of Termination" herein. In addition, if the Mortgage Loan is made in an amount less than the amount originally anticipated, all or a portion of the 2001 Bonds may be redeemed. See "DESCRIPTION OF THE 2001 BONDS -- Redemption of 2001 Bonds - Optional -- Special Redemption Without Premium" herein.

Concurrently with, and as a condition precedent to, the issuance of the 2001 Bonds, the Corporation will cause to be delivered to the Trustee under the Resolution, an irrevocable direct pay letter of credit (the "Letter of Credit") issued by Bayerische Hypo- und Vereinsbank AG, acting through its New York Branch ("HypoVereinsbank" or the "Bank"). The Letter of Credit will permit the Trustee to draw up to an amount equal to the aggregate principal amount of the 2001 Bonds then Outstanding plus an amount equal to at least 35 days of interest at the Maximum Rate (defined below) on the Outstanding 2001 Bonds, in order to pay the principal or Purchase Price (defined below) of, and interest on, the 2001 Bonds. The Letter of Credit will be issued pursuant to the provisions of the Credit and Disbursement Agreement dated as of the date of initial issuance of the 2001 Bonds (the "Credit Agreement"), among the Mortgagor, the Bank, in its capacity as the provider of the Letter of Credit and in its capacity as co-lender (the Bank and any other lenders who become co-lenders pursuant to the Credit Agreement are referred to collectively as the "Lenders") and in its capacity as servicer and agent for the Lenders (the "Agent"). The sole obligor under the Letter of Credit will be the Bank. The other Lenders will have no obligation under the Letter of Credit. The Letter of Credit will expire on December 15, 2006 unless extended or terminated earlier in accordance with its terms. See "BAYERISCHE HYPO- UND VEREINSBANK AG," "SECURITY FOR THE 2001 BONDS -- Letter of Credit" and "SUMMARY OF CERTAIN PROVISIONS OF THE LETTER OF CREDIT AND THE CREDIT AGREEMENT" herein. Under certain circumstances, the Corporation or the Mortgagor may replace the Letter of Credit with a Substitute Letter of Credit or other form of Alternate Security. One of the conditions to the issuance of the Letter of Credit is the delivery to the Bank by OTR, as nominee of the State Teachers Retirement Board of Ohio ("OTR"), of a standby letter of credit (the "Standby Letter of Credit") containing provisions specified in the Credit Agreement. The Standby Letter of Credit will be available to be drawn on only by the Bank if the Mortgagor fails to reimburse the Bank for a drawing on the Letter of Credit or certain other events occur. The Standby Letter of Credit will not be available to be drawn on by the Trustee or the Corporation. Upon the issuance of the 2001 Bonds, OTR will be assigned rights under a portion of the Mortgage Loan as security for the Mortgagor's obligation to repay OTR if there is a drawing on the Standby Letter of Credit or if OTR pays certain sums on behalf of the Mortgagor. See "THE MORTGAGE LOAN" and "SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT AGREEMENT" herein.

The 2001 Bonds are special obligations of the Corporation payable from Revenues (as defined herein) and certain other moneys pledged therefor under the Resolution, including any investment earnings thereon. In addition, the 2001 Bonds are payable from amounts obtained under the Letter of Credit, any Substitute Letter of Credit or any Alternate Security (collectively, the "Credit Facility"), provided in accordance with the terms of the Resolution.

The 2001 Series A Bonds are being issued as variable rate obligations which will bear interest from their date of issue to but not including the Wednesday following said date of issue at a rate per annum set forth in a certificate of the Corporation delivered on the date of issuance of the 2001 Series A Bonds. The 2001 Series B Bonds are being issued as variable rate obligations which will bear interest from their date of issue to but not including the Wednesday following said date of issue at a rate per annum set forth in a certificate of the Corporation delivered on the date of issuance of the 2001 Series B Bonds. Thereafter each Series of the 2001 Bonds will bear interest at the Weekly Rate, as determined from time to time by Goldman, Sachs & Co., as Remarketing Agent for the 2001 Bonds (the "Remarketing Agent") as herein described. The interest rate established with respect to each Series of the 2001 Bonds during any Weekly Rate Period shall be determined separately for each Series and need not be the same interest rate. Each Series of the 2001 Bonds is subject to conversion to alternate methods of determining interest rates thereon from time to time and to conversion to an interest rate fixed to maturity upon the terms and conditions described herein. See "DESCRIPTION OF THE 2001 BONDS." The 2001 Bonds are subject to a maximum interest rate of ten percent (10%) per annum or such higher rate (which shall not exceed fifteen percent (15%) per annum) as may be established in accordance with the provisions of the Resolution (the "Maximum Rate").

During any period of time in which any Series of the 2001 Bonds bears interest at the Weekly Rate, the 2001 Bonds of such Series are subject to purchase at a price equal to 100% of the principal amount of such 2001 Bonds plus accrued and unpaid interest thereon to the date of purchase (the "Purchase Price"). Such purchase shall be made upon demand of the owner thereof on any Business Day upon seven days' prior notice. The 2001 Bonds are also subject to mandatory tender for purchase and are subject to optional and mandatory redemption and defeasance as set forth in the Resolution and described herein.

*This Official Statement in general describes the 2001 Bonds only while the 2001 Bonds bear interest at the Weekly Rate.*

**The 2001 Bonds are not a debt of the State of New York or The City of New York and neither the State nor the City shall be liable thereon, nor shall the 2001 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.**

Descriptions of the 2001 Bonds and sources of payment, the Corporation, the Bank, the Mortgagor, the Project, the Mortgage Loan, the Letter of Credit, the Credit Agreement, the Resolution and certain related agreements 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 2001 Bonds are qualified in their entirety by reference to the Resolution and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Resolution are available for inspection at the office of the Corporation. The Corporation has covenanted in the 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 each Bond owner who shall have filed such owner's name and address with the Corporation for such purposes. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION--Accounts and Reports" herein. Other than as so covenanted in the Resolution, the Corporation has not committed to provide any information on an ongoing basis to any repository or other entity or person. The Mortgagor has covenanted that in the event the Mortgagor exercises its right to convert the interest rate of the 2001 Bonds to a Term Rate or a Fixed Rate, the Mortgagor will execute a continuing disclosure agreement satisfactory to the Corporation and the Remarketing Agent prior to such conversion.

## **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 of New York (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 of New York. 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 appointed Commissioner of HPD on September 19, 2000. 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.

**ADAM L. BARSKY**, Member ex-officio. Mr. Barsky was appointed Director of the New York City Office of Management and Budget on March 28, 2000. In addition, he is currently serving as Chairman of the New York City Employees Retirement System and the Teachers Retirement System Board of Trustees. He has previously served as the Director of the Mayor's Office of Operations and as the Acting Commissioner for the New York City Department of Finance, and as First Deputy Commissioner for that Department. Mr. Barsky has also served as the Chief Financial and Administrative Officer at the New York City Economic Development Corporation. During his public service career, Mr. Barsky served as Town Comptroller for the Town of Babylon, New York, Director of the Department of Finance for the Town of Babylon, and Special Master for the United States Federal District Court. He has also held executive positions at Kidder, Peabody & Company and Arthur Anderson & Company. Mr. Barsky is a graduate of the State University of New York at Albany, where he received a Bachelor of Science degree in Accounting. He is also a Certified Public Accountant.

**ANDREW S. ERISTOFF**, Member ex-officio. Mayor Rudolph W. Giuliani appointed Mr. Eristoff as Commissioner of the New York City Department of Finance on July 6, 1999. Prior to his appointment, Mr. Eristoff served as a Member of the Council of the City of New York, representing the Fourth District of Manhattan, which encompasses much of the borough's East Side. First elected in a February 1993 special election, he was re-elected to four-year terms in November of 1993 and in 1997. A Republican-Liberal, then-Council Member Eristoff served as the Chair of the Council's Task Force on Technology in Government. He also sat on the Committees on Governmental Operations, Contracts, and Parks, Recreation, Cultural Affairs, and International Intergroup Relations. Commissioner Eristoff is a graduate of Georgetown University Law Center and Princeton University.

**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., currently 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 a member of the Actors Studio Drama School Board of Governors of the New School University. He was a member of the Board of Trustees of the American Management Association from 1997 to 2001. 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.

**RUSSELL A. HARDING**, President. Mr. Harding has been the President of the Corporation since June of 1998, during which time he implemented various programmatic and administrative changes. His accomplishments at the Corporation include an expansion of the Corporation's New Housing Opportunities Program to include assisted living projects for the elderly and the creation of a "Taxable 80/20" program designed to stimulate housing development beyond the limits of volume cap allocations. Prior to his time at the Corporation, Mr. Harding served as an Executive Vice President at the New York City Economic Development Corporation, and prior to that as the Coordinator of Intergovernmental Affairs for Mayor Giuliani between 1994 and 1996. While in the Mayor's Office, Mr. Harding also established and oversaw the Mayor's Office of Grants Administration. Mr. Harding also serves as President of the New York City Residential Mortgage Insurance Corporation, a subsidiary of the Corporation ("REMIC").

**CHARLES A. BRASS**, Executive Vice President. Mr. Brass was appointed Executive Vice President of the Corporation on April 5, 2001, returning to the Corporation after serving as President of the New York City Housing Partnership during 2000. 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 Executive Vice 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 an 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 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 to specified private entities; to purchase loans from lending institutions; to make loans insured or coinsured 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 multifamily 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 2001 Bonds, notes, or other obligations are outstanding.

The sale of the 2001 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 2001 Bonds is subject to the review of the New York State Financial Control Board for The City of New York.

For a description of the other activities of the Corporation, see “Appendix B -- Other Activities of the Corporation.”

### **THE MORTGAGE LOAN**

The Resolution authorizes the Corporation to issue the 2001 Bonds to provide moneys to finance the Mortgage Loan for the purposes of paying the costs of acquiring, constructing and equipping the Project and certain other costs related thereto. As a condition to the initial issuance and delivery of the 2001 Bonds, the Bank is to deliver the Letter of Credit for the benefit of the Trustee. In addition, the Corporation and the Mortgagor will enter into a construction loan agreement (as the same may be amended or supplemented, the “Loan Agreement”), prior to or simultaneously with such issuance of the 2001 Bonds. The Mortgage Loan is to be (i) evidenced by three mortgage notes (as the same may be amended or supplemented, collectively, “the Mortgage Note,” in an aggregate amount equal to the principal amount of the 2001 Bonds, (ii) executed by the Mortgagor in favor of the Corporation and (iii) secured by three mortgages, respectively (as the same may be amended or supplemented, collectively, the “Mortgage”). The Mortgagor is required under the Mortgage Note to make payments sufficient to pay principal of and interest on the 2001 Bonds. Pursuant to the terms of the Resolution and the Assignment and Servicing Agreement by and among the Corporation, the Trustee, the Credit Issuer, OTR and the Mortgagor (the “Assignment”), the Corporation is to assign to the Trustee and to the Bank, as Agent, and to OTR, as their interests may appear, all of its right, title and interest in the Mortgage Loan, the Loan Agreement, the Mortgage Note, the

Mortgage and other assigned documents (except certain reserved rights as described in the Assignment and provided that only a portion of the Mortgage Note and Mortgage will be assigned to OTR).

In the Credit Agreement, the Mortgagor agrees to complete the acquisition, construction and equipping of the Project by September 1, 2004. However, the Mortgagor will not be permitted to use more than \$39,000,000 of the proceeds of the 2001 Bonds until certain permits and approvals are obtained. There can be no assurance that the Project will be completed or that it will be completed on schedule. An event of default under the Credit Agreement may cause a mandatory tender or redemption of the 2001 Bonds, in whole or in part. See “DESCRIPTION OF THE 2001 BONDS—Credit Issuer’s Right to Cause a Mandatory Tender for Purchase of 2001 Bonds Upon an Event of Termination” and “Redemption of 2001 Bonds - Mandatory - Mandatory Redemption Upon a Declaration of Acceleration - Following an Event of Termination” herein. See also “SUMMARY OF CERTAIN PROVISIONS OF THE LETTER OF CREDIT AND THE CREDIT AGREEMENT” herein. If the costs of acquiring, constructing and equipping the Project are less than the amount originally anticipated and, in turn, the Mortgage Loan is made in an amount less than the amount originally anticipated, a portion of the 2001 Bonds may be redeemed. See “DESCRIPTION OF THE 2001 BONDS—Redemption of 2001 Bonds - Optional - Special Redemption Without Premium” herein.

The Mortgagor has agreed to pay fees to the Bank in connection with the issuance and maintenance of the Letter of Credit and to indemnify the Bank in certain circumstances. Failure of the Mortgagor to make payments when due under the Mortgage Loan or the Credit Agreement, as the case may be, will result in an event of default under the Credit Agreement and may cause a mandatory tender or redemption, in whole or in part, of the 2001 Bonds. See “DESCRIPTION OF THE 2001 BONDS – Credit Issuer’s Right to Cause a Mandatory Tender for Purchase of 2001 Bonds Upon an Event of Termination” and “Redemption of 2001 Bonds – Mandatory– Mandatory Redemption – Mandatory Redemption Upon a Declaration of Acceleration - Following Event of Termination” herein. See also “SUMMARY OF CERTAIN PROVISIONS OF THE LETTER OF CREDIT AND THE CREDIT AGREEMENT” herein.’

Under the terms of a guaranty of completion and a limited guaranty of payment (collectively, as the same may be amended or supplemented, the “Guaranty”), executed and delivered by The Related Companies, L.P. (the “Guarantor” or “Related, L.P.”), to the Agent for the benefit of the Lenders, the Guarantor has agreed to guarantee (i) completion of construction of the Project and (ii) payment of a portion of the principal of and interest on the Mortgage Note. The liability of the Guarantor under the Guaranty terminates upon the occurrence of certain events. Failure by the Guarantor to perform its obligations under the Guaranty may result in an event of default under the Credit Agreement and may cause a mandatory tender or redemption, in whole or in part, of the 2001 Bonds. See “SUMMARY OF CERTAIN PROVISIONS OF THE LETTER OF CREDIT AND THE CREDIT AGREEMENT” and “DESCRIPTION OF THE 2001 BONDS—Credit Issuer’s Right to Cause a Mandatory Tender for Purchase of 2001 Bonds Upon an Event of Termination” and “Redemption of 2001 Bonds - Mandatory - Mandatory Redemption Upon a Declaration of Acceleration - Following an Event of Termination” herein. Neither the owners of the 2001 Bonds nor the Corporation will have any rights with respect to the Guaranty, and the obligations thereunder, provided by the Guarantor. The Guaranty is provided for the sole benefit of the Agent on behalf of the Lenders.

The ability of the Mortgagor to pay its Mortgage Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses of the Project, fees of the Bank or the other Lenders, Remarketing Agent fees, Trustee and Tender Agent fees, and fees owed to the Corporation. The ability of the Mortgagor to generate sufficient revenues may be affected by a variety of factors including but not limited to completion of the Project, achievement and maintenance of a certain level of occupancy, the ability to achieve increases in rents as necessary to cover debt service and operating expenses, interest rate levels, the level of operating expenses, Project management, adverse changes in applicable laws and regulations, and general economic conditions and other factors in the metropolitan area surrounding the Project. The Mortgagor is required to rent at least 77 units in the Project to persons or families of low or moderate income, and the amount of rent that may be charged for such units is expected to be materially less than market rates. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project.

On September 11, 2001, the World Trade Center and certain other buildings in lower Manhattan were destroyed or damaged by a terrorist attack. The Project is not located in or near this area. The Mortgagor believes that 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 there will be an adverse impact on the anticipated revenues of the Project.

There is no recourse under the Mortgage Loan to the members of the Mortgagor, and such members have no personal liability and have not pledged for the benefit of the Bondholders any of their respective assets, other than the Project and its rents, profits and proceeds.

## **THE PROJECT AND THE MORTGAGOR**

The following information has been provided by the Mortgagor for use herein. While the information is believed to be reliable, neither the Corporation, the Agent, the Bank nor any of their respective counsel, members, directors, officers or employees makes any representations as to the accuracy or sufficiency of such information.

