

*This Official Statement has been prepared by the New York City Housing Development Corporation (the “Corporation”) to provide information about the Pass-Through Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Pass-Through Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.*

**\$59,891,354**

**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**



**Multi-Family Housing Revenue Bonds  
(Insured Mortgage Loan Pass-Through),  
2017 Series A (Federally Taxable)  
(Sustainable Neighborhood Bonds)**

**Dated: Date of Delivery**

**Due: as shown below**

Taxable	<i>In the opinion of Bond Counsel to the Corporation, interest on the Pass-Through Bonds is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended. In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the Pass-Through 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.</i>
Redemption	The Pass-Through Bonds are subject to redemption prior to maturity, including mandatory and special optional redemption at par under certain circumstances. For a more complete description of the redemption provisions, see “THE PASS-THROUGH BONDS – Redemption.”
Security	The Pass-Through Bonds are payable solely from, and secured by, a pledge of the Trust Estate and certain amounts held under the General Resolution (as more fully described herein). The Pass-Through Bonds are special revenue obligations of the Corporation, a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State of New York. The Pass-Through Bonds are not a debt of either the State of New York or The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Pass-Through Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power. See “SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT” and “ADDITIONAL SECURITY FOR THE PASS-THROUGH BONDS” herein.
Interest Payment Dates	The first day of each month, commencing December 1, 2017.
Denominations	\$1.00 or any integral multiple thereof.
Closing/Settlement	October 12, 2017 through the facilities of DTC in New York, New York, or its custodial agent.
Trustee	The Bank of New York Mellon, New York, New York.
Book-Entry-Only System	The Depository Trust Company. See “THE PASS-THROUGH BONDS – Book-Entry-Only System.”

**\$59,891,354 of 3.098% Pass-Through Bonds due October 1, 2046 - Price: 100% CUSIP Number\*: 64972CM67**

The Pass-Through Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to the unqualified approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters related to the Pass-Through Bonds will be passed upon for the Corporation by its General Counsel and for the Underwriters by their Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

**Jefferies**

**Barclays**

**RBC Capital Markets**

The date of this Official Statement is September 29, 2017

\* CUSIP numbers have been assigned by an independent company not affiliated with the Corporation and are included solely for the convenience of the owners of the Pass-Through Bonds. The Corporation is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Pass-Through Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Pass-Through Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Pass-Through Bonds

**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 Pass-Through Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized by the Corporation or by the Underwriters 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 furnished by the Corporation and by other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters or 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 Corporation or changes involving the 2017 Loans or the other matters described since the date hereof.**

**This Official Statement contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. The inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation of the Corporation or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The forecasts, projections and estimates have not been examined or compiled by the Corporation's auditors, nor have its auditors expressed an opinion or any other form of assurance on the information or its achievability.**

**If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Corporation. These forward-looking statements speak only as of the date of this Official Statement. The Corporation disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Corporation's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.**

**The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.**

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

**THE PASS-THROUGH BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE PASS-THROUGH 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 UNDERWRITERS MAY OFFER AND SELL THE PASS-THROUGH BONDS TO CERTAIN DEALERS AND CERTAIN DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.**

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TABLE OF CONTENTS

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<p><b>INTRODUCTORY STATEMENT.....1</b></p> <p><b>NEW YORK CITY HOUSING DEVELOPMENT CORPORATION.....3</b></p> <p><b>THE PASS-THROUGH BONDS.....5</b></p> <p style="padding-left: 20px;">General Description.....5</p> <p style="padding-left: 20px;">Redemption .....6</p> <p style="padding-left: 20px;">No Additional Bonds.....6</p> <p style="padding-left: 20px;">Book-Entry-Only System .....7</p> <p><b>SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT .....9</b></p> <p style="padding-left: 20px;">General .....9</p> <p style="padding-left: 20px;">Loans and Revenues .....10</p> <p style="padding-left: 20px;">REMIC Insurance Program .....11</p> <p style="padding-left: 20px;">Characteristics of the 2017 Loans .....15</p> <p style="padding-left: 20px;">Weighted Average Life of Pass-Through Bonds.....18</p> <p style="padding-left: 20px;">Information Available to Bondholders .....25</p> <p style="padding-left: 20px;">Debt Service Reserve Fund .....25</p> <p><b>ADDITIONAL SECURITY FOR THE PASS-THROUGH BONDS .....26</b></p> <p><b>CERTAIN BONDHOLDERS' RISKS.....26</b></p> <p style="padding-left: 20px;">Limited Security .....26</p> <p style="padding-left: 20px;">Rate of Principal Payments on the 2017 Loans .....27</p> <p style="padding-left: 20px;">Rate of Principal Payments Can Reduce the Yield.....27</p> <p style="padding-left: 20px;">An Investment in the Pass-Through Bonds is Subject to Significant Reinvestment and Extension Risk.....27</p>	<p style="padding-left: 20px;">Defaults will Increase the Rate of Prepayments .....27</p> <p style="padding-left: 20px;">The Pass-Through Bonds May not be Suitable Investment .....28</p> <p style="padding-left: 20px;">Conditions to Payment of REMIC Insurance .....28</p> <p style="padding-left: 20px;">Affordable Multifamily Housing Loans .....28</p> <p style="padding-left: 20px;">Default under Cash Equivalents .....28</p> <p><b>PLAN OF FINANCE.....28</b></p> <p><b>SOURCES AND USES OF FUNDS .....30</b></p> <p><b>RATING .....30</b></p> <p><b>LEGALITY OF THE PASS-THROUGH BONDS FOR INVESTMENT AND DEPOSIT .....30</b></p> <p><b>AGREEMENT OF THE STATE .....30</b></p> <p><b>NO LITIGATION.....31</b></p> <p><b>TAX MATTERS .....31</b></p> <p style="padding-left: 20px;">Opinion of Bond Counsel to the Corporation.....31</p> <p style="padding-left: 20px;">Taxable Bonds .....31</p> <p style="padding-left: 20px;">Disposition and Defeasance.....31</p> <p style="padding-left: 20px;">Backup Withholding and Information Reporting .....32</p> <p style="padding-left: 20px;">U.S. Holders .....32</p> <p style="padding-left: 20px;">Miscellaneous .....32</p> <p><b>CERTAIN LEGAL MATTERS .....32</b></p> <p><b>UNDERWRITING .....32</b></p> <p><b>CONTINUING DISCLOSURE AND OTHER AVAILABLE INFORMATION .....33</b></p> <p><b>MISCELLANEOUS .....36</b></p> <p>APPENDIX I      Certain Information Regarding the 2017 Loans.....I-1</p> <p>APPENDIX II     Form of Resolution ..... II-1</p> <p>APPENDIX III    Proposed Form of Opinion of Bond Counsel to the Corporation..... III-1</p> <p>APPENDIX IV    Description of New York Foreclosure Proceedings and Bankruptcy .....IV-1</p>
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# **NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**

**\$59,891,354**

**Multi-Family Housing Revenue Bonds  
(Insured Mortgage Loan Pass-Through),  
2017 Series A (Federally Taxable)  
(Sustainable Neighborhood Bonds)**

This Official Statement provides certain information concerning the New York City Housing Development Corporation (the “Corporation”) in connection with the sale of the Corporation’s \$59,891,354 principal amount of Multi-Family Housing Revenue Bonds (Insured Mortgage Loan Pass-Through), 2017 Series A (Federally Taxable) (the “Pass-Through Bonds”). The Pass-Through Bonds, which will directly finance socially beneficial projects, are also referred to as “Sustainable Neighborhood Bonds.” See “PLAN OF FINANCE – Sustainable Neighborhood Bonds.”

The Pass-Through 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 “Two Hundred Fifty-Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds (Insured Mortgage Loan Pass-Through), 2017 Series A” (the “Pass-Through Resolution”) adopted by the Members of the Corporation on September 19, 2017. The Pass-Through Resolution constitutes a contract between the Corporation and the holders of the Pass-Through Bonds. Certain terms used in this Official Statement have the meanings set forth in “APPENDIX II – Form of Resolution” attached hereto.

## **INTRODUCTORY STATEMENT**

The Corporation is a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State of New York (the “State”). The Corporation was created by the Act for the purpose of providing and encouraging the investment of private capital in safe and sanitary dwelling accommodations in The City of New York (the “City”) within the financial reach of 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.

The Pass-Through Bonds are being issued by the Corporation to provide moneys to reimburse the Corporation for amounts used to make certain loans (the “2017 Loans” or the “Mortgage Loans”) that were originally financed with proceeds of bonds issued pursuant to the resolution entitled “Multi-Family Housing Revenue Bonds Bond Resolution” adopted by the Members of the Corporation on July 27, 1993, as amended from time to time (the “General Resolution”). See “APPENDIX I – Certain Information Regarding the 2017 Loans.” Costs of issuance of the Pass-Through Bonds and the initial deposit into the Debt Service Reserve Fund will be funded by the Corporation with other available funds. See “SOURCES AND USES OF FUNDS.”

The 2017 Loans allocated to the Pass-Through Bonds are partially insured by the New York City Residential Mortgage Insurance Corporation, a subsidiary corporation of the Corporation (“REMIC”), as more fully described herein. The REMIC Insurance for each 2017 Loan provides for payment based on 20% of the unpaid principal balance of and interest on such 2017 Loan as of the date of filing a claim for loss. In addition, the developments related to the Mortgage Loans (the “Developments”) received subordinate low interest rate loans from the Corporation pursuant to the Corporation’s New Housing Opportunities Program (“New HOP”), as more fully described herein. See “SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT.”

The 2017 Loans are evidenced by mortgage notes (the “Mortgage Notes”) secured by mortgages on multi-family residential developments located in the City. See “APPENDIX I – Certain Information Regarding the 2017 Loans.”

The Pass-Through Bonds are special revenue obligations of the Corporation payable solely from, and secured by a pledge of, (i) the Trust Estate, which includes certain interests in the 2017 Loans, Loan Repayments and Prepayments and the Funds and Accounts established under the Pass-Through Resolution (including the Debt Service Reserve Fund), as more fully described in “SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT – General,” and (ii) amounts on deposit in the Revenue Account held under the General Resolution (the “General Resolution Revenue Account”), as more fully described in “ADDITIONAL SECURITY FOR THE PASS-THROUGH BONDS.”

Under the Pass-Through Resolution, Revenues are defined as the Loan Repayments and Prepayments derived from the 2017 Loans and investment earnings on the Funds and Accounts established by the Pass-Through Resolution. Pursuant to the Pass-Through Resolution, the Trustee shall deposit all Loan Repayments and Prepayments into the Revenue Account promptly upon receipt of such payments. Loan Repayments do not include any amounts due on the 2017 Loans prior to October 12, 2017 (the “Cut-Off Date”), whether or not such amount is received by or on behalf of the Corporation after such date.

Excess Revenues consisting of interest received on the 2017 Loans and investment earnings on the Loan Repayments and Prepayments remaining after the payment on any Interest Payment Date of interest on the Pass-Through Bonds and the mandatory redemption thereof on such Interest Payment Date from scheduled Loan Repayments and Prepayments and the replenishment of any deficiencies in the Debt Service Reserve Fund will be deposited in the Excess Revenue Fund and will be available to pay interest on the Pass-Through Bonds and for the mandatory redemption thereof from scheduled Loan Repayments if Revenues on future Interest Payment Dates are insufficient. Amounts on deposit in the Excess Revenue Fund in excess of one month’s scheduled interest and principal payments due on all 2017 Loans shall be withdrawn free and clear of the lien of the Pass-Through Resolution on each April 1 and October 1, after the payment on such dates of interest on the Pass-Through Bonds and the mandatory redemption thereof on such dates from scheduled Loan Repayments and Prepayments. In addition, the Corporation has pledged amounts on deposit in the General Resolution Revenue Account to secure the payment of interest on the Pass-Through Bonds and the mandatory redemption thereof from scheduled Loan Repayments. Amounts in the General Resolution Revenue Account are also pledged to secure payment of the bonds issued and to be issued under the General Resolution (the “Open Resolution Bonds”) and to secure payment of regularly scheduled debt service on bonds issued and to be issued under the Corporation’s One Hundred Twenty-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program), NIBP Series 1, adopted by the Members of the Corporation on December 3, 2009, as amended, and One Hundred Twenty-Sixth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program), NIBP Series 2, adopted by the Members of the Corporation on December 3, 2009, as amended (the “NIBP Bonds”). See “ADDITIONAL SECURITY FOR THE PASS-THROUGH BONDS.” Funds held under the Pass-Through Resolution are not security for the Open Resolution Bonds or the NIBP Bonds.

The Pass-Through Bonds are subject to mandatory redemption in whole or in part on each Interest Payment Date, at a Redemption Price equal to 100% of the principal amount of the Pass-Through Bonds to be redeemed, without premium, in an amount equal to the sum (rounded down to the nearest integral multiple of \$1.00) of (a) the principal portion of Loan Repayments due on the first day of the calendar month immediately preceding such Interest Payment Date, plus (b) the principal portion of Prepayments received by or on behalf of the Corporation and deposited in the Revenue Account from and including the 26th day of the second calendar month preceding such Interest Payment Date through and including the 25th day of the calendar month immediately preceding such Interest Payment Date (or, in the case of the first Interest Payment Date on December 1, 2017, from and including the Cut-Off Date through and including October 25, 2017). See “THE PASS-THROUGH BONDS – Redemption – Mandatory Redemption.”

The Pass-Through Bonds are also subject to special optional redemption in whole, at a Redemption Price equal to 100% of the principal amount thereof, without premium, on any Interest Payment Date after the earlier of (i) the Interest Payment Date on which the Outstanding principal amount of the Pass-Through Bonds is reduced to less than 10% of the original principal amount thereof and (ii) the first Interest Payment Date on which only one 2017 Loan remains outstanding. See “THE PASS-THROUGH BONDS – Redemption – Special Optional Redemption.”

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

On June 26, 2014, the Corporation issued \$34,561,047 aggregate principal amount of its Multi-Family Housing Pass-Through Revenue Bonds, 2014 Series A (the “2014 Bonds”) to provide moneys to finance the acquisition of seven mortgage loans that were originally financed with proceeds of bonds issued pursuant to the General Resolution (the “2014 Loans”). Of the seven 2014 Loans, six prepaid in full. As of September 15, 2017, one 2014 Loan remains outstanding and \$4,478,165 principal amount of the 2014 Bonds remain outstanding. The trust estate pledged to secure the 2014 Bonds is not pledged to secure the Pass-Through Bonds and the Trust Estate pledged to secure the Pass-Through Bonds is not pledged to secure the 2014 Bonds.

Contemporaneously with the issuance of the Pass-Through Bonds, the Corporation expects to issue approximately \$133,915,000 aggregate principal amount of its Multi-Family Housing Revenue Bonds, 2017 Series E-1, 2017 Series E-2 and 2017 Series F (the “2017 Open Resolution Bonds”) under the General Resolution and approximately \$65,325,000 aggregate principal amount of its Multi-Family Secured Mortgage Revenue Bonds, 2017 Series A-1 and 2017 Series A-2 (the “2017 Secured Mortgage Bonds”) under the Corporation’s Multi-Family Secured Mortgage Revenue Bonds Bond Resolution (the “2017 Secured Mortgage Resolution”). The proceeds of the 2017 Open Resolution Bonds and the 2017 Secured Mortgage Bonds will be applied to finance or reimburse the Corporation for the financing of mortgage loans for multi-family rental housing developments. The 2017 Open Resolution Bonds and the 2017 Secured Mortgage Bonds will not be secured by the Pass-Through Resolution, and the Pass-Through Bonds will not be secured by the 2017 Secured Mortgage Resolution. The Pass-Through Bonds will be secured by the General Resolution to the extent described in “ADDITIONAL SECURITY FOR THE PASS-THROUGH BONDS.”

There follows in this Official Statement a description of the Corporation, certain information regarding the 2017 Loans, together with other information, including summaries of certain terms of the Pass-Through Bonds, the Pass-Through Resolution and certain provisions of the Act. All references herein to the Act and the Pass-Through Resolution are qualified in their entirety by reference to such laws and the regulations promulgated thereunder and such instruments or documents, and all references to the Pass-Through Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Pass-Through Resolution.

## **NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**

### *Purposes and Powers*

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

obligations to the City; and to do any and all things necessary or convenient to carry out its purposes. The Act further provides that the Corporation and its corporate existence shall continue at least so long as its bonds, including the Pass-Through Bonds, notes, or other obligations are outstanding.

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

### *Membership*

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

### *Loan Servicing; Asset Management*

The Corporation has been servicing loans for more than twenty (20) years. All of the 2017 Loans have been serviced by the Corporation since converting to permanent loans and will continue to be serviced by the Corporation following the issuance of the Pass-Through Bonds. Servicing by the Corporation includes the collection of mortgage payments from the Borrowers of the applicable Developments. The following is a description of the Corporation’s current practices and procedures relating to the servicing of the 2017 Loans. The Corporation may change its practices and procedures without notice to or the consent of the Bondholders or the Trustee.

An escrow account for the payment of taxes, hazard insurance and mortgage insurance is maintained by the Corporation for each Development and is funded from the monthly revenues of each such Development. Each Borrower is also required to maintain a reserve fund for replacements with the Corporation. These reserve funds for replacements are funded from the monthly revenues of their respective Development. In general, the applicable escrows and reserves for the Developments serviced by the Corporation were funded at the required levels. The Corporation requires financial statements for each Development serviced by the Corporation to be furnished to the Corporation annually.

The Corporation conducts an annual site review of each Development to monitor its physical condition. During this review, the Corporation undertakes various procedures to monitor the exterior and interior physical condition of the Developments. The Corporation’s inspection ratings for the Developments, which incorporate inspection ratings established by the U.S. Department of Housing and Urban Development (“HUD”) for FHA-insured mortgage loans, include five rating levels: superior (HUD score: 90-100), above average (HUD score: 80-89), satisfactory (HUD score: 60-79), below average (HUD score: 46-59) and unsatisfactory (HUD score: 0-45). The overall physical condition of all of the Developments were rated above average as of their last inspection, except the 870 Jennings Development and the Decatur Terrace Development were each rated satisfactory.

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



In addition, the Corporation conducts an annual review of the inspected Developments to monitor their financial condition.

The Corporation requires property, liability, boiler and machinery, and fidelity insurance for the 2017 Loans that it services. Property insurance must cover at least the outstanding 2017 Loan amount and lost rental value of at least one year's rental income at the Development. As of January 31, 2017, all of the Developments were in compliance with the Corporation's insurance requirements.

#### *Potential Legislative and Regulatory Actions*

From time to time, legislation is introduced on the Federal and State levels which, if enacted into law, could affect the Corporation, its operations or its bonds. The Corporation is not able to represent whether such bills will be introduced in the future or become law. In addition, the State undertakes periodic studies of public authorities in the State (including the Corporation) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, could affect the Corporation, its operations and its bonds.

## **THE PASS-THROUGH BONDS**

### **General Description**

The Pass-Through Bonds mature on the date and bear interest at the rate set forth on the cover page of this Official Statement. Interest on the Pass-Through Bonds accrues from date of delivery of the Pass-Through Bonds and is payable on the first day of each month, commencing December 1, 2017.

The Pass-Through Bonds are issuable only as fully registered bonds in denominations of \$1.00 or any integral multiple thereof. When issued, the Pass-Through Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Pass-Through Bonds. Individual purchases of the Pass-Through Bonds will be made in book-entry-only form, and purchasers of Pass-Through Bonds will not receive certificates representing their interest in such Pass-Through Bonds. So long as Cede & Co. is the sole registered owner of the Pass-Through Bonds, references herein to the registered owners or the Pass-Through Bonds (other than under "TAX MATTERS" herein) shall mean Cede & Co., as nominee of DTC, and shall not mean the beneficial owners of the Pass-Through Bonds. See "THE PASS-THROUGH BONDS – Book-Entry-Only System."

So long as Cede & Co. is the sole registered owner of the Pass-Through Bonds, principal or Redemption Price of, and interest on, the Pass-Through Bonds will be payable to Cede & Co., as aforesaid. If the book-entry system for the Pass-Through Bonds is discontinued, interest on the Pass-Through Bonds will be thereafter payable by check mailed to the registered owner thereof at such owner's address as shown on the applicable Record Date on the Bond Register kept by The Bank of New York Mellon, as Trustee, or, following notice to the Trustee as provided in the Pass-Through Resolution, by wire transfer on the Interest Payment Date to any registered owner of the Pass-Through Bonds in an aggregate principal amount of \$1 million or more.

Interest on the Pass-Through Bonds will become due and payable on each Interest Payment Date. Interest on the Pass-Through Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Payment of interest on each Pass-Through Bond will be made on each Interest Payment Date to the Holder of record on the applicable Record Date, which is the fifteenth (15th) day (whether or not a Business Day) of the month immediately prior to the month in which interest is to be so paid.

If the date for making any payment or any date on which action is required to be taken is not a Business Day, then any payment required to be made or action required to be taken may be made or taken on the next succeeding Business Day with the same force and effect as if made or taken on the date otherwise provided for in the Pass-

Through Resolution and, in the case of any payment to be made, no interest shall accrue to such next succeeding Business Day.

## **Redemption**

*Mandatory Redemption.* The Pass-Through Bonds are subject to mandatory redemption in whole or in part on each Interest Payment Date, at a Redemption Price equal to 100% of the principal amount of the Pass-Through Bonds to be redeemed, without premium, in an amount equal to the sum (rounded down to the nearest integral multiple of \$1.00) of (a) the principal portion of Loan Repayments due on the first day of the calendar month immediately preceding such Interest Payment Date, plus (b) the principal portion of Prepayments received by or on behalf of the Corporation and deposited in the Revenue Account from and including the 26th day of the second calendar month preceding such Interest Payment Date through and including the 25th day of the calendar month immediately preceding such Interest Payment Date (or, in the case of the first Interest Payment Date on December 1, 2017, from and including the Cut-Off Date through and including October 25, 2017).

*Special Optional Redemption.* The Pass-Through Bonds are subject to special optional redemption in whole, at a Redemption Price equal to 100% of the principal amount thereof, without premium, on any Interest Payment Date after the earlier of (i) the Interest Payment Date on which the Outstanding principal amount of the Pass-Through Bonds is reduced to less than 10% of the original principal amount thereof and (ii) the first Interest Payment Date on which only one 2017 Loan remains outstanding.

*Selection of Pass-Through Bonds to be Redeemed.* If the Pass-Through Bonds are to be redeemed in part pursuant to the mandatory redemption described above, each of the Pass-Through Bonds then Outstanding shall be redeemed in part, pro rata, in proportion to the Outstanding principal amount of each such Pass-Through Bond to the aggregate Outstanding principal amount of all Outstanding Bonds. The Pass-Through Resolution provides that, in order to effect this pro rata redemption while the Pass-Through Bonds are held in the book-entry-only system, the Trustee shall take such action as is required under the procedures of the Securities Depository to ensure that such mandatory redemption is allocated among DTC Participants on a “Pro-Rata Pass-Through Distribution of Principal” basis by the Securities Depository. If effected by DTC, this redemption procedure will cause a pro rata redemption of beneficial interests in the Pass-Through Bonds among DTC Participants upon a redemption, but may not ensure a pro rata redemption of beneficial interests in the Pass-Through Bonds among all Beneficial Owners thereof. See “THE PASS-THROUGH BONDS – Book-Entry-Only System” for a general description of the DTC book-entry system.

*Notice of Special Optional Redemption.* Notice of special optional redemption of the Pass-Through Bonds will be given by the Trustee by Electronic Means or first class mail, postage prepaid, not more than 60 and not less than 20 days prior to the Redemption Date to the registered owner of each Pass-Through Bond. Such notice will be conclusively presumed to have been duly given and received when given in such manner, whether or not any holder actually receives the notice. Receipt of such notice shall not be a condition precedent to redemption of the Pass-Through Bonds, and any failure to mail any such notice to any registered owner or any failure so to receive any such notice by any registered owner or any defect in any such notice shall not affect the validity or the proceedings for the redemption of any Pass-Through Bonds. Notice of special optional redemption may include conditions precedent to such redemption. If notice of redemption shall have been given as aforesaid, and if on the Redemption Date moneys for the redemption of all Pass-Through Bonds called for redemption, together with interest to the Redemption Date, shall be available for such payments, and all other conditions precedent shall have been satisfied, then from and after the Redemption Date interest on such Pass-Through Bonds shall cease to accrue and become payable.

*No notice of mandatory redemption will be given to any Bondholder or Beneficial Owner of the date or amount of the mandatory redemption of any Pass-Through Bonds.*

## **No Additional Bonds**

No additional bonds may be issued under the Pass-Through Resolution.

## **Book-Entry-Only System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Pass-Through Bonds. The Pass-Through 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 Bond certificate will be issued in the principal amount of the Pass-Through Bonds, and will be deposited with DTC, or its custodial agent.

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 and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and, together with Direct Participants, “Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the Pass-Through Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Pass-Through Bonds on DTC’s records. The ownership interest of each actual purchaser of each Pass-Through Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase; Beneficial Owners are 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 Pass-Through 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 Pass-Through Bonds, except in the event that use of the book-entry system for the Pass-Through Bonds is discontinued.

To facilitate subsequent transfers, all 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 the Pass-Through 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 Pass-Through Bonds. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Pass-Through 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.

As described in this Official Statement in “THE PASS-THROUGH BONDS – Redemption – Selection of Pass-Through Bonds to be Redeemed,” it is the intention that the allocations for mandatory redemption of the Pass-Through Bonds be made by DTC on a pro rata basis in accordance with DTC’s “Pro-Rata Pass-Through Distribution of Principal” rules and procedures. If DTC’s operational arrangements do not allow for payment of the Pass-Through

Bonds on a pro-rata pass-through payment distribution of principal basis, then the Pass-Through Bonds selected for payment will be made in accordance with DTC's procedures then in effect.

Redemption notices shall be sent to DTC. If less than all of the Pass-Through Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Pass-Through Bonds to be redeemed.

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

Principal and interest payments on the Pass-Through 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 the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Underwriters, 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.

DTC may discontinue providing its services as securities depository with respect to the Pass-Through 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, Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

**The information herein concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation and the Underwriters believe to be reliable, but neither the Corporation nor the Underwriters take any responsibility for the accuracy thereof.**

Each person for whom a Participant acquires an interest in the Pass-Through Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE CORPORATION, THE UNDERWRITERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PASS-THROUGH BONDS.

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

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

For every transfer and exchange of Pass-Through Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Corporation, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Pass-Through Bonds if the Corporation determines that (i) DTC is unable to discharge its responsibilities with respect to the Pass-Through Bonds, or (ii) a continuation of the requirement that all of the Pass-Through Bonds Outstanding be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Corporation or restricted registration is no longer in effect, the applicable Bond certificates will be delivered as described in the Pass-Through Resolution.

NONE OF THE CORPORATION, THE UNDERWRITERS 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 PASS-THROUGH 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 PASS-THROUGH BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE PASS-THROUGH BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE PASS-THROUGH BONDS; OR (VI) ANY OTHER MATTER.

