

**NOT A NEW ISSUE; FIRST TIME OFFERED TO PUBLIC**

Ratings: AA+/A-1+

On October 19, 2011, December 29, 2011 and June 13, 2012, Bond Counsel to the Corporation rendered its opinions that, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2011 Series A Bonds, the 2011 Series B Bonds and the 2012 Series A Bonds, respectively, is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion was expressed as to such exclusion of interest on any 2011 Series A Bond, 2011 Series B Bond or 2012 Series A Bond for any period during which any such Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2011 Series A Bonds, the 2011 Series B Bonds or the 2012 Series A Bonds or a "related person," (ii) interest on the 2011 Series A Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and (iii) interest on the 2011 Series B Bonds and the 2012 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In the opinion of Bond Counsel to the Corporation, the adjustment of the interest rate on the Remarketed Bonds and the delivery of the Credit Enhancement Agreement to the Trustee, in and of themselves, will not adversely affect the exclusion of interest from gross income for Federal income tax purposes pursuant to Section 103 of the Code on any Remarketed Bonds, the interest on which is otherwise excluded from gross income for Federal income tax purposes under Section 103 of the Code.

On October 19, 2011, December 29, 2011 and June 13, 2012, Bond Counsel to the Corporation rendered its opinions that, under existing statutes, interest on the 2011 Series A Bonds, the 2011 Series B Bonds and the 2012 Series A Bonds, respectively, 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."

**\$78,700,000**

**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION  
Multi-Family Mortgage Revenue Bonds (West 26<sup>th</sup> Street Development)**

Consisting Of

**\$28,700,000****2011 Series A****CUSIP NO.: 64966TEW0<sup>1</sup>****Due: April 1, 2041****Price: 100%****\$8,470,000****2011 Series B****CUSIP NO.: 64966TEX8<sup>\*</sup>****April 1, 2045****100%****\$41,530,000****2012 Series A****CUSIP NO.: 64966TEY6<sup>\*</sup>****April 1, 2045****100%**

This Remarketing Circular (the "Remarketing Circular") sets forth certain information relating to the Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2011 Series A (the "2011 Series A Bonds"), the Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2011 Series B (the "2011 Series B Bonds"), and the Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2012 Series A (the "2012 Series A Bonds", and collectively with the 2011 Series A Bonds and the 2011 Series B Bonds, the "Remarketed Bonds") issued by the New York City Housing Development Corporation (the "Corporation") on October 19, 2011, December 29, 2011 and June 13, 2012, respectively.

The Remarketed Bonds will be remarketed as fully registered bonds in the initial denomination of \$100,000 or any \$5,000 increment in excess of \$100,000. The Remarketed Bonds were issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on and principal of the Remarketed Bonds will be payable by U.S. Bank National Association, located in New York, New York, as trustee for the Remarketed Bonds ("Trustee"), to Cede & Co., as nominee of DTC, which will, in turn, remit such principal and interest to DTC Direct Participants for subsequent disbursement to the Beneficial Owners. Purchasers of the Remarketed Bonds will not receive physical delivery of bond certificates. The Remarketed Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. See "DESCRIPTION OF THE REMARKETED BONDS—Book-Entry Only System" herein.

The Remarketed Bonds were issued to finance a mortgage loan to Chelsea W26 LLC, a New York limited liability company, and 26th Street Affordable LLC, a Delaware limited liability company, for the purposes of paying a portion of the costs of constructing and equipping a multi-family rental housing facility located at 260 West 26th Street, in the Borough of Manhattan, New York (the "Project"), and certain other costs related thereto.

Each Series of the Remarketed Bonds is being remarketed pursuant to this Remarketing Circular as variable rate obligations that bear interest in a Weekly Rate Period and will bear interest at the rate determined by Morgan Stanley & Co. LLC, as Remarketing Agent (the "Remarketing Agent"), and in effect from the date of remarketing to but not including the Thursday following the date of remarketing. Thereafter, each Series of the Remarketed Bonds will bear interest at the Weekly Rate, as determined for such Remarketed Bonds from time to time by the Remarketing Agent, unless the method for determining the interest rate on such Remarketed Bonds is changed to a different method or the interest rate is converted to a fixed rate to maturity. The interest rate established with respect to each Series of Remarketed Bonds during any Weekly Rate Period shall be determined separately for each Series of the Remarketed Bonds by the Remarketing Agent and need not be the same interest rate. So long as a Series of the Remarketed Bonds bears interest at a Weekly Rate, interest is payable on the first Business Day of each month, commencing April, 2014, on any Change Date and on the maturity date of such Remarketed Bonds.

Payment of principal of and interest on the Remarketed Bonds is secured, to the extent described herein, by certain revenues and assets pledged under the Resolution pursuant to which the Remarketed Bonds were issued, all as described herein. On and after March 11, 2014, payments of the principal of and interest on and the Purchase Price of the Remarketed Bonds are payable from funds advanced under a direct pay credit enhancement agreement (the "Initial Credit Facility" or the "Credit Enhancement Agreement") dated as of March 1, 2014, between the Trustee and Federal Home Loan Mortgage Corporation ("Freddie Mac").