### The Project

The 2001 Bonds are being issued to finance the Mortgage Loan to 55th Clinton Associates, L.L.C., a Delaware limited liability company, (the "Mortgagor") for the purposes of paying the costs of acquiring, constructing, and equipping a multi-family rental housing facility to be located on the west side of 10th Avenue between West 55th Street and West 56th Street in the Borough of Manhattan and certain other costs related thereto (the "Project"). The Project is expected to consist of a total of 371 units (110 studio units, 202 one-bedroom units and 59 two-bedroom units). One of the two-bedroom units is to be occupied by the resident manager. Seventy-seven (77) of the units are expected to be occupied by households whose gross income will not exceed fifty percent (50%) of the area median income for New York City, adjusted for family size. Of these 77 units, approximately 12 units (15%) are expected to be occupied by households whose gross income will not exceed forty percent (40%) of the area median income for New York City, adjusted for family size. In addition to the 371 residential units, the Project will also include residential amenities consisting of a recreational room, a business center, and two landscaped courtyards, as well as approximately 48,000 square feet of commercial space on the ground and second floors, a 15,000 square foot below-grade parking garage, and a 3,300 square foot community facility. The building will be a 24-story tower with its main entrance on 10th Avenue.

The Mortgagor expects to obtain a twenty-year phased exemption from real estate taxes for the Project in accordance with Section 421-a of the Real Property Tax Law of the State of New York, which exemption currently requires that all residential units in the Project be subject to rent regulation for twenty years in accordance with the New York City Rent Stabilization Code. In addition, the Mortgagor expects to receive an allocation of low-income housing tax credits for the Project. The Project is expected to be managed by Related Management Company, L.P. ("RMC"), a New York limited partnership and an affiliate of Related, L.P. (see "The Mortgagor" below). RMC currently manages approximately 117 apartment complexes in eight states containing over 21,500 housing units.

The Mortgagor has entered into certain agreements with OTR relating to the Project. Pursuant to such agreements, under certain circumstances, OTR has the right to take certain actions with respect to the Project including causing the managing member of the Mortgagor to relinquish the right to manage, direct and control the operation of the Mortgagor and the Project.

### The Mortgagor

55th Clinton Associates, L.L.C. is a single-purpose Delaware limited liability company formed in 2000 for the purpose of acquiring the site for the Project, constructing the Project and thereafter owning and operating the Project. As such, the Mortgagor has not previously engaged in any business operations, has no historical earnings and has no material assets other than its interest in the Project. Accordingly, it is expected that the Mortgagor will not have any sources of funds to make payments on the Mortgage Loan other than revenues generated by the Project.

Related 55<sup>th</sup> Clinton Associates, L.L.C., a Delaware limited liability company, is the managing member of the Mortgagor and the entity responsible for executing the design, construction, and completion of the Project. Related 55th Clinton Associates, L.L.C. is principally owned by Related, L.P. Related, L.P. is a New York limited partnership whose general partner is a corporation controlled by Stephen M. Ross and whose limited partners include Mr. Ross and a group of investors with substantial experience in the real estate business. Operating through an affiliate group of companies referred to collectively as “Related” or “The Related Companies,” Mr. Ross has been active in real estate acquisition, development, financial services and management since 1972.

Today, Related is a fully integrated real estate firm with expertise in acquisition/development, financial services and property/asset management, overseeing a real estate portfolio valued in excess of \$11 billion. Related, either directly or in partnerships with third parties, owns, operates or has under construction residential projects totaling approximately 137,000 apartments in 21 states. Related’s principal offices are in New York City, Chicago and Miami, Florida. Related, L.P. is Related’s primary operating company for the development of residential real estate in the Northeast. RMC, the company that is expected to manage the Project, is also one of the companies affiliated with Related.

Among its many residential development projects, Related has successfully completed eleven residential rental projects in New York City using tax-exempt financing, of which five were financed by the Corporation. In addition, Related currently has three residential rental projects under construction in New York City that are being financed by tax-exempt variable rate financing, one of which is being financed by the Corporation. Rents and revenues for the projects mentioned in this paragraph are not pledged as, nor do they constitute, security for the 2001 Bonds.

## **BAYERISCHE HYPO- UND VEREINSBANK AG**

### **General**

The letter of credit is being issued by the New York Branch of Bayerische Hypo- und Vereinsbank AG (“HypoVereinsbank”).

As of September 30, 2001, HypoVereinsbank on a consolidated basis had total assets of approximately 724.6 billion Euros (\$664.8 billion), including total loans of approximately 523.9 billion Euros (\$480.7 billion), total liabilities of approximately 704.9 billion Euros (\$646.8 billion) and total capital of approximately 20.0 billion Euros (\$18.4 billion). HypoVereinsbank’s net profit for the three-month period ended September 30, 2001 was approximately 62 million Euros (\$56.9 million). (Dollar amounts are calculated as of October 1, 2001 using an exchange rate of \$0.9175/1.00 Euro. As of December 6, 2001, the exchange rate was \$.8952/1.00 Euro.).

HypoVereinsbank’s registered address is: Am Tucherpark 16, 80538 Munich, Germany and its internet address is [www.hypovereinsbank.com](http://www.hypovereinsbank.com).

HypoVereinsbank has received a long-term rating of A+ and short-term rating of A-1 from Standard & Poor’s Ratings Services and a long-term rating of Aa3 and short-term rating of P-1 from Moody’s Investors Service. HypoVereinsbank’s New York Branch was issued a license by the New York State Banking Department to conduct a commercial banking business in October 1974. The New York Branch is subject to examination periodically by, and is required to file financial reports with, the New York State Banking Department and the Federal Reserve Bank of New York.

HypoVereinsbank will provide to each person to whom this Official Statement is delivered, at the written request of any such person, a copy of the most recently available annual report of HypoVereinsbank or a copy of the most recently available interim report. Written requests should be directed to HypoVereinsbank A.G., New York Branch, 622 Third Avenue, New York, New York 10017, attention Real Estate Department. In addition, the most recently available quarterly Call Report (Form FFIEC 002) of the New York Branch is currently on file with the Federal Reserve Bank. The financial sections of the Call Reports are available to the public and may be obtained, upon request, by mail from the Supervision and Regulation Department, Federal Reserve Bank of New York, 33 Liberty Street, New York, New York 10045.

Delivery of this Official Statement shall not create any implication that there has been no change in the affairs of HypoVereinsbank since the date hereof or that the information contained or referenced to under this heading is correct as of the time subsequent to the date of such information.

None of such information or any of the statements referred to in the preceding paragraphs under this heading "Bayerische Hypo- und Vereinsbank AG" is guaranteed as to accuracy or completeness by the Corporation or the Mortgagor, or is to be construed as a representation by the Corporation or the Mortgagor. Furthermore, neither the Corporation nor the Mortgagor makes any representations as to the financial condition or resources of HypoVereinsbank or as to the absence of material adverse changes subsequent to September 30, 2001 in such information or in the information contained in the statements referred to above.

## **DESCRIPTION OF THE 2001 BONDS**

### General

The 2001 Bonds are to be dated and will mature as set forth on the cover page of this Official Statement. The 2001 Bonds will bear interest from the date of their delivery until payment of the principal thereof is made or provided for in accordance with the provisions of the Resolution, whether at maturity on December 1, 2034, upon redemption or otherwise. The 2001 Series A Bonds are being issued as variable rate obligations which will bear interest from their date of issue to but not including the Wednesday following said date of issue at a rate per annum set forth in a certificate of the Corporation delivered on the date of issuance of the 2001 Series A Bonds. The 2001 Series B Bonds are being issued as variable rate obligations which will bear interest from their date of issue to but not including the Wednesday following said date of issue at a rate per annum set forth in a certificate of the Corporation delivered on the date of issuance of the 2001 Series B Bonds. Thereafter, each Series of the 2001 Bonds will bear interest initially at the Weekly Rate as determined from time to time by the Remarketing Agent. The interest rate established with respect to each Series of the 2001 Bonds during any Weekly Rate Period shall be determined separately for each Series and need not be the same interest rate. At no time shall the interest rate on the 2001 Bonds exceed the Maximum Rate. Each Series of the 2001 Bonds is subject to conversion to alternate methods of determining interest rates thereon from time to time and to conversion to an interest rate fixed to maturity upon the terms and conditions described herein.

*This Official Statement in general describes the 2001 Bonds only while the 2001 Bonds bear interest at a Weekly Rate.*

Each Series of the 2001 Bonds shall be issued solely in fully registered form, without coupons, issuable during a Weekly Rate Period in the denomination of \$100,000 or any whole multiple of \$100,000.

Interest on the 2001 Bonds shall be payable on a monthly basis on the first Business Day of each month commencing January, 2002, on any Change Date and on the final maturity date of such Series of the 2001 Bonds. Interest on the applicable Series of the 2001 Bonds shall be computed on the basis of a 365 or 366-day year, actual number of days elapsed.

### Book-Entry Only System

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the 2001 Bonds. The 2001 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 2001 Bond certificate will be issued for each Series of the 2001 Bonds, each in the aggregate principal amount 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 settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and 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 securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of 2001 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 2001 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2001 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 2001 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 2001 Bonds, except in the event that use of the book-entry system for the 2001 Bonds is discontinued.

To facilitate subsequent transfers, all 2001 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 2001 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2001 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2001 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.

Redemption notices shall be sent to DTC. If less than all of a Series of the 2001 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Series of the 2001 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2001 Bonds. 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 2001 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2001 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 detail information from the Corporation or 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 and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2001 Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such 2001 Bonds by causing the Direct Participant to transfer the Participant's interest in the 2001 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of the 2001 Bonds in connection with optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2001 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2001 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to a Series of the 2001 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, 2001 Bond certificates of such Series 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, 2001 Bond certificates of the applicable Series will be printed and delivered.

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

So long as Cede & Co. is the registered owner of 2001 Bonds of a Series, as nominee for DTC, references herein to Bondholders or registered owners of the 2001 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 2001 Bonds of such Series.

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.

Notwithstanding any other provision of the Resolution to the contrary, so long as any 2001 Bond is held in book-entry form, such 2001 Bond need not be delivered in connection with any optional or mandatory tender of 2001 Bonds described under "DESCRIPTION OF THE 2001 BONDS." In such case, payment of the Purchase Price in connection with such tender shall be made to the registered owner of such 2001 Bonds on the date designated for such payment, without further action by the Beneficial Owner who delivered notice, and, notwithstanding the description of optional and mandatory tender of 2001 Bonds contained under "DESCRIPTION OF THE 2001 BONDS," transfer of beneficial ownership shall be made in accordance with the procedures of DTC.

NEITHER THE CORPORATION 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 2001 BONDS UNDER THE RESOLUTION; (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 2001 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 2001 BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2001 BONDS; OR (vi) ANY OTHER MATTER.

#### Interest Rate Periods

Weekly Rate Period. Each Series of the 2001 Bonds shall bear interest at the Weekly Rate determined in accordance with the Resolution, during the period from the date of initial issuance and delivery of the 2001 Bonds to the earlier of the first Interest Method Change Date with respect to such Series or the final maturity or redemption in whole of such Series.

The Weekly Rate shall be the lowest interest rate, not exceeding the Maximum Rate, which, in the determination of the Remarketing Agent as of the date of determination and under prevailing market conditions, would result as nearly as practicable in the market price for the applicable Series of the 2001 Bonds on the Weekly Effective Rate Date being one hundred percent (100%) of the principal amount thereof, such interest rate to be determined as follows. The Remarketing Agent will determine a separate Weekly Rate for each Series of the 2001 Bonds, and reference herein to the Weekly Rate shall mean the Weekly Rate as it applies to the applicable Series. The Remarketing Agent shall determine the Weekly Rate not later than 10:00 a.m., New York City time, on the Weekly Effective Rate Date for each Weekly Rate Term; provided, however, that the Weekly Rate from the date of initial issuance and delivery of the 2001 Bonds to but not including the Wednesday following said date of issue shall be the rate for each Series of 2001 Bonds determined by the Corporation and delivered in writing to the Trustee on the date of such issuance and delivery. The Remarketing Agent shall immediately give notice of the determination of any Weekly Rate to the Corporation, the Mortgagor, the Trustee, the Tender Agent and the Credit Issuer by telecopy or similar electronic means of communication or by such other means of communication as shall be mutually agreed upon by the recipients of such notice.

On the Business Day immediately following (i) the issuance and delivery of the 2001 Bonds and (ii) the establishment of any subsequent Weekly Rate Period, the Trustee shall deliver or mail by first-class mail, postage prepaid, to the owner of each 2001 Bond of the applicable Series, at the address shown on the registration books of the Corporation held by the Trustee, a notice stating the Weekly Rate to be borne by the 2001 Bonds of such Series, and that from and after the Weekly Effective Rate Date the 2001 Bonds of such Series will bear interest at the Weekly Rate for the duration of the applicable Weekly Rate Period. Such notice shall further specify the name, address and telephone number of the person or persons from whom information with respect to the Weekly Rate for each succeeding Weekly Rate Term may be obtained. Unless an Interest Method Change Date occurs, a new Weekly Rate Term shall automatically commence on the day after the termination of the current Weekly Rate Term.

If for any reason the position of the Remarketing Agent is vacant, or if the Remarketing Agent fails in the performance of its duty to determine the Weekly Rate for any Weekly Rate Term or the Weekly Rate is held to be invalid or unenforceable by a court of law, as set forth in a written notice from the Corporation to the Trustee, the Weekly Rate for such Weekly Rate Term shall be determined by the Trustee and shall be one hundred percent (100%) of the most recent The Bond Market Association Municipal Swap Index™ theretofore published in the Bond Buyer or otherwise made available to the Trustee, except that with respect to the 2001 Series B Bonds, said rate shall be one hundred percent (100%) of the most recent thirty (30) day Federal Reserve Composite Index as published in Report H-15 of the Federal Reserve Bank of New York.

Interest Rate Changes. No change in the method of determining the interest rate on a Series of the 2001 Bonds shall be made unless the Trustee has received, at least thirty (30) days prior to the Change Date, (1) a Certificate of an Authorized Officer of the Mortgagor specifying (i) the Series to which the Interest Method Change Date relates, (ii) the date which is to be the Interest Method Change Date, and (iii) the method of determining the interest rate which shall take effect on such date, (2) a Certificate of an Authorized Officer of the Credit Issuer, evidencing consent to such change by the Credit Issuer if a Credit Facility is then in effect and, if necessary, an amendment to such Credit Facility conforming such Credit Facility to the requirements of the Resolution applicable to such instrument from and after the Interest Method Change Date, together with various opinions of counsels as set forth in the Resolution, or provision for the issuance of a Substitute Letter of Credit or Alternate Security meeting the requirements of the Resolution, in which case the Interest Method Change Date shall also be a Facility Change Date, (3) an opinion of Bond Counsel to the effect that the proposed change in the method of determining the interest rate on such Series of the 2001 Bonds is consistent with the provisions of the Resolution and will not adversely affect the exclusion of the interest on such Series of the Bonds from gross income for Federal income tax purposes, and (4)(i) permission from Bond Counsel, the opinion of which as to the exclusion from gross income for Federal income tax purposes of interest on such Series of the 2001 Bonds is on file with the Trustee, to deliver such opinion in connection with such Series of the 2001 Bonds, or (ii) an opinion from Bond Counsel as described in the Resolution to the effect that the interest on such Series of the 2001 Bonds is not included in gross income for Federal income tax purposes. The provisions of this paragraph concerning opinions of Bond Counsel regarding the exclusion of interest from gross income shall not apply to the 2001 Series B Bonds.

### Purchase of the 2001 Bonds on Demand of Owner

Each owner of a 2001 Bond of such Series may by delivery of a written, personal, electronic or telephonic notice of tender to the principal offices of the Tender Agent at First Union National Bank, attention: Corporate Trust-NY 4040, 12 East 49th Street, 37th Floor, New York, New York 10017 (or such other address as may be established by the Tender Agent from time to time), and the Remarketing Agent (Goldman, Sachs & Co. at 85 Broad Street, 24th Floor, New York, New York 10004 (or such other address as may be established by the Remarketing Agent from time to time) prior to 5:00 p.m., New York City time, on any Business Day not less than seven calendar days before the particular Business Day chosen as the purchase date, demand payment of the Purchase Price on and as of such purchase date of all or a portion of the 2001 Bonds of such Series, in any denomination authorized by the Resolution; provided, however, that no 2001 Bonds shall be purchased unless any remaining 2001 Bonds of such owner are in a denomination authorized by the Resolution. Each such notice of tender shall be irrevocable and effective upon receipt and shall:

(i) be delivered to the Tender Agent and the Remarketing Agent at their respective Principal Offices and be in a form satisfactory to the Tender Agent; and

(ii) state (A) the Series and the aggregate principal amount of the 2001 Bonds of such Series to be purchased and the numbers of such 2001 Bonds to be purchased, and (B) the date on which such 2001 Bonds are to be purchased, which date shall be a Business Day not prior to the seventh (7th) day next succeeding the date of delivery of such notice and which date will be prior to any Change Date.