## **SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT**

### **General**

The Pass-Through Bonds are special revenue obligations of the Corporation secured by a pledge of:

1. all of the Corporation's right, title and interest in and to the 2017 Loans and the Loan Documents (other than the Reserved Rights and the right to receive the payments referred to in clauses (i) through (iv) of paragraph 2 below);
2. all rights to receive payments on the Mortgage Notes and under the other Loan Documents, including all proceeds of insurance or condemnation awards, but excluding (i) payments of regularly scheduled debt service due prior to the Cut-Off Date, regardless of when received by or on behalf of the Corporation, (ii) prepayments received by or on behalf of the Corporation prior to the Cut-Off Date, (iii) payments to be applied to pay Servicing Fees or REMIC Insurance premiums and (iv) any late payment penalties;
3. all of the Corporation's right, title and interest in and to the Revenues, the Net Bond Proceeds and the accrued interest, if any, derived from the sale of the Pass-Through Bonds, and all Funds and Accounts under the Pass-Through Resolution (including, without limitation, moneys, documents, securities, Investments, Investment Income, instruments and general intangibles on deposit or otherwise held by the Trustee);
4. all proceeds of mortgage insurance and other security related to the 2017 Loans;
5. all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time conveyed, mortgaged, pledged, assigned or transferred by delivery or by writing of any kind to the Trustee as additional security under the Pass-Through Resolution for the benefit of the Bondholders; and

6. all of the proceeds of the foregoing, including, without limitation, Investments and Investment Income.

The foregoing items 1 through 6 are referred to herein as the “Trust Estate.”

Each 2017 Loan will be partially insured under a REMIC Insurance Policy which provides for payment based on 20% of the unpaid principal balance of the applicable 2017 Loan and interest on such 2017 Loan as of the date of filing a claim for loss on a first loss basis. The Corporation is required to notify REMIC within forty-five (45) days after a payment default by a Borrower on an insured Mortgage Loan and to provide various additional notices during the period of default. Each REMIC Insurance Policy provides that when a Borrower fails to pay a total aggregate amount equal to four regular monthly payments of principal and interest, and any escrow payments due under the terms of an insured Mortgage Loan, disregarding any waivers or extensions by the Corporation, and assuming only required notices have been timely submitted and other preconditions have been met, the Corporation may make a claim for REMIC Insurance benefits. The Corporation has covenanted to make a claim under the REMIC Insurance Policies for any of the 2017 Loans for which the conditions for such claim have been met at such time as amounts are withdrawn from the Debt Service Reserve Fund. Prior to such time, the Corporation is not required to file a claim and may, in its sole discretion, determine whether or not and when to file a claim under a REMIC Insurance Policy. See “SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT – REMIC Insurance Program.”

The Pass-Through Bonds are being issued pursuant to the Pass-Through Resolution and will be secured by and payable from the Trust Estate. The Pass-Through Bonds are secured by the Debt Service Reserve Fund established under the Pass-Through Resolution, which is part of the Trust Estate. The initial deposit into the Debt Service Reserve Fund will be funded by the Corporation with other available funds. Under the Pass-Through Resolution, the Corporation will be permitted in the future to release amounts on deposit in the Debt Service Reserve Fund without consent of the holders of the Pass-Through Bonds upon the delivery of a Cash Equivalent, subject to the requirements of the Pass-Through Resolution as described in “SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT – Debt Service Reserve Fund.” The Pass-Through Bonds are also secured by a pledge of amounts held in the General Resolution Revenue Account. See “ADDITIONAL SECURITY FOR THE PASS-THROUGH BONDS.”

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

## **Loans and Revenues**

The 2017 Loans are nonrecourse loans. The payments required to be made under the Mortgage Notes with respect to the 2017 Loans, if timely made, are expected to be sufficient in amount to pay, when due, the principal of and interest on the Outstanding Pass-Through Bonds, after paying servicing fees of the Corporation and mortgage insurance premiums payable to REMIC.

The 2017 Loans will consist of six mortgage loans, which are expected to have an aggregate principal balance of approximately \$59,891,354.86 as of the Cut-Off Date. All scheduled payments of principal and interest due on the 2017 Loans on and after November 1, 2017 shall constitute Loan Repayments. Any prepayment of a 2017 Loan received by the Corporation on or after the Cut-Off Date shall constitute a Prepayment. For further information about and characteristics of the 2017 Loans as of the Cut-Off Date (except as noted), see “SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT – Characteristics of the 2017 Loans” and Appendix I to this Official Statement. The Corporation will agree to provide certain information about the 2017 Loans to holders of the Pass-Through Bonds, as described in “SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT – Information Available to Bondholders.”

Under the Pass-Through Resolution, Revenues are defined as the Loan Repayments and Prepayments derived from the 2017 Loans and investment earnings on the Funds and Accounts established by the Pass-Through Resolution. Pursuant to the Pass-Through Resolution, the Trustee shall deposit all Loan Repayments and Prepayments into the Revenue Account promptly upon receipt of such payments. Loan Repayments do not include any amounts due on the 2017 Loans prior to the Cut-Off Date, whether or not such amount is received by the Corporation after such date.

If the amount on deposit in the Revenue Account as of the end of the 25th day of the calendar month preceding any Interest Payment Date is less than the sum of the amount of interest payable on the Pass-Through Bonds plus the principal amount of the Pass-Through Bonds subject to mandatory redemption from scheduled Loan Repayments or Prepayments or maturing on such Interest Payment Date, then the Trustee shall, on or prior to the Business Day immediately preceding such Interest Payment Date, make up such deficiency from the following sources in the following order of priority: first, from amounts on deposit in the Excess Revenue Fund; and second, from amounts on deposit in the Debt Service Reserve Fund. To the extent that any deficiency remains after such transfers, the Trustee shall on such Business Day notify the trustee under the General Resolution (the “General Resolution Trustee”) of the amount of such deficiency, and the General Resolution Trustee shall on the Interest Payment Date (except if and for so long as an event of default has occurred and is continuing under the General Resolution) transfer such amount from the General Resolution Revenue Account to the Trustee for deposit into the Revenue Account held under the Pass-Through Resolution. In addition, the Corporation may, but is not required to, deposit funds of the Corporation other than those described above to make up such deficiency.

Following the payment of all amounts due on the Pass-Through Bonds on any Interest Payment Date, but in no event later than the 24th day of the calendar month in which such Interest Payment Date occurred, all amounts remaining in the Revenue Account (other than any Prepayment, or any Loan Repayment due in such calendar month, that is received by or on behalf of the Corporation after the 25th day of the calendar month preceding such Interest Payment Date) shall be applied by the Trustee to replenish amounts in the Debt Service Reserve Fund necessary to satisfy the Debt Service Reserve Fund Requirement for the Pass-Through Bonds and any remaining amounts shall be transferred to the Excess Revenue Fund. The Trustee shall withdraw any amounts on deposit in the Excess Revenue Fund in excess of one month’s scheduled interest and principal payments due on all 2017 Loans free and clear of the lien of the Pass-Through Resolution and transfer such amounts for deposit to the General Resolution Revenue Account on each April 1 and October 1 after the payment on such dates of interest on the Pass-Through Bonds and the mandatory redemption thereof on such dates from scheduled Loan Repayments and Prepayments. See “APPENDIX II – Form of Resolution.”

The Corporation will pay the Trustee’s fees with other available funds and the Trustee will not have a lien on funds held under the General Resolution or the Pass-Through Resolution to secure payment for its services. See “APPENDIX II – Form of Resolution.”

### **REMIC Insurance Program**

Each of the 2017 Loans is partially insured by REMIC Insurance, which provides for payment based on a specified percentage of the unpaid principal balance of the applicable 2017 Loan and interest on such 2017 Loan as of the date of filing a claim for loss on a first loss basis.

#### *General*

REMIC was created in January 1993 as a public benefit corporation of the State under Section 654-d of the New York Private Housing Finance Law (the “REMIC Act”). The REMIC Act also established REMIC as a subsidiary of the Corporation.

REMIC consists of nine members, seven of whom are the members of the Corporation plus two additional members who are appointed by the Mayor of the City. The Chairperson of the Corporation is also the Chairperson of REMIC. The powers of REMIC are vested in and exercised by no less than five members. REMIC may delegate to one or more of its members, officers, agents or employees such powers and duties as it deems proper. The officers

and staff of REMIC are all employees of the Corporation. The REMIC Act prohibits REMIC from issuing a commitment to insure a mortgage loan made by the Corporation unless such commitment is approved by at least two members of a three member committee composed of the Chairperson and the two members of REMIC who are not members of the Corporation.

### *Purposes and Powers*

REMIC's purpose is to insure mortgage loans in order to promote the preservation of neighborhoods in New York City which are blighted, are becoming blighted or may become blighted; to discourage disinvestment and encourage investment of mortgage capital in such neighborhoods; and to provide safe, sanitary and affordable housing accommodations to persons and families for which the ordinary operations of private enterprise cannot supply such accommodations. In furtherance of its corporate purpose, REMIC is authorized to enter into commitments to insure mortgages and contracts of insurance, and fulfill its obligations and enforce its rights under any insurance so furnished.

REMIC is empowered to insure permanent first mortgage loans made by financial institutions for multi-family housing accommodations, one to four family homes, and emergency, transitional or shelter housing ("Shelter Housing") located in the City of New York. This includes multi-family rental and cooperative buildings, owner-occupied one to four family homes, cooperative units, condominium units, Shelter Housing and mixed-use buildings, provided that, with respect to mixed-use buildings containing more than six dwelling units and Shelter Housing, the above-ground commercial space must comprise less than 25% of the total above-ground square footage of the insured property. REMIC insurance coverage (the "Coverage Percentage") is limited by property type and loan type. Lenders can obtain up to 50% coverage on preservation loans (i.e., refinancing and/or acquisition loans), up to 75% on rehabilitation loans (i.e., permanent loans which replace construction or rehabilitation financing) and up to 100% on preservation or rehabilitation loans made by a public employee pension system or another public benefit corporation, including the Corporation, when such loan is funded with the proceeds of a bond issue.

### *REMIC Funds*

The REMIC Act establishes a housing insurance fund (the "HIF") and a REMIC premium reserve fund ("PRF"). REMIC is required to maintain the HIF to serve as a revolving fund for carrying out the provisions of the REMIC Act with respect to housing insurance contracts entered into by REMIC. The HIF requirement, as of any particular date of computation, is equal to an amount of money or cash equivalents equal to the aggregate of (a) the insured amounts of loans due and payable as of such date pursuant to its housing insurance contracts, plus (b) an amount equal to 20% of the insured amounts under REMIC's housing insurance contracts (other than insured amounts due and payable pursuant to clause (a) above) plus 20% of the amounts to be insured under REMIC's commitments to insure. Increases to the HIF are funded solely from monies from the PRF. The term "cash equivalent" for the purposes of this paragraph means a letter of credit, insurance policy, surety, guarantee, indemnity or other security arrangement.

The REMIC Act provides that no monies shall be withdrawn from the HIF at any time in such amount as would reduce the amount in the HIF to less than the HIF requirement, except for the purpose of paying liabilities arising from housing insurance contracts as they come due and for the payment of which other monies are not available.

As of January 31, 2017, the HIF's total liability against commitments and against housing insurance contracts in force was approximately \$338 million. As of January 31, 2017, the HIF had a total loan amount on outstanding commitments and housing insurance contracts in force of approximately \$1.558 billion on 298 properties. As of January 31, 2017, the HIF was funded in cash or marketable securities in an amount at least equal to the HIF requirement.

REMIC also maintains the PRF to provide for payment of REMIC's liabilities arising from its operations, its housing insurance contracts and its mortgage insurance contracts. All monies deposited in the PRF, whether from earned premiums, investment income or other sources, represent the excess over the HIF requirements. If the amounts



in the HIF are below their respective requirements, amounts in the PRF are available to restore these funds to their requirements. As of January 31, 2017, the PRF totaled approximately \$47 million.

Since 2011, the Corporation has provided \$25.5 million to REMIC to capitalize future capacity. As of January 31, 2017, the REMIC total fund balance was approximately \$118 million.

#### *Claims for Loss*

As of January 31, 2017, the HIF had neither paid claims for loss nor had any policies in force on which claims for loss had been submitted.

The claims-paying ability of the HIF is rated “AA” by S&P. The PRF is not rated by any recognized rating agency. Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that this rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant.

The payment of principal and interest on the Pass-Through Bonds is not secured by or payable from monies held in the HIF or the PRF, and REMIC is not liable on the Pass-Through Bonds. The REMIC Act provides that all amounts in the HIF, with certain exceptions, shall be used solely for the payment of its liabilities arising from housing insurance contracts. Only monies in the HIF and the PRF will be available to REMIC for payment of REMIC’s liabilities under the REMIC Insurance. There are no other dedicated sources of revenue to pay for the insurance obligations of REMIC. There can be no assurance that the amounts on deposit in the HIF and PRF will not be depleted through payment of liabilities arising with respect to insured mortgage loans other than REMIC-insured Mortgage Loans.

The audited financial statements of REMIC for the fiscal year ended October 31, 2016 are included in the audited financial statements of the Corporation for the fiscal year ended October 31, 2016, which are contained in Appendix C to the Open Resolution Official Statement (as defined below under “ADDITIONAL SECURITY FOR THE PASS-THROUGH BONDS”). Copies of the Annual Report of the Corporation, which includes information on REMIC, are also available from REMIC at 110 William Street, New York, New York 10038, telephone: (212) 227-5500, or through its internet address: [www.nychdc.com/subsidiaries/REMIC.html](http://www.nychdc.com/subsidiaries/REMIC.html).

#### *Benefits for the Mortgage Loans secured or expected to be secured by REMIC Insurance under HIF*

The REMIC Master Policy of Insurance (the “REMIC Policy”), which covers a specified percentage of the original Mortgage Loan amount for each insured Mortgage Loan on a first loss basis, requires each insured lender benefitting from REMIC Insurance (an “Insured”) to notify REMIC within forty-five (45) days after a payment default by a mortgagor on an insured Mortgage Loan and to provide various additional notices during the period of default. When a mortgagor fails to pay a total aggregate amount equal to four regular monthly payments of principal and interest, and any escrow payments due under the terms of an insured Mortgage Loan, disregarding any waivers or extensions by the Insured (termed “Four Months in Default” under the REMIC Policy), and assuming such notices have been timely submitted and other preconditions have been met, the Insured may make a claim for REMIC Insurance benefits.

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

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

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

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

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

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

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

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

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

With respect to the Mortgage Loans insured or expected to be insured by REMIC, amounts in the HIF are available, and amounts in the PRF are not available, to pay any liability incurred by REMIC with respect to such Mortgage Loans.

REMIC makes no representation as to the contents of this Official Statement (other than this section), the suitability of the Pass-Through Bonds for any investor, the feasibility of the Developments, or compliance with any securities or tax laws and regulations which may relate to the issuance and sale of the Pass-Through Bonds.

REMIC’s role is limited to providing the coverage set forth in the REMIC Insurance.

## **Characteristics of the 2017 Loans**

### *Composition*

The 2017 Loans will consist of six mortgage loans, which are expected to have an aggregate principal balance of approximately \$59,891,354.86 as of the Cut-Off Date. See “APPENDIX I – Certain Information Regarding the 2017 Loans” for further information regarding characteristics of the 2017 Loans as of the Cut-Off Date (except as noted).

### *Mortgage Rates; Calculation of Interest*

The 2017 Loans bear interest at fixed mortgage rates calculated on the basis of a 360-day year consisting of twelve 30-day months. The Corporation and REMIC may consent to a change in the mortgage rate for a 2017 Loan provided that such rate shall not be reduced below the sum of (x) the interest rate on the Pass-Through Bonds, plus (y) the Servicing Fees and REMIC Insurance premium applicable to such 2017 Loan.

### *Due Dates*

Monthly payments on the 2017 Loans are due on the first day of each month, provided, however, the mortgages provide a 15-day grace period.

### *Amortization; Level Payments*

The 2017 Loan for the Austin Street Development is amortized in level monthly payments over most of its remaining term, however maturity occurs in the 358<sup>th</sup> month of its 360-month amortization schedule, creating a small balloon payment of unpaid principal and accrued interest at maturity. The 2017 Loan for the Decatur Terrace Development is fully amortized in level monthly payments over its remaining term to stated maturity at which time the unpaid principal balance plus accrued interest thereon is due. The 2017 Loan for the 870 Jennings Development is fully amortized in level monthly payments and will fully amortize 44 months prior to its maturity. The term to maturity for the 2017 Loan for the Genesis Cornerstone Development is thirty (30) years, with amortization structured over thirty-five (35) years which creates a balloon payment of unpaid principal and accrued interest at maturity. The term to maturity for each of the 2017 Loans for the Boricua Site D Development and the Boricua Site F Development is thirty-three and one-half (33.5) years, with amortization structured over thirty-five (35) years which creates a balloon payment of unpaid principal and accrued interest at maturity. All of the 2017 Loans have begun to amortize as of the Cut-Off Date. A partial prepayment of a 2017 Loan may result in a restructuring of the amortization schedule of such 2017 Loan. The Corporation and REMIC may also consent to a change in the amortization schedule for a 2017 Loan provided that the final maturity date for such 2017 Loan shall not be extended. Even in the absence of a change in the amortization schedule of the 2017 Loans, 2017 Loans that provide for level monthly payments may still produce non-level payments as a result of the fact that, at any time, condemnation of or the occurrence of a casualty loss on, the mortgaged property securing any 2017 Loan or acceleration of payments due under the 2017 Loan by reason of a default may result in a prepayment.

### *Loan Debt Service Coverage; Prepayments; Summary*

The following table sets forth certain loan characteristics and debt service coverage ratio of the 2017 Loans as of the Cut-Off Date (except as noted). All of the Borrowers have made all payments of debt service on the 2017 Loans due prior to the Cut-Off Date. The debt service coverage ratios are calculated using information provided to the Corporation by the Borrowers and are based on the ratio of annual net operating income of the Development for 2016 to the total current annual debt service (excluding any balloon payment but including annual REMIC Insurance premiums and Servicing Fees due). The Corporation has not taken any action to independently verify the accuracy of such information. There can be no assurances that the ratios set forth herein will continue.

The 2017 Loans are subject to prepayment on and after the applicable Prepayment Lockout Expiration Date, as listed in the table below and as set forth in “APPENDIX I – Certain Information Regarding the 2017 Loans”, without the prior consent of the Corporation. Generally, a Borrower may prepay an outstanding 2017 Loan at any time and the source of financing for such prepayment could be from a third party lender or from a refinancing of such 2017 Loan with the Corporation, provided that until the Prepayment Lockout Expiration Date, such prepayment may only be made with the prior consent of the Corporation. Such financing or refinancing generally would result in a prepayment of the 2017 Loan in full.

The following table presents a summary of certain characteristics of the 2017 Loans. See also “APPENDIX I – Certain Information Regarding the 2017 Loans” for additional details.

### Summary of the 2017 Loans as of the Cut-Off Date

Development <sup>1,2,3,4</sup>	Number of Units/Occupancy Rate <sup>5</sup>	Balance as of the Cut-Off Date	Permanent Loan Closing Date	First Principal Payment Date	Maturity Date	Prepayment Lockout Expiration Date <sup>6</sup>	Gross Interest Rate	Debt Service Coverage Ratio <sup>7</sup>
Austin Street	50/96%	\$ 6,647,029.92	7/28/2010	9/1/2010	6/26/2040	7/1/2020	6.70%	1.25x
Decatur Terrace	122/100%	10,415,844.28	1/24/2012	3/1/2012	2/28/2042	6/27/2020	6.70	1.68
Genesis Cornerstone	86/100%	11,153,896.23	3/30/2012	5/1/2012	6/29/2041	3/30/2022	7.40	1.26
870 Jennings	84/100%	11,270,026.11	8/10/2011	10/1/2011	5/5/2045 <sup>8</sup>	10/1/2021	7.00	1.51
Boricua Site D	80/100%	10,579,607.59	1/10/2013	3/1/2013	8/31/2046	1/10/2023	6.75	1.37
Boricua Site F	77/100%	9,824,950.73	1/10/2013	3/1/2013	8/31/2046	1/10/2023	6.75	1.10
<b>Total</b>	<b>499 (units)</b>	<b>\$59,891,354.86</b>	-	-	-	-	-	-
<b>Weighted Average</b>	<b>99.56% (occupancy)</b>	-	-	-	-	-	<b>6.90%</b>	<b>1.37x</b>

1) Each Development received a subordinate low interest rate loan (collectively, the “Subordinate Loans”) from the Corporation pursuant to the New Housing Opportunities Program (“New HOP”). For more information about the Subordinate Loans, please refer to Appendix I.

2) The 2017 Loans are partially insured by the New York City Residential Mortgage Insurance Corporation (“REMIC”).

3) The REMIC Insurance premium is 0.50% per annum for each 2017 Loan.

4) The Servicing Fee is 0.20% per annum for each 2017 Loan.

5) Occupancy rates are based on the physical inspection reports from the Corporation’s annual site reviews completed between May 2016 and August 2017.

6) The 2017 Loans may be voluntarily prepaid prior to this date with the consent of the Corporation.

7) The Debt Service Coverage Ratio is calculated based on the current debt service for the 2017 Loans and does not reflect debt service on the Subordinate Loans. See APPENDIX I – Certain Information About the 2017 Loans.

8) The 2017 Loan for the 870 Jennings Development will fully amortize in October 2041.

#### REMIC Insurance

Each of the 2017 Loans is partially insured by REMIC Insurance which provides for payment based on 20% of the unpaid principal balance of the applicable 2017 Loan and interest on such 2017 Loan as of the date of filing a claim for loss on a first loss basis. See “REMIC Insurance Program.”

#### New Housing Opportunities Program

Each of the Developments received a subordinate loan from the Corporation under its New Housing Opportunities Program (“New HOP”). The Corporation established New HOP in 1997 to finance the construction or substantial rehabilitation of affordable low, moderate and middle income housing in New York City which would not otherwise be produced by the ordinary operations of private enterprise. New HOP projects are financed with a first mortgage loan funded from variable or fixed-rate bond proceeds and a subordinate mortgage loan funded from the Corporation’s reserves. Each Development financed under New HOP is subject to a regulatory agreement restricting the rents to levels affordable to low, moderate and middle income households.

The subordinate New HOP loan for each Development bears interest at 1% per annum, with fixed payments of interest only. Prepayments of the 2017 Loans are not permitted until the subordinate loan for the related Development has been paid in full. The subordinate loans are prepayable at any time. A default under a subordinate loan for a Development is generally a default under the 2017 Loan for that Development.

*Provisions Relating to Sale of Mortgaged Property*

The 2017 Loans contain provisions restricting the sale or transfer of the related mortgaged property without the Corporation's consent and providing that the Corporation may accelerate the 2017 Loan upon a sale or transfer contrary to such restriction. Each 2017 Loan may be assumed, with the Corporation's consent, upon the sale of the related mortgaged property.

*First Lien*

The 2017 Loans consist of first lien, multi-family, fixed rate mortgage loans that are secured by a lien on the respective Borrower's fee simple estate or leasehold interest in a multi-family property. See "New Housing Opportunities Program" above for a description of subordinate loans for each of the Developments held by the Corporation.

*Borrowers of the 2017 Loans*

Each of the Borrowers is a single-purpose entity formed for the purpose of acquiring, constructing or rehabilitating and operating the applicable project. As such, the Borrowers do not engage in any other business operations, have no other earnings and have no assets other than its interest in the applicable project. Accordingly, it is expected that each Borrower will not have any sources of funds other than revenues generated by the applicable project to make payments of its Mortgage Loan and the payment of any Prepayment, if applicable.

*Location of Mortgage Properties*

The following map identifies the locations of the mortgaged properties funded with 2017 Loans within the City:

[Map appears on the next page]



### **Weighted Average Life of Pass-Through Bonds**

NO REPRESENTATION IS MADE BY THE CORPORATION OR THE UNDERWRITERS OR THEIR RESPECTIVE COUNSEL CONCERNING THE ACTUAL AVERAGE LIFE OF THE PASS-THROUGH BONDS AND HOW IT COMPARES TO THE FORWARD-LOOKING AVERAGE LIFE ESTIMATED HEREIN.

#### *Yield, Maturity and Prepayment Considerations*

The Prepayments of the 2017 Loans will affect the weighted average life of and the yields realized by holders of the Pass-Through Bonds.

- The principal portion of the Loan Repayment for any 2017 Loan may be in the form of scheduled or unscheduled amortization. The 2017 Loans have level maturity payments of principal and interest until the maturity date (or earlier full amortization) in amounts set forth in “APPENDIX I – Certain Information Regarding the 2017 Loans.”

- The terms of each 2017 Loan provide that the 2017 Loan may be voluntarily prepaid in whole or in part only with the prior consent of the Corporation, prior to the applicable Prepayment Lockout Expiration Date, as set forth in “APPENDIX I – Certain Information Regarding the 2017 Loans”, and thereafter without consent. All of the Developments have subordinate loans pursuant to the Corporation’s New HOP program and, as set forth in APPENDIX I, the 2017 Loans provide that they cannot be prepaid unless and until such subordinate loan is paid.
- The condemnation of, or occurrence of a casualty loss on, the mortgaged property securing any 2017 Loan or the acceleration of payments due under the 2017 Loan by reason of default may also result in a prepayment at any time.

2017 Loan prepayment rates are likely to fluctuate over time. No representation is made as to the expected weighted average life of the Pass-Through Bonds or the percentage of the original unpaid principal balance of the 2017 Loans that will be paid to Bondholders at any particular time. A number of factors may influence the prepayment rate.

- While some prepayments occur randomly, the payment behavior of the 2017 Loans may be influenced by a variety of economic, tax, geographic, demographic, legal and other factors.
- These factors may include the age, geographic distribution and payment terms of the 2017 Loans; remaining depreciable lives of the underlying properties; characteristics of the borrowers; amount of the borrowers’ equity; the availability of mortgage financing; a fluctuating interest rate environment, the difference between the interest rates on the 2017 Loans and prevailing mortgage interest rates; the extent to which the 2017 Loans are assumed or refinanced or the underlying properties are sold or conveyed; changes in local industry and population as they affect vacancy rates; population migration; and the attractiveness of other investment alternatives.
- These factors may also include the application of prepayment consent rights. For a more detailed description of the prepayment provisions of the 2017 Loans, see “SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT – Characteristics of the 2017 Loans – Loan Debt Service Coverage; Prepayments; Summary”.

No representation is made by the Corporation or the Underwriters or their respective counsel concerning the particular effect that any of these or other factors may have on the prepayment behavior of the 2017 Loans. The relative contribution of these or other factors may vary over time.

Forward-Looking Average Life Calculations

The following information has been provided by the Underwriters and no representation is made by the Corporation or the Underwriters or their respective counsel concerning the actual average life of the Pass-Through Bonds or the 2017 Loans and how it compares to the forward-looking average life estimated herein.

The “Weighted Average Life” of a bond refers to the average amount of time that will elapse from the date of its issuance until each dollar of principal of that bond will be repaid to the investor. As a result, any projection of the Weighted Average Life of and yield on the Pass-Through Bonds must include an assumption about the anticipated timing and amount of payments on those Bonds, which will depend upon the rate of prepayments of the 2017 Loans, including optional borrower prepayments and prepayments resulting from liquidation of defaulted 2017 Loans. In general, prepayments of principal and defaults on the 2017 Loans will shorten the Weighted Average Life and term to maturity of the Pass-Through Bonds.

The Weighted Average Life of the Pass-Through Bonds is calculated as described under “Weighted Average Life” below.