**FREDDIE MAC**

The Credit Enhancement Agreement will terminate on March 6, 2044 unless earlier terminated as described herein. Freddie Mac's obligations to make advances to the Trustee upon the proper presentation of documents which conform strictly to the terms and conditions of the Credit Enhancement Agreement are irrevocable.

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

During the period that the Remarketed Bonds bear interest at the Weekly Rate, any Remarketed Bond shall be purchased upon demand by the owner thereof, at a purchase price equal to 100% of the principal amount of such Remarketed Bond, plus accrued and unpaid interest thereon to the date of purchase, on any Business Day, upon at least seven (7) days' notice and delivery of a tender notice with respect to such Remarketed Bond to U.S. Bank National Association, located in New York, New York, as Tender Agent as described herein. Each Series of the Remarketed Bonds will be subject to mandatory tender for purchase upon a change in the method of determining the interest rate on such Remarketed Bonds or upon provision of an Alternate Security for the then-existing Credit Facility. Each Series of the Remarketed Bonds will also be subject to mandatory tender for purchase in other circumstances (as well as redemption prior to maturity) as described herein.

This Remarketing Circular in general describes the Remarketed Bonds only while the Remarketed Bonds bear interest at the Weekly Rate and are secured by the Credit Enhancement Agreement.

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

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE REMARKETED BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE REMARKETED BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE REMARKETED BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE REMARKETED BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

The issuance of the Remarketed Bonds was subject to the approval of legality by 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 Freddie Mac by its Special Counsel, Katten Muchin Rosenman LLP, Washington, D.C. and by its Office of General Counsel. Certain legal matters will be passed upon for the Mortgagor by its Special Counsel, Katten Muchin Rosenman LLP, New York, New York. Certain legal matters will be passed upon for the Remarketing Agent by its Counsel, Nixon Peabody LLP, New York, New York. It is expected that the Remarketed Bonds will be available for delivery in New York, New York upon remarketing on March 11, 2014.

**Morgan Stanley  
Remarketing Agent**

\* See footnote on inside cover page

This Remarketing Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Remarketed Bonds to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the New York City Housing Development Corporation or the Remarketing Agent to give any information or to make any representations other than as contained in this Remarketing Circular. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

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

**Freddie Mac has not provided or approved any information in this Remarketing Circular except with respect to the description under the heading “FREDDIE MAC,” takes no responsibility for any other information contained in this Remarketing Circular, and makes no representation as to the contents of this Remarketing Circular. Without limiting the foregoing, Freddie Mac makes no representation as to the suitability of the Remarketed Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations. Freddie Mac’s role with respect to the Remarketed Bonds is limited to delivering the Credit Enhancement Agreement described herein to the Trustee.**

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS REMARKETING CIRCULAR.

The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Circular. The Remarketing Agent has reviewed the information in this Remarketing Circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information

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\* CUSIP data herein are provided by Standard & Poor’s, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of remarketing of the Remarketed Bonds and the Corporation does not make any representation with respect to such numbers nor does it undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the remarketing of the Remarketed Bonds as a result of various subsequent actions, including, but not limited to, a refunding a portion of the Remarketed Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to a portion of the Remarketed Bonds.

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

**\$78,700,000**

### **Multi-Family Mortgage Revenue Bonds (West 26th Street Development), Consisting Of**

**\$28,700,000**  
**2011 Series A**

**\$8,470,000**  
**2011 Series B**

**\$41,530,000**  
**2012 Series A**

This Remarketing Circular (including the cover page and appendices) provides certain information concerning the New York City Housing Development Corporation (the “Corporation”) in connection with the remarketing of the \$28,700,000 aggregate principal amount of Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2011 Series A (the “2011 Series A Bonds”), the \$8,470,000 aggregate principal amount of Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2011 Series B (the “2011 Series B Bonds”) and the \$41,530,000 aggregate principal amount of Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2012 Series A (the “2012 Series A Bonds”, and collectively with the 2011 Series A Bonds and the 2011 Series B Bonds, the “Remarketed Bonds”).

The Remarketed Bonds were issued and are being remarketed 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”). The 2011 Series A Bonds were originally issued on October 19, 2011 pursuant to a resolution entitled “Multi-Family Mortgage Revenue Bonds (West 26th Street Development) Bond Resolution” adopted by the Members of the Corporation on September 23, 2011 (the “Bond Resolution”). The 2011 Series B Bonds were originally issued on December 29, 2011 pursuant to the Bond Resolution and a resolution entitled “First Supplemental Resolution Relating to Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2012 Series A” adopted by the Members of the Corporation on September 23, 2011 (the “Supplemental Resolution”). The 2012 Series A Bonds were originally issued on June 13, 2012 pursuant to the Bond Resolution and the Supplemental Resolution. The Bond Resolution and the Supplemental Resolution, each as amended and supplemented from time to time, are referred to herein, collectively, as the “Resolution.” Pursuant to the Resolution, bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein and all such bonds, including the Remarketed Bonds, are herein referred to as the “Bonds.” U.S. Bank National Association, located in New York, New York, will act as trustee for the Remarketed Bonds (with its successors, the “Trustee”). Certain defined terms used herein are set forth in Appendix A hereto.