If any 2001 Bonds are to be purchased prior to an Interest Payment Date and after the Record Date in respect thereof, the owner of such 2001 Bond demanding purchase thereof shall deliver to the Tender Agent a due bill check, payable to bearer, for interest due on such Interest Payment Date.

Any 2001 Bonds for which a demand for purchase has been made shall be delivered to the Tender Agent as agent for the Credit Issuer at or prior to 12:00 noon, New York City time, on the date designated for purchase, with an appropriate endorsement for transfer or accompanied by a bond power endorsed in blank.

Any 2001 Bonds not so delivered to the Tender Agent (“Undelivered 2001 Bonds”) on or prior to the purchase date for which there has been irrevocably deposited in trust with the Trustee or the Tender Agent an amount of moneys sufficient to pay the Purchase Price of such Undelivered 2001 Bonds shall be deemed to have been purchased at the Purchase Price. IN THE EVENT OF A FAILURE BY AN OWNER OF 2001 BONDS TO DELIVER ITS 2001 BONDS ON OR PRIOR TO THE PURCHASE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE PURCHASE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2001 BONDS, AND ANY UNDELIVERED 2001 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Notwithstanding the above, in the event that any 2001 Bond whose owner has exercised its demand purchase option is remarketed to such owner, such owner need not deliver such 2001 Bond to the Tender Agent, but such 2001 Bond shall be deemed to have been delivered to the Tender Agent and redelivered to such owner.

### Mandatory Purchase of 2001 Bonds on Interest Method Change Date

The 2001 Bonds of a Series shall be subject to mandatory tender for purchase on any Interest Method Change Date at the Purchase Price. The Trustee shall deliver, or mail by first class mail, to the Remarketing Agent and to the owner of each 2001 Bond of the applicable Series, at its address shown on the registration books of the Corporation held by the Trustee, a notice not later than fifteen (15) days prior to the Interest Method Change Date. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. Such notice shall set forth, in substance, the Interest Method Change Date and reason therefor, that such owners of 2001 Bonds shall be deemed to have tendered their 2001 Bonds for purchase on the Interest Method Change Date, and the Purchase Price for such 2001 Bonds.

Owners of 2001 Bonds of the applicable Series shall be required to tender their 2001 Bonds to the Tender Agent for purchase at the Purchase Price on the Interest Method Change Date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered 2001 Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of such Undelivered 2001 Bonds shall be deemed to have been purchased at the Purchase Price on the Interest Method Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF 2001 BONDS TO DELIVER ITS 2001 BONDS ON OR PRIOR TO THE INTEREST METHOD CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE INTEREST METHOD CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2001 BONDS, AND ANY UNDELIVERED 2001 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Mandatory Purchase of 2001 Bonds Upon Replacement, Termination or Expiration of Credit Facility

On any Facility Change Date the 2001 Bonds are subject to mandatory tender for purchase at the Purchase Price. In connection with a purchase on a Facility Change Date, the Trustee shall deliver, or mail by first class mail, postage prepaid, a notice not later than fifteen (15) days prior to the Facility Change Date to the Remarketing Agent and to the owner of each 2001 Bond at its address shown on the registration books of the Corporation held by the Trustee. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. Such notice shall set forth, in substance, the Facility Change Date and reason therefor, that all owners of 2001 Bonds shall be deemed to have tendered their 2001 Bonds for purchase on the Facility Change Date, and the Purchase Price for such 2001 Bonds.

Owners of 2001 Bonds shall be required to tender their 2001 Bonds to the Tender Agent for purchase at the Purchase Price on the Facility Change Date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered 2001 Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered 2001 Bonds shall be deemed to have been purchased at the Purchase Price on the Facility Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF 2001 BONDS TO DELIVER ITS 2001 BONDS ON OR PRIOR TO THE FACILITY CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE FACILITY CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2001 BONDS, AND ANY UNDELIVERED 2001 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Mortgagor's Right to Cause a Mandatory Tender for Purchase of 2001 Bonds Upon a Notice of Prepayment of the Mortgage Loan

Pursuant to the Resolution, upon notice to the Trustee from the Corporation of the Mortgagor's election to prepay, in full, the portion of the Mortgage Loan relating to all Series of the 2001 Bonds bearing interest at the Weekly Rate (said notice from the Corporation to the Trustee being defined in the Resolution as a "Notice of Prepayment of the Mortgage Loan"), the Corporation shall specify a Change Date on which all the 2001 Bonds bearing interest at the Weekly Rate shall be subject to mandatory tender for purchase, which Change Date shall be the date specified by the Mortgagor for such prepayment of the Mortgage Loan.

Following receipt by the Trustee of such Notice of Prepayment of the Mortgage Loan, the Trustee shall deliver, or mail by first-class mail, postage prepaid, to the Remarketing Agent and to the owner of each 2001 Bond to which such notice relates, at its address shown on the registration books of the Corporation held by the Trustee, a notice not less than fifteen (15) days prior to such Change Date. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice.

Any notice of mandatory tender relating to a Notice of Prepayment of the Mortgage Loan shall set forth, in substance, the Change Date and reason therefor, that all owners of 2001 Bonds of such Series shall be deemed to have tendered their 2001 Bonds of such Series for purchase on the Change Date and the Purchase Price for the 2001

Bonds of the applicable Series. Owners of 2001 Bonds to which a mandatory tender for purchase relates shall be required to tender their 2001 Bonds to the Tender Agent for purchase at the Purchase Price on the Change Date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered 2001 Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered 2001 Bonds shall be deemed to have been purchased at the Purchase Price on the Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF 2001 BONDS TO DELIVER ITS 2001 BONDS ON OR PRIOR TO THE CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2001 BONDS, AND ANY UNDELIVERED 2001 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Upon such prepayment of the Mortgage Loan and payment to the Credit Issuer (other than from the proceeds of the remarketing of the 2001 Bonds) of all amounts due under the Credit Agreement, all 2001 Bonds tendered or deemed tendered as a result of such prepayment shall be deemed paid and shall be delivered to the Trustee for cancellation.

#### Credit Issuer's Right to Cause a Mandatory Tender for Purchase of 2001 Bonds Upon an Event of Termination

Pursuant to the Resolution, for so long as the Credit Facility is in effect, upon the receipt by the Trustee of written notice from the Credit Issuer that one or more events of default have occurred under the Credit Agreement (defined in the Resolution as an "Event of Termination"), including, but not limited to, a default under the Mortgage Loan or the Guaranty, a failure to reimburse the Credit Issuer under the Credit Agreement or a failure to complete the Project within the time required by the Credit Agreement, the Credit Issuer may specify a Change Date on which the 2001 Bonds of a Series shall be subject to mandatory tender for purchase, which Change Date shall not be later than eight (8) days following receipt by the Trustee of the direction to purchase such 2001 Bonds; provided however, that if the Credit Issuer shall have directed that the mandatory tender for purchase of the applicable Series of the 2001 Bonds be for a portion of such Series, only such portion of such Series shall be subject to mandatory tender for purchase by the owners thereof on such Change Date, the particular Series and maturities of such Bonds to be so tendered shall be selected by the Credit Issuer and if less than all of the Bonds of any such maturity are to be tendered, the particular Bonds to be tendered (which shall be in authorized denominations) shall be selected by the Trustee by lot, using such method as it shall determine in its sole discretion. Upon receipt of such written notice from the Credit Issuer, the Trustee shall promptly deliver to the Remarketing Agent and to the owner of each affected 2001 Bond a notice of mandatory tender for purchase by overnight express mail or courier service. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. See "SUMMARY OF CERTAIN PROVISIONS OF THE LETTER OF CREDIT AND CREDIT AGREEMENT" herein.

Any notice of mandatory tender relating to an Event of Termination specified by the Credit Issuer shall set forth, in substance, the Change Date and reason therefor, that all owners of affected 2001 Bonds of the applicable Series shall be deemed to have tendered their 2001 Bonds for purchase on the Change Date and the Purchase Price for such 2001 Bonds. Owners of affected 2001 Bonds of the applicable Series shall be required to tender their 2001 Bonds to the Tender Agent for purchase at the Purchase Price with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered 2001 Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered 2001 Bonds shall be deemed to have been purchased at the Purchase Price on the Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF AFFECTED 2001 BONDS TO DELIVER ITS 2001 BONDS ON OR PRIOR TO THE CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2001 BONDS, AND ANY UNDELIVERED 2001 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

### Additional Provisions Regarding Pledged Bonds

Pursuant to the Resolution, 2001 Bonds for which the Purchase Price is funded with moneys provided under the Credit Facility and which are not remarketed shall become Pledged Bonds. The Credit Facility shall not constitute security or provide liquidity support for Pledged Bonds. Pledged Bonds shall be pledged pursuant to the Pledge Agreement.

Failure to pay interest on Pledged Bonds when due, or failure to pay principal and interest on Pledged Bonds upon any Redemption Date or purchase date or the maturity date of Pledged Bonds, shall not constitute an Event of Default. Upon the maturity date of a Series of the 2001 Bonds, or upon any Redemption Date for the redemption in whole of such Series of 2001 Bonds (whether by reason of optional or mandatory redemption) or date of acceleration of such Series, all Pledged Bonds of such Series shall be deemed cancelled. Pledged Bonds of such Series shall also be cancelled at the direction of the Credit Issuer. At such time as a Pledged Bond is remarketed, the Trustee or the Tender Agent, as appropriate, shall (a) remit the proceeds from the remarketing to the Credit Issuer, and (b) to the extent that the Credit Facility has been reinstated by the amount required as specified in the Resolution, give written notice to the Remarketing Agent, the Mortgagor and the Credit Issuer that such Bond is no longer a Pledged Bond.

### Provisions Affecting 2001 Bonds if a Change of Method of Determining the Interest Rate Cannot be Effected or if a Credit Facility Cannot be Replaced

In the event of a Facility Change Date or an Interest Method Change Date and following the provision of notice of mandatory purchase of 2001 Bonds, the Trustee receives notice from the Corporation or the Remarketing Agent, as applicable, that a change in the method of determining the interest rate on a Series of the 2001 Bonds cannot be effected, or a Credit Facility that was to be replaced cannot be replaced, the Change Date shall be cancelled, unless the prior Credit Facility is expiring within sixty (60) days after the Change Date. The Trustee shall promptly deliver or mail by first class mail, postage prepaid, a notice to the owners of the applicable Series of the 2001 Bonds stating that such change shall not occur and the reasons therefor.

### Changes of Time Period for Provision of Notice Relating to Mandatory Purchase Provision or Demand Purchase Option

The Resolution provides that it is subject to amendment and supplement by a Supplemental Resolution, from time to time, to effect a change with respect to the time periods for provision of notice relating to the Mandatory Purchase Provision, Demand Purchase Option or interest rate determination or the time periods for interest rate determination or the procedure for tendering 2001 Bonds in connection with the Mandatory Purchase Provision or Demand Purchase Option, which Supplemental Resolution may be adopted and become effective (i) upon filing of a copy thereof certified by an Authorized Officer of the Corporation with the Trustee, (ii) upon filing with the Trustee and the Corporation of a consent to such Supplemental Resolution executed by the Trustee, and (iii) if such Supplemental Resolution is to effect a change with respect to the time periods for provision of notice relating to the Mandatory Purchase Provision, Demand Purchase Option or interest rate determination or the time periods for interest rate determination or the procedure for tendering 2001 Bonds in connection with the Mandatory Purchase Provision or Demand Purchase Option, after such period of time as the Trustee and the Corporation deem appropriate following notice to the 2001 Bond owners. A copy of any such Supplemental Resolution shall be provided to the owners of the 2001 Bonds.

### Delivery of 2001 Bonds in Book-Entry Form

Notwithstanding any other provision of the Resolution to the contrary, so long as any 2001 Bond is held in book-entry form, such 2001 Bond need not be delivered in connection with any optional or mandatory tender of 2001 Bonds described under "DESCRIPTION OF THE 2001 BONDS." In such case, payment of the Purchase Price in connection with such tender shall be made to the registered owner of such 2001 Bonds on the date designated for such payment, without further action by the Beneficial Owner who delivered notice, and transfer of beneficial ownership shall be made in accordance with the procedures of DTC. See "DESCRIPTION OF THE 2001 BONDS -- Book-Entry-Only System" herein.

## Redemption of 2001 Bonds - Mandatory

Mandatory Redemption From Certain Recoveries of Principal and Other Moneys. The 2001 Bonds shall be subject to mandatory redemption, in whole or in part, at any time prior to maturity, in an amount not in excess of (i) any Recoveries of Principal (other than the advance payment in full of all amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor, with respect to the portion of the Mortgage Loan relating to all Series of the 2001 Bonds bearing interest at the Weekly Rate), and (ii) other moneys made available under the Resolution in connection with the redemption described in (i) above, at a Redemption Price equal to 100% of the principal amount of the 2001 Bonds or portions thereof to be redeemed plus accrued interest to the Redemption Date.

Mandatory Redemption on Bankruptcy of Credit Issuer. The 2001 Bonds are subject to mandatory redemption in whole at any time prior to maturity, if, within 30 days after an Act of Bankruptcy of the Credit Issuer, the Trustee has not received a new Credit Facility, at a Redemption Price equal to 100% of the principal amount of the 2001 Bonds to be redeemed, plus accrued interest to the Redemption Date.

### Mandatory Redemption Upon a Declaration of Acceleration.

Following an Event of Default. The 2001 Bonds are subject to mandatory redemption, in whole, without notice, upon a declaration of acceleration by the Trustee as a remedy for an Event of Default under the Resolution at a Redemption Price equal to 100% of the principal amount of the 2001 Bonds to be redeemed, plus accrued interest thereon to the Redemption Date (which Redemption Date shall be the date of such declaration of acceleration).

Following an Event of Termination. The 2001 Bonds are subject to mandatory redemption, in whole or in part, without notice, upon a declaration of acceleration by the Trustee as a remedy for an Event of Termination under the Resolution at a Redemption Price equal to 100% of the principal amount of the 2001 Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date (which Redemption Date shall be the date of such declaration of acceleration).

Mandatory Redemption Following a Determination of Taxability. The 2001 Bonds (including the 2001 Series B Bonds) shall be subject to mandatory redemption, in whole, as soon as practicable after the occurrence of a “Determination of Taxability” at a Redemption Price equal to 100% of the aggregate principal amount of the 2001 Bonds to be redeemed plus accrued interest to the Redemption Date. A “Determination of Taxability” with respect to the 2001 Bonds shall be deemed to occur if there shall be a final decree or judgment of a Federal court, or a final determination by the Internal Revenue Service for which all appeal or challenge periods have expired without challenge or appeal having been instituted, to the effect that the interest paid or payable on any 2001 Series A Bond is or was includable in the gross income of the owner of such 2001 Series A Bond for Federal income tax purposes, other than as a result of the owner of such 2001 Series A Bond being a “substantial user” of the facilities financed by the 2001 Bonds or a “related person” within the meaning of the Code.

## Redemption of 2001 Bonds - Optional

Optional Redemption. The 2001 Bonds shall be subject to redemption, at the option of the Corporation, in whole or in part, at any time, at a Redemption Price equal to 100% of the principal amount of the 2001 Bonds or portions thereof to be so redeemed plus accrued interest to the Redemption Date.

Special Redemption Without Premium The 2001 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 (i) amounts on deposit in the Bond Proceeds Account representing unexpended amounts allocable to the 2001 Bonds that are not used to finance the Mortgage Loan and (ii) any other moneys made available under the Resolution in connection with the redemption described in (i) above, at a Redemption Price equal to 100% of the principal amount of the 2001 Bonds to be so redeemed, plus interest accrued thereon to the Redemption Date.