The Weighted Average Life of the Pass-Through Bonds will be influenced by, among other things, the rate at which principal is paid on the 2017 Loans. In general, the Weighted Average Life of the Pass-Through Bonds will be shortened if the rate of prepayments of principal of the 2017 Loans increases. However, the Weighted Average Life will depend upon a variety of other factors, including the timing of changes in such rate of principal prepayments. Accordingly, no assurance can be given as to the Weighted Average Life of the Pass-Through Bonds.

#### Prepayment Assumption Models

*No representation is made about the anticipated rate of prepayments or foreclosures on the 2017 Loans or about the anticipated yield to maturity of the Pass-Through Bonds. Prospective purchasers of the Pass-Through Bonds are urged to base their decisions whether to purchase the Pass-Through Bonds upon a comparison of desired yield to maturity with the yield to maturity that would result based on the price that the purchaser pays for the Pass-Through Bonds and upon the purchaser's own determinations about anticipated rates of prepayments with respect to the 2017 Loans.*

Prepayments of mortgage loans are commonly measured by a prepayment standard or model. The model used herein is the constant prepayment rate ("CPR") model. CPR represents a constant rate of prepayment on the 2017 Loans each month relative to the then outstanding aggregate principal balance of the 2017 Loans for the life of such 2017 Loans.

In addition, following any 2017 Loan default, the principal balance of the 2017 Loan may be paid from the proceeds received under the REMIC Insurance Program or from proceeds of a foreclosure proceeding.

- As a result, defaults experienced on the 2017 Loans will accelerate the payment of principal of the Pass-Through Bonds.
- The Pass-Through Bonds are subject to special optional redemption as described herein under "THE PASS-THROUGH BONDS – Redemption – Special Optional Redemption".

The maturity date for the Pass-Through Bonds, which is set forth on the front cover of this Official Statement, is the latest date on which the principal balance will be reduced to zero. The actual retirement of Pass-Through Bonds may occur earlier than its maturity date. See "THE PASS-THROUGH BONDS – Redemption."

#### Modeling Assumptions

Unless otherwise indicated, the table that follows has been prepared on the basis of the characteristics of the 2017 Loans as described herein under "Characteristics of the 2017 Loans" and the following assumptions (the "Modeling Assumptions"), among others:

1. The 2017 Loans have the characteristics described in "APPENDIX I – Certain Information Regarding the 2017 Loans."
2. There are no prepayments prior to the applicable Prepayment Lockout Expiration Date, as set forth in "APPENDIX I – Certain Information Regarding the 2017 Loans". All the 2017 Loans have level monthly payments of principal and interest until the maturity date (or earlier full amortization) in an amount as set forth in "APPENDIX I – Certain Information Regarding the 2017 Loans".
3. The 2017 Loans begin to prepay after the applicable Prepayment Lockout Expiration Date, as set forth in "APPENDIX I – Certain Information Regarding the 2017 Loans" at the constant percentages of CPR (described above) shown in the table.



4. The first principal payment date of each 2017 Loan is as indicated in “APPENDIX I – Certain Information Regarding the 2017 Loans”.
5. Loan Repayments and Prepayments with respect to the 2017 Loans are always received within the 15-day grace period of the month, whether or not a Business Day, commencing in November 2017. No penalty amounts are received with respect to Prepayments.
6. The special optional redemption occurs on the first day on which the Corporation may exercise such option as described herein under “THE PASS-THROUGH BONDS – Redemption – Special Optional Redemption”.
7. Mandatory redemption of the Pass-Through Bonds occur on the first day of the month, whether or not a Business Day, commencing in December 2017.
8. The Closing Date for the Pass-Through Bonds is October 12, 2017.
9. There are no earnings on the investment of monies in any fund or account held under the Pass-Through Resolution.

When reading the table and the related text, prospective purchasers of the Pass-Through Bonds should bear in mind that the Modeling Assumptions, like any other stated assumptions, are unlikely to be entirely consistent with actual experience. For example, many payment dates will occur on the first Business Day after the first day of the month and Bonds are subject to Special Optional Redemption as described under “THE PASS-THROUGH BONDS – Redemption.”

Weighted Average Life Based on CPR Prepayment Assumption Rates

The table below indicates the Weighted Average Life of the Pass-Through Bonds, based on the Modeling Assumptions, including the assumption that the 2017 Loans prepay at the respective indicated percentages of CPR (the “CPR Prepayment Assumption Rates”).

It is unlikely that the 2017 Loans will prepay at any of the CPR Prepayment Assumption Rates, and the timing of changes in the rate of prepayments actually experienced on the 2017 Loans is unlikely to follow the pattern described for the CPR Prepayment Assumption Rates.

The Weighted Average Life of the Pass-Through Bonds is calculated based on the Modeling Assumptions by:

- (a) multiplying the net reduction, if any, of the principal balance from one Interest Payment Date to the next Interest Payment Date by the number of years from the date of issuance thereof to the related Interest Payment Date,
- (b) summing the results, and
- (c) dividing the sum by the aggregate amount of the assumed net reductions in principal balance referred to in clause (a).

The Weighted Average Life is likely to vary, perhaps significantly, from that set forth in the table below due to the differences between the actual rate of prepayments on the 2017 Loans and the CPR Prepayment Assumption Rates.

**Table of Projected Weighted Average Lives  
of the Pass-Through Bonds**

<b>CPR</b>	
<b>CPR Prepayment Assumption Rates Percentage</b>	<b>Weighted Average Life (in years)</b>
0%	17.21
5	12.81
10	10.08
15	8.42
20	7.37
25	6.68
30	6.20
35	5.83
40	5.55
45	5.33
50	5.15
55	4.99
60	4.87
65	4.75
70	4.65
75	4.56

The decrement table set forth on the following page is based on the assumption that the 2017 Loans prepay at the CPR Prepayment Assumption Rates. It is unlikely that the 2017 Loans will prepay at any of the CPR Prepayment Assumption Rates, and the timing of changes in the rate of prepayments actually experienced on the 2017 Loans is unlikely to follow the pattern described for the CPR Prepayment Assumption Rates.

[Table appears on the next page]

**Percentages of Pass-Through Bond Balances and Weighted Average Lives**

	<b>CPR Prepayment Assumption Rates</b>															
<b><u>Distribution Date</u></b>	<b><u>0%</u></b>	<b><u>5%</u></b>	<b><u>10%</u></b>	<b><u>15%</u></b>	<b><u>20%</u></b>	<b><u>25%</u></b>	<b><u>30%</u></b>	<b><u>35%</u></b>	<b><u>40%</u></b>	<b><u>45%</u></b>	<b><u>50%</u></b>	<b><u>55%</u></b>	<b><u>60%</u></b>	<b><u>65%</u></b>	<b><u>70%</u></b>	<b><u>75%</u></b>
Oct. 12, 2017	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Dec. 1, 2017	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Dec. 1, 2018	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%
Dec. 1, 2019	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%
Dec. 1, 2020	95%	95%	94%	94%	93%	92%	92%	91%	90%	90%	89%	88%	87%	86%	85%	84%
Dec. 1, 2021	94%	91%	89%	86%	84%	81%	79%	77%	74%	72%	70%	68%	65%	63%	61%	59%
Dec. 1, 2022	92%	87%	82%	78%	73%	69%	65%	62%	59%	55%	53%	50%	47%	45%	43%	41%
Dec. 1, 2023	90%	81%	73%	65%	58%	52%	46%	41%	36%	32%	28%	24%	21%	18%	15%	12%
Dec. 1, 2024	88%	75%	64%	54%	46%	38%	32%	26%	21%	17%	14%	11%	0%	0%	0%	0%
Dec. 1, 2025	86%	70%	56%	45%	36%	28%	22%	17%	12%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2026	83%	65%	49%	37%	28%	20%	15%	11%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2027	81%	59%	43%	31%	22%	15%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2028	78%	55%	38%	25%	17%	11%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2029	75%	50%	33%	21%	13%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2030	72%	46%	28%	17%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2031	69%	41%	24%	14%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2032	65%	37%	21%	11%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2033	61%	33%	18%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2034	57%	30%	15%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

<b><u>Distribution Date</u></b>	<b><u>0%</u></b>	<b><u>5%</u></b>	<b><u>10%</u></b>	<b><u>15%</u></b>	<b><u>20%</u></b>	<b><u>25%</u></b>	<b><u>30%</u></b>	<b><u>35%</u></b>	<b><u>40%</u></b>	<b><u>45%</u></b>	<b><u>50%</u></b>	<b><u>55%</u></b>	<b><u>60%</u></b>	<b><u>65%</u></b>	<b><u>70%</u></b>	<b><u>75%</u></b>
Dec. 1, 2035	53%	26%	12%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2036	48%	23%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2037	43%	19%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2038	38%	16%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2039	32%	13%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2040	26%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2041	14%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2042	12%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2043	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2044	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2045	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dec. 1, 2046 and thereafter	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Weighted Average Life (years)</b>	17.21	12.81	10.08	8.42	7.37	6.68	6.20	5.83	5.55	5.33	5.15	4.99	4.87	4.75	4.65	4.56

## Information Available to Bondholders

Pursuant to the Disclosure Agreement (defined herein), the Corporation is agreeing to provide the following information about each of the 2017 Loans on a monthly basis by filing a report with the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access System ("EMMA") not later than the 15th day of each month commencing in December 2017:

- the current payment number,
- the loan status (on watch list, number of days or months late if a payment due in any month has not been made by the last day of the following month, bankruptcy),
- the loan balance remaining as of the close of business on the last day of the prior month, and
- the principal and interest scheduled to be paid during the prior month (and the amount remaining unpaid, if not paid by the second business day preceding the date the report is filed on EMMA).

The Corporation shall also file with EMMA on a monthly basis the reports received by the Corporation from the Trustee pursuant to Section 5.10 of the Pass-Through Resolution with respect to the flow of Revenues and amounts deposited into or withdrawn from the Funds and Accounts held under the Pass-Through Resolution upon receipt of such reports. See "APPENDIX II – Form of the Pass-Through Resolution."

## Debt Service Reserve Fund

The Pass-Through Resolution requires a deposit to the Debt Service Reserve Fund. The amount required to be funded by the Pass-Through Resolution is equal to 3% of the outstanding principal amount of the Pass-Through Bonds. The aggregate amount necessary to satisfy the Debt Service Reserve Fund Requirement will be satisfied by a deposit on the date of issuance of the Pass-Through Bonds with funds provided by the Corporation. *However, some or all of the amount on deposit in the Debt Service Reserve Fund may be released in the future, including as described in the following paragraph.*

At any time while the Pass-Through Bonds are outstanding, the Corporation may provide to the Trustee one or more Cash Equivalents for deposit in the Debt Service Reserve Fund so long as such Cash Equivalents, as of the date of deposit, shall have no adverse effect on the ratings assigned to the Pass-Through Bonds. In the event any such Cash Equivalents are so provided (other than in connection with the initial issuance of the Pass-Through Bonds or to replenish the Debt Service Reserve Fund) in replacement of funds on deposit in the Debt Service Reserve Fund, the Trustee shall make such deposit and transfer funds in an equivalent amount from the Debt Service Reserve Fund to the Corporation free and clear of the lien of the Pass-Through Resolution.

Monies in the Debt Service Reserve Fund may not be withdrawn at any time in any amount which would cause the balance of funds in the Debt Service Reserve Fund to fall below the sum of the Debt Service Reserve Fund Requirement except for the purpose of paying principal and interest on the Pass-Through Bonds as described under "SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT – Loans and Revenues." Amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be withdrawn on April 1 and October 1 after the payment on such dates of interest on the Pass-Through Bonds and the mandatory redemption thereof on such dates from scheduled Loan Repayments and Prepayments and transferred to the Corporation free and clear of the lien of the Pass-Through Resolution. Investment earnings on amounts in the Debt Service Reserve Fund will be deposited into the Revenue Fund.

## **ADDITIONAL SECURITY FOR THE PASS-THROUGH BONDS**

In addition to being secured by a pledge of the Trust Estate, payment of interest on the Pass-Through Bonds and the mandatory redemption thereof from scheduled Loan Repayments is secured by a pledge of amounts on deposit in the General Resolution Revenue Account. Amounts in the General Resolution Revenue Account also are pledged to secure payment of the Open Resolution Bonds and the NIBP Bonds. No other funds and accounts under the General Resolution other than the General Resolution Revenue Account (but only to the extent of payment of interest on the Pass-Through Bonds and the mandatory redemption thereof from scheduled Loan Repayments) are pledged to secure the Pass-Through Bonds. The Trust Estate is not security for the Open Resolution Bonds or the NIBP Bonds.

The Pass-Through Resolution provides that interest on the Pass-Through Bonds and the mandatory redemption thereof from scheduled Loan Repayments shall be paid first with Revenues available in the Revenue Account and the Excess Revenue Fund held under the Pass-Through Resolution, second with amounts withdrawn from the Debt Service Reserve Fund held under the Pass-Through Resolution, and third, but only to the extent that such sources are not sufficient (and only if and for so long as no event of default has occurred and is continuing under the General Resolution), with amounts in the General Resolution Revenue Account. Amounts held in the debt service reserve fund and other funds and accounts under the General Resolution (other than the General Resolution Revenue Account) are not available to pay for the Pass-Through Bonds.

The Pass-Through Resolution contains its own events of default and does not provide that an event of default under the General Resolution is an event of default under the Pass-Through Resolution. If an event of default under the Pass-Through Resolution occurs but no event of default has occurred under the General Resolution, then the holders of the Pass-Through Bonds will be entitled to pursue remedies under the Pass-Through Resolution (but not under the General Resolution). Such remedies may include acceleration of the Pass-Through Bonds but the revenues and amounts held in the funds and accounts under the General Resolution (including, but not limited to, amounts in the General Resolution Revenue Account) shall not be available to pay any accelerated amounts. If and for so long as an event of default exists under the General Resolution, amounts in the General Resolution Revenue Account may be applied only to payment of Open Resolution Bonds, and may not be transferred to the Revenue Account held under the Pass-Through Resolution or otherwise applied to payment of the Pass-Through Bonds. If an event of default under the General Resolution occurs but no event of default has occurred under the Pass-Through Resolution, then the holders of Open Resolution Bonds (which does not include the Pass-Through Bonds) may direct remedies under the General Resolution including the acceleration of Open Resolution Bonds other than the Pass-Through Bonds. However, so long as there is no event of default under the Pass-Through Resolution, the Pass-Through Bonds shall not be accelerated and no remedies may be pursued by the holders of the Pass-Through Bonds. If an event of default occurs under the General Resolution and an event of default also occurs under the Pass-Through Resolution, the holders of Open Resolution Bonds may pursue remedies under the General Resolution, the holders of the Pass-Through Bonds may pursue remedies under the Pass-Through Resolution and such remedies are not required to be coordinated. Under no event may holders of the Pass-Through Bonds direct remedies under the General Resolution.

See the Official Statement dated September 28, 2017 of the Corporation relating to the Corporation's Multi-Family Housing Revenue Bonds, 2017 Series E-1, 2017 Series E-2 and 2017 Series F (the "Open Resolution Official Statement"), available at <https://emma.msrb.org>, for a description of the General Resolution and the revenues and assets held thereunder. The audited financial statements of REMIC for the fiscal year ended October 31, 2016 are included in the audited financial statements of the Corporation for the fiscal year ended October 31, 2016, which are contained in Appendix C to the Open Resolution Official Statement. The Open Resolution Official Statement is hereby incorporated herein for such purposes as if set forth in full.

## **CERTAIN BONDHOLDERS' RISKS**

### **Limited Security**

The Pass-Through Bonds are special revenue obligations of the Corporation payable solely from the Trust Estate and amounts held in the General Resolution Revenue Account. See "SECURITY FOR THE PASS-THROUGH

BONDS AND SOURCES OF PAYMENT” and “ADDITIONAL SECURITY FOR THE PASS-THROUGH BONDS.” There is no assurance that the 2017 Loans in the Trust Estate will perform in accordance with the assumptions made and that Revenues will be sufficient to pay debt service on the Pass-Through Bonds when due. If Revenues are insufficient, the Pass-Through Resolution provides that the Corporation will use amounts on deposit in the Excess Revenue Fund to make up the deficiency. However, the Corporation may withdraw any money from the Excess Revenue Fund semi-annually in excess of one month’s scheduled interest and principal payments due on the 2017 Loans, so there can be no assurance that sufficient amounts will be on deposit in the Excess Revenue Fund at any time. Furthermore, there can be no assurance that sufficient available amounts will be on deposit in the General Resolution Revenue Account at any time.

#### **Rate of Principal Payments on the 2017 Loans**

The rate at which principal payments will be used to pay or redeem the Pass-Through Bonds will depend largely on the rate of principal payments, including Prepayments on the 2017 Loans. Any historical data regarding prepayment rates of the 2017 Loans may not be indicative of the rate of future Prepayments on the 2017 Loans and no assurances can be given about the rates at which the 2017 Loans will repay. The rate of principal payments on the 2017 Loans is expected to vary. Generally, Borrowers may prepay the outstanding 2017 Loans at any time and the source of financings for such prepayment could be from a third party lender or from the Corporation, provided that until the Prepayment Lockout Expiration Date, such prepayment may only be made with the prior consent of the Corporation. Prepayments for certain of the 2017 Loans are not permitted until the subordinate loan for the related Development has been paid in full. In addition to voluntary prepayments, the 2017 Loans can be prepaid as a result of mortgage insurance claim payments, loss mitigation arrangements or liquidations of defaulted 2017 Loans. No assurances can be given as to the timing or frequency of any mortgage insurance claim payments, loss mitigation arrangements or foreclosure proceedings with respect to defaulted 2017 Loans and the resulting effect on the timing or rate of principal payments on the Pass-Through Bonds.

#### **Rate of Principal Payments Can Reduce the Yield**

The rate of principal payments on the 2017 Loans could reduce the yield realized on the Pass-Through Bonds. The yield on a Pass-Through Bond probably will be lower than expected if a Pass-Through Bond is purchased at (a) a premium and principal payments or Prepayments are paid faster than expected, or (b) a discount and principal payments are paid slower than expected.

#### **An Investment in the Pass-Through Bonds is Subject to Significant Reinvestment and Extension Risk**

The rate of principal payments on the Pass-Through Bonds is uncertain. It may not be possible to reinvest the payments on the Pass-Through Bonds at the same rate of return provided by the Pass-Through Bonds. Lower prevailing interest rates may result in an unexpected return of principal. In that interest rate climate, higher yielding reinvestment opportunities may be limited. Conversely, higher prevailing interest rates may result in slower returns of principal and a Bondholder may not be able to take advantage of higher yielding investment opportunities. The final payment on the Pass-Through Bonds may occur much earlier than the maturity date.

#### **Defaults will Increase the Rate of Prepayments**

The ability of each Borrower to make the required payments of its Mortgage Loan is affected by a variety of factors, including the maintenance of a sufficient level of occupancy, the maintenance of the physical condition of its project, the level of operating expenses, sound management of its project, the ability to maintain rents sufficient to cover payments under such Mortgage Loan and operating expenses (including taxes, utility rates and maintenance costs), changes in applicable laws and governmental regulations and the financial condition of the Borrower. If a Borrower defaults on a 2017 Loan and the 2017 Loan is subsequently foreclosed upon or REMIC Insurance benefits are received, or is otherwise liquidated, the effect would be comparable to a Prepayment of the 2017 Loan.

### **The Pass-Through Bonds May not be Suitable Investment**

The Pass-Through Bonds are not suitable investments for all investors. In addition, there is no assurance that a secondary market will develop for the purchase and sale of the Pass-Through Bonds, that any secondary market will continue, or that the price at which the Pass-Through Bonds can be sold will allow for a desired yield on that investment. The market value of the Pass-Through Bonds is likely to fluctuate, with such fluctuations being significant, which could result in significant losses to the holder. The secondary markets for mortgage-related securities have experienced periods of illiquidity and can be expected to do so in the future. Illiquidity can have a severe adverse effect on the price of the Pass-Through Bonds because they are sensitive to prepayment and interest rate risk.

### **Conditions to Payment of REMIC Insurance**

REMIC Insurance benefits may be impaired as a result of the failure to pay required mortgage insurance premiums to REMIC, the material modification of the mortgage without prior written approval of REMIC, and the disposal of property or collateral securing the Mortgage Loan prior to the final settlement of a claim for loss. The Corporation is responsible for servicing the 2017 Loans and the maintenance of the REMIC Insurance in connection with the 2017 Loans.

The Corporation is required to meet certain conditions to obtaining payments under the REMIC Insurance, including providing certain notices to REMIC. Failure to meet such conditions could result in REMIC's refusal to provide payments under an insurance policy. REMIC only insures a portion of a 2017 Loan. Losses relating to a 2017 Loan could exceed the percentage insured by REMIC. See "SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT – REMIC Insurance Program."

### **Affordable Multifamily Housing Loans**

The 2017 Loans are secured by properties that are generally encumbered by restrictive covenants, regulatory agreements or ground leases that impose restrictions relating to tenant income, occupancy and/or rent restrictions. A breach of these restrictions may constitute an event of default under the mortgage or may result in the termination of any payments being received from the governmental entity that imposed the restrictions. Some affordable multifamily housing properties may benefit from other federal, state or local subsidies that may be terminated or abated if the requirements of the subsidies are not met. If a subsidy is reduced or eliminated and cannot be replaced by obtaining a new subsidy, increasing rents to current tenants or the leasing of properties to market tenants, the related 2017 Loan may default.

### **Default under Cash Equivalents**

The Pass-Through Resolution allows that the Corporation may, at any time, provide to the Trustee one or more Cash Equivalents for deposit in the Debt Service Reserve Fund. In the event any such Cash Equivalents are so provided (other than in connection with the initial issuance of the Pass-Through Bonds or to replenish the Debt Service Reserve Fund) in replacement of funds on deposit in the Debt Service Reserve Fund, the Trustee shall make such deposit and transfer funds in an equivalent amount from the Debt Service Reserve Fund to the Corporation free and clear of the lien of the Pass-Through Resolution. A default by the provider of a Cash Equivalent may result in insufficient revenues being available for timely payment of the Pass-Through Bonds. There will be no Cash Equivalents entered into at the time of issuance of the Pass-Through Bonds.

## **PLAN OF FINANCE**

The proceeds of the Pass-Through Bonds will be used to reimburse the Corporation for amounts used to make the 2017 Loans, which were originally financed with proceeds of bonds issued pursuant to the General Resolution. See "APPENDIX I – Certain Information Regarding the 2017 Loans." Costs of issuance of the Pass-Through Bonds



and the initial deposit into the Debt Service Reserve Fund will be funded by the Corporation with other available funds. See “SOURCES AND USES OF FUNDS.”

### Sustainable Neighborhood Bonds

The Pass-Through Bonds, which allow investors to invest directly in bonds secured by mortgage loans that finance socially beneficial projects, are designated as “Sustainable Neighborhood Bonds.” The Developments financed with the 2017 Loans are set forth in “APPENDIX I – Certain Information Regarding the 2017 Loans.”

The Corporation’s mission is to provide financing for the purpose of increasing the City’s supply of multi-family housing, stimulating economic growth and revitalizing neighborhoods through the creation and preservation of affordable housing for low-, moderate- and middle income City residents. In furtherance of such purpose, the Corporation seeks to foster thriving, diverse and sustainable neighborhoods; finance new construction for residents of a mix of incomes; preserve affordability within existing housing stock; and protect the City’s most vulnerable residents through supportive housing developments. The Corporation promotes these goals by providing subsidized financing for multi-family housing developments through a variety of subsidy programs. In addition to receiving support pursuant to a subsidy program of the Corporation, certain developments (but not any of the Developments financed with the 2017 Loans) also receive allocations of federal low income housing tax credits (“LIHTC”), which may generate additional sources of financing for the construction or rehabilitation of those developments. In order to qualify for a subsidy program or for LIHTC (if applicable), a development must include residential units that are set aside for individuals whose income does not exceed the limitations for such subsidy program or for LIHTC (if applicable).

In addition to the socially beneficial attributes of developments receiving subsidized financing from the Corporation, certain developments (but not any of the Developments financed with the 2017 Loans) also feature environmental benefits. Certain developments receive Enterprise Green Communities (“EGC”) certification, which involves the evaluation of certain criteria for creating healthy and energy efficient affordable housing. Such certification is administered by Enterprise Community Partners, Inc., a non-profit corporation. Certain developments receive Leadership in Energy and Environmental Design (“LEED”) certification from the U.S. Green Building Council, which reviews LEED applications and assigns points to each project based on its level of achievement in improved environmental performance. There are four levels of certification starting at the Certified level and increasing to Silver, Gold and Platinum, each of which is determined by the number of points earned. The Corporation is not affiliated with EGC or the U.S. Green Building Council and is not responsible for determining if a development met or continues to meet the criteria for either such certification. The subsidy program is indicated for each of the Developments in “APPENDIX I – Certain Information Regarding the 2017 Loans.”

Holders of the Sustainable Neighborhood Bonds do not assume any specific risk with respect to any of the funded Developments by reason of the Pass-Through Bonds being designated as Sustainable Neighborhood Bonds.

## SOURCES AND USES OF FUNDS

The proceeds of the Pass-Through Bonds and other amounts are estimated to be applied as follows:

### SOURCES

Proceeds of Pass-Through Bonds .....	\$59,891,354
Other Available Monies.....	2,507,162
TOTAL SOURCES .....	<u>\$62,398,516</u>

### USES

Deposit to Bond Proceeds Account .....	\$59,891,354
Deposit to Debt Service Reserve Fund ....	1,796,741
Cost of Issuance <sup>†</sup> .....	710,421
TOTAL USES .....	<u>\$62,398,516</u>

<sup>†</sup> Includes compensation to the Underwriters of the Pass-Through Bonds. See "UNDERWRITING."

## RATING

S&P Global Ratings has assigned the Pass-Through Bonds a rating of "AA+". Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Pass-Through Bonds.

## LEGALITY OF THE PASS-THROUGH BONDS FOR INVESTMENT AND DEPOSIT

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

## AGREEMENT OF THE STATE

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

## NO LITIGATION

At the time of delivery and payment for the Pass-Through Bonds, the Corporation will deliver, or cause to be delivered, a Certificate of the Corporation substantially to the effect that there is no litigation or other proceeding of any nature now pending or threatened against or adversely affecting the Corporation of which the Corporation has notice or, to the Corporation's knowledge, any basis therefor, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Pass-Through Bonds, or in any way contesting or affecting the validity of the Pass-Through Bonds, the Pass-Through Resolution, the Disclosure Agreement (as defined below) or any proceedings of the Corporation taken with respect to the issuance or sale of the Pass-Through Bonds, or the financing of the acquisition of the 2017 Loans, or the pledge, collection or application of any monies or security provided for the payment of the Pass-Through Bonds, or the existence, powers or operations of the Corporation, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, if any.

## TAX MATTERS

### Opinion of Bond Counsel to the Corporation

In the opinion of Bond Counsel to the Corporation, interest on the Pass-Through Bonds (the "Taxable Bonds") is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code").