## **INTRODUCTION**

The Corporation, which commenced operations in 1972, is a corporate governmental agency constituting a public benefit corporation, organized and existing under the laws of the State of New York (the “State”). The Corporation was created by the Act for the purpose of providing and encouraging the investment of private capital in safe and sanitary dwelling accommodations in The City of New York within the financial reach of families and persons of low income, which includes families and persons whose need for housing accommodations

cannot be provided by the ordinary operations of private enterprise, or in areas designated as blighted, through the provision of low interest mortgage loans. The Act provides that the Corporation and its corporate existence shall continue at least so long as bonds, notes or other obligations of the Corporation shall be outstanding.

The Remarketed Bonds were issued to finance a mortgage loan (the “Mortgage Loan”) to Chelsea West 26 LLC, a New York limited liability company, and 26th Street Affordable LLC, a Delaware limited liability company (collectively, the “Mortgagor”), for the purposes of paying a portion of the costs of constructing and equipping a multi-family rental housing facility located at 260 West 26th Street in the Borough of Manhattan, City and State of New York (the “Project”), and certain other costs related thereto. See “THE PROJECT AND THE MORTGAGOR” herein.

The Mortgagor has received a 20-year exemption from real estate taxes with respect to the Project in accordance with Section 421-a of the Real Property Tax Law of the State of New York. In addition, the Mortgagor expects to receive an allocation of federal low income housing tax credits with respect to the Low Income Units.

Concurrently with, and as a condition precedent to, the remarketing of the Remarketed Bonds, the Corporation will cause to be delivered to the Trustee an irrevocable, direct-pay credit enhancement agreement, effective as of the date of remarketing of the Remarketed Bonds (sometimes referred to herein as the “Initial Credit Facility” or the “Credit Enhancement Agreement”) executed and delivered by the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and the Trustee. Under the Credit Enhancement Agreement, Freddie Mac will advance funds to the Trustee with respect to the payment of: (i) the principal of the Mortgage Loan to enable the Trustee to pay the principal of the Remarketed Bonds (other than Purchased Bonds) when due by reason of acceleration, redemption, defeasance or stated maturity and (ii) up to 35 days’ interest thereon (computed at the Maximum Rate) to pay the interest on the Mortgage Loan to enable the Trustee to pay the interest on the Remarketed Bonds (other than Purchased Bonds) when due on or prior to their stated maturity date. Freddie Mac will also advance funds under the Credit Enhancement Agreement to the Trustee up to the principal amount of the Remarketed Bonds and interest thereon (computed at the Maximum Rate) for up to 35 days in order to pay the Purchase Price of Remarketed Bonds tendered and not remarketed. The Credit Enhancement Agreement will expire on March 6, 2044, unless extended or earlier terminated as described herein. The Credit Enhancement Agreement constitutes a “Credit Facility” and the “Initial Credit Facility” under the Resolution and Freddie Mac constitutes a “Credit Facility Provider” and the “Initial Credit Facility Provider” under the Resolution. See “SECURITY FOR THE BONDS.”

The Mortgage Loan is evidenced by a mortgage note (as the same may be amended, modified or supplemented, the “Mortgage Note”) and secured by a first priority mortgage on the Project (as the same may be amended, modified or supplemented, the “Mortgage”). The Mortgage Note and Mortgage are to be assigned by the Corporation to the Trustee and Freddie Mac, as their interests may appear, subject to the reservation by the Corporation of certain rights. The Trustee will assign the mortgage rights assigned to it to Freddie Mac but will retain the right to receive payments relating to the Principal Reserve Fund deposits subject to Freddie Mac’s right to direct the Trustee to assign its entire interest in the Mortgage Loan to Freddie Mac. See “SECURITY FOR THE BONDS.”

The Remarketed Bonds are special obligations of the Corporation payable solely from payments under the Mortgage Loan and other Revenues pledged therefor under the Resolution, including any investment earnings thereon, all as provided in accordance with the terms of the Resolution. In addition, the Remarketed Bonds are payable from advances under the Credit Enhancement Agreement or any Alternate Security (collectively, the “Credit Facility”). See “SECURITY FOR THE BONDS.”