### Selection of 2001 Bonds to be Redeemed

In connection with any redemption of a Series of the 2001 Bonds in part, the Trustee, after first selecting for redemption any 2001 Bonds pledged to the Credit Issuer, shall select the remaining 2001 Bonds of such Series or portions thereof to be redeemed by lot in such manner as the Trustee may determine. If less than all Series of the 2001 Bonds are to be redeemed, the Corporation may select which Series of the 2001 Bonds are to be redeemed and the principal amount of such Series of the 2001 Bonds to be redeemed. Notwithstanding the foregoing, for so long as the Credit Facility shall be in effect, (i) the first 2001 Bonds of a Series to be redeemed shall be Pledged Bonds of such Series and (ii) no 2001 Bond shall be selected for redemption if the portion of such 2001 Bond remaining after such redemption would not be a denomination authorized by the Resolution.

### Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem the 2001 Bonds, or is required pursuant to the Resolution to redeem the 2001 Bonds, the Trustee is to give notice, in the name of the Corporation, of the redemption of such 2001 Bonds. Such notice is to specify, among other things, the 2001 Bonds to be redeemed, the Redemption Price, the Redemption Date, any conditions precedent to such redemption and the place or places where amounts due upon such redemption will be payable. The Trustee is to mail a copy of such notice postage prepaid to the registered owners of any 2001 Bonds or portions of 2001 Bonds which are to be redeemed, at their last addresses appearing upon the registry books not less than fifteen (15) days before the Redemption Date. The foregoing provisions of this paragraph do not apply in the case of any redemption of 2001 Bonds for which, pursuant to the Resolution, notice is not required to be given. If the conditions precedent to the redemption, if any, have been satisfied, interest shall cease to accrue and be payable on the 2001 Bonds after the Redemption Date if notice has been given, or is not required to be given, and if sufficient moneys have been deposited with the Trustee to pay the applicable Redemption Price and interest on the 2001 Bonds on such date. So long as the 2001 Bonds are in book-entry form, notice of redemption shall be given to Cede & Co., as nominee for DTC. See “DESCRIPTION OF THE 2001 BONDS -- Book-Entry-Only System.”

### Corporation’s Right to Purchase

The Corporation retains the right to purchase the 2001 Bonds at such times, in such amounts and at such prices less than or equal to par as the Corporation shall determine, subject to the provisions of the Resolution, and thereby reduce its obligations, if any, for the 2001 Bonds.

## **ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds of the 2001 Bonds will be used to fund the Mortgage Loan to the Mortgagor in the maximum principal amount of \$130,000,000, which amount will be used to finance the Project costs, the Underwriter’s fee in the amount of \$210,861.64 and certain other costs related thereto. Subject to satisfying certain conditions specified in the Resolution and the Credit Agreement, the Mortgagor expects to draw approximately \$29,000,000 of the Mortgage Loan upon the issuance of the 2001 Bonds and the balance of \$101,000,000 from time to time thereafter.

To the extent any proceeds of the 2001 Bonds are not used to fund the Mortgage Loan, a portion of the 2001 Bonds may be redeemed. See “DESCRIPTION OF THE 2001 BONDS—Redemption of 2001 Bonds-Optional – Special Redemption Without Premium” herein.

## **SECURITY FOR THE BONDS**

### Pledge of the Resolution

The Resolution constitutes a contract among the Corporation, the Trustee and the owners of the Bonds issued thereunder and its provisions are for the equal benefit, protection and security of the owners of all such

Bonds, each of which, regardless of the time of issue or maturity, is to be of equal rank without preference, priority or distinction except as provided in the Resolution.

The Bonds are special obligations of the Corporation payable from the Revenues and amounts on deposit in the Accounts (other than amounts deposited in or to be deposited in the Rebate Fund) as described herein. In addition, the 2001 Bonds are payable from amounts obtained under the Credit Facility. Payment of the principal or Redemption Price of and interest on all Bonds is secured by a pledge of Revenues, which consists of all payments received by the Corporation from or on account of the Mortgage Loan, including scheduled, delinquent and advance payments of principal and interest, proceeds from the sale, assignment, or other disposition of the Mortgage Loan in the event of a default thereon, proceeds of any insurance or condemnation award, and income derived from the investment of funds held by the Trustee in Accounts established under the Resolution, including earnings and gains received by the Trustee pursuant to any investment agreement. Revenues do not, however, include any administrative or financing fee paid to the Corporation, other escrow deposits or financing, extension, late charges or settlement fees on account of the Mortgage Loan. Payment of the Bonds is also secured by a pledge by the Corporation of all amounts held in any Accounts (other than amounts deposited in or to be deposited in the Rebate Fund) established pursuant to the Resolution (including the investments of such Accounts, if any). The Credit Issuer shall have certain rights with respect to, among other things, extensions, remedies, waivers, amendments and actions unless there is a Wrongful Dishonor of the Credit Facility by the Credit Issuer or the Credit Facility is no longer in effect, to the extent and as provided in the Resolution.

The pledges described in the immediately preceding paragraph are also subject to the terms and provisions of the Resolution requiring transfers of amounts to the Rebate Fund and permitting the application of the Revenues and amounts in such Accounts for the purposes described therein.

Pursuant to the Assignment, all of the Corporation's rights under the Mortgage Loan (except certain reserved rights as described in the Assignment and provided that only a portion of the Mortgage Loan will be assigned to OTR) will be assigned to the Trustee on behalf of the owners from time to time of the Bonds, as security for the payment of the principal of and interest on the Bonds, and to the Agent, on behalf of the Lenders, as security for the obligations of the Mortgagor under the Credit Agreement, and to OTR as their respective interests may appear. The Corporation has also assigned under the Assignment its rights to enforce the terms, covenants and conditions of the Mortgage Loan to the Agent and the Trustee as their respective interests may appear. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION—Covenants with Respect to the Mortgage Loan."

#### Letter of Credit

The 2001 Bonds when initially issued will have the benefit of an irrevocable direct pay Letter of Credit issued by the Bank, which Letter of Credit will expire on December 15, 2006 unless earlier extended or terminated earlier in accordance with its terms. The Letter of Credit may be replaced with a Substitute Letter of Credit or various other forms of credit enhancement ("Alternate Security"; the Letter of Credit, Substitute Letter of Credit or Alternate Security being herein referred to as the "Credit Facility"), as described below under the caption "Alternate Security." Upon replacement, termination or expiration of the Letter of Credit, the 2001 Bonds are subject to mandatory tender as described above under the caption "DESCRIPTION OF THE 2001 BONDS—Mandatory Purchase of 2001 Bonds Upon Replacement, Termination or Expiration of Credit Facility." Further information regarding the Letter of Credit is contained herein under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE LETTER OF CREDIT AND THE CREDIT AGREEMENT" and further information regarding the Bank is contained herein under the caption "BAYERISCHE HYPO- UND VEREINSBANK AG, NEW YORK BRANCH."

#### Alternate Security

Pursuant to the Resolution, the Corporation reserves the right to make provision for or cause the replacement of any Credit Facility; provided, however, that during any Weekly Rate Period, a Credit Facility must be in effect with respect to the 2001 Bonds.

The Corporation may not exercise its right to make provision for or cause the replacement of any Credit Facility, unless the Corporation has provided the Trustee with (i) certain opinions as to, among other things, the effect of such replacement on the tax status of the 2001 Series A Bonds and the legality, validity and enforceability of the new Credit Facility; (ii) a letter from Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. or the national rating agency or agencies then rating the 2001 Bonds (a) in the case of a Substitute Letter of Credit to the effect that such Substitute Letter of Credit will not result in a reduction or withdrawal of the rating on the 2001 Bonds in effect at the time of such substitution; and (b) in the case of Alternate Security, to the effect that such Alternate Security will provide the 2001 Bonds with an investment grade rating; and (iii) moneys sufficient to pay all costs incurred by the Trustee and the Corporation in connection with the provision of such Credit Facility.

#### Additional Bonds

Additional Bonds, on parity with the 2001 Bonds then Outstanding, may be issued by the Corporation pursuant to the Resolution for any one or more of the following purposes: (i) financing increases in the Mortgage Loan, (ii) refunding Bonds, (iii) establishing reserves for such Additional Bonds, and (iv) paying the costs of issuance related to such Additional Bonds. For so long as the Credit Facility shall be in effect for the 2001 Bonds, no Additional Bonds shall be issued unless such Bonds are secured by the same Credit Facility in effect for the 2001 Bonds, as such Credit Facility shall be amended, extended or replaced in connection with the issuance of such Additional Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Additional Bonds" herein.

#### Bonds Not a Debt of the State or the City

The Bonds are not a debt of the State of New York or of The City of New York, 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.

### **SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

Set forth below are abridged or summarized excerpts of certain sections of the Resolution. These excerpts do not purport to be complete or to cover all sections of the Resolution. Reference is made to the 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 Resolution 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 Resolution and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Corporation shall be for the equal 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 Resolution. The Corporation pledges the Revenues and all amounts held in any Account, including investments thereof, established under the Resolution, to the payment of the principal or Redemption Price of and interest on the Bonds subject to provisions permitting the use or application of such amounts for stated purposes, as provided in the Resolution and the Assignment. The foregoing pledge does not include amounts on deposit or required to be deposited in the Rebate Fund. The Corporation also assigns to the Trustee on behalf of the Bond owners, to the Credit Issuer, and to OTR, as their interests may appear and in accordance with the terms of the Assignment, all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents, except as otherwise provided in the Assignment. The Bonds shall be special revenue obligations of the Corporation payable solely from the revenues and assets pledged therefor under the Resolution. In addition, the Bonds shall be payable from Credit Facility Payments.

### Credit Facility

For so long as a Credit Facility shall be in effect for any Series of the 2001 Bonds, all Series of the 2001 Bonds must be secured by the same Credit Facility.

### Provisions for Issuance of Bonds

In order to provide sufficient funds to finance the Project and pay certain costs related thereto, 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 upon the order of the Corporation, but only upon the receipt by the Trustee of, among other things:

(a) Bond Counsel's Opinion to the effect that (i) the Resolution and the Supplemental Resolution, if any, 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 Resolution and, if applicable, such Supplemental Resolution create the valid pledge and lien which it or they purport to create of and on the Revenues and all the Accounts established under the Resolution and moneys 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 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 Resolution and such Supplemental Resolution;

(b) a written order as to the delivery of such Bonds, signed by an Authorized Officer of the Corporation;

(c) the amount of the proceeds of such Bonds to be deposited with the Trustee pursuant to the Resolution;

(d) with respect to the 2001 Bonds, the Letter of Credit, and with respect to any Additional Bonds, the Credit Facility, if required.

### Parity Bonds

Additional Bonds may be issued, at the option of the Corporation, on a parity with the Bonds then Outstanding for the purposes of (i) financing increases in the Mortgage Loan, (ii) refunding Bonds, (iii) establishing reserves for such Additional Bonds, and (iv) paying the Costs of Issuance related to such Additional Bonds. Additional Bonds shall contain such terms and provisions as are specified in the Supplemental Resolution authorizing the same. The Supplemental Resolution authorizing such Additional Bonds shall utilize, to the extent possible, Accounts established for the Outstanding Bonds.

For so long as a Credit Facility shall be in effect for the 2001 Bonds, no Additional Bonds shall be issued unless such Bonds are secured by the same Credit Facility in effect for the 2001 Bonds, as such Credit Facility shall be amended, extended or replaced in connection with the issuance of such Additional Bonds; provided that the Credit Facility shall not secure Pledged Bonds.

### Application and Disbursements of Bond Proceeds

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 a certificate of an Authorized Officer, and the amount, if any, received as accrued interest shall be deposited in the Revenue Account;

(2) with respect to any Series issued for the purpose of refunding Bonds, 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, 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) with respect to the 2001 Bonds, the balance remaining after such deposits have been made as specified in (1) above shall be deposited in the Bond Proceeds Account; and

(5) with respect to any Series (other than the 2001 Bonds) issued for a purpose other than refunding Bonds, the balance remaining after such deposits have been made shall be deposited in the Bond Proceeds Account.

Amounts in the Bond Proceeds Account shall not be disbursed for financing the Mortgage Loan unless, among other things, (1) the Mortgage Documents and any other document securing the Mortgage Loan shall have been duly executed and delivered, (2) there shall have been filed with the Trustee an opinion of counsel to the effect that the Mortgage Loan complies with all provisions of the Act and the Resolution, and (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 a first mortgage lien subject only to Permitted Encumbrances on the real property securing the Mortgage Loan.

#### Deposits and Investments

Any amounts held by the Trustee under the Resolution may be deposited in the corporate trust department of the Trustee and secured as provided in the Resolution. In addition, any amount held by the Trustee under the Resolution may be invested in Investment Securities. In computing the amount in any Account, obligations purchased as an investment of moneys therein shall be valued at amortized value or if purchased at par 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 Resolution for any other coin or currency of the United States of America or Investment Securities of like amount.

Any other provisions of the Resolution notwithstanding, amounts on deposit in the Letter of Credit Payments Sub-Account, pending application, may only be invested in Government Obligations maturing or being redeemable at the option of the holder thereof in the lesser of thirty (30) days or the times at which such amounts are needed to be expended.

#### Establishment of Accounts

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

- (1) Bond Proceeds Account;
- (2) Revenue Account (including the Letter of Credit Payments Sub-Account therein);
- (3) Redemption Account.

In the event provision is made for Alternate Security with respect to the Bonds, the Trustee may establish a special trust account with an appropriate designation, and the provisions of the Resolution applicable to the Letter of Credit Payments Sub-Account shall be applicable to the newly created trust account in all respects as if the newly created trust account replaced the Letter of Credit Payments Sub-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 Resolution and any other amounts determined by the Corporation to be deposited therein from time to time.

Amounts in the Bond Proceeds Account shall be expended only (i) to finance the Mortgage Loan; (ii) to pay Costs of Issuance; (iii) to pay principal or Redemption Price of and interest on the Bonds when due, to the extent amounts in the Revenue Account and the Redemption Account are insufficient for such purposes; (iv) to purchase or redeem Bonds in accordance with the Resolution; (v) to reimburse the Credit Issuer for moneys obtained under the Credit Facility for the purposes set forth in (iii) above; and (vi) to pay to the Credit Issuer any regularly scheduled fees due and owing to the Credit Issuer pursuant to the Credit Agreement.

#### Revenue Account

Subject to the provisions of the Assignment, the Corporation shall cause all Pledged Receipts to be deposited in the Revenue Account. There shall also be deposited in the Revenue Account any other amounts required to be deposited therein pursuant to the Resolution. Earnings on all Accounts established under the Resolution shall be deposited, as realized, in the Revenue Account, except for moneys required to be deposited in the Rebate Fund in accordance with the provisions of the Resolution and except for interest income representing a recovery of the premium and accrued interest, if any, included in the purchase price of any Investment Security, which shall be retained in the particular account for which the Investment Security was purchased. During the term of the Letter of Credit, the Trustee shall draw moneys thereunder in accordance with the terms thereof, in a timely manner and in amounts sufficient to pay the principal or Redemption Price of and interest on the Bonds as such become due, whether at maturity or upon redemption or acceleration or on an Interest Payment Date or otherwise, and shall deposit such amounts in the Letter of Credit Payments Sub-Account. During the term of any other Credit Facility, the Trustee shall obtain moneys under such Credit Facility, in accordance with the terms thereof, in a timely manner, in the full amount required to pay the principal or Redemption Price of and interest on the Bonds as such become due, whether at maturity or upon redemption or acceleration or on an Interest Payment Date or otherwise and shall deposit such amounts in the Letter of Credit Payments Sub-Account.

On or before each Interest Payment Date, the Trustee shall pay, from the sources described below and in the order of priority indicated, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date, and on or before the Redemption Date or date of purchase (but not with respect to any purchase pursuant to the Mandatory Purchase Provision or the Demand Purchase Option), 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) as follows:

- (1) first, from the Letter of Credit Payments Sub-Account, and to the extent the moneys therein are insufficient for said purpose;
- (2) second, from the Revenue Account, and to the extent the moneys therein are insufficient for said purpose;
- (3) third, from the Redemption Account, and to the extent moneys therein are insufficient for said purpose;
- (4) fourth, from the Bond Proceeds Account and to the extent that moneys therein are insufficient for said purpose; and

(5) fifth, from any other moneys held by the Trustee under the Resolution and available for such purpose.

After payment of the Principal Installments, if any, and interest due on the Outstanding Bonds has been made, and to the extent payments on the Bonds are made from the source described in subparagraph (1) above, the amounts available from the sources described in subparagraphs (2) through (5) above, in the order of priority indicated, shall be used immediately to reimburse the Credit Issuer for amounts obtained under the Credit Facility and so applied.