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

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

### Taxable Bonds

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

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

### Disposition and Defeasance

Generally, upon the sale, exchange, redemption or other disposition (which would include a legal defeasance) of a Taxable Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the Taxable Bond. The Corporation may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the

Pass-Through Resolution (a “defeasance”). (See “Appendix II – Form of the Pass-Through Resolution”). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

### **Backup Withholding and Information Reporting**

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

### **U.S. Holders**

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

### **Miscellaneous**

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

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

## **CERTAIN LEGAL MATTERS**

All legal matters incident to the authorization, issuance, sale and delivery of the Pass-Through Bonds by the Corporation are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for the Underwriters by their Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

## **UNDERWRITING**

The Pass-Through Bonds are being purchased by the underwriters named on the cover page of this Official Statement (the “Underwriters”) who have agreed, subject to certain conditions, to purchase all but not less than all of the Pass-Through Bonds at par and to make a public offering of the Pass-Through Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement. The Underwriters will receive compensation in connection therewith in the aggregate amount of \$595,576.22, which includes expenses for such underwriting. The initial public reoffering prices may be changed, from time to time, by the Underwriters.

*The following three paragraphs have been provided by the Underwriters.*

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial services and investment banking services for the Corporation, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

### **CONTINUING DISCLOSURE AND OTHER AVAILABLE INFORMATION**

In order to assist the Underwriters in complying with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Corporation and the Trustee will enter into a written agreement for the benefit of the holders of the Pass-Through Bonds (the “Disclosure Agreement”) to provide continuing disclosure. The Corporation will undertake in the Disclosure Agreement to provide to the Municipal Securities Rulemaking Board (“MSRB”), on an annual basis on or before 150 days after the end of each fiscal year of the Corporation commencing with the fiscal year ended October 31, 2017 certain financial information and operating data, referred to herein as “Corporation Annual Information,” including, but not limited to annual financial statements of the Corporation. In addition, the Corporation will undertake in the Disclosure Agreement, for the benefit of the holders of the Pass-Through Bonds, to provide to the MSRB, in a timely manner (not in excess of ten (10) Business Days after the occurrence of the event), the notices required to be provided by Rule 15c2-12 and described below.

The Corporation Annual Information shall consist of the following: (a) financial information and operating data of the Corporation prepared in conformity with accounting principles generally accepted in the United States and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States; provided, however, that if audited financial statements are not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to the MSRB when they become available, (b) the occupancy rate for each Development, (c) debt service coverage ratio for each Development calculated based on information from the most recent annual financial statements for such Development received by the Corporation and (d) the information regarding amendments to the Disclosure Agreement required pursuant thereto, together with (e) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning the Corporation and in judging the financial information about the Corporation.

Pursuant to the Disclosure Agreement, the Corporation will further undertake to use its best efforts to provide to the MSRB, on a monthly basis, the information regarding the 2017 Loans and the reports provided by the Trustee, as described under “SECURITY FOR THE PASS-THROUGH BONDS AND SOURCES OF PAYMENT – Information Available to Bondholders.”

Pursuant to the Disclosure Agreement, the Corporation will undertake to use its best efforts to provide to the MSRB, on an annual basis on or before 150 days after the end of each fiscal year of any mortgagor whose payment obligations due under its Mortgage Note equals or exceeds twenty percent (20%) of the aggregate payment obligations due under (i) all outstanding Mortgage Notes evidencing the 2017 Loans and (ii) all outstanding mortgage notes evidencing mortgage loans financed with the proceeds of Open Resolution Bonds (a “Major Obligated Mortgagor”),

certain financial information and operating data, referred to herein as “Mortgagor Annual Information,” including, but not limited to, annual financial statements of such Major Obligated Mortgagor, prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with generally accepted auditing standards if so required by the applicable mortgage; provided, however, that if audited financial statements are required but not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to the MSRB when they become available. Currently, there are no Major Obligated Mortgagors.

The notices required to be provided by Rule 15c2-12, which the Corporation will undertake to provide as described above, include notices of any of the following events: (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Pass-Through Bonds or other material events affecting the tax status of the Pass-Through Bonds; (7) modification to the rights of holders of Pass-Through Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances of all or a portion of the Pass-Through Bonds; (10) the release, substitution or sale of property securing repayment of the Pass-Through Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar events of the Corporation or a Major Obligated Mortgagor; (13) the consummation of a merger, consolidation or acquisition involving the Corporation or a Major Obligated Mortgagor or the sale of all or substantially all of the assets of the Corporation or a Major Obligated Mortgagor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and to the MSRB, in a timely manner, notice of a failure by the Corporation to provide the Corporation Annual Information or Mortgagor Annual Information required by the Disclosure Agreement.

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

Under certain of the Corporation’s agreements to provide continuing disclosure with respect to certain of its bonds, during the past five years, the Corporation did not file annual financial statements for up to eight mortgagors when due, and did not file a required notice of such failure, in 2015, 2016 and 2017 (all such financial statements subsequently were filed in 2017), on six occasions was between one and five days late in filing required mortgagor annual financial statements or Corporation annual financial information, and on occasion has not timely linked to every applicable CUSIP number timely-filed mortgagor annual financial statements or Corporation annual financial information.

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

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





**Certain Information Regarding the 2017 Loans**

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### Certain Information Regarding the 2017 Loans as of the Cut-Off Date

Development <sup>1,2,3,4</sup>	Borough	Number of Units/Occupancy Rate <sup>5</sup>	Original Balance	Balance as of the Cut-Off Date	Permanent Loan Closing Date	First Principal Payment Date	Amortization Term (Months)	Maturity Date	Payments Remaining (Months)	Prepayment Lockout Expiration Date <sup>6</sup>	Net Interest Rate	Gross Interest Rate	Monthly Principal and Interest Payment	Debt Service Coverage Ratio <sup>7</sup>
Austin Street	Queens	50/96%	\$7,350,000	\$6,647,029.92	7/28/2010	9/1/2010	360	6/26/2040	273	7/1/2020	6.00%	6.70%	\$47,427.93	1.25x
Decatur Terrace	Bronx	122/100%	11,220,000	10,415,844.28	1/24/2012	3/1/2012	360	2/28/2042	292	6/27/2020	6.00	6.70	72,400.19	1.68
Genesis Cornerstone	Manhattan	86/100%	11,630,000	11,153,896.23	3/30/2012	5/1/2012	420	6/29/2041	285	3/30/2022	6.70	7.40	77,585.26	1.26
870 Jennings	Bronx	84/100%	12,175,000	11,270,026.11	8/10/2011	10/1/2011	360	5/5/2045 <sup>8</sup>	287	10/1/2021	6.30	7.00	81,000.58	1.51
Boricua Site D	Bronx	80/100%	11,005,000	10,579,607.59	1/10/2013	3/1/2013	420	8/31/2046	347	1/10/2023	6.05	6.75	68,386.88	1.37
Boricua Site F	Bronx	77/100%	10,220,000	9,824,950.73	1/10/2013	3/1/2013	420	8/31/2046	347	1/10/2023	6.05	6.75	63,508.77	1.10
<b>Total</b>	-	<b>499 (units)</b>	<b>\$63,600,000</b>	<b>\$59,891,354.86</b>	-	-	-	-	-	-	-	-	<b>\$410,309.61</b>	-
<b>Weighted Average</b>	-	<b>99.56% (occupancy)</b>	-	-	-	-	<b>392</b>	-	<b>306</b>	-	<b>6.20%</b>	<b>6.90%</b>	-	<b>1.37x</b>

1) Each Development received a subordinate low interest rate loan (collectively, the "Subordinate Loans") from the Corporation pursuant to the New Housing Opportunities Program ("New HOP").

2) The 2017 Loans are partially insured by the New York City Residential Mortgage Insurance Corporation ("REMIC").

3) The REMIC Insurance premium is 0.50% per annum for each 2017 Loan.

4) The Servicing Fee is 0.20% per annum for each 2017 Loan.

5) Occupancy rates are based on the physical inspection reports from the Corporation's annual site reviews completed between May 2016 and August 2017.

6) The 2017 Loans may be voluntarily prepaid prior to this date with the consent of the Corporation.

7) The Debt Service Coverage Ratio is calculated based on the current debt service for the 2017 Loans and does not reflect debt service on the Subordinate Loans.

8) The 2017 Loan for the 870 Jennings Development will fully amortize in October 2041.

Subordinate Loans as of the Cut-Off Date					2017 Loans and Subordinate Loans Composite as of the Cut-Off Date		
Development <sup>1,2,3,4</sup>	Original Balance	Balance as of the Cut-Off Date	Gross Interest Rate	Monthly Interest Payment	Balance as of the Cut-Off Date	Debt Service Coverage Ratio <sup>5</sup>	WA Gross Interest Rate <sup>6</sup>
Austin Street	\$3,250,000	\$3,250,000	1.00%	\$2,708.33	\$9,897,029.92	1.18x	4.83%
Decatur Terrace	10,370,000	10,370,000	1.00	8,641.67	20,785,844.28	1.50	3.86
Genesis Cornerstone	6,450,000	6,450,000	1.00	5,375.00	17,603,896.23	1.18	5.06
870 Jennings	6,300,000	6,300,000	1.00	5,250.00	17,570,026.11	1.41	4.85
Boricua Site D	6,800,000	6,800,000	1.00	5,666.67	17,379,607.59	1.27	4.50
Boricua Site F	6,545,000	6,545,000	1.00	5,454.17	16,369,950.73	1.01	4.45
<b>Total</b>	<b>\$39,715,000</b>	<b>\$39,715,000</b>	<b>-</b>	<b>\$33,095.83</b>	<b>\$99,606,354.86</b>	<b>-</b>	<b>-</b>
<b>Weighted Average</b>	<b>-</b>	<b>-</b>	<b>1.00%</b>	<b>-</b>	<b>-</b>	<b>1.28x</b>	<b>4.55%</b>

1) The Developments received Subordinate Loans from the Corporation pursuant to the New HOP Program.

2) The 2017 Loans are partially insured by REMIC.

3) The REMIC Insurance premium is 0.50% per annum for each 2017 Loan.

4) The Servicing Fee is 0.20% per annum for each 2017 Loan.

5) The Debt Service Coverage Ratio represents the actual debt service coverage ratio of the 2017 Loans and the Subordinate Loans.

6) The weighted average gross interest rate represents the weighted average gross interest rate of the 2017 Loans and the Subordinate Loans.

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FORM OF RESOLUTION

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

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Two Hundred Fifty-Fourth

Supplemental

Resolution Authorizing

the Issuance of

Multi-Family Housing Revenue Bonds

(Insured Mortgage Loan Pass-Through), 2017 Series A

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Adopted September 19, 2017

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## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I SHORT TITLE, AUTHORITY AND DEFINITIONS .....	1
Section 1.1. Short Title .....	1
Section 1.2. Authority for Pass-Through Resolution and Pass-Through Bonds .....	1
Section 1.3. Pass-Through Resolution Constitutes Contract .....	1
Section 1.4. Relationship to General Resolution; Treatment of Certain Amounts as Bond Payments for Certain Purposes; Certain Covenants .....	2
Section 1.5. Definitions .....	3
Section 1.6. Rules of Construction .....	11
ARTICLE II THE BONDS.....	13
Section 2.1. Authorized Amount of Pass-Through Bonds.....	13
Section 2.2. Issuance of Pass-Through Bonds.....	13
Section 2.3. Payment of Principal and Interest.....	13
Section 2.4. Special Revenue Obligations .....	14
Section 2.5. Purposes .....	14
Section 2.6. Temporary Pass-Through Bonds .....	14
Section 2.7. Execution .....	14
Section 2.8. Authentication.....	15
Section 2.9. Mutilated, Lost, Stolen or Destroyed Pass-Through Bonds .....	15
Section 2.10. Securities Depository Provisions.....	15
Section 2.11. Bond Registrar; Exchange and Transfer of Pass-Through Bonds; Persons Treated as the Bondholders.....	17
Section 2.12. Cancellation .....	18
Section 2.13. Conditions for Delivery of Pass-Through Bonds .....	18
ARTICLE III REDEMPTION OF BONDS .....	20
Section 3.1. Redemption.....	20
Section 3.2. Special Optional Redemption .....	20
Section 3.3. Mandatory Redemption .....	20
Section 3.4. Notice of Redemption to Registered Owners .....	20
Section 3.5. Redemption Payments .....	21
Section 3.6. Selection of Pass-Through Bonds to be Redeemed Upon Partial Redemption .....	22
ARTICLE IV DISPOSITION OF BOND PROCEEDS; DEPOSITS .....	23
Section 4.1. Bond Proceeds Account.....	23
Section 4.2. Debt Service Reserve Fund.....	23
ARTICLE V PLEDGES; FUNDS AND ACCOUNTS.....	24
Section 5.1. Pledges .....	24
Section 5.2. Creation of Funds and Accounts.....	25
Section 5.3. Bond Proceeds Account.....	25

Section 5.4.	Revenue Account.....	25
Section 5.5.	Excess Revenue Fund.....	26
Section 5.6.	Debt Service Reserve Fund.....	27
Section 5.7.	Transfer from General Resolution Revenue Account.....	27
Section 5.8.	Moneys to be Held in Trust.....	28
Section 5.9.	Records.....	28
Section 5.10.	Reports by the Trustee.....	29
Section 5.11.	Moneys Held for Particular Pass-Through Bonds.....	29
Section 5.12.	Nonpresentation of Pass-Through Bonds.....	29
Section 5.13.	Disposition of Remaining Moneys.....	29
ARTICLE VI INVESTMENTS.....		30
Section 6.1.	Investment Limitations.....	30
ARTICLE VII REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CORPORATION.....		32
Section 7.1.	The Corporation's Representations and Warranties.....	32
Section 7.2.	The Corporation's Covenants.....	33
Section 7.3.	Limitations on Liability.....	34
Section 7.4.	Further Assurances.....	34
Section 7.5.	Enforcement.....	34
ARTICLE VIII REMIC INSURANCE.....		35
Section 8.1.	Enforcement and REMIC Insurance.....	35
ARTICLE IX DISCHARGE OF LIEN.....		37
Section 9.1.	Discharge of Pledge.....	37
Section 9.2.	Payments of Outstanding Amounts.....	37
Section 9.3.	Defeasance.....	37
ARTICLE X DEFAULT PROVISIONS AND REMEDIES.....		39
Section 10.1.	Events of Default; Preliminary Notice.....	39
Section 10.2.	Acceleration.....	39
Section 10.3.	Other Remedies.....	40
Section 10.4.	Preservation of Security and Remedies; Rights of Bondholders.....	40
Section 10.5.	Remedies Not Exclusive; Delay or Omission.....	40
Section 10.6.	Waiver.....	40
Section 10.7.	Rights of the Bondholders to Direct Proceedings; Rights and Limitations Applicable to Bondholders, the Corporation and Trustee.....	41
Section 10.8.	Discontinuance of Proceedings.....	42
Section 10.9.	Possession of Pass-Through Bonds.....	42
Section 10.10.	Application of Moneys.....	42
ARTICLE XI THE TRUSTEE.....		44
Section 11.1.	Appointment of Trustee; Duties.....	44

Section 11.2.	Qualification .....	46
Section 11.3.	Fees; Expenses .....	46
Section 11.4.	Merger; Consolidation .....	47
Section 11.5.	Resignation or Removal of Trustee .....	47
Section 11.6.	Appointment of Successor Trustee .....	47
Section 11.7.	Transfer of Rights and Mortgaged Property to Successor Trustee .....	47
Section 11.8.	Power To Appoint Co-Trustees and Separate Trustees .....	48
ARTICLE XII SUPPLEMENTAL RESOLUTIONS; AMENDMENTS .....		49
Section 12.1.	Supplemental Resolutions Not Requiring Bondholder Consent.....	49
Section 12.2.	Supplemental Resolutions Requiring Bondholder Consent.....	49
Section 12.3.	Notice to and Consent of Bondholders .....	50
Section 12.4.	Opinions of Counsel .....	50
Section 12.5.	Notation of Modification on Pass-Through Bonds; Preparation of New Pass- Through Bonds .....	51
ARTICLE XIII MISCELLANEOUS .....		52
Section 13.1.	Consents, Etc., of Bondholders.....	52
Section 13.2.	Limitation of Rights.....	52
Section 13.3.	Severability .....	52
Section 13.4.	Notices .....	52
Section 13.5.	Notice to Rating Agency.....	53
Section 13.6.	Action Required to be taken on a Non-Business Day .....	54
Section 13.7.	Binding Effect.....	54
Section 13.8.	Governing Law .....	54
Section 13.9.	No Personal Liability; No Recourse .....	54
Section 13.10.	Effective Date .....	54
EXHIBIT A	Form of Pass-Through Bond.....	A-1
EXHIBIT B	The Loans.....	B-1



Two Hundred Fifty-Fourth Supplemental Pass-Through Resolution Authorizing  
the Issuance of  
Multi-Family Housing Revenue Bonds  
(Insured Mortgage Loan Pass-Through), 2017 Series A

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BE IT RESOLVED by the Members of the New York City Housing Development Corporation (the “Corporation”) as follows:

ARTICLE I

SHORT TITLE, AUTHORITY AND DEFINITIONS

Section 1.1. Short Title. This resolution may hereafter be cited by the Corporation and is hereinafter sometimes referred to as the “Two Hundred Fifty-Fourth Supplemental Multi-Family Housing Revenue Bond Resolution”.

Section 1.2. Authority for Pass-Through Resolution and Pass-Through Bonds. This Pass-Through Resolution and the issuance of Pass-Through Bonds hereunder have been duly authorized by the Corporation and the principal amount of Pass-Through Bonds that may be issued hereunder is not limited except as provided herein or by law. The Corporation has ascertained and it is hereby determined and declared that the adoption of this Pass-Through Resolution is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the Corporation in accordance with the Act and to carry out powers expressly given in the Act, and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Pass-Through Bonds and are contracts or agreements necessary, useful or convenient to carry out and effectuate the purposes of the Corporation under the Act.

Section 1.3. Pass-Through Resolution Constitutes Contract. In consideration of the purchase and acceptance of the Pass-Through Bonds by those who shall own the same from time to time, the provisions of this Pass-Through Resolution shall be a part of the contract of the Corporation with the owners of the Pass-Through Bonds and shall be deemed to be and shall constitute a contract among the Corporation, the Trustee and the owners from time to time of such Pass-Through Bonds. The pledges made hereby and the provisions, covenants and agreements herein 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 Pass-Through 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 this Pass-Through Resolution.

Section 1.4. Relationship to General Resolution; Treatment of Certain Amounts as Bond Payments for Certain Purposes; Certain Covenants.

(a) Relationship to General Resolution. This Pass-Through Resolution is being adopted pursuant to the terms of the General Resolution for administrative convenience only and, subject to Sections 1.4(b), 1.4(c), 5.1(b) and 5.7 hereof, shall be treated, interpreted and construed as a resolution entirely separate from the General Resolution and all other Supplemental Resolutions adopted thereunder. Notwithstanding anything to the contrary contained in the General Resolution, no revenues or assets pledged under the General Resolution shall be available for the payment of the principal or Redemption Price of or interest on the Pass-Through Bonds (except as otherwise provided in Sections 1.4(b), 5.1(b) and 5.7 hereof) and no revenues or assets pledged under this Pass-Through Resolution shall under any circumstances (including, but not limited to, the occurrence of an Event of Default under Section 10.1 of the General Resolution), be available for the payment of the principal or redemption price or sinking fund payments or interest on any General Resolution Bonds. For all purposes of the General Resolution, subject to Sections 1.4(b) and 1.4(c) hereof, the Pass-Through Bonds shall not be considered to be “Bonds” that are “Outstanding” under the General Resolution.

(b) Treatment of Certain Amounts as Bond Payments for Certain Purposes. For purposes of Section 5.4(B) of the General Resolution, the amount required to be transferred pursuant to Section 5.7 hereof from the General Resolution Revenue Account to the Revenue Account on a General Resolution Interest Payment Date shall be considered to be interest (to the extent such transfer is required to pay interest then due on the Pass-Through Bonds), or a “Principal Installment” (to the extent such transfer is required to pay principal of Pass-Through Bonds due pursuant to Section 3.3 hereof or due on the Maturity Date), then due on “Bonds” that are “Outstanding” under the General Resolution. For purposes of Section 5.4(F) of the General Resolution, the amount so required to be transferred to the Revenue Account on a General Resolution Interest Payment Date shall be considered to be one of the “payments required to have been made” on such date referred to in the first sentence of said Section 5.4(F). For purposes of Section 5.4(G) of the General Resolution, as of any date of transfer pursuant to said Section 5.4(G), “Debt Service on all Outstanding Bonds” as of such date shall be deemed to include interest on the Pass-Through Bonds accrued to such date. For purposes of Section 5.4(H) of the General Resolution, the amount required to “pay Outstanding Bonds” shall be deemed to include payments of interest on the Pass-Through Bonds, and payments of principal of the Pass-Through Bonds pursuant to Section 3.3, that, in each case, would become due if there were no Prepayments.

(c) Certain Covenants. A Cash Flow Statement conforming to the requirements of Section 7.16 of the General Resolution shall be delivered to the General Resolution Trustee in connection with (i) the issuance of the Pass-Through Bonds and (ii) the adoption of any supplemental resolution pursuant to Section 12.2. Such Cash Flow Statement shall treat the Pass-Through Bonds as “Bonds” issued under the General Resolution for the purpose of such Cash Flow Statement, provided that the Pass-Through Bonds shall be reflected in such Cash Flow Statement (and in all future Cash Flow Statements required under the General Resolution, for so long as any Pass-Through Bonds are Outstanding) as follows. The Corporation shall prepare a cash flow statement (which, in and of itself, shall not constitute a Cash Flow Statement under the General Resolution) using the methodology set forth in Section 7.16 of the General

Resolution but applied only to the Pass-Through Bonds and the Trust Estate. Such cash flow statement shall indicate (i) the extent, if any, to which amounts in the General Resolution Revenue Account are required to be transferred pursuant to Section 5.7 hereof in order to meet the requirements of Section 7.16(B) of the General Resolution (the “Pass-Through Revenue Deficiency Amount”) and (ii) the amount of any shortfall in meeting the test set forth in Section 7.16(A) of the General Resolution (the “Pass-Through Asset Shortfall Amount”). In preparing any Cash Flow Statement required pursuant to the General Resolution or this Section 1.4(c), the Pass-Through Bonds shall be reflected by including (i) the Pass-Through Revenue Deficiency Amount as a part of the principal and interest due or to become due on Bonds Outstanding under the General Resolution for the purposes of the test set forth in Section 7.16(B) of the General Resolution and (ii) the Pass-Through Asset Shortfall Amount as a component of the aggregate principal amount of and accrued but unpaid interest on Outstanding Bonds for purposes of the test set forth in Section 7.16(A) of the General Resolution.

Section 1.5. Definitions. The following terms shall, for all purposes of this Pass-Through Resolution, have the following meanings unless the context shall clearly indicate some other meanings:

“Account” means any account created by Section 5.2.

“Act” means the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of the State of New York), as amended.

“Act of Bankruptcy” means any proceeding instituted under the Bankruptcy Code or other applicable insolvency law by or against the Corporation.

“Authorized Denomination” means \$1.00 or any integral multiple thereof.

“Authorized Officer” means the Chairperson, Vice-Chairperson, President, any 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.

“Available Moneys” means, as of any date of determination, money (including, without limitation, the proceeds of any bonds) regarding which, in each case, the Trustee has received an Opinion of Counsel to the effect that, if the Corporation were to become the debtor in a case commenced under the Bankruptcy Code, the use of such money (and any Investment Income derived therefrom) to make payments on the Pass-Through Bonds (i) would not violate the automatic stay pursuant to Section 362(a) of the Bankruptcy Code, and (ii) would not be avoidable pursuant to Section 544, 547 or 548 of the Bankruptcy Code.

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as in effect now and in the future, or any successor statute.

“Beneficial Owner” means, whenever used with respect to a Pass-Through Bond, the person in whose name such Pass-Through Bond is recorded as the beneficial owner of such Pass-Through Bond by a Participant on the records of such Participant or such person’s subrogee.

“Pass-Through Bond” or “Pass-Through Bonds” means the Corporation’s Multi-Family Housing Bonds (Insured Mortgage Loan Pass-Through), 2017 Series A authorized by this Pass-Through Resolution, in the original aggregate principal amount of \$59,891,354.

“Bond Counsel” means (i) on the Closing Date, the law firm or law firms delivering the approving opinion(s) with respect to the Pass-Through Bonds or (ii) after the Closing Date, 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.

“Bond Documents” means the Pass-Through Bonds, the Bond Purchase Agreement, this Pass-Through Resolution, the Continuing Disclosure Agreement, the Regulatory Agreements (and any other agreement relating to rental restrictions on the Mortgaged Property) and all other documents, instruments and agreements executed and delivered in connection with the issuance, sale, and delivery of the Pass-Through Bonds, as each such agreement or instrument may be amended, supplemented or restated from time to time.

“Bond Purchase Agreement” means the Contract of Purchase, dated September 29, 2017, by and between the Underwriters and the Corporation.

“Bond Register” means the Bond Register maintained by the Trustee pursuant to Section 2.11.

“Bondholder,” “holder,” “Owner,” “owner,” “Registered Owner” or “registered owner” means, with respect to any Pass-Through Bond, the owner of the Pass-Through Bond as shown on the Bond Register.

“Book-Entry Bonds” means that part of the Pass-Through Bonds for which a Securities Depository or its nominee is the Bondholder.

“Borrower” means a mortgagor with respect to any Loan.

“Business Day” means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which (i) banking institutions in the City of New York or in the city in which the Designated Office of the Trustee is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is authorized or obligated by law or executive order to be closed, or (d) so long as any Pass-Through Bond is held in book-entry form, a day on which DTC is closed.

“Cash Equivalent” means a letter of credit, insurance policy, surety, guaranty or other security arrangement.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor of DTC with respect to the Pass-Through Bonds.

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

“Closing Date” means the date on which the Pass-Through Bonds are issued and delivered to or upon the order of the Underwriter.

“Commitment” means, with respect to a Loan, the Financing Commitment and Agreement, between the Corporation and the Borrower, as the same may be amended, supplemented, restated or otherwise modified from time to time.

“Conditional Redemption” means a redemption where the Trustee has stated in the notice of redemption that the redemption is conditioned upon deposit of funds as further described in Section 3.4.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of the Closing Date, by and between the Corporation and the Trustee, as the same may be amended, supplemented, restated or otherwise modified from time to time.

“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.

“Cut-Off Date” means October 12, 2017.

“Debt Service Reserve Fund Requirement” means, with respect to the Pass-Through Bonds, as of any date of calculation, an amount equal to three percent (3%) of the principal amount of the Outstanding Pass-Through Bonds.

“Designated Office” of the Trustee means the office of the Trustee at the address set forth in Section 13.4 or at such other address as may be specified in writing by the Trustee as provided in Section 13.4.

“Development” means any multi-family housing development financed by the Corporation with the proceeds of the Loans.

“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.

“Electronic Means” means an electronic mail, facsimile transmission or any other electronic means of communication approved in writing by the Corporation.

“Event of Default” means, as used in any Transaction Document, any event described in that document as an Event of Default. Any “Event of Default” as described in any Transaction Document is not an “Event of Default” in any other Transaction Document unless that other Transaction Document specifically so provides.

“Extraordinary Items” means, with respect to the Trustee, reasonable compensation for extraordinary services and/or reimbursement for reasonable extraordinary costs and expenses.

“Fund” means any fund created by Section 5.2.

“General Resolution” means the Multi-Family Housing Revenue Bonds Bond Resolution, adopted by the Corporation on July 27, 1993, as amended.