The Mortgagor will enter into a Reimbursement and Security Agreement (the “Credit Agreement” or the “Reimbursement Agreement”) with Freddie Mac pursuant to which the Mortgagor will agree to reimburse Freddie Mac for any payments made by Freddie Mac under the Credit Enhancement Agreement. Upon an event of default under the Reimbursement Agreement, Freddie Mac, at its option, may direct the mandatory tender or mandatory redemption of all or a portion of the Remarketed Bonds. See “SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT – Events of Default” and “– Remedies,” “DESCRIPTION OF THE REMARKETED BONDS – Redemption of Remarketed Bonds – Mandatory –Mandatory Redemption Following an Event of Termination” and “DESCRIPTION OF THE REMARKETED BONDS – Credit Facility Provider’s Right To Cause a Mandatory Tender for Purchase of Remarketed Bonds Upon an Event of Termination.” The Mortgagor’s reimbursement obligations to Freddie Mac will be secured by a second priority mortgage lien on the Project (the “Freddie Mac Reimbursement Mortgage”), which will be subordinate to the Mortgage and which will be security solely for Freddie Mac.

Each Series of the Remarketed Bonds is being remarketed as variable rate obligations which will bear interest from their date of remarketing to but not including the Thursday following said date of remarketing at a rate determined by Morgan Stanley & Co. LLC, as Remarketing Agent (the “Remarketing Agent”). Thereafter, each Series of the Remarketed Bonds will bear interest at the Weekly Rate, to be determined weekly and as otherwise described herein by the Remarketing Agent. The interest rate established with respect to each Series of Remarketed Bonds during any Weekly Rate Period shall be determined separately for each Series of the Remarketed Bonds by the Remarketing Agent and need not be the same interest rate. Under certain circumstances, and with the prior written consent of Freddie Mac, the method of calculating the interest rate borne by the Remarketed Bonds may be changed from time to time to a different method provided for in the Resolution or the interest rate may be converted to a fixed rate to maturity. See “DESCRIPTION OF THE REMARKETED BONDS.” The Remarketed Bonds are subject to a maximum interest rate of twelve percent (12%) per annum, or such higher rate (which shall not exceed fifteen percent (15%) per annum) as may be established in accordance with the provisions of the Resolution (the “Maximum Rate”).

During any period of time in which the Remarketed Bonds bear interest at the Weekly Rate, any Remarketed Bond is subject to purchase at a price equal to 100% of the principal amount of such Remarketed Bond, plus accrued and unpaid interest thereon to the date of purchase (the “Purchase Price”). Such purchase shall be made upon demand of the owner thereof on any Business Day upon at least seven (7) days’ prior notice delivered to the Tender Agent and the Remarketing Agent prior to 5:00 p.m., New York City time. Each Series of the Remarketed Bonds are also subject to mandatory tender for purchase and are subject to optional and mandatory redemption as set forth in the Resolution and described herein. Payment of the Purchase Price of tendered Remarketed Bonds that are not remarketed shall be paid with

amounts provided pursuant to the Credit Enhancement Agreement. As more fully described herein, the loss of exclusion of interest on the Remarketed Bonds from gross income for Federal income tax purposes would not, in and of itself, result in a mandatory tender or redemption of the Remarketed Bonds.

*This Remarketing Circular in general describes the Remarketed Bonds only while the Remarketed Bonds bear interest at the Weekly Rate and are secured by the Credit Enhancement Agreement.*

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

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE REMARKETED BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE REMARKETED BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE REMARKETED BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE REMARKETED BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

Descriptions of the Remarketed Bonds and sources of payment, the Corporation, Freddie Mac, the Mortgagor, the Project, the Mortgage Loan, the Credit Enhancement Agreement, the Resolution, the Reimbursement Agreement and certain related agreements are included in this Remarketing Circular. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the Remarketed Bonds are qualified in their entirety by reference to the Resolution and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Resolution are available for inspection at the office of the Corporation. The Corporation has covenanted in the Resolution to provide a copy of each annual report of the Corporation (and certain special reports, if any) and any Accountant's Certificate relating thereto to each Bond owner who shall have filed such owner's name and address with the Corporation for such purposes. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Accounts and Reports" herein. Other than as so covenanted in the Resolution, the Corporation, in connection with the issuance of the Remarketed Bonds, has not committed to provide any information on an ongoing basis to any repository or other entity or person.



## THE CORPORATION

### Purposes and Powers

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

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

### Organization and Membership

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

### Members

**VICKI BEEN**, Chairperson and Member ex-officio. Ms. Been was appointed Commissioner of HPD by Mayor Bill de Blasio, effective February 18, 2014. Prior to joining HPD, she was the Boxer Family Professor of Law at New York University School of Law and Director of NYU’s Furman Center for Real Estate and Urban Policy. Ms. Been earned a

J.D. from NYU School of Law, and clerked for Judge Edward Weinfeld on the Southern District of New York and for Justice Harry Blackmun on the United States Supreme Court.