Notwithstanding any provision to the contrary which may be contained in the Resolution, (i) in computing the amount to be drawn under the Credit Facility on account of the payment of the principal of or interest on the Bonds, the Trustee shall exclude any such amounts in respect of any Bonds which are Pledged Bonds on the date such payment is due, and (ii) amounts drawn by the Trustee under the Credit Facility shall not be applied to the payment of the principal of or interest on any Bonds which are Pledged Bonds on the date such payment is due.

Any moneys accumulated in the Revenue Account up to the unsatisfied balance of each Sinking Fund Payment (together with amounts accumulated in the Revenue Account with respect to interest on the Bonds for which such Sinking Fund Payment was established) shall, if so directed in writing by the Corporation, be applied by the Trustee on or prior to the forty-fifth day preceding 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 unpaid accrued interest or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above.

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 of the Corporation, 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 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 moneys 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 (after providing for all payments required to have been made prior thereto pursuant to the Resolution) (i) first, if so directed by the Corporation, to the Trustee, an amount equal to the Trustee's unpaid fees and expenses, (ii) second, at the direction of the Corporation, to the Credit Issuer, an amount equal to any fees due and owing to the Credit Issuer pursuant to the Credit Agreement, (iii) third, if so directed by the Corporation, to the Tender Agent, an amount equal to the Tender Agent's unpaid fees and expenses, (iv) fourth, if so directed by the Corporation, to the Remarketing Agent, an amount equal to the Remarketing Agent's unpaid fees and expenses, and (v) fifth, to the Corporation, the Administrative Fee to the extent unpaid. The amount remaining after making the transfers or payments required hereinabove shall be retained in the Revenue Account. Such remaining balance shall be used to offset the Mortgagor's obligation under the Mortgage Loan (in direct chronological order of such obligation), unless the Trustee receives a Certificate from the Corporation stating that a default has occurred with respect to any agreement between the Corporation and the Mortgagor. If the Trustee shall thereafter receive a Certificate from the Corporation stating that such default has been cured or waived, such remaining balance shall once again be used to offset the Mortgagor's obligation under the Mortgage Loan (in direct chronological order of such obligation).

#### Redemption Account

Subject to the provisions of the Assignment, there shall be deposited in the Redemption Account all Recoveries of Principal and any other amounts which are required by the Resolution to be so deposited and any

other amounts available therefor and determined by the Corporation to be deposited therein. Subject to the provisions of the Resolution or of any Supplemental Resolution authorizing the issuance of Bonds, requiring the application thereof to the payment, purchase or redemption of any particular Bonds, the Trustee shall apply amounts from the sources described in the following paragraph equal to amounts so deposited in the Redemption Account to the purchase or redemption of Bonds at the times and in the manner provided in the Resolution.

On or before a Redemption Date or date of purchase of Bonds in lieu of redemption, the Trustee shall pay, from the sources described below and in the order of priority indicated, the amounts required for the payment of the principal of Outstanding Bonds to be redeemed or purchased and cancelled on such date as follows:

(1) first, from the Letter of Credit Payments Sub-Account, and to the extent the moneys therein are insufficient for such purpose;

(2) second, from the Redemption Account, and to the extent the moneys therein are insufficient for such purpose;

(3) third, from the Revenue Account, and to the extent the moneys therein are insufficient for such purpose;

(4) fourth, from the Bond Proceeds Account, and to the extent the moneys therein are insufficient for such purpose; and

(5) fifth, from any other moneys held by the Trustee under the Resolution and available for such purpose.

After payment of the principal of such Outstanding Bonds to be redeemed or purchased has been made, and to the extent payments for the redemption or purchase of the Bonds are made from the source described in subparagraph (1) above, amounts available from the sources described in subparagraphs (2) through (5) above, in the order of priority indicated, shall be used to reimburse the Credit Issuer for amounts obtained under the Credit Facility and so applied.

#### Rebate Fund

The Resolution also establishes the Rebate Fund as a special trust account to be held and maintained by the Trustee. Earnings on all Accounts required to be deposited in the Rebate Fund are to be deposited in 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 Resolution.

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Officer of the Corporation, 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 of the Corporation to the extent necessary to comply with the tax covenant set forth in the 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 of the Corporation, 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 of the Corporation, 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 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 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, the 2001 Series A Bonds and any Additional Bonds, as designated in a Supplemental Resolution, to which the Corporation intends that the following covenants shall apply (the provisions of this section shall not apply to the 2001 Series B Bonds):

The Corporation shall at all times do and perform all acts and things permitted by law 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, 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.

The Corporation shall not permit any person or “related person” (as defined in the Code) to purchase Bonds (other than Pledged Bonds) in an amount related to the Mortgage Loan to be acquired by the Corporation from such person or “related person.”

#### Covenants with Respect to Mortgage Loan

In order to pay the Principal Installments of and interest on the Bonds when due, the Corporation covenants that it shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the 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 Resolution, to finance the Mortgage Loan pursuant to the Act and the Resolution and any applicable Supplemental Resolution (ii) do all such acts and things as shall be necessary to receive and collect Pledged Receipts (including diligent enforcement of the prompt collection of all arrears on the Mortgage Loan) and Recoveries of Principal, and (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 the Mortgage Loan or any subsidy payments in connection with the Project or the occupancy thereof and to enforce all terms, covenants and conditions of the Mortgage Loan and the Mortgage Documents, including the collection, custody and prompt application of all Escrow Payments for the purposes for which they were made; provided, however, that the

obligations of the Corporation in (ii) and (iii) above may be suspended during the term of the Assignment, except as otherwise provided in the Assignment.

#### Issuance of Additional Obligations

The Corporation shall not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a superior or, except in the case of Bonds, an equal charge and lien on the Revenues and assets pledged under the Resolution. The Corporation shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness, which will be secured by a subordinate charge and lien on the Revenues and assets pledged under the Resolution unless the Corporation shall have received the written consent of the Credit Issuer.

#### Accounts and Reports

The Corporation shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Mortgage Loan and all Accounts established by the Resolution which shall at all reasonable times be subject to the inspection of the Trustee, and the owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing. The Corporation may authorize or permit the Trustee to keep such books on behalf of the Corporation.

If at any time during any fiscal year there shall have occurred an Event of Default or an Event of Default shall be continuing, then the Corporation shall file with the Trustee, within forty-five (45) days after the close of such fiscal year, a special report accompanied by an Accountant's Certificate as to the fair presentation of the financial statements contained therein, setting forth in reasonable detail the individual balances and receipts and disbursements for each Account under the Resolution.

The Corporation shall annually, within one hundred twenty (120) days after the close of each fiscal year of the Corporation, file with the Trustee a copy of an annual report as to the operations and accomplishments of the various funds and programs of the Corporation during such fiscal year, and financial statements for such fiscal year, setting forth in reasonable detail: (i) the balance sheet with respect to the Bonds and Mortgage Loan, showing the assets and liabilities of the Corporation at the end of such fiscal year; (ii) a statement of the Corporation's revenues and expenses in accordance with the categories or classifications established by the Corporation in connection with the Bonds and Mortgage Loan during such fiscal year; (iii) a statement of changes in fund balances, as of the end of such fiscal year; and (iv) a statement of cash flows, as of the end of such fiscal year. The financial statements shall be accompanied by the Certificate of an Accountant stating that the financial statements examined present fairly the financial position of the Corporation at the end of the fiscal year, the results of its operations and the changes in its fund balances and its cash flows for the period examined, in conformity with generally accepted accounting principles applied on a consistent basis except for changes with which such Accountant concurs.

Except as provided in the second preceding paragraph, any such financial statements may be presented on a consolidated or combined basis with other reports of the Corporation.

A copy of each annual report or special report and any Accountant's Certificate relating thereto shall be mailed promptly thereafter by the Corporation to each Bond owner who shall have filed such owner's name and address with the Corporation for such purposes.

#### Supplemental Resolutions

Any modification of or amendment to the provisions of the 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 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 a modification or amendment referred to in (iii) above shall not be permitted unless the Trustee shall have received a Bond Counsel's Opinion to the effect that such modification or amendment does not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds to which the tax covenants of the Resolution apply. If any such modification or amendment will not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, 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 Resolution on the issuance of other evidences of indebtedness; add to the covenants and agreements of or limitations and restrictions on, the Corporation's other covenants and agreements or limitations and restrictions which are not contrary to or inconsistent with the Resolution; surrender any right, power or privilege of the Corporation under the Resolution but only if such surrender is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; confirm any pledge under the Resolution, of the Revenues or of any other revenues or assets; modify any of the provisions of the 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 Additional Bonds and prescribe the terms and conditions thereof; provide that specified provisions of the Resolution that relate to the 2001 Bonds shall also apply to a Series of Additional Bonds; cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution, or insert provisions clarifying matters or questions arising under the Resolution (provided that the Trustee shall consent thereto); comply with the Code; provide for such changes as are deemed necessary or desirable by the Corporation upon delivery of an Alternate Security or a Substitute Letter of Credit; provide for such changes as are deemed necessary or desirable by the Corporation in connection with either providing a book-entry system with respect to a Series of Bonds or discontinuing a book-entry system with respect to a Series of Bonds; provide for such changes as are deemed necessary or desirable by the Corporation to take effect on a Change Date on which 100% of the Bonds are subject to mandatory tender; make any additions, deletions or modifications to the Resolution which, in the opinion of the Trustee, are not materially adverse to the interests of the Bond owners (provided that the Trustee shall consent thereto); or provide such changes as are deemed necessary or desirable by the Corporation if, not less than thirty (30) days before the effective date of such changes, the Trustee sends notice of the proposed changes to the Bondholders and the Bondholders have the right to tender their Bonds for purchase before such effective date.

The foregoing notwithstanding, for so long as the Credit Facility shall be in effect, no supplement, modification or amendment of the Resolution shall take effect without the consent of the Credit Issuer.

#### Events of Default and Termination

Each of the following events set forth in clauses (1) through (3) below constitutes an "Event of Default" and the following event set forth in clause (4) below constitutes an "Event of Termination" with respect to the Bonds: (1) payment of the principal or Redemption Price, if any, of or interest on any Bond (other than Pledged Bonds) 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; (2) payment of the Purchase Price of any 2001 Bond (other than Pledged Bonds) tendered in accordance with the Resolution shall not be made when and as the same shall become due; (3) the Corporation shall fail or refuse to comply with the provisions of the Resolution or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Resolution or in any applicable Supplemental Resolution or the Bonds (other than any such default resulting in an Event of Default described in clause (1) or (2) above), and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the owners of not less than five percent (5%) in principal amount of the Outstanding Bonds of said Series; or (4) receipt by the Trustee of written notice from the

Credit Issuer that (i) an “Event of Default” has occurred under the Credit Agreement together with a written direction from the Credit Issuer to the Trustee to exercise either the remedy set forth in clause (5) of the following paragraph or the remedy set forth in clause (8) of the following paragraph as provided in such direction.

### Remedies

Upon the happening and continuance of an Event of Termination specified in the Resolution, the Trustee shall proceed, in its own name pursuant to the direction of the Credit Issuer as described in clause (5) of the preceding paragraph, to protect and enforce the remedies of the Bond owners and the Credit Issuer by the remedies set forth in either clauses (5) or (8) below as specified in the direction of the Credit Issuer as described in clause (4) of the preceding paragraph; provided, however, that anything in the Resolution to the contrary notwithstanding, the Trustee shall enforce the remedy set forth in clause (5) and clause (8) below within the time limits provided therein. Upon the happening and continuance of any Event of Default specified in clause (1) or (2) of the preceding paragraph, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in clause (3) 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, shall proceed, in its own name, subject, in each such case, to the provisions of the Resolution, including the receipt of the written consent of the Credit Issuer, to protect and enforce the rights of the Bond owners by the remedies specified below for particular Events of Default, and such other of the remedies set forth in clauses (1) through (7) below, 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 Loan (subject to the provisions of the Assignment) and to require the Corporation to carry out any other covenants or agreements with such Bond owners, 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) with the written consent of the Credit Issuer in the case of an Event of Default or upon the direction described in clause (4) of the preceding paragraph in the case of an Event of Termination, by immediately declaring all Bonds or, with respect to an Event of Termination, a portion of one or more Series of the 2001 Bonds specified by the Credit Issuer due and payable whereupon, with respect to any affected 2001 Bonds, such Bonds shall be immediately redeemed, without premium, pursuant to the Resolution, provided that upon the happening and continuance of an Event of Default specified in clause (1) or (2) of the preceding paragraph, the Trustee shall declare all Bonds due and payable; (6) in the event that all Outstanding Bonds are declared due and payable, by selling the Mortgage Loan (subject to the provisions of the Assignment) and any Investment Securities securing such Bonds; (7) by taking such action with respect to or in connection with the Credit Facility as the Trustee deems necessary to protect the interests of the owners of the 2001 Bonds; or (8) upon the happening and continuance of an Event of Termination and upon receipt of direction from the Credit Issuer, by carrying out a purchase of all or, if so designated by the Credit Issuer, a portion of, one or both Series of the 2001 Bonds pursuant to the Resolution on a date specified by the Credit Issuer, which date shall not be later than eight (8) days following receipt by the Trustee of such direction.

Anything in the Resolution to the contrary notwithstanding, except as otherwise provided in clause (5) or (8) of the preceding paragraph, the owners of the majority in principal amount of the Bonds then Outstanding 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 Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions of the 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 and provided, further, that notwithstanding the foregoing, the Credit Issuer shall be entitled to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Resolution.

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 Resolution, or for the protection or enforcement of any right under the Resolution unless such owner shall have given to the Trustee written notice of the Event of Default or an Event of Termination 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 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 granted in the Resolution 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 fees, costs, 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 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 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 or Event of Termination under the Resolution known to the Trustee within ninety (90) days after actual knowledge by the Trustee of the occurrence thereof; provided that in the case of the 2001 Bonds, such notice need not be given with respect to any 2001 Bonds for which the Trustee has proceeded to carry out a mandatory purchase of such 2001 Bonds pursuant to the Resolution. 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 Event of Default or Event of Termination

In the event that upon the happening and continuance of any Event of Default or an Event of Termination the funds held by the Trustee shall be insufficient for the payment of the principal or Redemption Price, if any, of 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 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 fees, charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under the Resolution, shall be applied in the order of priority with respect to Bonds as set forth in the following paragraph and 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 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 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 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 to the payment of the principal and interest then due and unpaid upon such 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 over any other such 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 Bonds.

If, at the time the Trustee is to apply amounts in accordance with the provisions of the preceding paragraph, any of the Bonds Outstanding are Pledged Bonds, the Trustee shall make the payments with respect to the Bonds prescribed by the preceding paragraph, first, to the owners of all Bonds Outstanding other than Pledged Bonds and second, to the owner of Pledged Bonds.

### Rights of the Credit Issuer

Notwithstanding anything contained in the Resolution to the contrary, (i) all rights of the Credit Issuer under the Resolution, including, but not limited to, the right to consent to, approve, initiate or direct extensions, remedies, waivers, actions and amendments thereunder shall cease, terminate and become null and void (a) if, and for so long as, there is a Wrongful Dishonor of the Credit Facility by the Credit Issuer, or (b) if the Credit Facility is no longer in effect; provided, however, that notwithstanding any such Wrongful Dishonor, the Credit Issuer shall be entitled to receive notices pursuant to the Resolution in accordance with the terms of the Resolution.

### Payments Due on Days Not Business Days

If the date for making any payment of principal or Redemption Price of or interest on any of the Bonds shall be a day other than a Business Day, then payment of such principal or Redemption Price of or interest on such Bonds need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date originally fixed for such payment, except that interest shall continue to accrue on any unpaid principal to such next succeeding Business Day.

## **SUMMARY OF CERTAIN PROVISIONS OF THE LETTER OF CREDIT AND THE CREDIT AGREEMENT**

The following is a summary of certain provisions of the Letter of Credit and the Credit Agreement to which reference is made for the complete provisions thereof. All terms used in this summary and not defined in this Official Statement have the respective meanings ascribed to such terms in the Credit Agreement.

### The Letter of Credit

The Letter of Credit, which is irrevocable, shall be issued in an original stated amount of \$131,246,576 of which \$130,000,000 shall be with respect to the principal of the 2001 Bonds or the portion of the Purchase Price corresponding to the principal thereof, and \$1,246,576 shall be with respect to up to thirty-five (35) days of accrued interest with respect to the 2001 Bonds, or in each case the portion of the Purchase Price corresponding to interest at the Maximum Rate. The Letter of Credit shall be issued to the Trustee for the account of the Mortgagor. The stated amount of the Letter of Credit shall be reduced after the date of issuance in amounts equal to the amount of any drawing thereunder, subject to reinstatement as described below.