“General Resolution Bonds” means “Bonds” as defined in the General Resolution and, notwithstanding Sections 1.4(b) and 1.4(c), does not include the Pass-Through Bonds.

“General Resolution Interest Payment Date” means “Interest Payment Date” as defined in the General Resolution.

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

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

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

“Interest Payment Date” means the first (1st) day of each calendar month, commencing December 1, 2017.

“Investment” means any Permitted Investment and any other investment held under this Pass-Through Resolution that does not constitute a Permitted Investment.

“Investment Income” means the earnings, profits and accreted value derived from the investment of moneys pursuant to Article VI.

“Letter of Representations” means the Blanket Issuer Letter of Representations, dated April 26, 1996, from the Corporation to DTC, applicable to the Pass-Through Bonds.

“Loan” means a loan, evidenced by a Mortgage Note, for a Development, secured by a Mortgage, and identified in Exhibit B hereto.

“Loan Documents” means, with respect to a Loan, collectively, the Mortgage Note, the Security Instrument, the Commitment and all other documents, agreements and instruments evidencing, securing or otherwise relating to such Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time.

“Loan Repayments” means, with respect to any Loan, the amounts received by (or for the account of) the Corporation in respect of scheduled payments of the principal and/or interest on the Mortgage Note due on and after the Cut-Off Date, but does not include Prepayments, Servicing Fees or REMIC Insurance premiums.

“Maturity Date” means October 1, 2046.

“Mortgage” means a Security Instrument.

“Mortgage Note” means, with respect to a Loan, the note evidencing such Loan, executed by the Borrower in favor of the Corporation, as the same may be amended, supplemented, modified or restated from time to time or any mortgage note executed in substitution therefor in accordance with the Loan Documents, as such substitute note may be amended, supplemented, modified or restated from time to time.

“Mortgaged Property”, with respect to a Loan, has the meaning given to that term in the Security Instrument.

“MSRB” means the Municipal Securities Rule Making Board, the current required method of filing of which is electronically via its Electronic Municipal Market Access (EMMA) system available at <http://emma.msrb.org>.

“Net Bond Proceeds” means the total proceeds derived from the issuance, sale and delivery of the Pass-Through Bonds, representing the total purchase price of the Pass-Through Bonds, including any premium paid as part of the purchase price of the Pass-Through Bonds, but excluding the accrued interest, if any, on the Pass-Through Bonds paid by the initial purchaser(s) of the Pass-Through Bonds.

“Opinion of Counsel” means a written opinion of legal counsel, acceptable to the recipient(s) of such opinion. If the opinion is with respect to an interpretation of federal tax laws or regulations or bankruptcy matters, such legal counsel also must be an attorney or firm of attorneys experienced in such matters.

“Outstanding” means, when used with reference to the Pass-Through Bonds at any date as of which the amount of Outstanding Pass-Through Bonds is to be determined, all Pass-Through Bonds which have been authenticated and delivered under this Pass-Through Resolution except:

(a) any Pass-Through Bond cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(b) any Pass-Through Bond deemed to have been paid as provided in Article IX; and

(c) any Pass-Through Bond in lieu of or in substitution for which other Pass-Through Bonds shall have been authenticated and delivered pursuant to Article II, Section 3.5 or Section 12.5.

“Participants” means those broker-dealers, banks and other financial institutions for which DTC holds the Pass-Through Bonds as securities depository.

“Pass-Through Resolution” means this Two Hundred Fifty-Fourth Supplemental Multi-Family Housing Revenue Bond Resolution, as amended, supplemented or restated from time to time.

“Permitted Investments” 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:

(a) Government Obligations;

(b) 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;

(c) 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;

(d) any other obligation of the United States of America or any Federal agencies which may be purchased by New York State Savings Banks;

(e) 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, or (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;

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

(g) short-term corporate obligations, known as Commercial Paper, with a maturity of up to ninety (90) 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;

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

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

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



(k) obligations in which the Comptroller of the State of New York is authorized to invest in as specified in Section 98 of the State Finance Law, as amended from time to time; and

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

"Person" means a natural person, estate, trust, corporation, partnership, limited liability company, association, public body or any other organization or entity (whether governmental or private).

"Prepayment" means, with respect to any Loan, any moneys received or recovered by or for the account of the Corporation on and after the Cut-Off Date from any payment of or with respect to the principal and/or interest (including any applicable penalty, fee, premium or other additional charge for prepayment of principal which may be provided by the terms of a Loan, but excluding any Servicing Fees with respect to the collection of such moneys) on any Loan prior to the scheduled payment of such principal and/or interest as called for by such Loan, whether (a) by voluntary prepayment made by the Borrowers, (b) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof, (c) by the voluntary or involuntary sale, assignment, endorsement or other disposition of such Loan or any part thereof by the Corporation as permitted by this Pass-Through Resolution, or (d) in the event of a default thereon by a Borrower, by the acceleration, sale, assignment, endorsement or other disposition of such Loan by the Corporation or by any other proceedings taken by the Corporation, including, but not limited to, recovery of REMIC Insurance Proceeds.

"Principal Amount" means \$59,891,354, the aggregate principal amount of the Pass-Through Bonds Outstanding on the Closing Date.

"Rating Agency" means any nationally recognized statistical rating agency then maintaining a rating on the Pass-Through Bonds at the request of the Corporation.

"Record Date" means, with respect to the Initial Interest Payment Date, the Closing Date, and any Interest Payment Date thereafter, the fifteenth (15th) day of the month immediately prior to the month in which such Interest Payment Date occurs.

"Redemption Date" means any date upon which Pass-Through Bonds are to be redeemed pursuant to this Pass-Through Resolution.

"Redemption Price" means the principal amount, or portion thereof, of a Pass-Through Bond to be redeemed.

"Regulatory Agreement" means, with respect to a Loan, the Regulatory Agreement relating to the Mortgaged Property, by and between the Corporation and the Borrower, as it may be amended, supplemented or restated from time to time.

"REMIC" means the New York City Residential Mortgage Insurance Corporation, a subsidiary corporation of the Corporation and its successors.

“REMIC Insurance” means the partial mortgage insurance for Developments issued by REMIC.

“REMIC Insurance Proceeds” means the amounts received by the Trustee from REMIC pursuant to REMIC Insurance with respect to the Loans.

“Representative” means Jeffries LLC.

“Reserved Rights” means those certain rights of the Corporation to indemnification and to payment or reimbursement of certain fees and expenses of the Corporation, its right to receive notices and to enforce notice and reporting requirements, its right to inspect and audit the books, records and premises of the Borrowers and of each Mortgaged Property, its right to collect reasonable attorneys’ fees and related expenses, its right to specifically enforce the Borrowers’ covenant to comply with applicable State law (including the Act and the rules and regulations of the Corporation, if any), and its right to give or withhold consent to amendments, changes, modifications and alterations relating to the Reserved Rights.

“Revenue Account” means the Revenue Account created by Section 5.2.

“Revenues” means all (i) Loan Repayments, Prepayments and except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Loan Repayments, (ii) Investment Income, and (iii) all other payments and receipts received by the Corporation with respect to Loans on and after the Cut-Off Date but shall not include (i) Servicing Fees, unless such fees are specifically pledged to the Trustee, or (ii) REMIC Insurance premiums, or (iii) any commitment, reservation, extension or application fees charged by the Corporation in connection with a Loan, or (iv) accrued interest received in connection with the purchase of any Investments.

“Securities Depository” means, initially, DTC, and any replacement securities depository appointed under this Pass-Through Resolution.

“Security Instrument” means, with respect to a Loan, the applicable security instrument, together with all riders and exhibits, securing the Mortgage Note and the obligations of the Borrower to the Corporation under the Loan Documents, executed by the Borrower with respect to the Mortgaged Property, as it may be amended, supplemented or restated from time to time, or any security instrument executed in substitution therefor, as such substitute security instrument may be amended, supplemented or restated from time to time.

“Servicer” means any state-chartered bank or national banking association, state or federal savings and loan association or mortgage banking or other financial institution which has been approved by the Corporation as experienced and qualified to service Loans, and any successor thereto.

“Servicing Agreement” means an agreement between the Corporation and a Servicer for the servicing of Loans.

“Servicing Fees” means (a) any fees paid to or retained by a Servicer in connection with the servicing obligations undertaken by the Servicer in accordance with a Servicing Agreement

and (b) any fees retained by or expenses reimbursed to the Corporation with respect to Loans serviced by the Corporation.

“State” means the State of New York.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by the Corporation, as assigns credit ratings.

“Transaction Documents” means the Bond Documents and the Loan Documents.

“Trust Estate” means the property, interests, rights, money, securities and other amounts pledged pursuant to Section 5.1(a) of this Pass-Through Resolution.

“Trustee” means The Bank of New York Mellon, a New York banking corporation, or its successors or assigns, or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under this Pass-Through Resolution.

“2017 Loan” means a Loan.

“Underwriters” means Jeffries LLC, Barclays Capital Inc. and RBC Capital Markets, LLC.

Section 1.6. Rules of Construction. The rules of construction set forth in this Section 1.6 apply to this Pass-Through Resolution.

(a) The singular form of any word includes the plural, and vice versa, unless the context otherwise requires. The use of a pronoun of any gender includes correlative words of the other genders.

(b) All references to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or other subdivisions of this Pass-Through Resolution; the words “in this Pass-Through Resolution,” “of this Pass-Through Resolution,” “under this Pass-Through Resolution” and other words of similar import refer to this Pass-Through Resolution as a whole and not to any particular Article, Section or subdivision; and the terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Pass-Through Resolution, refer to this Pass-Through Resolution.

(c) Any captions, headings or titles of the several Articles, Sections and other subdivisions, and the table of contents are solely for convenience of reference and do not limit or otherwise affect the meaning, construction or effect of this Pass-Through Resolution or describe the scope or intent of any provision.

(d) All accounting terms not otherwise defined have the meanings assigned to them in accordance with applicable generally accepted accounting principles as in effect from time to time.

(e) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent,” or similar action under this Pass-Through Resolution by any party must be in writing and signed by a duly authorized representative of such party with a duly authorized signature.

(f) All references in this Pass-Through Resolution to “counsel fees,” “attorneys’ fees” or the like mean and include fees and disbursements allocable to in-house or outside counsel, whether or not suit is instituted, and including fees and disbursements preparatory to and during trial and appeal and in any bankruptcy or arbitration proceedings.

(g) Whenever the word “includes” or “including” is used, such word means “includes or including by way of example and not limitation.”

(h) Any monies, documents, securities, obligations or other items received by the Trustee pursuant to the terms of this Pass-Through Resolution shall be deemed to have been received by the Corporation.

## ARTICLE II

### THE BONDS

Section 2.1. Authorized Amount of Pass-Through Bonds. No Pass-Through Bonds may be issued under this Pass-Through Resolution except as provided in this Article II. The aggregate principal amount of Pass-Through Bonds that may be issued and Outstanding under this Pass-Through Resolution is expressly limited to the Principal Amount.

Section 2.2. Issuance of Pass-Through Bonds. (a) The Pass-Through Bonds are authorized to be issued pursuant to and in accordance with this Pass-Through Resolution, substantially in the form set forth in Exhibit A hereto with such appropriate variations, legends, omissions and insertions as permitted by this Pass-Through Resolution.

(b) The Pass-Through Bonds have been designated “New York City Housing Development Corporation Multi-Family Housing Revenue Bonds (Insured Mortgage Loan Pass-Through), 2017 Series A” and are authorized to be issued in the original principal amount of \$59,891,354. The Pass-Through Bonds shall be dated the Closing Date, bear interest from the Closing Date at the rate of three and ninety-eight thousandths percent (3.098%) per annum, payable on each Interest Payment Date, and maturing on the Maturity Date, subject to prior redemption as provided in Article III. Interest on the Pass-Through Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. The Pass-Through Bonds shall be issued as registered bonds without coupons in Authorized Denominations. The Pass-Through Bonds shall be numbered consecutively from “AR-1” upwards.

Section 2.3. Payment of Principal and Interest. The principal of and the interest on the Pass-Through Bonds are payable in lawful money of the United States of America. Payment of interest on the Pass-Through Bonds shall be made on each Interest Payment Date to the Registered Owners as of the close of business on the applicable Record Date by check drawn upon the Trustee and mailed by first-class mail, postage prepaid, to the addresses of such Registered Owners as they appear on the Bond Register or to such other address as may be furnished in writing by any Registered Owner to the Trustee prior to the applicable Record Date. Payment of the principal of any Pass-Through Bond, together with interest (other than interest payable on a regularly scheduled Interest Payment Date), shall be made to the Registered Owner of such Pass-Through Bond by check only upon presentation and surrender of the Pass-Through Bond on or after the Maturity Date or date fixed for redemption at the office of the Trustee designated for that purpose. Notwithstanding the foregoing, payment of interest on any Pass-Through Bond shall be made by wire transfer to any account within the United States of America designated by a Registered Owner owning \$1,000,000 or more in aggregate principal amount of Pass-Through Bonds if a written request for wire transfer in form and substance satisfactory to the Trustee is delivered to the Trustee by any such Registered Owner not less than five (5) Business Days prior to the applicable payment date. A request for wire transfer that specifies that it is effective with respect to all succeeding payments of interest will be so effective unless and until rescinded in writing by the Registered Owner at least five (5) Business Days prior to the applicable payment date. If interest on the Pass-Through Bonds is in default, the Trustee, prior to the payment of interest, shall establish a special record date (“Special Record Date”) for such payment. A Special Record Date may not be more than fifteen (15) or less than ten (10)

days prior to the date of the proposed payment. Payment of defaulted interest shall then be made by check or wire transfer, as permitted above, mailed or remitted to the Registered Owners in whose names the Pass-Through Bonds are registered on the Special Record Date.

Section 2.4. Special Revenue Obligations. The Pass-Through Bonds shall be special revenue obligations of the Corporation payable solely from the Trust Estate and from amounts pledged pursuant to Section 5.1(b) hereof. The Pass-Through Bonds shall not be a debt of either 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 Pass-Through Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor.

Section 2.5. Purposes. The Pass-Through Bonds are authorized to provide moneys, together with other moneys legally available therefor, to reimburse the Corporation for amounts (other than proceeds of the Pass-Through Bonds) used to make the Loans.

Section 2.6. Temporary Pass-Through Bonds. If definitive Pass-Through Bonds are not ready for delivery on the Closing Date, the Corporation shall execute, and at the request of the Corporation, the Trustee shall authenticate and deliver, one or more temporary Pass-Through Bonds, in any Authorized Denomination, in fully registered form, and in substantially the form provided for definitive Pass-Through Bonds with such appropriate omissions, insertions and variations. The Corporation shall cause definitive Pass-Through Bonds to be prepared and to be executed and delivered to the Trustee. Upon presentation to it of any temporary Pass-Through Bond, the Trustee shall cancel the same and authenticate and deliver in exchange therefor, without charge to the owner of such Pass-Through Bond, a definitive Pass-Through Bond or Pass-Through Bonds of an equal aggregate principal amount of Authorized Denominations, of the same maturity and series, and bearing interest at the same rate as the temporary Pass-Through Bond surrendered. Until so exchanged, the temporary Pass-Through Bonds will in all respects be entitled to the same benefit and security of this Pass-Through Resolution as the definitive Pass-Through Bonds.

Section 2.7. Execution. After their authorization hereby, the Pass-Through Bonds may be executed by or on behalf of the Corporation and delivered to the Trustee for authentication. The Pass-Through Bonds shall be executed in the name and on behalf of the Corporation by the manual or facsimile signature of an Authorized Officer and the corporate seal of the Corporation (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of any other Authorized Officer, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Pass-Through Bonds shall cease to be such officer or employee before the Pass-Through Bonds so signed and sealed shall have been actually delivered, such Pass-Through Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the person who signed or sealed such Pass-Through Bonds had not ceased to hold such office or be so employed. Any Pass-Through Bond may be signed and sealed on behalf of the Corporation by such persons as at the actual time of the execution of such Pass-Through Bond shall be duly authorized or hold the proper office in or employment by the Corporation, although at the date of the Pass-Through Bonds such persons may not have been so authorized or have held such office or employment.

Section 2.8. Authentication. The Pass-Through Bonds shall bear thereon a certificate of authentication, substantially in the form set forth in Appendix A hereto, executed manually by a duly authorized signatory of the Trustee. No Pass-Through Bond shall be entitled to any right or benefit under this Pass-Through Resolution or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Pass-Through Bond executed on behalf of the Corporation shall be conclusive evidence that the Pass-Through Bond has been so authenticated and delivered under this Pass-Through Resolution and that the owner thereof is entitled to the benefits hereof.

Section 2.9. Mutilated, Lost, Stolen or Destroyed Pass-Through Bonds. If any Pass-Through Bond is mutilated, lost, stolen or destroyed, the Corporation shall execute and the Trustee shall authenticate and deliver a new Pass-Through Bond of the same maturity, interest rate, principal amount, series and tenor in lieu of and in substitution for the mutilated, lost, stolen or destroyed Pass-Through Bond, provided, however, that in the case of any mutilated Pass-Through Bond, the mutilated Pass-Through Bond must first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Pass-Through Bond, there must be first furnished to the Trustee evidence satisfactory to it of the ownership of the Pass-Through Bond, and of the loss, theft or destruction, together with indemnity satisfactory to the Trustee and the Corporation and compliance with such other reasonable requirements as the Trustee and the Corporation may prescribe. If any such Pass-Through Bond will mature within the ensuing sixty (60) days, or if such Pass-Through Bond has been called for redemption or a Redemption Date pertaining to such Pass-Through Bond has passed, instead of replacing the Pass-Through Bond, the Trustee may, upon receipt of such indemnity, pay the Pass-Through Bond. The Trustee shall cancel any mutilated Pass-Through Bond surrendered to it. In connection with any such payment, the Corporation and the Trustee may charge the holder of such Pass-Through Bond their reasonable fees and expenses, including attorneys' fees and expenses.

If, after the delivery of such replacement Pass-Through Bond, the original Pass-Through Bond in lieu of which such replacement Pass-Through Bond was issued is presented for payment or registration, the Trustee shall seek to recover such replacement Pass-Through Bond from the person to whom it was delivered or any person taking therefrom and shall be entitled to recover from the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Trustee or the Corporation in connection therewith.

Section 2.10. Securities Depository Provisions.

(a) Except as provided in subsection (c) of this Section 2.10, the registered owner of all of the Pass-Through Bonds shall be Cede & Co., as nominee for DTC, and the Pass-Through Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Pass-Through Bond registered in the name of Cede & Co. shall be made by wire transfer or Federal or equivalent same day funds to the account of Cede & Co. on the Interest Payment Date for the Pass-Through Bonds at the address indicated for Cede & Co. in the registry books of the Corporation kept by the Trustee.

(b) The Pass-Through Bonds shall be initially issued in the form of a single authenticated fully registered Pass-Through Bond in the amount of the Pass-Through Bonds. Upon initial issuance, the ownership of the Pass-Through Bonds shall be registered in the

registry books of the Corporation kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Corporation may treat DTC (or its nominee) as the sole and exclusive owner of the Pass-Through Bonds registered in its name for the purposes of payment of the principal or Redemption Price of or interest on the Pass-Through Bonds, selecting the Pass-Through Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to owners of the Pass-Through Bonds under this Pass-Through Resolution, registering the transfer of the Pass-Through Bonds, obtaining any consent or other action to be taken by owners of the Pass-Through Bonds and for all other purposes whatsoever, and neither the Trustee nor the Corporation shall be affected by any notice to the contrary. The Trustee and the Corporation shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Pass-Through Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Trustee as being an owner of the Pass-Through Bonds, with respect to the accuracy of any records maintained by DTC or any Participant; the payment of DTC or any Participant of any amount in respect of the principal or Redemption Price of or interest on the Pass-Through Bonds; any notice which is permitted or required to be given to owners of the Pass-Through Bonds under this Pass-Through Resolution; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Pass-Through Bonds; or any consent given or other action taken by DTC as owner of the Pass-Through Bonds. The Trustee shall pay all principal of and interest on the Pass-Through Bonds only to or “upon the order of” Cede & Co., as nominee for DTC (as that term is used in the Uniform Commercial Code as adopted in the State), and all such payments shall be valid and effective to fully satisfy and discharge the Corporation’s obligations with respect to the principal of and interest on the Pass-Through Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Pass-Through Bond evidencing the obligation of the Corporation to make payments of principal of and interest on the Pass-Through Bonds pursuant to this Pass-Through Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Pass-Through Resolution with respect to transfers, the word “Cede & Co.” in this Pass-Through Resolution shall refer to such new nominee of DTC.

(c) In the event the Corporation determines that it is in the best interest of the Beneficial Owners that they be able to obtain Pass-Through Bond certificates, the Corporation may notify DTC and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of Pass-Through Bond certificates. In such event, the Corporation shall issue, and the Trustee shall transfer and exchange, Pass-Through Bond certificates as requested by DTC and any other Pass-Through Bond owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Pass-Through Bonds at any time by giving notice to the Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Corporation and the Trustee shall be obligated to deliver Pass-Through Bond certificates as described in this Pass-Through Resolution. In the event Pass-Through Bond certificates are issued, the provisions of this Pass-Through Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Corporation and the Trustee to do so, the Trustee and the Corporation will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Pass-



Through Bonds to any DTC Participant having Pass-Through Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Pass-Through Bonds.

(d) Notwithstanding any other provision of this Pass-Through Resolution to the contrary, so long as any Pass-Through Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Pass-Through Bond and all notices with respect to and surrender or delivery of such Pass-Through Bond shall be made and given, respectively, to or by DTC as provided in the Letter of Representations. Bondholders shall have no lien or security interest in any rebate or refund paid by DTC to the Trustee which arises from the payment by the Trustee of principal of or interest on the Pass-Through Bonds in accordance with existing arrangements with DTC.

(e) In connection with any notice or other communication to be provided to Pass-Through Bond owners pursuant to this Pass-Through Resolution by the Corporation or the Trustee with respect to any consent or other action to be taken by Pass-Through Bond owners, the Corporation or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC under this subsection (e) is the sole Pass-Through Bond owner.

Section 2.11. Bond Registrar; Exchange and Transfer of Pass-Through Bonds; Persons Treated as the Bondholders.

(a) Bond Registrar; Bond Register. The Trustee shall act as the initial Bond Registrar and in such capacity shall keep the Bond Register for the registration of the Pass-Through Bonds and for the registration of transfer of the Pass-Through Bonds.

(b) Transfers and Exchanges. Any Bondholder or its attorney duly authorized in writing may transfer title to or exchange a Pass-Through Bond upon surrender of the Pass-Through Bond at the Designated Office of the Trustee together with a written instrument of transfer (in substantially the form of assignment, including signature guarantee, attached to the Pass-Through Bond) satisfactory to the Trustee executed by the Bondholder or its attorney duly authorized in writing. Upon surrender for registration of transfer of any Pass-Through Bond, the Corporation shall execute and the Trustee shall authenticate and deliver in the name of the Bondholder or its transferee or transferees a new Pass-Through Bond or Pass-Through Bonds of the same aggregate principal amount as the Pass-Through Bond surrendered and of any Authorized Denomination.

(c) Exceptions to Transfers and Exchanges. Except as provided in Section 3.5, the Trustee will not be required to register any transfer or exchange of any Pass-Through Bond (or portion of any Pass-Through Bond) during the fifteen-day period immediately before the selection of Pass-Through Bonds for redemption, and from and after notice calling such Pass-Through Bonds (or portion of such Pass-Through Bonds) for redemption or partial redemption has been given and prior to such redemption.

(d) Charges. Registrations of transfers or exchanges of Pass-Through Bonds shall be without charge to the Bondholders, but any taxes or other governmental charges required to be paid with respect to a transfer or exchange shall be paid by the Bondholder requesting the registration of transfer or exchange as a condition precedent to the exercise of such privilege.

(e) Recognized Owners. The person in whose name any Pass-Through Bond is registered on the Bond Register will be deemed the absolute owner of such Pass-Through Bond for all purposes, and payment of any principal and interest will be made only to or upon the order of such person or its attorney duly authorized in writing, but such registration may be changed as provided above. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Pass-Through Bond to the extent of the sum or sums so paid.

(f) Pass-Through Bonds Protected. All Pass-Through Bonds issued upon any registration of transfer or exchange of Pass-Through Bonds will be legal, valid and binding limited obligations of the Corporation, evidencing the same debt, and entitled to the same security and benefits under this Pass-Through Resolution, as the Pass-Through Bonds surrendered upon such transfer or exchange.

(g) The Corporation's Reliance. In executing any Pass-Through Bond upon any exchange or registration of transfer provided for in this Section 2.11, the Corporation may rely conclusively on a representation of the Trustee that such execution is required.

Section 2.12. Cancellation. All Pass-Through Bonds which have been surrendered pursuant to Section 2.3 or Article III for payment upon maturity or redemption prior to maturity or Pass-Through Bonds which are deemed canceled will be canceled by the Trustee and will not be reissued. Canceled Pass-Through Bonds will be destroyed by the Trustee unless the Trustee receives contrary instructions from the Corporation.

Section 2.13. Conditions for Delivery of Pass-Through Bonds. The Corporation shall execute for issuance and deliver to the Trustee, and the Trustee shall authenticate, the Pass-Through Bonds and deliver them to or for the account of the Representative or to such persons as the Representative specifies, in each case in the records of DTC, provided, however, that prior to delivery of the Pass-Through Bonds to the Representative each of the following must be delivered to the Trustee:

- (a) a certified copy of this Pass-Through Resolution;
- (b) an opinion of Bond Counsel substantially to the effect that (i) this Pass-Through Resolution has been duly adopted by the Corporation and is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its 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) this Pass-Through Resolution creates the valid pledge and lien which it purports to create of and on the Trust Estate and other amounts pledged herein, subject to the use and application thereof for or to the purposes and on the terms and conditions permitted by this Pass-Through Resolution, and (iii) upon the execution, authentication and delivery thereof, the Pass-Through 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 this Pass-Through Resolution;

(c) a written order as to the delivery of the Pass-Through Bonds, signed by an Authorized Officer;

(d) a receipt for the Pass-Through Bonds, in form satisfactory to Bond Counsel and counsel to the Underwriters, signed by the Representative; and

(e) written evidence that the Pass-Through Bonds have been assigned a rating of “AA+” by S&P.

## ARTICLE III

### REDEMPTION OF BONDS

Section 3.1. Redemption. The Pass-Through Bonds are subject to redemption prior to maturity only as set forth in this Article III. All redemptions must be in Authorized Denominations.

Section 3.2. Special Optional Redemption. The Pass-Through Bonds are subject to special optional redemption in whole (but not in part), at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, without premium, on any Interest Payment Date after the earlier of (i) the Interest Payment Date on which the Outstanding principal amount of the Pass-Through Bonds is reduced to less than 10% of the original principal amount thereof and (ii) the first Interest Payment Date on which only one Loan remains outstanding.

Section 3.3. Mandatory Redemption. The Pass-Through Bonds are subject to mandatory redemption in whole or in part on each Interest Payment Date at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Pass-Through Bonds to be redeemed, without premium, in an amount equal to the sum (rounded down to the nearest integral multiple of \$1.00) of (a) the principal portion of Loan Repayments due on the first day of the calendar month immediately preceding such Interest Payment Date plus (b) the principal portion of Prepayments received by or on behalf of the Corporation and deposited in the Revenue Account from and including the 26th day of the second calendar month preceding such Interest Payment Date through and including the 25th day of the calendar month immediately preceding such Interest Payment Date (or, in the case of the first Interest Payment Date on December 1, 2017, from and including the Cut-Off Date through and including October 25, 2017).