**HARRY E. GOULD, JR., Vice Chairperson and Member**, serving pursuant to law. Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation, which was, until April 30, 2010, the largest privately owned independent distributor of printing paper in the United States. As of that date, Gould became a 51% owned subsidiary of Japan Pulp & Paper, the largest paper distributor in Japan. He was Chairman and President of Cinema Group, Inc., a major independent film financing and production company, from 1982 to May 1986, and is currently Chairman and President of Signature Communications Ltd., a new company that is active in the same field. He is a Life Member of the Executive Branch of the Academy of Motion Picture Arts and Sciences. He is a member of the Board of Directors of the Roundabout Theatre Organization. He was a member of the Board of Directors of Domtar, Inc., North America's largest and second largest global manufacturer of uncoated free sheet papers from 1995 to 2004. He was a member of the Board of Directors of the USO of Metropolitan New York from 1973 to 2004. He was a member of the Board of Trustees of the American Management Association from 1996 to 1999. He was a member of Colgate University's Board of Trustees from 1976 to 1982. He was appointed Trustee Emeritus of Colgate University in 2012. He was appointed the U.S. representative to the U.N. East-West Trade Development Commission by President Johnson from 1967 to 1968. He was Vice Chairman of the U.S. President's Export Council, was a member of the Executive Committee and was Chairman of the Export Expansion Subcommittee from 1977 to 1980. He was a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee from 1977 to 1999. He was a member of the Board of United Cerebral Palsy Research and Educational Foundation, and the National Multiple Sclerosis Society of New York from 1972 to 1999. He was a Trustee of the Riverdale Country School from 1990 to 1999. Mr. Gould received his Bachelor of Arts degree from Colgate University *magna cum laude*. He began his M.B.A. studies at Harvard University and received his degree from Columbia Business School.

**DEAN FULEIHAN, Member ex-officio**. Mr. Fuleihan was appointed New York City Budget Director in January 2014. Previously, Mr. Fuleihan joined the SUNY College of Nanoscale Science and Engineering as Executive Vice President for Strategic Partnerships. Prior to that, he served in the New York State Assembly for over 30 years, serving as the principal fiscal and policy advisor to the Speaker of the New York State Assembly, Assembly leadership and the Majority Conference. He was also the Assembly's principal staff negotiator on the state budget. Mr. Fuleihan received a B.A. degree in Economics from Alfred University and studied public finance at the Maxwell School of Citizenship and Public Affairs at Syracuse University.

**BETH E. GOLDMAN, Member ex-officio**. Ms. Goldman was appointed Commissioner of New York City's Department of Finance by Mayor Michael R. Bloomberg, effective September 29, 2013. Prior to becoming Commissioner, Ms. Goldman was Deputy Commissioner and General Counsel of the Department from 2010 to 2013. Before

joining the Department of Finance, Goldman was an Assistant United States Attorney in the Southern District of New York for 15 years, serving as deputy chief of the Civil Division from 2003 through 2009. She also served as chief of the environmental protection unit from 2000 to 2003, and handled litigation on behalf of numerous federal agencies in a broad range of areas including national security, First Amendment, civil RICO, Freedom of Information Act, and employment law, among others. She started her career as a law clerk to the Honorable Charles P. Sifton in the Eastern District of New York before moving to private law practice, where she was a litigation associate for 4 years. Commissioner Goldman received a B.A. degree from Yale University and her J.D. from Harvard Law School.

**COLVIN W. GRANNUM, Member**, term expires December 31, 2014. Mr. Grannum is the president of Bedford Stuyvesant Restoration Corporation. Prior to joining Bedford Stuyvesant Restoration Corporation, Mr. Grannum served as a founding director and the chief executive officer of Bridge Street Development Corporation. He has also been employed by the United States Department of Justice, the New York State Attorney General, the NYNEX Corporation, and the New York City Corporation Counsel, respectively, where he held a variety of senior level positions. He serves as a member of the board of directors of the New York City Workforce Investment Board, Center for New York City Neighborhood, Local Initiatives Support Corporation, Brooklyn Chamber of Commerce and Bedford Stuyvesant Early Childhood Development Center, Inc. Mr. Grannum is a graduate of the University of Pennsylvania and Georgetown University Law Center and has completed education programs at Columbia Business School; Harvard University, John F. Kennedy School of Government; Harvard University, School of Divinity; and University of Pennsylvania, Wharton School of Business.

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

Island University and Fordham Law School, where he was an Associate Editor of the Fordham Law Review.

**DENISE SCOTT**, Member, serving pursuant to law. Ms. Scott is Managing Director of the Local Initiatives Support Corporation's New York City program (LISC NYC) since 2001. During her tenure, LISC NYC has invested in the development of over 10,000 units of affordable housing. Ms. Scott served as a White House appointee to the United States Department of Housing and Urban Development (HUD) from 1998 to January 2001 responsible for daily operations of HUD's six New York/New Jersey regional offices. She was the Managing Director/Coordinator responsible for launching the Upper Manhattan Empowerment Zone Development Corporation. Ms. Scott served as the Assistant Vice President of the New York City Urban Coalition after serving as Deputy Director of the New York City Mayor's Office of Housing Coordination from 1990-1992. She held several positions at HPD ultimately serving as the Director of its Harlem preservation office. Ms. Scott serves on the U.S. Department of Treasury's Office of Thrift Supervision Minority Depository Institutions Advisory Committee and also serves on several boards including the National Equity Fund, Supportive Housing Network of New York, Citizens Housing and Planning Council, Neighborhood Restore / Restored Homes and the New York Housing Conference. Ms. Scott has a MS in Urban Planning from Columbia University and has taught at its Graduate School of Architecture, Planning and Preservation as a Visiting Assistant Professor.