The Letter of Credit will terminate upon the earliest of: (i) the honoring of the final drawing available to be made under the Letter of Credit which is not subject to reinstatement; (ii) receipt by the Bank of a written notice that either no 2001 Bonds remain Outstanding and unpaid or a substitute Credit Facility has been received by the Trustee; or (iii) December 15, 2006, the Letter of Credit expiration date, unless extended. In addition, the portion of the Letter of Credit relating to the 2001 Series A Bonds or the 2001 Series B Bonds, as the case may be, will terminate upon the conversion of the interest borne by such 2001 Bonds to certain other interest rate calculation methods.

### The Credit Agreement

Issuance of the Letter of Credit. The Mortgagor requested the issuance by the Bank of the Letter of Credit to enhance the marketability of the 2001 Bonds by securing a source of funds to be devoted exclusively to the payment by the Trustee, when and as due, of the principal or Purchase Price of and interest on the 2001 Bonds. The Bank has agreed to provide the Letter of Credit subject to certain terms and conditions as provided in the Credit Agreement. The Mortgagor has agreed to pay fees to the Bank in connection with the issuance and maintenance of the Letter of Credit and to indemnify the Bank in certain circumstances.

As additional security for the Bank and the Lenders under the Credit Agreement, the Mortgagor has agreed to pay the Agent monthly amortization amounts as specified in the Credit Agreement. If no Event of Default has occurred and is continuing, such monthly amortization amounts may be applied, at the option of the Mortgagor, to

the prepayment of the Mortgage Loan. Proceeds of such a prepayment of the Mortgage Loan would result in a mandatory redemption of a portion of the 2001 Bonds. See “DESCRIPTION OF THE 2001 BONDS—Redemption of the 2001 Bonds - Mandatory - Mandatory Redemption From Certain Recoveries of Principal and Other Moneys.” If an Event of Default under the Credit Agreement shall occur and be continuing, the Agent shall have the absolute and unconditional right to make one or more withdrawals of the amounts so deposited. Amounts so withdrawn by the Agent may, at the option of the Agent, be used by the Agent to prepay the Mortgage Loan in whole or in part. Proceeds of such prepayment of the Mortgage Loan would result in a mandatory redemption of all or a portion of the 2001 Bonds. See “DESCRIPTION OF THE 2001 BONDS—Redemption of the 2001 Bonds - Mandatory - Mandatory Redemption Upon a Declaration of Acceleration - Following an Event of Termination.”

The Mortgagor agrees to reimburse the Bank in full for drawings made upon the Letter of Credit on the date each drawing is honored, or in the case of a drawing to acquire unremarketed 2001 Bonds, on the earliest to occur of (i) the second anniversary of the date of such drawing or (ii) the Letter of Credit expiration date or (iii) the date of redemption of the related unremarketed 2001 Bonds.

Reduction. Upon payment by the Bank of a drawing to pay principal on the 2001 Bonds (upon maturity, acceleration or redemption, but not to acquire unremarketed 2001 Bonds), the amount available to be drawn under the Letter of Credit for payment of principal on the 2001 Bonds shall be reduced automatically and permanently by an amount equal to the amount so drawn, the reduction of such amount to be effective on the date payment of such drawing is made by the Bank. In addition, upon payment by the Bank of any such drawing to pay principal on the 2001 Bonds upon maturity, acceleration or redemption, the amount available to be drawn under the Letter of Credit for payment of interest on the 2001 Bonds shall be reduced automatically and permanently in an amount equal to with respect to the 2001 Bonds, thirty-five (35) days’ interest on the amount of such principal reduction in the amount available to be drawn under the Letter of Credit for payment of principal on the 2001 Bonds.

Upon payment by the Bank of a drawing to pay interest on the 2001 Bonds (other than interest on Pledged Bonds and on the 2001 Bonds paid upon maturity, acceleration or redemption), the amount available to be drawn under the Letter of Credit for the payment of interest on the 2001 Bonds shall be reduced automatically, subject to reinstatement as described below, by an amount equal to the amount so drawn, the reduction of such amount to be effective on the date payment of such drawing is made by the Bank.

Upon payment by the Bank of a drawing to acquire unremarketed 2001 Bonds, the stated amount of the Letter of Credit shall be reduced automatically, subject to reinstatement, as described below.

Reinstatement. The amount available to be drawn under the Letter of Credit for payment of interest on the 2001 Bonds shall be reinstated automatically in the full amount of the amount so drawn (other than such amounts pertaining to a drawing to pay interest on 2001 Bonds paid simultaneously with and related to a drawing to pay principal on the 2001 Bonds upon maturity, acceleration or redemption) immediately following payment of such drawing.

The amount available to be drawn under the Letter of Credit to acquire unremarketed 2001 Bonds will be reinstated upon receipt by the Bank of (i) an amount by which the Bank is then requested to increase such amount (as to interest and/or principal); and (ii) notice from the Trustee in the appropriate form, unless prior to receipt by the Bank of such notice, the Trustee shall have received from the Bank notice or telephonic notice, promptly confirmed in writing, of the occurrence of an event of default under the Credit Agreement.

#### Events of Default

Events of Default. Each of the following events, among others, shall be an event of default under the Credit Agreement:

- (i) a default after any applicable grace and cure periods in the payment of any Letter of Credit fee or other amount required to be paid under the Credit Agreement or any of the other Credit Facility Documents;

(ii) an “Event of Taxability” shall occur which term is defined under the Credit Agreement to be any event the result of which is that interest on any Series of Bonds issued under the Resolution to which the tax covenants of the Resolution apply shall not be excludable from gross income for Federal income tax purposes, other than by reason of any such Bonds being held by a person who, within the meaning of Section 147(a) of the Code is a substantial user of the premises and the improvements (the “Improvements”) to be constructed in connection with the Project, or is a related person, within the meaning of said Section 147(a);

(iii) any survey required or requested by the Agent shows any material adverse condition not approved by the Agent and such condition is not removed within the applicable time period after notice by the Agent to the Mortgagor;

(iv) the Improvements are not completed in accordance with the provisions of the Credit Agreement on or before the completion date specified therein;

(v) construction of the Project is suspended for a period of thirty (30) consecutive Business Days (other than by reason of the occurrence of an event of force majeure), or if in the reasonable judgment of the Agent or a construction consultant to be retained pursuant to the terms of the Credit Agreement, construction of the Improvements is not carried on with reasonable diligence;

(vi) the Mortgagor fails to obtain and maintain a partial exemption from real property taxes for the Project for a twenty (20) year period, pursuant to Section 421-a of the New York Real Property Tax Law;

(vii) the Mortgagor fails to provide or maintain certain additional security for the Mortgagor’s obligations under the Credit Agreement, including without limitation, any amortization amounts to be paid by the Mortgagor to the Agent;

(viii) the Mortgagor fails to provide or maintain any letter of credit required to be provided or maintained by the Mortgagor pursuant to the Credit Agreement, including without limitation certain letters of credit in the aggregate initial amount of \$39,000,000 required to be provided upon the issuance of the 2001 Bonds;

(ix) the Mortgagor shall fail to cover any Construction Loan Project Cost Deficiency, any General Project Loan Deficiency or any Non-Qualified Cost Deficiency (as such terms are defined in the Credit Agreement) in the manner and within the time period specified in the Credit Agreement;

(x) the Mortgagor executes any chattel mortgage or other security agreement with respect to any materials, equipment, furniture or fixtures used in the construction of the Improvements or the operation of the Project or with respect to any articles of personal property constituting part of the Project, or if any such materials, equipment, furniture, fixtures or articles of personal property are not substantially in accordance with the plans and specifications or are leased or purchased pursuant to any conditional sales contract or other security agreement or otherwise so that the ownership thereof will not vest unconditionally in Mortgagor free from encumbrances upon being made a part of the Project;

(xi) the Mortgagor or the Guarantor shall fail to comply with the financial covenants specified in the Credit Agreement in all respects at any time during the term of the Credit Facility and for so long as such financial covenants are in effect;

(xii) any Credit Facility Document shall cease to be in full force or effect or shall cease to constitute, or to continue as, a lien on the assets, property or collateral purported to be encumbered thereby, and such default has not been cured within twenty (20) Business Days after notice thereof by Agent to the Mortgagor;

(xiii) any person guaranteeing payment or performance of the obligations under the Credit Facility Documents shall disclaim any obligations pursuant to any such guaranty or shall otherwise be in default under any such guaranty beyond applicable grace and cure periods; or

(xiv) the Mortgagor fails to provide or maintain any interest hedging instrument required to be provided or maintained by the Mortgagor pursuant to the Credit Agreement;

(xv) a default shall have occurred and be continuing beyond any applicable grace and cure period under any other note or loan agreement given by the Mortgagor to the Bank or any other Lender; or

(xvi) OTR accelerates payment under any indebtedness of the Mortgagor to OTR; or

(xvii) any other default shall have occurred and be continuing beyond any applicable grace and cure period under the Credit Agreement or any of the other Credit Facility Documents, the Resolution or any other agreement executed and delivered in connection with the 2001 Bonds; or

(xviii) the Mortgagor has not satisfied the requirements to receive disbursements of the Mortgage Loan in excess of \$39,000,000 by April 1, 2002.

Remedies. During the continuance of any such event of default, the Agent on behalf of the Lenders may do any or all of the following:

(i) declare the indebtedness evidenced and secured by the Mortgage Note and the Mortgage immediately due and payable;

(ii) give notice to the Trustee that an event of default under the Credit Agreement has occurred and direct that the Trustee (a) accelerate the 2001 Bonds and call Outstanding 2001 Bonds for redemption in whole or in part in accordance with the Resolution (such redemption to be effected with the proceeds of a draw under the Letter of Credit); (b) cause a purchase of the 2001 Bonds in whole or in part in accordance with the Resolution (such purchase to be effected with the proceeds of a draw under the Letter of Credit); or (c) take such actions as are permitted by the Resolution and the Credit Facility Documents;

(iii) demand immediate payment of any amounts due or to become due under any Credit Facility Documents;

(iv) take possession and control of the Project, whereupon the Agent on behalf of the Lenders may discontinue or complete construction of the Project, at the Mortgagor's expense;

(v) require cash collateral or letters of credit aggregating an amount equal to the amount of the Letter of Credit; and/or

(vi) pursue any other action available under the Credit Facility Documents (subject to the terms and provisions of the Assignment), at law or in equity.

The Lenders, acting in accordance with the provisions of the Credit Agreement, will have sole discretion as to which, if any, of the foregoing remedies will be exercised by the Agent. Accordingly, an event of default under the Credit Agreement may not result in an Event of Termination under the Resolution.

## **AGREEMENT OF THE STATE**

Section 657 of the Act provides that the State agrees with the holders of obligations of the Corporation, including owners of the 2001 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 2001 Bonds, or in any way impair the rights and remedies of such owners until the 2001 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 2001 Bonds, are fully met and discharged.

## **TAX MATTERS**

### Opinion of Bond Counsel

2001 Series A Bonds. In the opinion of Bond Counsel, under existing statutes and court decisions, (i) interest on the 2001 Series A 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 2001 Series A Bond for any period during which such 2001 Series A 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 2001 Series A Bonds or a “related person,” and (ii) interest on the 2001 Series A 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 Mortgagor and others, in connection with the 2001 Series A Bonds, and Bond Counsel has assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2001 Series A Bonds from gross income under Section 103 of the Code.

2001 Series B Bonds. In the opinion of Bond Counsel, interest on the 2001 Series B Bonds is included in gross income for Federal income tax purposes pursuant to the Code

In the opinion of Bond Counsel, under existing statutes, interest on the 2001 Series A Bonds and the 2001 Series B 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 2001 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 2001 Bonds, or under state and local tax law.

### Summary of Certain Federal Tax Requirements

Under applicable provisions of the Code, the exclusion from gross income of interest on the 2001 Series A Bonds for purposes of Federal income taxation requires that (i) at least 20% of the units in the Project financed by the 2001 Series A Bonds be occupied during the “Qualified Project Period” (defined below) by individuals whose incomes, determined in a manner consistent with Section 8 of the United States Housing Act of 1937, as amended, do not exceed 50% of the median income for the area, as adjusted for family size, and (ii) all of the units of the Project be rented or available for rental on a continuous basis during the Qualified Project Period. “Qualified Project Period” for the Project means a period commencing upon the later of (a) occupancy of 10% of the units in the Project or (b) the date of issue of the 2001 Series A Bonds and running until the later of (i) the date which is 15 years after occupancy of 50% of the units in the Project or (ii) the first date on which no tax-exempt private activity bonds issued with respect to the Project are outstanding. An election has been made by the Mortgagor to treat the Project as a deep rent skewed project which requires that (i) at least 15% of the low income units in the Project 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 the Project 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 the Project 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, the Project 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. In the event of noncompliance with the above requirements arising from events occurring after the issuance of the 2001 Series A Bonds, the Treasury Regulations provide that the exclusion of interest on the 2001 Series A Bonds 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.

The Code establishes certain additional requirements which must be met subsequent to the issuance and delivery of the 2001 Series A Bonds in order that interest on the 2001 Series A 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 proceeds of the 2001 Series A Bonds, yield and other limits regarding investment of the proceeds of the 2001 Series A Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the United States.

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2001 Series A Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation is to enter into the Regulatory Agreement with the Mortgagor to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or 2001 Series A 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 2001 Series A Bonds is payable.

#### Certain Federal Tax Consequences

The following is a brief discussion of certain Federal income tax matters with respect to the 2001 Series A Bonds under existing statutes. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of a 2001 Series A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2001 Series A Bonds.

Prospective owners of 2001 Series A Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and certain foreign corporations), financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the 2001 Series A 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 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 2001 Series A Bonds will not have an adverse effect on the tax-exempt status of the 2001 Series A Bonds or the market price of the 2001 Series A Bonds.

## **NO LITIGATION**

### *The Corporation*

At the time of delivery and payment for the 2001 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 now pending or threatened against the Corporation of which the Corporation has notice or, to the knowledge of the Corporation, any basis therefor, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2001 Bonds, or in any way contesting or affecting the validity of the 2001 Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof or the financing of the Mortgage Loan or the pledge or application of any moneys or security provided for the payment of the 2001 Bonds or the existence or powers of the Corporation, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or challenging the exclusion of interest on the 2001 Series A Bonds from gross income for Federal income tax purposes.

### *The Mortgagor*

At the time of delivery and payment for the 2001 Bonds, the Mortgagor will deliver, or cause to be delivered, a certificate of the Mortgagor substantially to the effect that there is no litigation of any nature now pending, or to the knowledge of the Mortgagor or its Managing Member, threatened against or adversely affecting the Mortgagor or its members, involving the Project or seeking to restrain or enjoin the sale, execution or delivery of the 2001 Bonds or the financing of the Mortgage Loan or the acquisition, construction or equipping of the Project, or in any way contesting or affecting the validity of the 2001 Bonds, any proceedings of the Mortgagor taken with respect to the sale, execution or delivery thereof, its existence or powers, or the application of any moneys or security provided for the payment of the 2001 Bonds, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or challenging the exclusion of interest on the 2001 Series A Bonds from gross income for Federal income tax purposes.

## **CERTAIN LEGAL MATTERS**

All legal matters incident to the authorization, issuance, sale and delivery of the 2001 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 Bank by its Counsel, Dewey Ballantine LLP, and by its German Legal Counsel. Certain legal matters will be passed upon for the Mortgagor by its Special Counsel, Paul, Hastings, Janofsky & Walker LLP, New York, New York and Michael Orbison, Esq., New York, New York. Certain legal matters will be passed upon for the Underwriter by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

## **LEGALITY OF 2001 BONDS FOR INVESTMENT AND DEPOSIT**

Under the provisions of Section 662 of the Act, the 2001 Bonds are made 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 2001 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 may hereafter be authorized.



**DEFINITIONS OF CERTAIN TERMS**

This Appendix A does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Resolution, copies of which may be obtained from the Corporation. The following terms shall have the following meanings 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 Resolution.

“Accountant” means such reputable and experienced independent certified public accountant or firm of independent certified public accountants as may be selected by the Corporation and satisfactory to the Trustee and may be the accountant or firm of accountants who regularly audit the books and accounts of the Corporation.