Section 3.4. Notice of Redemption to Registered Owners.

(a) Special Optional Redemption Notice Requirement. For any special optional redemption of Pass-Through Bonds pursuant to Section 3.2, the Trustee shall give notice of redemption by Electronic Means or first-class mail, postage prepaid, not more than sixty (60) days nor less than twenty (20) days prior to the specified Redemption Date, to the Registered Owner of each Pass-Through Bond at the address of such Registered Owner as shown on the Bond Register. With respect to Book-Entry Bonds, if the Trustee sends notice of redemption to the Securities Depository pursuant to the Letter of Representations, the Trustee shall not be required to give the notice set forth in the immediately preceding sentence. In the case of any special optional redemption under Section 3.2, the notice of redemption shall state that it is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Pass-Through Bonds in full ("Conditional Redemption"), and such notice and special optional redemption shall be of no effect if by no later than the scheduled Redemption Date sufficient moneys to redeem the Pass-Through Bonds have not been deposited with the Trustee, or, if such moneys are deposited, are not available. The Trustee shall cause a second notice of redemption to be sent by first-class mail, postage prepaid, on or within ten (10) days after the thirtieth (30th) day after the Redemption Date to any Bondholder who has not submitted its Pass-Through Bond to the

Trustee for payment. The Trustee shall provide copies of all notices given under this Section 3.4(a) and of all revocations of notices to the Corporation at the same time it gives notices to Bondholders.

(b) **NOTWITHSTANDING ANYTHING TO CONTRARY HEREIN, NO NOTICE OF MANDATORY REDEMPTION PURSUANT TO SECTION 3.3 SHALL BE REQUIRED.**

(c) Content of Notice. Each notice of special optional redemption must state: (i) the date of the redemption notice; (ii) the complete official name of the Pass-Through Bonds, including the series designation; (iii) the interest rate and Maturity Date of each Pass-Through Bond to be redeemed; (iv) the CUSIP numbers of all Pass-Through Bonds being redeemed; (v) the place or places where the Pass-Through Bonds to be redeemed must be surrendered for payment and where amounts due upon such redemption will be payable upon surrender of the Pass-Through Bonds to be redeemed; (vi) the Redemption Date and Redemption Price of each Pass-Through Bond to be redeemed; (vii) the name, address, telephone number and contact person at the office of the Trustee with respect to such redemption; (viii) that interest on all Pass-Through Bonds to be redeemed will cease to accrue from and after the Redemption Date; and (ix) that redemption is conditional upon receipt by the Trustee of sufficient moneys to redeem the Pass-Through Bonds.

(d) Additional Notice. At the same time notice of redemption is sent to the Registered Owners, the Trustee shall send notice of redemption by Electronic Means or first-class mail, overnight delivery service or other overnight means, postage or service prepaid to (i) the Rating Agency and (ii) the MSRB.

(e) Validity of Proceedings for the Redemption of Pass-Through Bonds. Any notice given pursuant to subsection (a) above will be conclusively presumed to have been duly given and received when given in the manner provided therein, whether or not any holder actually receives the notice. Receipt of notice under subsection (a) above shall not be a condition precedent to redemption of the Pass-Through Bonds, and any failure to mail any such notice to any Registered Owner or any failure so to receive any such notice by any Registered Owner or any defect in any such notice shall not affect the validity or the proceedings for the redemption of any Pass-Through Bonds.

(f) Rescission of Conditional Redemption; Cancellation of Special Optional Redemption. The Trustee shall rescind any Conditional Redemption if the requirements of subsection (a) above have not been met on or before the Redemption Date. The Trustee shall give notice of rescission by the same means as is provided in this Section 3.4 for the giving of notice of redemption or by Electronic Means confirmed in writing. The special optional redemption shall be canceled once the Trustee has given notice of rescission. Any Pass-Through Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the Redemption Date shall constitute an Event of Default.

Section 3.5. Redemption Payments. If notice of redemption has been given as provided in Section 3.4(a) in the case of a special optional redemption, and if on the Redemption Date moneys for the redemption of all Pass-Through Bonds or portions thereof to be redeemed,

together with interest to the Redemption Date, shall be available for such payments, and the conditions for such redemption, if applicable, have been met, the Pass-Through Bonds called for redemption shall become due and payable on the Redemption Date, interest on such Pass-Through Bonds will cease to accrue from and after the Redemption Date and the called Pass-Through Bonds will no longer be Outstanding. The holders of the Pass-Through Bonds so called for redemption shall thereafter no longer have any security or benefit under this Pass-Through Resolution except to receive payment of the Redemption Price for such Pass-Through Bonds upon surrender of such Pass-Through Bonds to the Trustee. All moneys held by or on behalf of the Trustee for the redemption of particular Pass-Through Bonds will be held in trust for the account of the holders of the Pass-Through Bonds to be redeemed. If less than the entire principal amount of a Pass-Through Bond is called for redemption, the Corporation shall execute, and the Trustee shall authenticate and deliver, upon the surrender of such Pass-Through Bond to the Trustee, without charge by the Corporation or the Trustee to the Bondholder, in exchange for the unredeemed principal amount of such Pass-Through Bond, a new Pass-Through Bond or Pass-Through Bonds of the same interest rate, maturity and term, in any Authorized Denomination, in aggregate principal amount equal to the unredeemed balance of the principal amount of the Pass-Through Bond so surrendered.

Section 3.6. Selection of Pass-Through Bonds to be Redeemed Upon Partial Redemption. If the Pass-Through Bonds are to be redeemed in part pursuant to Section 3.3, each of the Pass-Through Bonds then Outstanding shall be redeemed in part, pro rata, in proportion to the Outstanding principal amount of each such Pass-Through Bond to the aggregate Outstanding principal amount of all Outstanding Pass-Through Bonds. To effect this pro rata redemption while the Pass-Through Bonds are held in the book-entry-only system, the Trustee shall take such action as is required under the procedures of the Securities Depository to ensure that such mandatory redemption is allocated among Participants on a “Pro Rata Pass-Through Distribution of Principal” basis by the Securities Depository.

## ARTICLE IV

### DISPOSITION OF BOND PROCEEDS; DEPOSITS

Section 4.1. Bond Proceeds Account. On the Closing Date, the Trustee shall deposit \$59,891,354, representing the Net Bond Proceeds with respect to the Pass-Through Bonds, into the Bond Proceeds Account to be applied pursuant to Section 5.3.

Section 4.2. Debt Service Reserve Fund. Upon delivery of the Pass-Through Bonds, the Corporation shall deliver to the Trustee \$1,796,740.62, from available funds other than the proceeds of the Pass-Through Bonds, for deposit in the Debt Service Reserve Fund. Such amount is not less than the Debt Service Reserve Fund Requirement with respect to the Pass-Through Bonds.

## ARTICLE V

### PLEDGES; FUNDS AND ACCOUNTS

#### Section 5.1. Pledges.

(a) Pledge of the Trust Estate. To secure the payment of the principal of and interest on the Pass-Through Bonds in accordance with their terms and the provisions of this Pass-Through Resolution, the Corporation hereby pledges the property described in the following paragraphs (1) through (6), subject to the provisions of this Pass-Through Resolution permitting the application of such property for the purposes set forth in this Pass-Through Resolution:

(1) all of the Corporation's right, title and interest in and to the Loans and the Loan Documents (other than the Reserved Rights and the right to receive the payments referred to in clauses (i) through (iv) of the following paragraph (2));

(2) all rights to receive payments on the Mortgage Notes and under the other Loan Documents, including all proceeds of insurance or condemnation awards, but excluding (i) payments of regularly scheduled debt service due prior to the Cut-Off Date, regardless of when received by or on behalf of the Corporation, (ii) prepayments received by or on behalf of the Corporation prior to the Cut-Off Date, (iii) payments to be applied to pay Servicing Fees or REMIC Insurance premiums, and (iv) any late payment penalties;

(3) all of the Corporation's right, title and interest in and to the Revenues, the Net Bond Proceeds and the accrued interest, if any, derived from the sale of the Pass-Through Bonds, and all Funds and Accounts under this Pass-Through Resolution (including, without limitation, moneys, documents, securities, Investments, Investment Income, instruments and general intangibles on deposit or otherwise held by the Trustee);

(4) all proceeds of mortgage insurance and other security related to the Loans;

(5) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time conveyed, mortgaged, pledged, assigned or transferred by delivery or by writing of any kind to the Trustee as additional security under this Pass-Through Resolution for the benefit of the Bondholders; and

(6) all of the proceeds of the foregoing, including, without limitation, Investments and Investment Income.

To the fullest extent provided by the Act and other applicable laws, the money and property hereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and such lien shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice hereof.



(b) Limited Pledge of the General Resolution Revenue Account. Notwithstanding anything contained in the General Resolution (other than Section 10.3 thereof) or this Pass-Through Resolution to the contrary, to secure the payment of interest on the Pass-Through Bonds, and the principal of the Pass-Through Bonds as such principal becomes due pursuant to Section 3.3 hereof and on the Maturity Date, the Corporation hereby pledges all amounts held in the General Resolution Revenue Account; provided, however, that the amounts so pledged (i) are limited to amounts required to pay such interest, and such principal as it becomes due pursuant to Section 3.3 hereof and on the Maturity Date, and (ii) do not include any additional amounts that may be necessary from time to time to pay the principal of the Pass-Through Bonds as a result of a call for redemption pursuant to Section 3.2 hereof or an acceleration pursuant to Section 10.2 hereof. To the fullest extent provided by the Act and other applicable laws, the money and property hereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and such lien shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice hereof.

Section 5.2. Creation of Funds and Accounts. The following Funds and Accounts are created with the Trustee:

- (a) the Bond Proceeds Account;
- (b) the Revenue Account;
- (c) the Excess Revenue Fund; and
- (d) the Debt Service Reserve Fund.

The Trustee shall hold and administer the Funds and Accounts in accordance with this Pass-Through Resolution.

Section 5.3. Bond Proceeds Account. Amounts deposited in the Bond Proceeds Account pursuant to Section 4.1 shall be applied to reimburse the Corporation for amounts (other than proceeds of the Pass-Through Bonds) used to make the Loans, as directed in writing by an Authorized Officer on the Closing Date.

Section 5.4. Revenue Account.

(a) Deposits to Revenue Account. The Corporation shall pay all Revenues, or cause all Revenues to be paid, to the Trustee. All Revenues shall be deposited by the Trustee promptly upon receipt thereof (and in all events on the same Business Day as the Trustee's receipt thereof) in the Revenue Account. There also shall be deposited in the Revenue Account amounts transferred thereto from the Excess Revenue Fund pursuant to Section 5.5(b), from the Debt Service Reserve Fund pursuant to Section 5.6(b), and from the General Resolution Revenue Account pursuant to Section 5.7. There may also be deposited in the Revenue Account, at the option of the Corporation, any other moneys (including, but not limited to, moneys to be applied by the Trustee to the redemption of Pass-Through Bonds in accordance with the provisions of Article III), unless required to be otherwise applied as provided herein.

(b) Application of Revenue Account on Interest Payment Dates. Amounts in the Revenue Account shall be applied by the Trustee on each Interest Payment Date to the payment of (i) interest on the Pass-Through Bonds as the same shall become due and payable on such Interest Payment Date (including accrued interest on any Pass-Through Bonds redeemed prior to maturity), (ii) the Redemption Price of Pass-Through Bonds to be redeemed on such Interest Payment Date that is due and payable on such Interest Payment Date in accordance with the provisions of Article III, and (iii) if such Interest Payment Date is the Maturity Date, the principal amount of the Pass-Through Bonds remaining Outstanding (if any).

(c) Transfers from Revenue Account. On each Interest Payment Date, after making the payments required by Section 5.4(b) to be made on such Interest Payment Date, or on any subsequent day prior to the 25th day of the calendar month of such Interest Payment Date, the Trustee shall transfer all amounts in the Revenue Account (other than any Prepayment, or Loan Repayment due in such calendar month, that is deposited in the Revenue Account after the 25th day of the preceding calendar month) to the following Funds the following amounts, in the following order of priority:

(1) first, to the Debt Service Reserve Fund, the amount, if any, needed to increase the amount therein to the Debt Service Reserve Fund Requirement (or so much of such needed amount as is available to be so transferred); and

(2) second, to the Excess Revenue Fund, the balance of the amount available to be so transferred.

Section 5.5. Excess Revenue Fund.

(a) Deposit of Excess Revenues and Other Amounts. There shall be deposited in the Excess Revenue Fund amounts transferred thereto from the Revenue Account pursuant to Section 5.4(c)(2). There may also be deposited in the Excess Revenue Fund, at the option of the Corporation, any other moneys, unless required to be otherwise applied as provided herein.

(b) Transfers of Excess Revenues and Other Amounts. On or prior to the Business Day immediately preceding each Interest Payment Date, in the event that amounts in the Revenue Account as of the end of the 25th day preceding such Interest Payment Date are insufficient to make the payments required by Section 5.4(b) to be made on such Interest Payment Date, the Trustee shall transfer from the Excess Revenue Fund to the Revenue Account the amount of such insufficiency; provided, however, that the Corporation may instruct the Trustee not to transfer such amount from the Excess Revenue Fund pursuant to this subsection (b) so long as the Corporation shall have provided the Trustee with funds of the Corporation in an amount equal to the amount otherwise required to be transferred by the Trustee from the Excess Revenue Fund pursuant to this subsection (b).

In the event the Corporation elects not to provide the Trustee with funds as described in the preceding paragraph, the Trustee shall transfer amounts from the Debt Service Reserve Fund to the Revenue Account in accordance with Section 5.6(b).

(c) Release to the Corporation. On each April 1 and October 1, after providing for any transfers to be made pursuant to subsection (b) of this Section 5.5 prior to such date, the

Trustee shall transfer, free and clear of the lien of this Pass-Through Resolution, amounts remaining on deposit in the Excess Revenue Fund in excess of one month's scheduled interest and principal payments due on all Loans to the General Resolution Trustee for deposit in the General Resolution Revenue Account.

Section 5.6. Debt Service Reserve Fund.

(a) Upon the issuance, sale and delivery of the Pass-Through Bonds, the Trustee shall deposit in the Debt Service Reserve Fund such amount as shall be at least sufficient to equal the Debt Service Reserve Fund Requirement, such amount to be provided by the Corporation pursuant to Section 4.2. Moneys shall be transferred to the Debt Service Reserve Fund in accordance with Section 5.4(c)(1). There may also be deposited in the Debt Service Reserve Fund, at the option of the Corporation, any other moneys, unless required to be otherwise applied as provided herein.

(b) On or prior to the Business Day immediately preceding each Interest Payment Date, in the event that amounts in the Revenue Account as of the end of the 25th day preceding such Interest Payment Date are insufficient to make the payments required by Section 5.4(b) to be made on such Interest Payment Date, after giving effect to any transfer to the Revenue Account from the Excess Revenue Fund pursuant to Section 5.5(b), the Trustee shall transfer from the Debt Service Reserve Fund to the Revenue Account the amount of such insufficiency; provided, however, that the Corporation may instruct the Trustee not to transfer such amount from the Debt Service Reserve Fund pursuant to this subsection (b) so long as the Corporation shall have provided the Trustee with funds of the Corporation in an amount equal to the amount otherwise required to be transferred by the Trustee from the Debt Service Reserve Fund pursuant to this subsection (b).

(d) Notwithstanding anything to the contrary contained herein, at any time while the Pass-Through Bonds are Outstanding, the Corporation may provide to the Trustee one or more Cash Equivalents for deposit in the Debt Service Reserve Fund in an amount not exceeding the amount of the Debt Service Reserve Fund Requirement; provided, that such Cash Equivalents, as of the date of deposit, shall have no adverse effect on the ratings assigned to the Pass-Through Bonds. In the event any such Cash Equivalents are so provided in replacement of funds on deposit in the Debt Service Reserve Fund, the Trustee shall make such deposit and transfer funds in an equivalent amount from the Debt Service Reserve Fund to the Corporation free and clear of the pledge and lien of this Pass-Through Resolution.

Section 5.7. Transfer from General Resolution Revenue Account. On each Interest Payment Date, in the event that amounts in the Revenue Account are insufficient to make the payments required by Section 5.4(b) to be made on such Interest Payment Date, after giving effect to any transfer to the Revenue Account from the Excess Revenue Fund pursuant to Section 5.5(b) and any transfer to the Revenue Account from the Debt Service Reserve Fund pursuant to Section 5.5(b), the General Resolution Trustee shall (subject to Section 10.3 of the General Resolution) transfer from the General Resolution Revenue Account to the Revenue Account an amount equal to the lesser of (i) the amount of such insufficiency and (ii) the sum of (a) the interest on the Pass-Through Bonds due and payable on such Interest Payment Date, (b) the Redemption Price of Pass-Through Bonds to be redeemed on such Interest Payment Date

pursuant to Section 3.3 hereof, and (c) if such Interest Payment Date is the Maturity Date, the principal amount of the Pass-Through Bonds remaining Outstanding (if any); provided, however, that the Corporation may instruct the General Resolution Trustee not to transfer such amount from the General Resolution Revenue Account pursuant to this Section 5.7 so long as the Corporation shall have provided the Trustee with funds of the Corporation in an amount equal to the amount otherwise required to be transferred by the General Resolution Trustee from the General Resolution Revenue Account pursuant to this Section 5.7. On the Business Day prior to each Interest Payment Date, the Trustee shall determine (and if at such time the General Resolution Trustee is not the Trustee, notify of the General Resolution Trustee of) the amount (if any) required to be so transferred from the General Resolution Revenue Account.

Section 5.8. Moneys to be Held in Trust.

(a) Except for moneys deposited with or paid to the Trustee for the redemption of Pass-Through Bonds notice of the redemption of which has been duly given, all moneys required to be deposited with or paid to the Trustee for the account of any Fund or Account will be held by the Trustee in trust and, while held by the Trustee, shall constitute part of the Trust Estate and be subject to the pledge and lien of this Pass-Through Resolution.

(b) In order to permit amounts held by the Trustee under this Pass-Through Resolution to be available for use at the time when needed, any such amounts may, if and as directed in writing by the Corporation, be deposited in the corporate trust department of the Trustee which may honor checks and drafts on such deposit with the same force and effect as if it were not the Trustee. The Trustee shall allow and credit on such amounts at least such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(c) All amounts deposited by the Trustee pursuant to subsection (b) above shall be continuously and fully secured (i) by lodging with the Trustee as custodian, as collateral security, Permitted Investments having a market value (exclusive of accrued interest) not less than the amount of such deposit, and (ii) in such other manner as may then be required by applicable Federal or state laws and regulations regarding security for the deposit of public funds. It shall not be necessary, unless required by applicable law, for the Trustee to give security under this Section 5.8 for the deposit of any amounts to the extent that such deposit is insured by the Federal Deposit Insurance Corporation, or its successor, or which are held in trust and set aside by the Trustee for the payment of any Pass-Through Bonds, or for the Trustee to give security for any moneys which shall be represented by obligations or certificates of deposit (of issuers other than the Trustee) purchased as an investment of such moneys.

(d) All amounts so deposited by the Trustee shall be credited to the particular Fund or Account from which such amounts were derived.

Section 5.9. Records. The Trustee shall keep and maintain accurate records with respect to the Funds and Accounts. The Trustee shall file at least an annual accounting of the Funds and Accounts and the payment history on the Pass-Through Bonds and the Loans with the Corporation.

Section 5.10. Reports by the Trustee. The Trustee shall, on or before the tenth (10th) day of each month, file with the Corporation a statement setting forth in respect of the preceding calendar month:

(a) the amount withdrawn or transferred and the amount deposited within or on account of each Fund and Account under this Pass-Through Resolution, including the amount of Investment Income on each Fund and Account;

(b) the amount on deposit at the end of such month to the credit of each Fund and Account;

(c) a brief description of all obligations held as an investment of moneys in each Fund and Account;

(d) the amount applied to the redemption of Pass-Through Bonds and a description of the Pass-Through Bonds or portions of Pass-Through Bonds so redeemed; and

(e) any other information which the Corporation may reasonably request.

No monthly statement for a Fund or Account need be rendered if no activity occurred in that Fund or Account during such month. Upon the written request of any Bondholder owning twenty-five percent (25%) or more in aggregate principal amount of Pass-Through Bonds then Outstanding, the Trustee shall provide a copy of such statement to the Bondholder. All records and files pertaining to the Trust Estate will be open at all reasonable times during regular business hours of the Trustee to the inspection and audit of the Corporation and its agents and representatives upon reasonable prior notice.

Section 5.11. Moneys Held for Particular Pass-Through Bonds. The amounts held by the Trustee for payment of the interest, principal or Redemption Price due on any date with respect to particular Pass-Through Bonds, pending such payment, will be set aside and held in trust by the Trustee for the Bondholders entitled to such payment. For the purposes of this Pass-Through Resolution such interest, principal or Redemption Price, after the due date of payment, will no longer be considered to be unpaid.

Section 5.12. Nonpresentation of Pass-Through Bonds. In the event any Pass-Through Bond is not presented for payment when the principal of such Pass-Through Bond becomes due, either at maturity or at the date fixed for redemption of such Pass-Through Bond or otherwise, amounts held by the Trustee for the payment of such Pass-Through Bond shall be disposed of as provided by applicable law, or, if there shall be no such applicable law, shall be returned to the Corporation three (3) years after the date on which payment of such amounts would have been due.

Section 5.13. Disposition of Remaining Moneys. Any amounts remaining in the Funds and Accounts held by the Trustee under this Pass-Through Resolution after payment in full of the principal of and interest all Pass-Through Bonds will be applied to pay (i) first, to the person or persons entitled to be paid, all other unpaid amounts required to be paid under this Pass-Through Resolution, and (iii) second, to the Corporation, free and clear of the pledge and lien of this Pass-Through Resolution.

ARTICLE VI  
INVESTMENTS

Section 6.1. Investment Limitations.

(a) Monies in any Fund or Account that are pledged pursuant to this Pass-Through Resolution shall be continuously invested and reinvested by the Trustee, in the highest yield Permitted Investments that may be reasonably known to the Trustee, or deposited and redeposited as provided in Section 5.8, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. The Corporation shall consult with the Trustee from time to time as to the investment of amounts in the Funds and Accounts established or confirmed by this Pass-Through Resolution. The Corporation may direct the Trustee to, or in the absence of direction, the Trustee shall, invest and reinvest the monies in any Fund or Account in Permitted Investments so that the maturity date or date of redemption at the option of the owner thereof shall coincide as nearly as practicable with (but in no event later than) the times at which monies are needed to be expended. The Permitted Investments purchased shall be held by the Trustee, or for its account as Trustee and shall be deemed at all times to be part of such Fund or Account, and the Trustee shall keep the Corporation advised as to the details of all such investments. Subject to the provisions of Section 6.2, the Trustee shall not be liable or responsible for any loss resulting from such investments.

(b) Permitted Investments purchased as an investment of monies in any Fund or Account held by the Trustee under the provisions of this Pass-Through Resolution shall be deemed at all times to be a part of such Fund or Account but the Investment Income therefrom shall, (i) with respect to the Revenue Account, be retained therein and reinvested, (ii) with respect to the Debt Service Reserve Fund, be deposited in the Revenue Account from time to time and reinvested, and (iii) with respect to the Excess Revenue Fund, be retained therein and reinvested, in any case except for interest income representing a recovery of the premium and accrued interest, if any, included in the purchase price of any Permitted Investment, which shall be retained in the particular Fund or Account for which the Permitted Investment was purchased.

(c) To the extent permitted by law, the Trustee may commingle any amounts on deposit in the Funds and Accounts held under this Pass-Through Resolution for the purpose of purchasing Permitted Investments. However, the Trustee shall maintain and keep separate accounts of such Funds and Accounts at all times.

(d) The Trustee shall sell at the best price obtainable, or present for redemption or exchange, any Permitted Investment purchased by it pursuant to this Pass-Through Resolution whenever it shall be necessary in order to provide monies to meet any payment or transfer from the Fund or Account for which such investment was made.

(e) 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 Permitted Investments held by it pursuant to this Pass-Through Resolution for any other coin or currency of the United States of America or Permitted Investments of like amount.

(f) Notwithstanding anything to the contrary contained herein, any Permitted Investments purchased by the Trustee with funds that are pledged pursuant to this Pass-Through Resolution must, as of the date of such purchase, be rated by the Rating Agency in a category at least equal to the rating category of the Pass-Through Bonds (or “A-1+” if the Permitted Investment has a remaining term at the time it is provided not exceeding one year); provided, however, that the Trustee may purchase Permitted Investments that are rated lower than that set forth above, so long as the purchase of such Permitted Investments does not, as of the date of such purchase, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Pass-Through Bonds by the Rating Agency.

## ARTICLE VII

### REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CORPORATION

Section 7.1. The Corporation's Representations and Warranties. The Corporation represents and warrants that:

(a) The Corporation is a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State created by and pursuant to the Act.

(b) This Pass-Through Resolution has been duly adopted and constitutes a valid and binding agreement of the Corporation, enforceable in accordance with its terms, except as such enforcement may be limited by the rights and remedies of creditors or by general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.

(c) The Corporation has complied with all provisions of the Constitution and laws of the State, including the Act, and has full power and authority to (i) adopt this Pass-Through Resolution and issue, sell and deliver the Pass-Through Bonds to the Underwriters, (ii) reimburse the Corporation for amounts (other than proceeds of the Pass-Through Bonds) used to make the Loans, (iii) pledge the Trust Estate as set forth in this Pass-Through Resolution for the benefit of the Bondholders, to secure the payment of the principal of and interest on the Pass-Through Bonds in accordance with the terms and provisions of this Pass-Through Resolution and the Pass-Through Bonds, and (iv) make the pledge set forth in Section 5.1(b) hereof.

(d) All actions on the part of the Corporation for (i) the adoption and delivery of this Pass-Through Resolution providing for the issuance of and security for the Pass-Through Bonds, (ii) the issuance, sale and delivery of the Pass-Through Bonds upon the terms set forth in this Pass-Through Resolution, (iii) the reimbursement of the Corporation for amounts (other than proceeds of the Pass-Through Bonds) used to make the Loans and (iv) the due performance of this Pass-Through Resolution and the execution, delivery, receipt and due performance of the Pass-Through Bonds have been or will be taken duly and effectively.

(e) On or prior to the Closing Date, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction in the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Corporation of its obligations in connection with the transactions contemplated by this Pass-Through Resolution will have been duly obtained; and all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction in the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Corporation of its obligations under this Pass-Through Resolution have been duly obtained or, where required for future performance, are expected to be obtained.



(f) The Pass-Through Bonds shall be special revenue obligations of the Corporation payable solely from the Trust Estate and from amounts pledged pursuant to Section 5.1(b) hereof.

Section 7.2. The Corporation's Covenants. In addition to all other covenants and agreements of the Corporation contained in this Pass-Through Resolution, the Corporation further covenants and agrees with the Bondholders and the Trustee as follows:

(a) The Corporation shall comply with the provisions of Sections 8.1(e) and (f), subject to the limitations contained in therein.