Principal Officers

**VICKI BEEN**, Chairperson.

**HARRY E. GOULD, JR.**, Vice Chairperson.

**GARY D. RODNEY**, President. Mr. Rodney was appointed President of the Corporation on March 3, 2014. Prior to joining the Corporation, Mr. Rodney was the Executive Vice President for Development at Omni New York LLC ("OMNI"), a real estate development company focusing on affordable housing. Prior to joining OMNI, Mr. Rodney was Director of Development at BFC Partners, a New York City based real estate development company. Mr. Rodney also spent five years at the Corporation and held several positions structuring financing programs and underwriting transactions before being promoted to Vice President in 2005. Mr. Rodney holds a Masters of Urban Planning from New York University's Robert F. Wagner Graduate School of Public Service and Bachelor of Arts from the University of Rochester.

**RICHARD M. FROEHLICH**, Chief Operating Officer, Executive Vice President and General Counsel. Mr. Froehlich, an attorney and member of the New York State Bar, was appointed Chief Operating Officer of the Corporation on June 9, 2011, and Executive Vice President for Capital Markets of the Corporation on February 27, 2008. Mr. Froehlich is also the General Counsel of the Corporation. He was originally appointed Senior Vice President and General Counsel of the Corporation effective November 17, 2003. Prior to joining the Corporation, he was Counsel at the law firm of O'Melveny & Myers LLP in its New York City office, where Mr. Froehlich's practice focused on real

estate, public finance and affordable housing. From 1993 to 1998, Mr. Froehlich was an Assistant Counsel at the New York State Housing Finance Agency. Upon graduation from law school, he was an associate at Skadden, Arps, Slate, Meagher & Flom. Mr. Froehlich received his B.A. degree from Columbia College and his J.D. from Columbia University School of Law. He is an Adjunct Assistant Professor of Urban Planning at Columbia University.

**CATHLEEN A. BAUMANN**, Senior Vice President and Treasurer. Ms. Baumann was appointed Senior Vice President of the Corporation on August 8, 2012 and Treasurer of the Corporation by the President on July 20, 2009. Prior to such appointments, she held the position of Deputy CFO since September 2004. Ms. Baumann joined the Corporation in 1988 as an Accountant. She has also held the positions of Senior Accountant and Internal Auditor and Vice President of Internal Audit. Ms. Baumann received her bachelor's degree with majors in Accounting and Economics from Queens College of the City University of New York and her MBA in Finance from Baruch College's Zicklin School of Business of the City University of New York.

**ELLEN K. DUFFY**, Senior Vice President for Debt Issuance and Finance. Ms. Duffy was appointed Senior Vice President of the Corporation on September 15, 2009, effective September 21, 2009. Prior to joining the Corporation, Ms. Duffy was a principal of the housing finance group at Bank of America Securities ("BAS"). At BAS, Ms. Duffy focused on quantitative structuring of transactions and cash flow analysis for state and local housing issuers. Ms. Duffy previously held positions in the housing areas of the public finance groups at CS First Boston, First Union Securities and Citicorp Investment Bank. Ms. Duffy holds a B.A. in Economics from Providence College.

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

**EILEEN M. O'REILLY**, Senior Vice President. Ms. O'Reilly was appointed Senior Vice President for Loan Servicing of the Corporation on September 15, 2009. Prior to such appointment she acted as Chief Financial Officer of the Corporation since May 2, 2007. She joined the Corporation as Acting Senior Vice President on March 19, 2007. Prior to joining the Corporation, Ms. O'Reilly was a principal of Gramercy Capital Consulting, a consulting firm where she advised clients in implementing financial programs and marketing initiatives. Previously, she held several positions at Fidelity Investments, PaineWebber and Kidder Peabody. Ms. O'Reilly holds a B.A. in Economics from Tufts University and an M.B.A. degree from Columbia Business School.

**JIM QUINLIVAN**, Senior Vice President for Policy Analysis & Compliance. Mr. Quinlivan was appointed Senior Vice President for Policy Analysis & Compliance of the Corporation on April 10, 2013, effective April 15, 2013. Prior to such appointment, Mr. Quinlivan held the position of Vice President and Deputy Director of Asset Management.

Mr. Quinlivan began his career with the Corporation in 1996 and held several positions before being promoted to Vice President in 2002. Prior to joining the Corporation, Mr. Quinlivan worked at the U.S. Department of Housing & Urban Development. Mr. Quinlivan received a B.A. from New York University.