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Mortgagor, any managing member of the Mortgagor, the Corporation or the Credit Issuer, as applicable, under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

“Additional Bonds” means Bonds, other than the 2001 Bonds, authorized pursuant to the Resolution.

“Administrative Fee” means the servicing fee of the Corporation in the amount set forth in the Financing Commitment and Agreement dated December 10, 2001, between the Corporation and the Mortgagor, plus the amount specified in a Supplemental Resolution in connection with the issuance of Additional Bonds.

“Agent” means Bayerische Hypo- und Vereinsbank AG, New York Branch in its capacity as agent and servicer for the Lenders under the Credit Facility Documents.

“Alternate Security” means, with respect to a Series of Bonds, any instrument in effect and purpose similar to the Letter of Credit, including, but not limited to, a letter of credit, guaranty, standby loan commitment, bond or mortgage insurance policy, standby purchase agreement, collateral agreement or surety bond, or any combination thereof, (i) approved by the Corporation and delivered to the Trustee for the benefit of the owners of the Bonds (except that a mortgage insurance policy may be delivered to the Corporation), (ii) replacing any existing Credit Facility, (iii) dated as of a date not later than the expiration date of the Credit Facility for which the same is to be substituted, if a Credit Facility is then in effect, (iv) which shall expire not earlier than a date which is 15 days after an Interest Payment Date for such Series of Bonds, and (v) issued on substantially similar terms and conditions with respect to the rights of the owners of such Series of Bonds (including, but not limited to, the Mandatory Purchase Provision) as the then existing Credit Facility with respect to such Series of Bonds, provided that (a) the stated amount of the Alternate Security shall equal the sum of (x) the aggregate principal amount of Bonds of such Series at the time Outstanding, plus (y) during a Weekly Rate Period, an amount at least equal to 35 days of interest (at the Maximum Rate) on all Bonds of such Series at the time Outstanding, or such other amount as the Corporation shall determine based on then current rating agency standards, and (b) if said Alternate Security is to be in effect during a Weekly Rate Period, it must provide for payment of the Purchase Price upon the exercise by any Bond owner with respect to such Series of Bonds of the applicable Demand Purchase Option.

“Assignment” means the Assignment and Servicing Agreement, with respect to the Mortgage Loan, among the Corporation, the Trustee, the Credit Issuer, OTR, and the Mortgagor, as the same may be amended or supplemented from time to time.

“Authorized Officer” means (a) when used with respect to the Corporation, the Chairperson, Vice-Chairperson, President, Executive Vice President or any Senior Vice President of the Corporation and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Corporation then authorized to perform such act or discharge such duty; (b) when used with respect to the Mortgagor, any managing member of the Mortgagor and, in the case of any act to be performed or duty to be discharged, any officer or

employee of the Mortgagor then authorized to perform such act or discharge such duty; (c) when used with respect to the Credit Issuer, any Vice President or Managing Director of the Credit Issuer and, in the case of any act to be performed or duty to be discharged, any other officer or employee of the Credit Issuer then authorized to perform such act or discharge such duty; and (d) when used with respect to the Trustee, any Vice President or corporate trust administrator of the Trustee, and, in the case of any act to be performed or duty to be discharged, any other officer or employee of the Trustee then authorized to perform such act or discharge such duty.

“Available Moneys” means, during the term of any Credit Facility, (i) moneys drawn under such Credit Facility, or (ii) moneys deposited into the Accounts established under the Resolution or moneys deposited directly by the Mortgagor with the Trustee, which moneys, in either case, have been on deposit with the Trustee for at least 91 days during and prior to which no Act of Bankruptcy with respect to the Mortgagor, any managing member of the Mortgagor or the Corporation shall have occurred; provided, however, that if the Trustee shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Trustee to the effect that payments made to Bond owners with moneys on deposit with the Trustee for a number of days less than that set forth above during which no Act of Bankruptcy with respect to the Mortgagor, any managing member of the Mortgagor or the Corporation shall have occurred would not constitute an avoidable preference under Section 547 of the Bankruptcy Reform Act of 1978, as amended, then the number of days specified in such opinion shall be substituted for the 91 days in this definition, or (iii) the proceeds from investment of moneys qualifying as Available Moneys under clause (i) or (ii) above, or (iv) the proceeds of Additional Bonds; provided, however, that with respect to the proceeds of Additional Bonds, the Trustee shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Trustee to the effect that payments made to Bond owners with such proceeds would not constitute an avoidable preference under Section 547 of the Bankruptcy Reform Act of 1978, as amended. Notwithstanding the foregoing, (a) when used with respect to amounts due in respect of Pledged Bonds, the term “Available Moneys” shall mean any amounts held by the Trustee and the proceeds of the investment thereof, except for moneys drawn under a Credit Facility and (b) during any period in which no Credit Facility is in effect, “Available Moneys” shall mean any moneys.

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

“Bond Counsel” means 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 after consultation with the Credit Issuer and the Mortgagor, and satisfactory to the Trustee.

“Bond Counsel’s Opinion” means an opinion signed by Bond Counsel.

“Bond Market Association Municipal Swap Index<sup>TM</sup>” means the rate equal to the index of the weekly interest rate resets of the tax-exempt variable rate issues included in a database maintained by Municipal Market Data, a Thomson Financial Services Company, or its successors.

“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 Resolution.

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

“Business Day” means any day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the City of New York, New York, or the city or cities in which the Principal Office of the Trustee or the office of the Credit Issuer to which draws on the Credit Facility are presented is located are required or authorized by law to close, (c) a day on which the New York Stock Exchange is closed, or (d) so long as any Series of Bonds is held in book-entry form, a day on which DTC is closed.

“Certificate” means (a) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the Resolution or (b) the report of an accountant as to audit or other procedures called for by the Resolution.

“Change Date” means, with respect to a Series of the 2001 Bonds, (i) an Interest Method Change Date or (ii) a Facility Change Date or (iii) a date specified by the Credit Issuer pursuant to the provisions of the Resolution for carrying out a purchase of 2001 Bonds pursuant to the Resolution in connection with an Event of Termination or (iv) a date specified by the Corporation pursuant to the provisions of the Resolution for carrying out a purchase of 2001 Bonds pursuant to the Resolution in connection with a Notice of Prepayment of the Mortgage Loan.

“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 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.

“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 underwriting discount or fee, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee and the Credit Issuer, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit rating(s), fees and charges for preparation, execution, transportation and safekeeping of Bonds, the financing fee of the Corporation, and any other cost, charge or fee in connection with the original issuance of Bonds.

“Credit Agreement” means the agreement between the Mortgagor and the Credit Issuer (and may include other parties), providing for the issuance of the Credit Facility.

“Credit Facility” means the Letter of Credit or Alternate Security, as the case may be, then providing for the timely payment of the principal of and interest on and Purchase Price, if applicable, of the Bonds.

“Credit Facility Documents” means, collectively, the Credit Agreement, the Loan Agreement, the Mortgage Note, the Mortgage, the Guaranty and all other instruments of any nature whatsoever now or hereafter executed and delivered in connection with the Credit Facility.

“Credit Facility Payments” means amounts obtained under a Credit Facility with respect to the Bonds including, but not limited to, amounts drawn under the Letter of Credit.

“Credit Issuer” means the issuer of or obligor under the Credit Facility; provided, however, that if, pursuant to the Credit Agreement, the issuer of or obligor under the Credit Facility shall have appointed an agent on its behalf (which agent may, but need not, act on behalf of other parties as well) and given notice to the Corporation and the Trustee of such appointment, references in the Resolution to the Credit Issuer shall be deemed to refer to said agent, except that with respect to the issuance of such Credit Facility and the obtaining of amounts thereunder, references in the Resolution to the Credit Issuer shall be deemed to refer to such issuer or obligor under such 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 Installment of such Bonds payable during such Bond Year.

“Demand Purchase Option” means during a Weekly Rate Period, the provision of the applicable Series of the 2001 Bonds for purchase of any such Bond upon the demand of the owner thereof as described in the Resolution.

“DTC” means the Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors or assigns.

“Escrow Payments” means and includes all amounts whether paid directly to the Corporation, to its assignee of the Mortgage Loan, or to the servicer of the Mortgage Loan representing payments to obtain or maintain mortgage insurance or any subsidy with respect to the Mortgage Loan or the mortgaged premises or payments in

connection with real estate taxes, assessments, water charges, sewer rents, fire or other insurance, replacement or operating reserves, the Administrative Fee of the Corporation or other like payments in connection therewith.

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

“Event of Termination” means the event specified in the Resolution as an Event of Termination.

“Facility Change Date” means (i) any date on which a new Credit Facility replaces the prior Credit Facility, or (ii) any date on which the Credit Facility terminates or expires and is not extended or replaced by a new Credit Facility; provided, however, that if, in connection with the issuance of Additional Bonds, an existing Credit Facility is replaced by a Credit Facility issued by the same Credit Issuer that had issued the then existing Credit Facility and such replacement Credit Facility is issued on substantially identical terms and conditions with respect to the rights of the owners of the Bonds (including, but not limited to, the Mandatory Purchase Provision) as the then existing Credit Facility with respect to the Bonds, except that the stated amount of such replacement Credit Facility shall reflect the issuance of such Additional Bonds, then no Facility Change Date shall be deemed to have occurred as a result of such replacement so long as such replacement does not result in the reduction or withdrawal of the then existing rating(s) on the Bonds by the national rating agency or agencies then rating the Bonds.

“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.

“Guarantor” means The Related Companies, L.P.

“Guaranty” means the Guaranty of Payment, dated as of the date of initial issuance of the 2001 Bonds, executed by the Guarantor to the Agent for the benefit of the Lenders.

“Interest Method Change Date” means any date on which the method of determining the interest rate on a Series of the 2001 Bonds changes or which is an Interest Adjustment Date pursuant to the Resolution, as established by the terms and provisions of the Resolution.

“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 Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Farm Credit System Banks Consolidated Obligations, Banks for Cooperatives, Tennessee Valley Authority, Washington Metropolitan Area Transportation Authority, United States Postal Service, Farmers’ Home Administration and Export-Import Bank of the United States;
- (3) any bond, debenture, note, participation certificate or other similar obligation issued by any 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 which may be purchased by New York State Savings Banks;

(5) deposits in interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements (i) secured by any of the obligations described above, (ii) fully insured by the Federal Deposit Insurance Corporation, or (iii) made with banking institutions, or their parents which either (a) have unsecured debt rated in one of the three highest rating categories of a nationally recognized rating service or (b) are deemed by a nationally recognized rating service to be an institution rated in one of the three highest rating categories of such rating service;

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

(7) short-term corporate obligations, known as Commercial Paper, with a maturity of up to ninety days which are issued by corporations that are deemed by a nationally recognized rating service to be in the highest rating category of such rating service;

(8) obligations of the City and State of New York;

(9) obligations of the New York City Municipal Water Finance Authority;

(10) obligations, the principal and interest of which, are guaranteed by the City or State of New York;

(11) obligations in which the Comptroller of the State of New York is authorized to invest in as specified in section ninety-eight of the State Finance Law, as amended from time to time; and

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

“Lender” or “Lenders” means Bayerische Hypo- und Vereinsbank AG, New York Branch and the lenders who from time to time become lenders pursuant to the Credit Agreement.

“Letter of Credit” means the irrevocable direct-pay letter of credit issued by Bayerische Hypo- und Vereinsbank AG, New York Branch, in favor of the Trustee, securing the 2001 Bonds on their initial issuance, or the Substitute Letter of Credit.

“Letter of Credit Payments Sub-Account” means the Letter of Credit Payments Sub-Account established pursuant to the Resolution.

“Loan Agreement” means the Construction and Project Loan Agreement, dated as of the date of initial issuance of the 2001 Bonds, by and between the Corporation and the Mortgagor, with respect to the Mortgage Loan, as the same may be amended or supplemented from time to time.

“Mandatory Purchase Provision” means the purchase provision of the 2001 Bonds for the purchase of any 2001 Bonds on any Change Date pursuant to the Resolution.

“Maximum Rate” means ten percent (10%) per annum or such higher rate, not to exceed fifteen percent (15%), as may be established in accordance with the provisions of the Resolution.

“Mortgage” means, collectively, the mortgages or other instruments securing the Mortgage Loan.

“Mortgage Documents” means, collectively, (a) the Mortgage and (b) the Mortgage Note, each dated the date of initial issuance of the 2001 Bonds.

“Mortgage Loan” means the interest-bearing loan, evidenced by the Mortgage Note, to be made by the Corporation to the Mortgagor pursuant to the Loan Agreement, as the same may be modified from time to time.

“Mortgage Note” means, collectively, the note or notes of the Mortgagor evidencing the obligation to repay the Mortgage Loan, as the same may be amended or supplemented from time to time.

“Mortgagor” means 55th Clinton Associates, L.L.C., a limited liability company organized and existing under and by virtue of the laws of the State of Delaware, which is the mortgagor with respect to the Mortgage Loan, and its successors and permitted transferees as owner of the Project.

“Mortgagor Tax Certification” means, with respect to a Series of Bonds to which the tax covenants of the Resolution are applicable, the tax certification of the Mortgagor delivered to the Corporation and Bond Counsel in connection with the issuance of such Series of Bonds.

“Notice of Prepayment of the Mortgage Loan” means the notice delivered to the Trustee by the Corporation pursuant to the provisions of the Resolution with respect to the Mortgagor’s election to prepay, in full, the portion of the Mortgage Loan relating to all Series of the 2001 Bonds bearing interest at the Weekly Rate.

“OTR” means OTR, a general partnership organized and existing under the laws of the State of Ohio, acting as the duly designated nominee of the State Teachers Retirement Board of Ohio.

“Outstanding,” when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

- (1) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
- (2) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Resolution; and
- (3) any Bond deemed to have been paid as provided in the Resolution.

“Permitted Encumbrances” means such liens, encumbrances, declarations, reservations, easements, rights-of-way and other clouds on title as do not materially impair the use or value of the premises for the intended purposes.

“Pledge Agreement” means any instrument from the Mortgagor to the Credit Issuer (and which may include other parties) pursuant to which the Mortgagor agrees to pledge 2001 Bonds to the Credit Issuer (and, if applicable, such other parties) in connection with the provision of moneys under a Credit Facility.

“Pledged Bond” means any 2001 Bond pledged to the Credit Issuer pursuant to the Pledge Agreement in connection with the provision of moneys under the Credit Facility and as described in the Resolution.

“Pledged Receipts” means (i) the scheduled or other payments required by the Mortgage Loan and paid to or to be paid to the Corporation from any source, including both timely and delinquent payments, (ii) accrued interest, if any, received upon the initial issuance of the Bonds and (iii) all income earned or gain realized in excess of losses suffered on any investment or deposit of moneys in the Accounts established and maintained pursuant to the Resolution, but shall not mean or include amounts required to be deposited into the Rebate Fund, Recoveries of Principal, any Escrow Payments, late charges or any amount entitled to be retained by the servicer (which may include the Corporation) of the Mortgage Loan, as administrative, financing, 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 Resolution of Sinking Fund Payments payable before such future date plus (ii) the unsatisfied balance, determined as provided in the 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.

“Principal Office”, when used with respect to the Trustee, shall mean First Union National Bank, attention: Corporate Trust-NY 4040, 12 East 49th Street, 37th Floor, New York, New York 10017, when used with respect to the Tender Agent shall mean the same address as that of the Trustee or the address of any successor Tender Agent appointed in accordance with the terms of the Resolution, and when used with respect to the Remarketing Agent shall mean Goldman, Sachs & Co., 85 Broad Street, New York, New York 10004 or such other offices designated to the Corporation in writing by the Trustee, Tender Agent or any Remarketing Agent, as the case may be.

“Project” means the multi-family rental housing development, located on the west side of 10th Avenue between West 55th Street and West 56th Street in the Borough of Manhattan and County of New York City and State of New York.

“Purchase Price” means an amount equal to 100% of the principal amount of any 2001 Bond plus accrued and unpaid interest thereon to the date of purchase.

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

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

“Record Date” means during any Weekly Rate Period, the Business Day immediately preceding any Interest Payment Date.