(b) Except as provided in subsection (e) of this Section 7.2 or in Article XII, the Corporation shall not alter, modify or cancel, or agree to alter, modify or cancel, any agreement which relates to or affects the Trust Estate.

(c) Except as otherwise provided in this Pass-Through Resolution or the Loan Documents, the Corporation shall not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Trust Estate or create or authorize to be created any debt, lien or charge thereon.

(d) The Corporation shall comply with the provisions of the Continuing Disclosure Agreement.

(e) The Corporation shall enforce diligently and take or cause to be taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Loans consistent with sound banking practices and principles, including the prompt collection of all Loan Repayments and all other amounts due the Corporation thereunder. The Corporation shall service each Loan or appoint a Servicer for such Loan, and if it appoints a Servicer shall enter into a Servicing Agreement with respect thereto, effective not later than the date of delivery of such Loan. The Corporation or such Servicer shall service each Loan in accordance with acceptable mortgage servicing practices of prudent lending institutions or in accordance with such other standards as are required to maintain the REMIC Insurance with respect to such Loan. The Corporation shall not without good cause release the obligations of any Borrower under any of the applicable Loan Documents, or of the Servicer under the Servicing Agreement, and, to the extent permitted by law, at all times shall defend, enforce, preserve and protect the rights and privileges of the Corporation, the Trustee and the Bondholders under or with respect to the Loan Documents securing the Loans, and any Servicing Agreement relating thereto; provided, however, that nothing in this Section 7.2(f) shall be construed to prevent the Corporation from settling or working-out a default on any Loan, or modifying the terms of any Loan (regardless of whether such Loan is in default), on such terms as the Corporation shall determine to be in the best interests of the Corporation and the Bondholders; provided further, however, that, with respect to any Loan (regardless of whether such Loan is in default), (i) the date of maturity of such Loan shall not be extended and (ii) the rate of interest due on such Loan shall not be reduced below the sum of (x) the rate of interest due on the Pass-Through Bonds, plus (y) the amount of Servicing Fees applicable to such Loan, plus (z) the amount of REMIC Insurance premiums applicable to such Loan.

(f) The Corporation shall not voluntarily sell, assign, endorse or otherwise dispose of any Loan or any part thereof (other than a sale, assignment, endorsement or other disposition required pursuant to this Pass-Through Resolution or made when, in the sole judgment of the Corporation, such Loan is in default).

Section 7.3. Limitations on Liability. Notwithstanding any other provision of this Pass-Through Resolution to the contrary:

(a) The Pass-Through Bonds shall be special revenue obligations of the Corporation payable solely from the Trust Estate and from amounts pledged pursuant to Section 5.1(b) hereof.

(b) Nothing contained in the Pass-Through Bonds or in this Pass-Through Resolution shall be considered as assigning or pledging any funds or assets of the Corporation other than the Trust Estate and amounts pledged pursuant to Section 5.1(b) hereof.

(c) The Pass-Through Bonds shall not be a debt of either 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 Pass-Through Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor.

(d) No failure of the Corporation to comply with any term, condition, covenant or agreement in this Pass-Through Resolution or in any document executed by the Corporation in connection with any Mortgaged Property or the issuance, sale and delivery of the Pass-Through Bonds shall subject the Corporation to liability for any claim for damages, costs or other charges except to the extent that the same can be paid or recovered from the Trust Estate.

(e) Except as provided in Section 5.7, the Corporation shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes of this Pass-Through Resolution or any of the other Transaction Documents, whether for the payment of the principal or Redemption Price of, or interest on, the Pass-Through Bonds or otherwise.

Section 7.4. Further Assurances. The Corporation, to the extent permitted by law, shall execute, acknowledge and deliver such instruments and documents, and perform such further acts, as the Trustee may reasonably require to better assure, transfer, convey, pledge, assign and confirm to the Trustee all of the property, revenues, receipts and other amounts pledged by this Pass-Through Resolution. The Corporation shall cooperate to the extent necessary with the Trustee in its defenses of the Trust Estate against the claims and demands of all Persons.

Section 7.5. Enforcement. The Corporation may enforce against the Borrowers or any other Person any rights of the Corporation under the Loan Documents. At the request of the Trustee, the Corporation, upon being indemnified to its reasonable satisfaction against all liability, costs and expenses which may be incurred in connection with such enforcement, shall in its name commence legal action or take such other actions as the Trustee reasonably requests to enforce the rights of the Corporation or the Trustee under or arising from the Pass-Through Bonds or the Bond Documents.

## ARTICLE VIII

### REMIC INSURANCE

#### Section 8.1. Enforcement and REMIC Insurance.

(a) The Corporation shall be solely responsible to prepare and submit such documents and take such other actions as are necessary to effectuate the payment to the Trustee of the REMIC Insurance Proceeds, as set forth in this Article VIII. Upon receipt of REMIC Insurance Proceeds, the Trustee shall deposit such proceeds in the Revenue Account in accordance with Section 5.4(a).

(b) The Corporation shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Mortgages, including the prompt collection of Loan Repayments.

(c) The Corporation shall do all that is necessary to obtain and maintain the REMIC Insurance and shall not amend this Pass-Through Resolution in a manner that conflicts with REMIC regulations or documents.

(d) Whenever it shall be necessary to protect and enforce the rights of the Corporation under a Mortgage securing a Loan and to protect and enforce the rights and interests of Bondholders under this Pass-Through Resolution, the Corporation shall do all things necessary to enforce its rights under the REMIC Insurance and to receive payment of any claims thereon in cash.

(e) With respect to any Loan insured with REMIC Insurance, if any Loan Repayment is not made in the full amount due and the Loan Repayment is not made by the forty-fifth (45th) day following the due date thereof (“Grace Period”), then the Corporation shall notify REMIC within the Grace Period of such payment default and provide various additional notices required by REMIC during the period of default.

(f) With respect to any Loan insured with REMIC Insurance, if the Borrower fails to pay a total aggregate amount equal to four (4) regular monthly payments of principal and interest, and any escrow payments due under the terms of such Loan, disregarding any waivers or extensions by the Corporation (termed a “Four Months in Default” under the REMIC Insurance policy), and assuming the notices described in subsection (e) above have been timely submitted and other preconditions have been met, the Corporation may make a claim for REMIC Insurance benefits. In the event any Loan insured with REMIC Insurance becomes Four Months in Default, the notices described in subsection (e) above having been timely submitted and other preconditions having been met, and amounts having been transferred from the Debt Service Reserve Fund pursuant to Section 5.6(b) as a result of such Loan being Four Months in Default, the Corporation shall make a claim for REMIC Insurance benefits.

(g) Unless a Loan described in subsection (f) above is purchased by REMIC, or a periodic payment plan or lump sum payment plan has been executed, as provided for in the REMIC Insurance, the Corporation shall, pursuant to the REMIC Insurance policy, commence proceedings to obtain title to the Development when such Loan becomes Four Months in Default

(although the Corporation may commence such proceedings upon any default); provided, however, upon consent of REMIC and satisfaction of certain other conditions, actions, including foreclosure proceedings, may be undertaken in which title to the Development will pass to a third party.

## ARTICLE IX

### DISCHARGE OF LIEN

#### Section 9.1. Discharge of Pledge.

(a) Discharge. Upon satisfaction of the conditions set out in subsection (b) below, the pledges made in Sections 5.1(a) and 5.1(b) hereof shall be discharged and satisfied and the Trustee shall (i) execute and deliver to the Corporation such instruments in writing prepared by the Corporation or its counsel and provided to the Trustee as may be required to evidence such discharge and satisfaction and (ii) pay over or deliver to the Corporation so much of the Trust Estate as may be in its possession or subject to its control (except for moneys and Government Obligations held for the purpose of paying Pass-Through Bonds).

(b) Conditions to Discharge. The conditions precedent to the cancellation and discharge of this Pass-Through Resolution and the other acts described in subsection (a) above are: (i) payment in full of the Pass-Through Bonds; (ii) payment of the Trustee's ordinary costs and expenses under this Pass-Through Resolution; (iii) payment of all Extraordinary Items; and (iv) receipt by the Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of this Pass-Through Resolution have been satisfied.

(c) Survival of Rights and Powers. The powers granted to the Trustee with respect to the payment, transfer and exchange of Pass-Through Bonds shall survive the cancellation and discharge of this Pass-Through Resolution.

Section 9.2. Payments of Outstanding Amounts. If the Pass-Through Bonds are paid in full, but any one or more of the other conditions precedent set out in Section 9.1(b) are not satisfied because an amount has not been paid, the Trustee shall pay from the Trust Estate to itself, in the strict order set out below, the amounts required to satisfy those conditions precedent:

(a) Trustee's Costs and Expenses. If any portion of the Trustee's ordinary costs and expenses of the Trustee remain unpaid, the Trustee shall first pay to itself so much of the Trust Estate as will fully pay such unpaid amounts.

(b) Trustee's Extraordinary Items. If any Extraordinary Items have not been paid to the Trustee, the Trustee shall then pay to itself so much of the remaining Trust Estate as will fully pay all amounts owing to the Trustee for Extraordinary Items.

#### Section 9.3. Defeasance.

(a) Provision for Payment of Pass-Through Bonds. Any Pass-Through Bond will be deemed paid within the meaning of Section 9.1 if each of the conditions set out in this Section 9.3 is satisfied:

(1) The Corporation deposits with the Trustee (A) Available Moneys or (B) Government Obligations which are not subject to early redemption and which are purchased with Available Moneys, of such maturities and interest payment dates and bearing such interest as will be sufficient, without further investment or reinvestment of

either the principal amount of such Government Obligations or the interest earnings on Government Obligations (the earnings to be held in trust also), together with any Available Moneys, for the payment on the Maturity Date or a Redemption Date prior to maturity, of the principal of such Pass-Through Bonds and interest to accrue on such Pass-Through Bonds to such maturity or redemption dates.

(2) For any such Pass-Through Bonds to be redeemed on any date prior to their maturity, the Trustee has received in form satisfactory to it irrevocable instructions to redeem such Pass-Through Bonds on a date on which the Pass-Through Bonds are subject to redemption, and either evidence satisfactory to the Trustee that all redemption notices required by this Pass-Through Resolution have been given or irrevocable power authorizing the Trustee to give such redemption notices.

The Trustee shall redeem the Pass-Through Bonds specified by such irrevocable instructions on the date specified by such irrevocable instructions.

(b) Defeased Pass-Through Bonds No Longer Outstanding. At such times as a Pass-Through Bond is deemed to be paid under this Pass-Through Resolution, it will no longer be secured by or entitled to the benefits of this Pass-Through Resolution, except for the purposes of payment in accordance with this Pass-Through Resolution.

(c) Release of Certain Income. All income from all Government Obligations in the hands of the Trustee pursuant to this Section 9.3 which is identified by an independent certified public accountant as not required for the payment of the Pass-Through Bonds and interest on such income with respect to which such moneys have been so deposited will be deposited by the Trustee as and when realized and collected in Excess Revenue Fund.

(d) Particular Pass-Through Bonds. Notwithstanding any other provision of this Pass-Through Resolution to the contrary, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article IX for the payment of Pass-Through Bonds (including accrued interest on such Pass-Through Bonds) shall be applied to and used solely for the payment of the particular Pass-Through Bonds (including interest on such Pass-Through Bonds) with respect to which such moneys or Government Obligations have been so set aside in trust.

## ARTICLE X

### DEFAULT PROVISIONS AND REMEDIES

#### Section 10.1. Events of Default; Preliminary Notice.

(a) Events of Default. Each of the following constitutes an Event of Default under this Pass-Through Resolution:

(1) default in the payment when due and payable of any interest due on any Pass-Through Bond; or

(2) default in the payment when due and payable of the principal of on any Pass-Through Bond at maturity or upon any redemption; or

(3) default in the observance or performance of any covenant, agreement, warranty or representation on the part of the Corporation included in this Pass-Through Resolution or in the Pass-Through Bonds (other than an Event of Default set forth in paragraph (1) or (2) above) and the continuance of such default for a period of sixty (60) days after written notice of the default from the Trustee to the Corporation; or

(4) an Act of Bankruptcy.

(b) Preliminary Notice. The Trustee shall promptly notify the Corporation after the Trustee obtains knowledge or receives notice of the occurrence of an Event of Default under this Pass-Through Resolution or an event which would become such an Event of Default with the passage of time, the giving of notice or both, identifying the paragraph in subsection (a) above under which the Event of Default has occurred or may occur.

#### Section 10.2. Acceleration.

(a) Acceleration. Upon the occurrence of any Event of Default under this Pass-Through Resolution, the Trustee may, and upon the written request of Bondholders owning not less than fifty-one percent (51%) in aggregate principal amount of Pass-Through Bonds then Outstanding, must, by written notice to the Corporation, declare the principal of all Pass-Through Bonds and the interest accrued and to accrue on the Pass-Through Bonds to the date of payment, immediately due and payable.

(b) Notice. Upon any decision to accelerate payment of the Pass-Through Bonds, the Trustee shall notify the Bondholders of the declaration of acceleration, that interest on the Pass-Through Bonds will cease to accrue upon such declaration, and that payment of the Pass-Through Bonds will be made upon presentment of the Pass-Through Bonds at the Designated Office of the Trustee. Such notice shall be sent by registered mail or overnight delivery service, postage prepaid, or, at the Trustee's option, may be given by Electronic Means to each Registered Owner of Pass-Through Bonds at such Registered Owner's last address appearing in the Bond Register. Any defect in or failure to give notice of such declaration will not affect the validity of such declaration.

Section 10.3. Other Remedies. Upon the occurrence and continuance of an Event of Default under this Pass-Through Resolution, the Trustee may, with or without taking action under Section 10.2, pursue any of the following remedies:

(1) an action in mandamus or other suit, action or proceeding at law or in equity (A) to enforce the payment of the principal of and interest on the Pass-Through Bonds, (B) for the specific performance of any covenant or agreement contained in this Pass-Through Resolution or (C) to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act; or

(2) an action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Corporation allowed in any bankruptcy or other proceeding.

The Trustee shall exercise such of the rights and powers conferred by this Section 10.3 as the Trustee, being advised by counsel, deems most effective to enforce and protect the interests of the Bondholders.

Section 10.4. Preservation of Security and Remedies; Rights of Bondholders. Subject to Section 10.2(a), upon an Event of Default, the Trustee may proceed, and upon the written request of the holders of not less than twenty-five percent (25%) of the aggregate principal amount of the Pass-Through Bonds Outstanding and the receipt of indemnity reasonably satisfactory to the Trustee, shall proceed, to protect and enforce its rights and the rights of the Bondholders under this Pass-Through Resolution by such suits, actions or special proceedings in equity or at law, whether for the specific performance of any covenant or agreement, or in aid of the execution of any power granted in this Pass-Through Resolution or by the Act, or for the enforcement of any legal or equitable right or remedy, as the Trustee, being advised by counsel, deems most effective to protect and enforce such rights or to perform any of its duties under this Pass-Through Resolution.

Section 10.5. Remedies Not Exclusive; Delay or Omission. No right or remedy conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right and remedy will be cumulative and in addition to any other right or remedy given to the Trustee or to the Bondholders under this Pass-Through Resolution or now or later existing at law or in equity. No delay or omission to exercise any right or remedy provided in this Pass-Through Resolution will impair any such right or remedy or be construed to be a waiver of any Event of Default or acquiescence in it. Every such right and remedy may be exercised from time to time as often as may be deemed expedient.

Section 10.6. Waiver. Subject to the conditions precedent set out below, (i) the Trustee may waive, (ii) and Bondholders owning not less than fifty-one percent (51%) in aggregate principal amount of Pass-Through Bonds then Outstanding may waive, by written notice to the Trustee, any default or Event of Default under this Pass-Through Resolution and its consequences and rescind any declaration of acceleration of maturity of principal. The conditions precedent to any waiver are:



(a) the principal and interest on the Pass-Through Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate or rates of interest borne by the Pass-Through Bonds, has been paid or provided for in Available Moneys and all fees and expenses of the Trustee have been paid or provided for; and

(b) that such waiver will be permitted if (i) the Corporation consents to the waiver, (ii) the Rating Agency or Rating Agencies, as the case may be, then rating the Pass-Through Bonds at the request of the Corporation are notified and the Trustee gives written notice to the Bondholders that the ratings on the Pass-Through Bonds may be reduced or withdrawn upon the occurrence of such waiver, and (iii) Bondholders owning not less than fifty-one percent (51%) in aggregate principal amount of Pass-Through Bonds then Outstanding consent to the waiver.

Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes and the Corporation, the Trustee and the Bondholders will be restored to their former positions and rights under this Pass-Through Resolution. No waiver of any default or Event of Default shall extend to or affect any subsequent default or Event of Default or shall impair any right or remedy consequent thereto.

Section 10.7. Rights of the Bondholders to Direct Proceedings; Rights and Limitations Applicable to Bondholders, the Corporation and Trustee.

(a) Rights to Direct Proceedings. Notwithstanding anything contained in this Pass-Through Resolution to the contrary, the Bondholders owning not less than fifty-one percent (51%) in aggregate principal amount of Pass-Through Bonds then Outstanding, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Pass-Through Resolution or any other proceedings under this Pass-Through Resolution, provided, however, that such direction will not be otherwise than in accordance with the provisions of law and of this Pass-Through Resolution, and provided that the Trustee will be indemnified to its reasonable satisfaction (except for actions required under Section 10.2(b)).

(b) Limitations on Bondholders' Rights. No Bondholder has or shall have the right to enforce the provisions of this Pass-Through Resolution, or to institute any proceeding in equity or at law for the enforcement of this Pass-Through Resolution, or to take any action with respect to an Event of Default under this Pass-Through Resolution, or to institute, appear in or defend any suit or other proceeding with respect to this Pass-Through Resolution upon an Event of Default unless (i) such Bondholder has given the Trustee and the Corporation, written notice of the Event of Default, (ii) the holders of not less than fifty-one percent (51%) in aggregate principal amount of Pass-Through Bonds then Outstanding have requested the Trustee in writing to institute such proceeding, (iii) the Trustee has been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, (iv) the Trustee has been offered reasonable indemnity, where required, and (v) the Trustee has thereafter failed or refused to exercise such powers or to institute such proceeding within a reasonable period of time. No Bondholder has or shall have any right in any manner whatever to affect, disturb or prejudice the pledge of revenues or of any other moneys, Funds, Accounts or securities under this Pass-Through Resolution.

Section 10.8. Discontinuance of Proceedings. If the Trustee or any Bondholder has instituted any proceeding or remedy under this Pass-Through Resolution, and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely, then and in every such case the Corporation and the Trustee will be restored to their former positions and rights under this Pass-Through Resolution, and all rights, remedies, powers, duties and obligations of the Corporation, and the Trustee shall continue as if no such proceedings had been taken, subject to the limits of any adverse determination.

Section 10.9. Possession of Pass-Through Bonds. All rights under this Pass-Through Resolution or upon any of the Pass-Through Bonds enforceable by the Trustee may be enforced by the Trustee without the possession of any of the Pass-Through Bonds, or the production of the Pass-Through Bonds at trial or other proceedings. Any suit, action or proceeding instituted by the Trustee may be brought in its name for itself or as representative of the Bondholders without the necessity of joining Bondholders as parties, and any recovery resulting from such proceedings shall, subject to Section 10.10, be for the ratable benefit of the Bondholders.

Section 10.10. Application of Moneys. All moneys received by the Trustee pursuant to any action taken under this Article X shall be deposited into Revenue Account in accordance with Section 5.4(a) after payment of the ordinary costs and expenses of the Trustee. The balance of such moneys, less such amounts as the Trustee determines may be needed for possible use in paying future fees and expenses, shall be applied as follows:

(a) Principal on Pass-Through Bonds Not Declared Due and Payable. Unless the principal on all Pass-Through Bonds has become or been declared due and payable, all such moneys will be applied:

First - to the payment of all interest then due on the Pass-Through Bonds, in the order of the maturity of such interest and, if the amount available shall not be sufficient to pay in full said amount, then to the payment ratably, of the amounts due, without any discrimination or privilege;

Second - to the payment of the unpaid principal of any of the Pass-Through Bonds which have become due (other than Pass-Through Bonds matured or called for redemption for the payment of which moneys are held pursuant to this Pass-Through Resolution), in the order of due dates, with interest upon the principal amount of the Pass-Through Bonds from the respective dates upon which they become due at the rate or rates borne by the Pass-Through Bonds, to the extent permitted by law, and, if the amount available shall not be sufficient to pay in full the principal of such Pass-Through Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled to such payment without any discrimination or privilege;

Third - to the payment of amounts due to the Trustee for Extraordinary Items, for this purpose including the costs and expenses of any proceedings resulting in the collection of such moneys and of advances incurred or made by the Trustee.

(b) Principal of Pass-Through Bonds Declared Due and Payable. If the principal of all the Pass-Through Bonds has become or been declared due and payable, all such moneys shall be applied, first, to the payment of the principal and interest then due and unpaid upon the Pass-Through 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 Pass-Through Bond over any other Pass-Through Bond, ratably according to the amounts due respectively for principal and interest to the persons entitled to payment, until all such principal and interest has been paid, and second, to any other amounts due and payable under this Pass-Through Resolution.

(c) General. Whenever moneys are to be applied pursuant to this Section 10.10, such moneys shall be applied at such times, and from time to time, as the Trustee determines, having due regard for the amount of such moneys available for application, the likelihood of additional moneys becoming available for such application in the future, and potential expenses relating to the exercise of any remedy or right conferred on the Trustee by this Pass-Through Resolution. Whenever the Trustee applies such moneys, it shall fix the date (which will be an Interest Payment Date unless it deems an earlier date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue, unless interest has already ceased to accrue in accordance with Section 10.2(b). The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Pass-Through Bond until such Pass-Through Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

## ARTICLE XI

### THE TRUSTEE

Section 11.1. Appointment of Trustee; Duties. The Trustee is appointed and agrees to act in such capacity and to perform the duties of the Trustee under this Pass-Through Resolution upon the express terms and conditions of this Pass-Through Resolution.

(a) Attorneys, Agents or Receivers. The Trustee may execute any of its trusts or powers under this Pass-Through Resolution and perform any of its duties by or through attorneys, agents or receivers. The Trustee shall be entitled to advice of counsel concerning all matters of trust under this Pass-Through Resolution and its duties under this Pass-Through Resolution. The Trustee may in all cases pay such reasonable compensation to such attorneys, agents and receivers and shall be entitled to reimbursement from the Trust Estate for all such compensation paid. The Trustee may act upon the opinion or advice of counsel, accountants, or such other professionals as the Trustee deems necessary and selected by it in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice which is not contrary to the terms of this Pass-Through Resolution or any other Bond Document.

(b) Limitation of Responsibility. The Trustee shall not be responsible for any recital in this Pass-Through Resolution or in the Pass-Through Bonds (other than in the certificates of authentication on the Pass-Through Bonds), or for insuring the Mortgaged Property, or for the sufficiency of any insurance, or for collecting any insurance moneys, or for the validity of this Pass-Through Resolution or of any supplements to this Pass-Through Resolution or instruments of further assurance, or for the sufficiency of the security for the Pass-Through Bonds issued under this Pass-Through Resolution or intended to be secured by this Pass-Through Resolution, or for the value or condition of or title to any Mortgaged Property or the Trust Estate. The Trustee shall not be liable for any loss suffered in connection with any investment of amounts made by it in accordance with this Pass-Through Resolution. The Trustee is not accountable for the use (i) of any Pass-Through Bonds delivered in accordance with instructions of the Corporation or (ii) for the use or application of any moneys paid out by the Trustee in accordance with this Pass-Through Resolution.

(c) Reliance. The Trustee shall be protected in acting upon any Opinion of Counsel, notice, request, consent, direction, requisition, certificate, order, affidavit, letter, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons and which is not contrary to the express terms of this Pass-Through Resolution or any other Bond Document. Any action taken by the Trustee pursuant to this Pass-Through Resolution upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Pass-Through Bond as shown on the Bond Register will be conclusive and binding upon all future owners or holders of the same Pass-Through Bonds and upon Pass-Through Bonds issued in exchange therefor or in place of such Pass-Through Bonds.

(d) Right Not Duty until Undertaken. The permissive right of the Trustee to do things enumerated in this Pass-Through Resolution or the other Bond Documents to which the Trustee is a party shall not be construed as duties until specifically undertaken by the Trustee.

(e) No Personal Liability. The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts, relating to the Mortgaged Property.

(f) No Pass-Through Bond or Surety Required. The Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers or otherwise in respect of the premises.

(g) Security or Indemnity Bond. Before taking any action requested by Bondholders under Article X (except for acceleration of the Pass-Through Bonds), the Trustee may require reasonably satisfactory security or an indemnity bond reasonably satisfactory to it from such Bondholders for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct by reason of any such action so taken.

(h) Not Bound to Inquire. The Trustee is not required to take notice or deemed to have notice of any default or Event of Default under this Pass-Through Resolution, except Events of Default under Section 10.1(a)(1) or (2), unless the Trustee has actual knowledge thereof or has received notice in writing of such default or Event of Default from the Corporation or the holders of at least twenty-five percent (25%) in aggregate principal amount of the Outstanding Pass-Through Bonds, and in the absence of any such notice, the Trustee may conclusively assume that no such default or Event of Default exists. The Trustee may nevertheless require the Corporation to furnish information regarding performance of their respective obligations under the Loan Documents and this Pass-Through Resolution, but is not obligated to do so.

(i) Standard of Care. Prior to an Event of Default under this Pass-Through Resolution, the Trustee shall only be responsible for the performance of the duties expressly set forth in this Pass-Through Resolution and in the other Bond Documents to which it is a party and no implied duties or covenants on the part of the Trustee shall be read into this Pass-Through Resolution or such Bond Documents and the Trustee shall not be answerable for other than its negligence or willful misconduct in the performance of those express duties. The Trustee, during the existence and continuation of any Event of Default under this Pass-Through Resolution, shall exercise such of the rights vested in it by this Pass-Through Resolution and in the other Bond Documents to which it is a party, and use the same degree of care and skill in their exercise, as a prudent corporate trustee would exercise or use under the circumstances in the conduct of its own affairs. The foregoing will not limit the Trustee's obligations under Section 10.2(a).

(j) Authority to Execute. The Trustee is authorized and directed by the Corporation to execute or accept and acknowledge and to perform its obligations hereunder, as applicable, in its capacity as Trustee.

(k) No Disclosure Responsibility. The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Pass-Through Bonds, except for any information provided by the Trustee.

(l) No Financial Obligation. No provision of this Pass-Through Resolution shall require the Trustee to perform any act which would involve expense or liability or to institute or defend any suit in respect hereof, or risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights under this Pass-Through Resolution.

(m) No Liability for Directions. The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Bondholders pursuant to this Pass-Through Resolution except for the Trustee's own negligent action, its own negligent failure to act, or its own willful misconduct.

(n) No Liability for the Corporation. The Trustee shall not be responsible for the actions or omissions of the Corporation and shall have no duty or responsibility to monitor the performance of the Corporation.

(o) Books, Records and Accounts. The Trustee, on behalf of the Corporation, shall keep and maintain, or cause to be kept and maintained, proper books, records and accounts in which complete and accurate entries shall be made of all of its transactions relating to the Pass-Through Bonds, this Pass-Through Resolution, the Loan Documents, the Loans, the Funds and Accounts, Permitted Investments and Investment Income, all of which, at all reasonable times, and upon reasonable prior notice, will be subject to the inspection and audit by the Corporation and Bondholders owning not less than twenty-five percent (25%) in aggregate principal amount of Pass-Through Bonds then Outstanding or any of their accountants or agents duly authorized in writing, each of whom will have the right, at its expense, to make copies of any such books of record and accounts.