**JONATHAN SPRINGER**, Senior Vice President for Development. Mr. Springer was appointed Senior Vice President for Development on July 25, 2013. Prior to joining the Corporation, Mr. Springer was a Senior Vice President at Bank of America and a Vice President at Citibank, where he originated affordable housing financing. He also served as Vice President for Real Estate & Project Finance at the Empire State Development Corporation. Mr. Springer syndicated tax credits as Special Funds Manager at the Enterprise Social Investment Corporation and co-founded the Workforce Investment Company, Inc. to syndicate various workforce development tax credits. He began his career in affordable housing with the Northern Manhattan Improvement Corporation. Mr. Springer holds an A.B. from Harvard College, an M.B.A. from New York University's Leonard N. Stern School of Business and a J.D. from New York University's School of Law.

**MELISSA BARKAN**, Deputy General Counsel and Secretary. Ms. Barkan was appointed Secretary of the Corporation on May 2, 2007. She was appointed Deputy General Counsel on March 1, 2007. Prior to her appointments she held the position of Associate General Counsel and Assistant Secretary. In 1999, Ms. Barkan joined the Corporation as an Assistant General Counsel. Before joining the Corporation, Ms. Barkan was associated with a New York law firm where her practice focused on real estate acquisitions and financing. Ms. Barkan received her B.S. degree from the School of Business at the State University of New York at Albany and her J.D. from Brooklyn Law School. Ms. Barkan is a member of the New York State Bar.

## **THE MORTGAGE LOAN**

The Remarketed Bonds were issued to provide moneys to finance the Mortgage Loan for the purposes of paying a portion of the costs of constructing and equipping the Project and certain other costs related thereto. As a condition to the remarketing of the Remarketed Bonds, Freddie Mac is to deliver the Credit Enhancement Agreement to the Trustee. The Mortgage Loan is evidenced by the Mortgage Note, in an amount equal to the principal amount of the Remarketed Bonds, executed by the Mortgagor in favor of the Corporation and secured by the Mortgage. The Mortgagor is required under the Mortgage Note to make payments sufficient to pay principal of and interest on the Remarketed Bonds. Pursuant to the terms of the Resolution and the Assignment and Intercreditor Agreement by and among the Corporation, the Trustee and Freddie Mac and acknowledged by the Mortgagor (the "Assignment"), the Corporation will assign and deliver to Freddie Mac and the Trustee, as their interests may appear, subject to the reservation of certain rights by the Corporation, all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents, including the Financing Agreement between the Mortgagor and the Corporation (the "Loan Agreement"). Freddie Mac has the right under the Assignment to direct the Trustee to assign the Mortgage Note and the Mortgage to Freddie Mac in certain events.

Upon an event of default under the Reimbursement Agreement, Freddie Mac, at its option, may direct the mandatory tender or mandatory redemption of all or a portion of the Remarketed Bonds. See “SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT – Events of Default” and “— Remedies,” “DESCRIPTION OF THE REMARKETED BONDS – Redemption of Remarketed Bonds – Mandatory Redemption Following an Event of Termination” and “DESCRIPTION OF THE REMARKETED BONDS – Credit Facility Provider’s Right To Cause a Mandatory Tender for Purchase of Remarketed Bonds Upon an Event of Termination.”

The Mortgagor received a 20-year exemption from real estate taxes with respect to the Project in accordance with Section 421-a of the Real Property Tax Law of the State of New York. In addition, the Mortgagor expects to receive an allocation of federal low income housing tax credits with respect to the Low Income Units.

The ability of the Mortgagor to make timely payments on the Mortgage Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses, servicing fees, fees due to Freddie Mac, Remarketing Agent fees, Trustee and Tender Agent fees and fees owed to the Corporation. The ability of the Project to generate sufficient revenues may be affected by a variety of factors, including but not limited to completion of the Project, achievement and maintenance of a certain level of occupancy, the level of rents prevailing in the market, the ability to achieve increases in rents as necessary to cover debt service and operating expenses, interest rate levels, the level of operating expenses, project management, adverse changes in applicable laws and regulations, and general economic conditions and other factors in the metropolitan area surrounding the Project. The Mortgagor is required to rent 41 units in the Project to persons or families of low and very low income and the amount of rent that may be charged for such units is expected to be materially less than market rates. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project.

Failure of the Mortgagor to make payments when due under the Mortgage Loan or the Reimbursement Agreement will result in an event of default under the Mortgage Loan and the Reimbursement Agreement and may, at the option of the Initial Credit Facility Provider, result in a mandatory tender or redemption of all or a portion of the Remarketed Bonds. See “DESCRIPTION OF THE REMARKETED BONDS – Credit Facility Provider’s Right to Cause a Mandatory Tender for Purchase of Remarketed Bonds Upon an Event of Termination” and “– Redemption of Remarketed Bonds – Mandatory –Mandatory Redemption Following an Event of Termination” herein. See also “SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT” herein.