“Recoveries of Principal” means all amounts received by the Corporation or the Trustee as or representing a recovery of the principal amount disbursed by the Trustee in connection with the 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 of the Mortgage Loan or Mortgage Documents other than the assignment by the Corporation effected by the Assignment; (iii) the acceleration of payments due under the Mortgage Loan or the remedial proceedings taken in the event of default on the Mortgage Loan or Mortgage; (iv) proceeds of any insurance award resulting from the damage or destruction of the Project which are to be applied to payment of the Mortgage Note pursuant to the Mortgage; or (v) 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, the Project or any portion thereof, which proceeds are to be applied to payment of the Mortgage Note pursuant to the Mortgage.

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

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

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

“Regulatory Agreement” means the Regulatory Agreement, dated as of the date of initial issuance of the 2001 Bonds, by and between the Corporation and the Mortgagor, as the same may be amended, restated or supplemented from time to time.

“Remarketing Agent” means, with respect to the 2001 Bonds, Goldman, Sachs & Co. and its successors appointed in accordance with the terms of the Resolution.

“Remarketing Agreement” means with respect to the 2001 Bonds, the Remarketing Agreement, dated as of the date of initial issuance of the 2001 Bonds, by and among the Mortgagor, the Corporation and the Remarketing Agent, as the same may be amended or supplemented from time to time, or any replacement thereof.

“Resolution” means the Multi-Family Mortgage Revenue Bonds (Related-West 55th Street Development) Bond Resolution adopted by the Corporation on November 26, 2001 and any amendments or supplements made in accordance with its terms.

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

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

“Series” means the 2001 Bonds or any series of Additional Bonds.

“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.

“State” means the State of New York.

“Substitute Letter of Credit” means, with respect to a Series of Bonds, an irrevocable letter of credit delivered to the Trustee for the benefit of the owners of the Bonds (i) issued by a bank approved by the Corporation, provided that the approval by the Corporation shall not be unreasonably withheld, (ii) replacing any existing Letter of Credit, (iii) dated as of a date not later than the expiration date of the Letter of Credit for which the same is to be substituted, (iv) which shall expire on a date not earlier than 15 days after an Interest Payment Date for such Series of Bonds, and (v) issued on substantially identical terms and conditions with respect to the rights of the owners of such Series of Bonds (including, but not limited to, the Mandatory Purchase Provision) as the then existing Letter of Credit with respect to such Series of Bonds, except that the stated amount of the Substitute Letter of Credit shall equal the sum of (x) the aggregate principal amount of such Series of Bonds at the time Outstanding, plus (y) during a Weekly Rate Period, an amount equal to at least 35 days of interest (at the Maximum Rate) on all Bonds of such Series at the time Outstanding, or such other amount as the Corporation shall determine based on then current rating agency standards.

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

“Tender Agent” means First Union National Bank, a national banking association, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party, or any successor Tender Agent appointed in accordance with the terms of the Resolution.

“Tender Agent Agreement” means the agreement among the Trustee, as Trustee and Tender Agent, the Corporation, the Mortgagor and the Remarketing Agent, dated as of the date of initial issuance of the 2001 Bonds, as the same may be amended or supplemented from time to time, or any replacement thereof.

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

“2001 Bonds” means, collectively, the 2001 Series A Bonds and the 2001 Series B Bonds.

“2001 Series A Bonds” means the Bonds of such name authorized to be issued pursuant to the Resolution.

“2001 Series B Bonds” means the Bonds of such name authorized to be issued pursuant to the Resolution.

“Undelivered Bonds” means (i) with respect to the Mandatory Purchase Provision, any 2001 Bonds which have not been delivered to the Tender Agent for purchase on or prior to the applicable Change Date, or (ii) with respect to the Demand Purchase Option, any 2001 Bonds not delivered to the Tender Agent for purchase after notice of tender within the time period prescribed by the Resolution.

“Weekly Effective Rate Date” means (i) with respect to the Weekly Rate Term immediately following the issuance and delivery of the 2001 Bonds, the date of such issuance and delivery, (ii) with respect to any Weekly Rate Term following another Weekly Rate Term, Wednesday of any week and (iii) with respect to a Weekly Rate Term that does not follow another Weekly Rate Term, the Interest Method Change Date with respect thereto.

“Weekly Rate” means the rate of interest on a Series of the 2001 Bonds described in “DESCRIPTION OF THE 2001 BONDS—Weekly Rate Period.”

“Weekly Rate Period” means any period of time during which a Series of the 2001 Bonds bears interest at the Weekly Rate.

“Weekly Rate Term” means, with respect to any particular 2001 Bond, the period commencing on a Weekly Effective Rate Date and terminating on the earlier of the last calendar day prior to the Weekly Effective Rate Date of the following Weekly Rate Term, or the last calendar day prior to a Change Date.

“Wrongful Dishonor” means (i) an uncured and willful default by the Credit Issuer, or (ii) an uncured default resulting from the gross negligence of the Credit Issuer, in each case, of its obligations to honor a drawing as required pursuant to the terms of the Credit Facility and the Credit Agreement.

## 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 October 31, 2001, the Corporation had bonds and notes outstanding in the aggregate principal amount of approximately \$2,514,952,498.76 for these purposes. All outstanding principal amounts of bonds and notes listed below are as of October 31, 2001 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 Resolution. In addition, none of the bonds described below is secured by the 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 54<sup>th</sup> 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 26<sup>th</sup> 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-15<sup>th</sup> Street Development), 2000 Series A, all of which are outstanding, to finance a 213-unit project 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 \$22,700,000 is outstanding, to refinance a 200-unit building located on the west side of Manhattan and to refund the bonds previously issued by the Corporation to finance this project.

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 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 116<sup>th</sup> Street Project), 2000 Series A, all of which are outstanding, to finance a 23-unit development in Manhattan. 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. 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 \$146,900,000 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 \$54,920,000 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 and/or 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 89<sup>th</sup> 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 \$33,400,000 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 \$11,730,000 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 \$16,445,000 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 (“SONYMA”).

(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, all of which are 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 \$283,672,498.76 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. 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.

(D) Housing Revenue Bond Resolution Program. Under its Housing Revenue Bond Resolution Program the Corporation may issue bonds payable solely from and secured by the assets held under the Housing Revenue Bond Resolution which as of October 31, 2001 included a pool of 159 mortgage loans in the aggregate (which pool contained FHA-insured mortgage loans, SONYMA insured mortgage loans, GNMA mortgage-backed securities and other mortgage loans), the revenues received on account of all such loans and securities, and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments such as payments made pursuant to housing assistance payments contracts funded pursuant to Section 8 of the United States Housing Act of 1937, as amended, interest reduction subsidy payments funded pursuant to Section 236 and subsidy payments funded by the Housing Assistance Corporation, a subsidiary of the Corporation.

On August 12, 1993, the Corporation issued its \$130,000,000 Multi-Family Housing Revenue Bonds, 1993 Series A and 1993 Series B, of which \$114,880,000 is outstanding, to refund all of the Corporation's outstanding Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loans), 1979 Series A; its Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loans), 1983 Series A; its Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loans), 1983 Series B; and its Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loans), 1983 Series C.

On October 13, 1994, the Corporation issued its \$6,500,000 Multi-Family Housing Revenue Bonds, 1994 Series A, of which \$5,285,000 is outstanding, to finance permanent mortgage loans in connection with the rehabilitation of multi-family rental housing developments.

On August 3, 1995, the Corporation issued its \$49,635,000 Multi-Family Housing Revenue Bonds, 1995 Series A, of which \$20,095,000 is outstanding, to refund all of the Corporation's outstanding Multi-Family Housing Bonds (FHA Insured Mortgage Loans), 1985 First Series; its Multi-Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities), 1985 Series A; and its Insured Multi-Family Mortgage Revenue Bonds, 1985 First Series.

On September 10, 1996, the Corporation issued its \$217,310,000 Multi-Family Housing Revenue Bonds, 1996 Series A, of which \$164,420,000 is outstanding, to refund all of the Corporation's outstanding General Housing Bonds, Series A through G.

On June 19, 1997, the Corporation issued its \$25,265,000 Multi-Family Housing Revenue Bonds, 1997 Series A and 1997 Series B, of which \$22,665,000 is outstanding, to refund all of the Corporation's outstanding Multi-Family Housing Bonds (FHA Insured Mortgage Loans), 1987 Series A and Multi-Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities), 1987 Series A as well as to finance permanent mortgage loans in connection with the rehabilitation of eight multifamily rental housing developments.

On October 15, 1997, the Corporation issued its \$30,000,000 Multi-Family Housing Revenue Bonds, 1997 Series C, of which \$26,200,000 is outstanding, to finance permanent mortgage loans in connection with the construction or rehabilitation of forty multifamily rental housing developments.

On May 21, 1998, the Corporation issued its \$57,800,000 Multi-Family Housing Revenue Bonds, 1998 Series A, of which \$57,500,000 is outstanding, to finance construction and/or permanent mortgage loans in connection with the development of nine multi-family housing projects.

On September 24, 1998, the Corporation issued its \$21,380,000 Multi-Family Housing Revenue Bonds, 1998 Series B, all of which are outstanding, to finance a construction and permanent loan in connection with the development of an assisted living facility located at 1261 Fifth Avenue in Manhattan, New York.

On March 3, 1999, the Corporation issued its \$66,600,000 Multi-Family Housing Revenue Bonds, 1999 Series A-1 and 1999 Series A-2, of which \$63,300,000 is outstanding, to finance construction and/or permanent loans in connection with the development of approximately six multi-family housing projects, of which one construction loan and five permanent loans have been made as of October 31, 2001.

On August 18, 1999, the Corporation issued its \$40,200,000 Multi-Family Housing Revenue Bonds, 1999 Series B-1 and 1999 Series B-2, all of which are outstanding, to finance construction and/or permanent loans in connection with the development of approximately eight multi-family housing projects, of which two construction loans and five permanent loans have been made as of October 31, 2001. One of these permanent loans was partially funded with the proceeds of the 2000 Series B Bonds described below.

On September 16, 1999, the Corporation issued its \$17,910,000 Multi-Family Housing Revenue Bonds, 1999 Series C and 1999 Series D, of which \$17,665,000 is outstanding, in order to finance (i) a construction and permanent loan in connection with the development of a multi-family housing development with the 1999 Series C proceeds and (ii) to refund the Corporation's outstanding Insured Multi-Family Mortgage Revenue Bonds (Sheridan Manor Apartments), 1989 Series A and to refinance the Sheridan Manor Apartments project with the 1999 Series D proceeds.

On January 13, 2000, the Corporation issued its \$10,715,000 Multi-Family Housing Revenue Bonds, 1999 Series E, all of which are outstanding, to finance a construction and permanent loan in connection with the development of a senior housing facility to be known as Ryan Village Condominium being constructed at the southwest corner of West 46th Street and Tenth Avenue in Manhattan, New York.

On September 13, 2000, the Corporation issued its \$36,240,000 Multi-Family Housing Revenue Bonds, 2000 Series A and 2000 Series B, all of which are outstanding, to finance (i) a construction and permanent loan with the 2000 Series A proceeds in connection with the new construction of a rental housing development, and (ii) to finance construction and/or permanent loans with the 2000 Series B proceeds in connection with the development of approximately six multi-family housing projects, of which one construction loan and one permanent loan have been

made as of October 31, 2001. Two permanent loan increases were also made with the 2000 Series B proceeds for two projects whose mortgages were funded and are held under the Housing Revenue Bond Resolution Program.

On May 16, 2001, the Corporation issued its \$117,485,000 Multi-Family Housing Revenue Bonds, 2001 Series A and 2001 Series B, all of which are outstanding. (a) to acquire, with the 2001 Series A proceeds, mortgage-backed securities guaranteed by the Government National Mortgage Association, the proceeds of which acquisition will be used by the mortgage banker to fund a construction and permanent mortgage loan for a 104-unit senior citizen rental housing development, and (b) to refund, with the 2001 Series B proceeds, all of the Corporation's outstanding Multi-Unit Mortgage Refunding Bonds (FHA Insured Mortgage Loans), 1991 Series A, which were issued in connection with the refinancing of eight multifamily developments.

Subsequent to October 31, 2001, the Corporation issued, on November 6, 2001 its \$28,500,000 Multi-Family Housing Revenue Bonds, 2001 Series C-1 and 2001 Series C-2, all of which are outstanding, to finance construction and permanent loans in connection with the construction or rehabilitation of five multi-family housing projects, of which four construction loans have been made as of November 29, 2001.

**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 October 31, 2001 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 October 31, 2001, the Corporation was servicing construction and permanent loans in the approximate face amount of \$1,434,875,473.97.

(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 Corporation's Multi-Family Housing Revenue Bonds, 1997 Series C, as described in this Appendix B, *Section I (D) Housing Revenue Bond Resolution Program*, 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 Corporation's Multi-Family Housing Revenue Bonds Bond Resolution, including the Corporation's Multi-Family Housing Revenue Bonds, 1998 Series A, 1998 Series B, 1999 Series A, 1999 Series B, 1999 Series E, 2000 Series B, and 2001 Series C as described in this Appendix B, *Section I (D) Housing Revenue Bond Resolution Program*, and/or other monies of the Corporation.

**PROPOSED FORM OF BOND COUNSEL OPINION**

Upon delivery of the 2001 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 \$118,500,000 Multi-Family Mortgage Revenue Bonds (Related-West 55th Street Development), 2001 Series A (the "2001 Series A Bonds") and \$11,500,000 Multi-Family Mortgage Revenue Bonds (Related-West 55th Street Development), 2001 Series B (the "2001 Series B Bonds;" the 2001 Series A Bonds and the 2001 Series B Bonds being collectively referred to as the "2001 Bonds" of the New York City Housing Development Corporation (the "Corporation"), a corporate governmental agency, constituting a public benefit corporation, created 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 2001 Bonds are authorized to be issued pursuant to the Act and the Multi-Family Mortgage Revenue Bonds (Related-West 55th Street Development) Bond Resolution of the Corporation, adopted November 26, 2001 (herein called the "Resolution"). The 2001 Bonds are being issued for the purpose of financing the Mortgage Loan (as defined in the Resolution).

The 2001 Bonds are dated, mature, are payable, bear interest and are subject to redemption and tender as provided in the Resolution.

The Corporation is authorized to issue other Bonds (as defined in the Resolution), in addition to the 2001 Bonds, for the purposes and upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall, with the 2001 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

We have not examined nor are we passing upon matters relating to the real and personal property referred to in the Mortgage, nor are we passing upon the Loan Agreement, the Mortgage, the other Mortgage Documents or the Assignment (as such terms are defined in the Resolution). In rendering this opinion, we have assumed the validity and enforceability of the Loan Agreement, the Mortgage, the other Mortgage Documents and the Assignment.

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 Loan, to provide sufficient funds therefor by the adoption of the Resolution and the issuance and sale of the 2001 Bonds, and to perform its obligations under the terms and conditions of the Resolution, including financing the Mortgage Loan, as covenanted in the Resolution.

(2) The Resolution has been duly adopted by the Corporation, is in full force and effect, and is valid and binding upon the Corporation and enforceable in accordance with its terms.

(3) The 2001 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolution and the laws of the State of New York (the “State”), including the Act.

(4) The 2001 Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution, are enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

(5) The Bonds, including the 2001 Bonds, are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Revenues (as defined in the Resolution) and all the Accounts (other than the Rebate Fund) established by the Resolution and moneys and securities therein, which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

(6) Pursuant to the Resolution, the Corporation has validly covenanted in the manner and to the extent provided in the Resolution, among other things, to finance the Mortgage Loan, subject to the requirements of the Resolution with respect thereto.

(7) The 2001 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2001 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged for the payment thereof.

(8) Under existing statutes and court decisions, (i) interest on the 2001 Series A 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 2001 Series A Bond for any period during which such 2001 Series A 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 2001 Series A Bonds or a “related person,” and (ii) interest on the 2001 Series A 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 Mortgagor (as defined in the Resolution) and others, in connection with the 2001 Series A Bonds, and we have assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2001 Series A Bonds from gross income under Section 103 of the Code. In addition, under existing statutes, interest on the 2001 Series A Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

(9) Interest on the 2001 Series B Bonds is included in gross income for Federal income tax purposes pursuant to the Code. Under existing statutes, interest on the 2001 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 2001 Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update our opinion after the issue date 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 2001 Series A 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 2001 Bonds and the Resolution 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 2001 Series A Bond and an executed 2001 Series B Bond and in our opinion the forms of said Bonds and their execution are regular and proper.

Very truly yours,

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