(p) List of Bondholders. The Trustee shall keep the Bond Register available for inspection by any Bondholder or its attorney duly authorized in writing during normal business hours upon reasonable prior notice.

Section 11.2. Qualification. The Trustee and any successor Trustee shall at all times be a trust company or commercial bank, which shall be a federal depository institution or a state-chartered depository institution, having the powers of a trust company within or outside the State, having capital, surplus and undivided profits aggregating at least \$100,000,000 if there be such a trust company or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Pass-Through Resolution.

Section 11.3. Fees; Expenses. The Trustee is entitled to payment and reimbursement for reasonable fees for its ordinary services rendered under this Pass-Through Resolution and its ordinary costs and expenses reasonably incurred in connection with its services under this Pass-Through Resolution. In the event that it should become necessary that the Trustee perform

extraordinary services, it shall be entitled to Extraordinary Items; provided, however, that if such Extraordinary Items are incurred as a result of the negligence or willful misconduct of the Trustee, it will not be entitled to compensation or reimbursement for such services or expenses. The Trustee recognizes that all fees, charges and other compensation to which it may be entitled under this Pass-Through Resolution are required to be paid by the Corporation from its own funds and not from Revenues or other amounts held by the Trustee under this Pass-Through Resolution.

Section 11.4. Merger; Consolidation. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger or consolidation, provided such corporation or association otherwise qualifies under Section 11.2, shall be and become the successor Trustee under this Pass-Through Resolution with all the estates, properties, rights, powers and duties of the predecessor Trustee without the execution or filing of any instrument or any further act, deed or conveyance (other than the provision of notice to the Corporation and the Rating Agency).

Section 11.5. Resignation or Removal of Trustee. The Trustee may resign only upon giving sixty (60) days prior written notice to the Corporation and to each Registered Owner of Pass-Through Bonds then Outstanding as shown on the Bond Register. The Trustee may be removed at any time upon thirty (30) days prior written notice to the Trustee, (i) by the Corporation or (ii) by the owners of not less than fifty-one percent (51%) in aggregate principal amount of Pass-Through Bonds then Outstanding. Such resignation or removal shall not be effective until a successor Trustee satisfying the requirements of Section 11.2 is appointed and has accepted its appointment.

Section 11.6. Appointment of Successor Trustee. Upon the resignation or removal of the Trustee, a successor Trustee, satisfying the requirements of Section 11.2, shall be appointed by the Corporation. If, in the case of resignation or removal of the Trustee, no successor is appointed within thirty (30) days after the notice of resignation or within thirty (30) days after removal, as the case may be, then the resigning or removed Trustee shall appoint a successor with the prior written consent of the Corporation or apply to a court of competent jurisdiction for the appointment of a successor Trustee. The successor Trustee must accept in writing its duties and responsibilities under this Pass-Through Resolution. The successor Trustee shall give notice of such succession by first-class mail, postage prepaid, to each Bondholder and to the Corporation and the Rating Agency.

Section 11.7. Transfer of Rights and Mortgaged Property to Successor Trustee. The successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of the predecessor Trustee, but the former Trustee shall nevertheless, on the written request of the Corporation, or the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may be reasonably required for more fully and certainly vesting and confirming in the successor Trustee all the right, title and interest of the predecessor Trustee in and to any properties held by it under this Pass-Through Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the

trusts and conditions set forth in this Pass-Through Resolution. Should any deed, conveyance or instrument in writing from the Corporation be required by the successor Trustee for more fully and certainly vesting in and confirming to the successor Trustee any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, shall, on request, and as may be authorized by law, be executed, acknowledged and delivered by the Corporation.

Section 11.8. Power To Appoint Co-Trustees and Separate Trustees.

(a) Appointment of Co-Trustees. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Mortgaged Property is located, the Corporation shall have the power, to appoint one or more persons approved by the Trustee either to act as co-trustee jointly with the Trustee or as separate trustee of all or any part of the Mortgaged Property, and to vest in such person, in such capacity, such title to the Mortgaged Property or any part of it, and/or such rights, powers, duties, trusts or obligations as the Corporation and the Trustee may consider necessary or desirable. If the Corporation is in default under this Pass-Through Resolution, the Trustee alone will have the power to make such appointment. The Corporation shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

(b) Effect of Death, Incapacity, Resignation or Removal of Co-Trustee or Separate Trustee. In case any co-trustee or separate trustee dies, becomes incapable of acting, resigns or is removed, all rights, powers, trusts, duties and obligations of the co-trustee or separate trustee, so far as permitted by law, shall vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee is appointed in the same manner as provided in subsection (a) above.

(c) Approval of the Corporation. No co-trustee or separate trustee may assume its duties under this Pass-Through Resolution without the prior written approval of the Corporation, unless the Corporation is in default under this Pass-Through Resolution or has failed to respond timely as otherwise provided in this Article XI.



## ARTICLE XII

### SUPPLEMENTAL RESOLUTIONS; AMENDMENTS

Section 12.1. Supplemental Resolutions Not Requiring Bondholder Consent. The Corporation, without the consent of or notice to any Bondholder, may amend this Pass-Through Resolution or resolutions supplemental to this Pass-Through Resolution for one or more of the following purposes:

(a) to cure any ambiguity or to correct or supplement any provision contained in this Pass-Through Resolution or in any supplemental resolution which may be defective or inconsistent with any other provision contained in this Pass-Through Resolution or in any supplemental resolution;

(b) to amend, modify or supplement this Pass-Through Resolution in any respect if, in the judgment of the Trustee, such amendment, modification or supplement is not materially adverse to the interests of the Bondholders;

(c) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to pledge additional property as further security in addition to that pledged under this Pass-Through Resolution;

(d) to modify, amend or supplement this Pass-Through Resolution in such manner as to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute then in effect, or to permit the qualification of the Pass-Through Bonds for sale under the securities laws of any of the States of the United States;

(e) to appoint a successor trustee, separate trustee or co-trustee, or a separate bond registrar or paying agent; or

(f) to make any changes in this Pass-Through Resolution or in the terms of the Pass-Through Bonds necessary or desirable in order to maintain the rating assigned to the Pass-Through Bonds by the Rating Agency or otherwise to comply with requirements of any Rating Agency then rating the Pass-Through Bonds.

If the Trustee has received written confirmation from the Rating Agency to the effect that such supplemental resolution will not result in the suspension, withdrawal or reduction of the then current rating on the Pass-Through Bonds, the Trustee shall accept any such supplemental resolution.

Section 12.2. Supplemental Resolutions Requiring Bondholder Consent. The Corporation may, with the consent of Bondholders owning not less than fifty-one percent (51%) in aggregate principal amount of Pass-Through Bonds then Outstanding, from time to time, adopt resolutions supplemental to this Pass-Through Resolution for the purpose of modifying or amending any of the provisions of this Pass-Through Resolution provided, however, that nothing in this Section 12.2 permits, or shall be construed as permitting:

(a) an extension of the maturity of the principal of or interest on, or the mandatory redemption date of, any Pass-Through Bond, without the consent of the owner of such Pass-Through Bond;

(b) a reduction in the principal amount of, or the rate of interest on, any Pass-Through Bond, without the consent of the owner of such Pass-Through Bond;

(c) a preference or priority of any Pass-Through Bond or Pass-Through Bonds over any other Pass-Through Bond or Pass-Through Bonds, without the consent of the owners of all such Pass-Through Bonds;

(d) the creation of a lien prior to or on parity with the lien of this Pass-Through Resolution, without the consent of the owners of all of the Pass-Through Bonds then Outstanding;

(e) a change in the percentage of Bondholders necessary to waive an Event of Default under this Pass-Through Resolution or otherwise approve matters requiring Bondholder approval under this Pass-Through Resolution, including consent to any supplemental resolution, without the consent of the owners of all the Pass-Through Bonds then Outstanding;

(f) a reduction in the aggregate principal amount of the Pass-Through Bonds required for consent to such supplemental resolution, without the consent of the holders of all of the Pass-Through Bonds then Outstanding;

(g) the creation of any lien other than a lien ratably securing all of the Pass-Through Bonds at any time Outstanding under this Pass-Through Resolution, without the consent of the holders of all of the Pass-Through Bonds then Outstanding; or

(h) the amendment of this Section 12.2, without the consent of the holders of all of the Pass-Through Bonds then Outstanding.

Notice of any amendment pursuant to this Section 12.2 shall be given to the Bondholders promptly following the adoption thereof.

Section 12.3. Notice to and Consent of Bondholders. If consent of the Bondholders is required for any supplement, amendment or modification to this Pass-Through Resolution or for any other similar purpose, the Trustee shall give notice of the proposed supplement, amendment or modification by first-class mail, postage prepaid, to the Bondholders. Such notice will be conclusively presumed to have been duly given and received when given in such manner, whether or not any holder actually receives the notice. Such notice shall briefly set forth the nature of the proposed supplement, amendment or modification, and shall state that copies of any such supplement, amendment or modification are on file at the Designated Office of the Trustee for inspection by the Bondholders. The consent of the holder of any Pass-Through Bond will be binding on any transferee and successor transferees of such Pass-Through Bond.

Section 12.4. Opinions of Counsel. Subject to the provisions of Section 11.1, the Trustee may obtain and will be fully protected in relying upon an Opinion of Counsel as

conclusive evidence that any supplement or amendment to this Pass-Through Resolution is authorized or permitted by the provisions of this Pass-Through Resolution.

Section 12.5. Notation of Modification on Pass-Through Bonds; Preparation of New Pass-Through Bonds. Pass-Through Bonds authenticated and delivered after the execution of any supplemental resolution pursuant to the provisions of this Article may bear a notation, in form approved by the Trustee and the Corporation as to any matter provided for in such supplemental resolution, and if such supplemental resolution so provides, new Pass-Through Bonds, so modified as to conform, in the opinion of the Trustee and the Corporation, to any modification of this Pass-Through Resolution contained in any such supplemental resolution, may be prepared by the Corporation, authenticated by the Trustee and delivered without cost to the Bondholders, upon surrender for cancellation of such Pass-Through Bonds in equal aggregate principal amounts.

## ARTICLE XIII

### MISCELLANEOUS

Section 13.1. Consents, Etc., of Bondholders. Any consent, request, direction, or other instrument required to be signed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed by any Bondholder in person or by an authorized agent appointed in writing. The fact and date of the execution by any person of any such request, consent, direction, approval, objection or other instrument may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before such officer its execution, or by an affidavit of any witness to such execution. Such proof of execution or of the writing appointing any agent will be sufficient for any of the purposes of this Pass-Through Resolution and will be conclusive in favor of the Trustee with regard to any action taken by it under such consent, request or direction. In the event that the Trustee receives conflicting directions from two groups of Bondholders, each with combined holdings of not less than twenty-five percent (25%) in aggregate principal amount of all Pass-Through Bonds then Outstanding, the directions given by the group of Bondholders which hold the largest percentage of Pass-Through Bonds Outstanding will be controlling and the Trustee shall follow such directions as elsewhere required in this Pass-Through Resolution.

Section 13.2. Limitation of Rights. With the exception of rights expressly conferred in this Pass-Through Resolution, nothing in this Pass-Through Resolution or in the Pass-Through Bonds expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Corporation, the Trustee and the owners of the Pass-Through Bonds, any right, remedy or claim under or by reason of this Pass-Through Resolution or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Corporation, shall be for the sole and exclusive benefit of the Corporation, the Trustee and the owners of the Pass-Through Bonds.

Section 13.3. Severability. If any provision of this Pass-Through Resolution is held to be in conflict with any applicable constitution or statute or rule of law, or is otherwise held to be unenforceable for any reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other part or circumstance, or of rendering any other provision or provisions contained in this Pass-Through Resolution invalid, inoperative or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses or Sections of this Pass-Through Resolution will not affect the remaining portions of this Pass-Through Resolution.

Section 13.4. Notices. Unless otherwise specified in this Pass-Through Resolution, it shall be sufficient service or giving of any notice, request, certificate, demand or other communication if the same is sent by (and all notices required to be given by mail will be given by) first-class registered or certified mail, postage prepaid, return receipt requested, or by private courier service which provides evidence of delivery, or sent by Electronic Means which produces evidence of transmission, confirmed by first-class mail, postage prepaid, and in each case will be deemed to have been given on the date evidenced by the postal or courier receipt or other written

evidence of delivery or electronic transmission. Unless a different address is given by any party as provided in this Section 13.4, all such communications will be addressed as follows:

To the Corporation:	<p>New York City Housing Development Corporation          110 William Street, 10th Floor          New York, New York 10038          Attention: President</p> <p>with a copy to:</p> <p>New York City Housing Development Corporation          110 William Street          New York, New York 10038          Attention: General Counsel</p>
To the Trustee:	<p>The Bank of New York Mellon          101 Barclay Street, Floor 7W          New York, New York 10007          Attention: NY Municipal Financing Unit</p>
To the Rating Agency:	<p>S&amp;P Global Ratings          55 Water Street, 38th Floor          New York, New York 10041          Attention: Public Finance Surveillance Group          pubfin_housing@spglobal.com</p>

By notice given under this Pass-Through Resolution, any entity whose address is listed in this Section 13.4 may designate any different addresses to which subsequent notices, certificates, requests, demands or other communications shall be sent, but no notice directed to any one such entity will be required to be sent to more than two addresses. All approvals required under this Pass-Through Resolution will be given in writing.

Section 13.5. Notice to Rating Agency. At any time that the Pass-Through Bonds are rated by a Rating Agency, the Corporation shall give notice by mail or Electronic Means to that Rating Agency at its address (as specified in Section 13.4) promptly upon the occurrence of any of: (i) the appointment of any successor trustee or separate trustee or co-trustee, (ii) any amendment of or supplement to this Pass-Through Resolution, (iii) a redemption, acceleration or defeasance of the Pass-Through Bonds in whole or in part (other than any mandatory redemption in respect of Loan Repayments), and (iv) a draw on the Debt Service Reserve Fund pursuant to Section 5.6(b). Notwithstanding the foregoing, it is expressly understood and agreed that failure to provide any such notice to any Rating Agency or any defect in any such notice will not affect the validity of any action with respect to which notice is to be given or the effectiveness of any such action.

Section 13.6. Action Required to be taken on a Non-Business Day. If the date for making any payment or any date on which action is required to be taken is not a Business Day, then any action required to be taken or any payment required to be made may be taken or made on the next succeeding Business Day with the same force and effect as if made or taken on the date otherwise provided for in this Pass-Through Resolution and, in the case of any payment date, no interest shall accrue to such next succeeding Business Day.

Section 13.7. Binding Effect. From and after the Closing Date, this Pass-Through Resolution shall be binding upon the Corporation and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Pass-Through Resolution. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the Corporation contained in this Pass-Through Resolution shall bind and inure to the benefit of such successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Corporation, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Pass-Through Resolution.

Section 13.8. Governing Law. This Pass-Through Resolution shall be governed by and interpreted in accordance with internal laws of the State without regard to conflicts of laws principles.

Section 13.9. No Personal Liability; No Recourse. No member, officer, agent, employee or attorney of the Corporation, including any person executing the Pass-Through Bonds, will be liable personally on the Pass-Through Bonds or for any reason relating to the issuance of the Pass-Through Bonds. No recourse will be had for the payment of the principal of or the interest on the Pass-Through Bonds, or for any claim based on such Pass-Through Bonds, or otherwise in respect of such Pass-Through Bonds, or based on or in respect of this Pass-Through Resolution or any resolution supplemental to this Pass-Through Resolution, against any member, officer, employee or agent, as such, of the Corporation or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of this Pass-Through Resolution and as part of the consideration for the issue of the Pass-Through Bonds, expressly waived and released. All covenants, stipulations, promises, agreements and obligations of the Corporation contained in this Pass-Through Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Corporation and not of any member, officer or employee of the Corporation in such member's, officer's or employee's individual capacity.

Section 13.10. Effective Date. This Pass-Through Resolution shall take effect immediately upon delivery of a certified copy hereof to the Trustee.

EXHIBIT A  
FORM OF BOND

Subject to the provisions of the Pass-Through Resolution, the Pass-Through Bonds shall be in substantially the following form, with necessary and appropriate variations, omissions and insertions as permitted by the Pass-Through Resolution:

(FORM OF REGISTERED BOND)

No. A-R-

CUSIP:

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION  
MULTI-FAMILY HOUSING REVENUE BOND  
(INSURED MORTGAGE LOAN PASS-THROUGH),  
2017 SERIES A

INTEREST RATE:

MATURITY DATE:

REGISTERED OWNER: Cede & Co.

INITIAL DATE:

PRINCIPAL AMOUNT:

KNOW ALL MEN BY THESE PRESENTS that the New York City Housing Development Corporation (hereinafter sometimes called “the Corporation”), a corporate governmental agency, constituting a public benefit corporation, created and existing under and pursuant to the laws of the State of New York (herein sometimes called the “State”), acknowledges itself indebted to, and for value received, hereby promises to pay, solely from the funds hereinafter mentioned, to the REGISTERED OWNER stated hereon, or registered assigns, the PRINCIPAL AMOUNT stated hereon on the MATURITY DATE hereof, unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof at the corporate trust office of The Bank of New York Mellon, as Trustee under the hereinafter defined Pass-Through Resolution or its successor as Trustee (herein called the “Trustee”), and to pay, solely from said funds, to the Registered Owner hereof by (except as otherwise provided in the Pass-Through Resolution) check or draft mailed to the Registered Owner at its address as it shall appear on the fifteenth (1st) day of the month immediately prior to the month of the interest payment date on the bond registry kept by the Trustee, interest on such Principal Sum from the most recent Interest Payment Date (as hereinafter defined) or, if not interest has been paid, from the INITIAL DATE specified above, to the date of maturity or earlier redemption of this Pass-Through Bond at the INTEREST RATE per annum specified above, payable on the first (1st) day of each month, commencing on December 1, 2017 (each, an “Interest Payment Date”), subject to Section 13.6 of the Pass-Through Resolution. Principal of and interest on this Pass-Through Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This bond is one of the bonds of a duly authorized issue of bonds in the aggregate principal amount of \$59,891,354, designated “Multi-Family Housing Revenue Bonds (Insured Mortgage Loan Pass-Through), 2017 Series A” (herein called the “Pass-Through Bonds”), authorized to be issued 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 the State of New York, as amended) (the “Act”), and a resolution of the Corporation adopted on September 19, 2017 and entitled: “Two Hundred Fifty-Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds (Insured Mortgage Loan Pass-Through), 2017 Series A” (herein called the “Pass-Through Resolution”), for the purpose of providing the Corporation with moneys to reimburse the Corporation for amounts (other than proceeds of the Pass-Through Bonds) used to make the Loans (as defined in the Pass-Through Resolution). Any capitalized term used herein and not otherwise defined shall have the same meaning as set forth in the Pass-Through Resolution, unless the context otherwise requires.

This Pass-Through Bond is a special revenue obligation of the Corporation and is payable solely from, and secured solely by a pledge of, the Trust Estate and amounts pledged pursuant to Section 5.1(b) of the Pass-Through Resolution. The Pass-Through Bonds shall not be a debt of either 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 Pass-Through Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

This Pass-Through Bond is transferable, as provided in the Pass-Through Resolution, only upon the Bond Register at the Designated Office of the Trustee by the registered owner hereof in person, or by its attorney duly authorized in writing, upon the surrender of this Pass-Through Bond together with a written instrument of transfer (in substantially the form of assignment, including signature guarantee, attached to this Pass-Through Bond) satisfactory to the Trustee executed by the registered owner or its attorney duly authorized in writing, and thereupon a new registered Pass-Through Bond or Pass-Through Bonds of the same aggregate principal amount, shall be issued to the transferee or transferees in exchange therefor in the manner, subject to the conditions and upon the payment of the charges, if any, provided in the Pass-Through Resolution.

The Pass-Through Bonds are issuable only as fully registered bonds in denominations of \$1.00 or any integral multiple thereof.

Registered Pass-Through Bonds, upon surrender thereof at the Designated Office of the Trustee with a written instrument of transfer (in substantially the form of assignment, including signature guarantee, attached to this Pass-Through Bond) satisfactory to the Trustee, executed by the registered owner or its attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered Pass-Through Bonds of any Authorized Denominations, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Pass-Through Resolution.

The Pass-Through Bonds are subject to redemption as provided in the Pass-Through Resolution.

This Pass-Through Bond shall not be entitled to any right or benefit under the Pass-Through Resolution or be valid or obligatory for any purpose until the certificate of authentication hereon shall have been executed manually by a duly authorized signatory of the Trustee.



IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Pass-Through Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Pass-Through Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Pass-Through Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

WITNESS WHEREOF, the NEW YORK CITY HOUSING DEVELOPMENT CORPORATION has caused this Pass-Through Bond to be executed in its name by the manual or facsimile signature of an Authorized Officer and its corporate seal (or facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of this \_\_\_ day of \_\_\_\_\_.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Authorized Officer

(SEAL)

Attest: \_\_\_\_\_  
Secretary or Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Pass-Through Bonds described in the within-mentioned Pass-Through Resolution.

THE BANK OF NEW YORK MELLON,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

Date of Authentication:

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(PLEASE PRINT OR TYPEWRITE NAME, ADDRESS AND SOCIAL SECURITY NUMBER  
OF TRANSFEREE)

\_\_\_\_\_  
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
attorney

to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: The signature of this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

\_\_\_\_\_  
Participant in a Recognized  
Signature Guaranty Medallion Program

By: \_\_\_\_\_  
Authorized Signature

EXHIBIT B

The Loans

<u>Development Name</u>	<u>Borough</u>	<u>Principal Balance as of Cut-Off Date</u>
Austin Street	Queens	\$6,647,029.92
Decatur Terrace	Bronx	\$10,415,844.28
Genesis Cornerstone	Manhattan	\$11,153,896.23
870 Jennings	Bronx	\$11,270,026.11
Boricua Site D	Bronx	\$10,579,607.59
Boricua Site F	Bronx	\$9,824,950.73

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**PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION**

*Upon delivery of the Pass-Through Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation proposes to deliver 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, as bond counsel to the New York City Housing Development Corporation (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation, organized and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”), have examined a record of proceedings relating to the issuance by the Corporation of \$59,891,354 Multi-Family Housing Revenue Bonds (Insured Mortgage Loan Pass-Through), 2017 Series A (the “2017 Bonds”).

The 2017 Bonds are authorized to be issued pursuant to the Act and the Two Hundred Fifty-Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds (Insured Mortgage Loan Pass-Through), 2017 Series A of the Corporation, adopted September 19, 2017 (the “Pass-Through Resolution”). The 2017 Bonds are being issued for the purpose of providing moneys to reimburse amounts used to make the 2017 Loans (as defined in the Pass-Through Resolution).

The 2017 Bonds are dated, mature, are payable, bear interest and are subject to redemption as provided in the Pass-Through Resolution.

We have not examined nor are we passing upon matters relating to the real and personal property referred to in the mortgages which are to secure the 2017 Bonds.

Upon the basis of the foregoing, we are of the opinion that:

1. The Corporation has been duly created and validly exists as a corporate governmental agency, constituting a public benefit corporation, under and pursuant to the laws of the State of New York (including the Act), and has good right and lawful authority, among other things, to reimburse amounts used to make the 2017 Loans, to provide sufficient funds therefor by the adoption of the Pass-Through Resolution and the issuance and sale of the 2017 Bonds, and to perform its obligations under the terms and conditions of the Pass-Through Resolution, as covenanted in the Pass-Through Resolution.

2. The Pass-Through 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 2017 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Pass-Through Resolution and the laws of the State of New York (the “State”), including the Act.

4. The 2017 Bonds are valid and legally binding special revenue obligations of the Corporation payable from the revenues, funds or monies pledged for the payment thereof pursuant to the Pass-Through Resolution, are enforceable in accordance with their terms and the terms of the Pass-Through Resolution, and are

entitled to the benefit, protection and security of the provisions, covenants and agreements of the Pass-Through Resolution.

5. The 2017 Bonds are secured by a pledge in the manner and to the extent set forth in the Pass-Through Resolution. The Pass-Through Resolution creates the valid pledge of and lien on the Trust Estate (as defined in the Pass-Through Resolution) and other amounts pledged therein, which the Pass-Through Resolution purports to create, subject only to the provisions of the Pass-Through Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Pass-Through Resolution.

6. The 2017 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2017 Bonds be payable out of any funds other than those of the Corporation pledged for the payment thereof.

7. Interest on the 2017 Bonds is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

8. Under existing statutes, interest on the 2017 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 2017 Bonds. We render this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this 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 exemption from personal income taxes of interest on the 2017 Bonds 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 2017 Bonds and the Pass-Through 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 2017 Bond and in our opinion the form of said Bond and its execution are regular and proper.

Very truly yours,

## DESCRIPTION OF NEW YORK FORECLOSURE PROCEEDINGS AND BANKRUPTCY

Below are descriptions of current foreclosure procedures in New York State and current bankruptcy provisions for mortgage loans generally.

### **New York Foreclosure Procedures.**

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

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

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

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

The 2017 Loans are non-recourse to the Borrower. Therefore, the Corporation may only have limited rights to pursue the enforcement of an action on the debt or seek a deficiency judgment post-foreclosure. Consequently,

with respect to such 2017 Loans, the above provisions relating to an action on the mortgage debt, as opposed to a foreclosure action, or seeking a deficiency judgment are not applicable.

### **Bankruptcy.**

If a petition for relief under Federal bankruptcy law were filed voluntarily by a mortgagor, or involuntarily against a mortgagor by its creditors, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceedings, including, without limitation, foreclosure proceedings, against such mortgagor and its property. If a bankruptcy court so ordered, the mortgagor's property, including its revenues, could be used for the benefit of the mortgagor, despite the rights granted the mortgagee or a trustee. Certain provisions of the mortgage that make the initiation of bankruptcy and related proceedings by or against the mortgagor an event of default thereunder are not enforceable in the mortgagor's bankruptcy proceeding.

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

In bankruptcy proceedings initiated by the filing of a petition under Chapter 11 of the United States Bankruptcy Code, a mortgagor or another party-in-interest could elect to file a plan of reorganization that seeks to modify the rights of creditors generally, or any class of creditors, including secured creditors. In the event a mortgagor files under Chapter 11, the mortgagor may seek to modify the terms of the mortgage note and the mortgage in a plan of reorganization. In a reorganization case, a mortgagee holds a secured claim equal to the lesser of the value of the mortgaged premises or the debt. If the adjusted value is less than the pre-petition debt, then the mortgagee is not entitled to post-petition interest and the deficiency will be treated as an unsecured claim. With respect to the mortgagee's secured claim, if the debtor intends to retain the premises, the debtor will generally propose to treat the mortgage as unimpaired by curing any monetary defaults and reinstating the terms of the mortgage. Alternatively, the debtor may seek to alter the terms, however, the mortgagee is entitled to retain its lien under a plan and must receive deferred cash payments totaling the amount of the claim with a present value not less than the value of the mortgaged premises. If the premises are to be sold by the debtor, the mortgagee can bid at the bankruptcy court sale and offset its claim against the selling price at such sale.



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