The Mortgage Loan is a non-recourse obligation of the Mortgagor with respect to which its members have no personal liability and as to which its members have not pledged for the benefit of the Remarketed Bondholders any of their respective assets, other than the Project and its rents, profits and proceeds.

## THE PROJECT AND THE MORTGAGOR

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

### The Project

The Bonds were issued to finance a portion of a Mortgage Loan to the Mortgagor for the purposes of paying a portion of the costs of acquiring the land that is located at 260 West 26th Street in the Borough of Manhattan, New York and constructing and equipping a multi-family rental housing development and ancillary retail space thereon (the "Project"), and certain other costs related thereto.

The Project is a twelve story mixed use building which contains a total of two hundred and four residential apartments, comprised of sixty (60) studios, ninety-five (95) one-bedroom apartments (inclusive of the superintendent's unit) and forty nine (49) two-bedroom apartments. Additionally, the Project contains approximately 30,405 square feet of commercial space on the first floor and basement as well as approximately 610 square feet of community space. Approximately 20% of the total residential apartments (41 apartments) will be affordable to household earning not more than 50% of area median income ("AMI"), adjusted for family size (the "Low Income Units"). Of these 41 apartments, 7 apartments (at least 15% of such apartments) are required to be available for households whose gross income will not exceed 40% of AMI, adjusted for family size. The Project has been subjected to a condominium declaration and consists of three condominium, units: (i) a residential unit containing the market rate units (including a unit to be occupied by the building superintendent) (the "Market Rate Unit"); (ii) a residential unit containing the Low Income Units (the "Affordable Unit") and (iii) a commercial unit containing the commercial and community space (the "Commercial Unit").

Construction of the Project is substantially complete and the Mortgagor obtained a temporary certificate of occupancy for all of the residential units in the Project on May 17, 2013. As of March 1, 2014, approximately 100% of the apartments were occupied and portions of the commercial unit are in the process of being leased. Since August 1, 2013, the operating income from the Project has been sufficient to pay the operating expenses of the Project and debt service on the Mortgage Loan.

The Mortgagor has received a 20-year phased exemption from real estate taxes for the Project in accordance with Section 421-a of the Real Property Tax Law of the State of New York, which exemption currently requires that all residential apartments in the Project be subject to rent regulation for 20 years in accordance with the New York City Rent Stabilization Code and that the Low Income Units be subject to rent regulation for not less than 35 years in accordance with the New York City Rent Stabilization Code. The Mortgagor has obtained a final certificate of eligibility from HPD with respect to the 421-a exemption. In addition, the Mortgagor expects to receive an allocation of low income housing tax credits for the Project.



Due to the inherent uncertainty of future events and conditions, including, without limitation, general interest rate levels, no assurance can be given that revenues generated by the Project will be sufficient to pay debt service on the Mortgage Loan, operating expenses of the Project, Freddie Mac fees, Remarketing Agent fees, Trustee and Tender Agent fees, and fees owed to the Corporation. The ability of the Mortgagor to generate sufficient revenues will be affected by a variety of factors including, but not limited to, the maintenance of a sufficient level of occupancy, the requirement that the rent charged for the Low Income Units be substantially below market rates, the level of rents prevailing in the market with respect to units other than the Low Income Units, the ability to achieve increases in rents to cover increases in debt service and operating expenses, the level of operating expenses, the cost of interest rate hedges, project management, adverse changes in applicable laws and regulations, and general economic conditions and other factors in the metropolitan area surrounding the Project. Furthermore, adverse changes may occur from time to time with respect to any of the preceding factors or other factors or events which may have a negative impact on the occupancy level and rental income of the Project. Failure of the Mortgagor to make payments under the Mortgage Loan will result in an event of default under the Reimbursement Agreement and may, at the option of Freddie Mac, result in a mandatory tender or redemption in whole or in part of the Remarketed Bonds. See “DESCRIPTION OF THE REMARKETED BONDS – Credit Facility Provider’s Right to Cause a Mandatory Tender for Purchase of Remarketed Bonds Upon an Event of Termination” and “– Redemption of Remarketed Bonds – Mandatory –Mandatory Redemption Following an Event of Termination” herein. See also “SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT” herein.

### The Mortgagor

26th Street Affordable LLC (“Affordable”), a single purpose Delaware limited liability company, and Chelsea W26 LLC (“W26”), a single purpose New York limited liability company, are jointly and severally liable under the Mortgage, the Mortgage Note and the Reimbursement Agreement. Affordable was formed in August 2011 for the purposes of acquiring and developing the Project and ultimately owning and operating the Affordable Unit and W26 was formed in January 2011 for the purposes of acquiring and developing the Project and ultimately owning and operating the Market Rate Unit and Commercial Unit. As such, each of Affordable and W26 has not previously engaged in any business operations, has no historical earnings and has no material assets other than its interest in the Project. The Mortgage Loan is a non-recourse obligation of Affordable and W26 with respect to which its members have no personal liability and as to which its members have not pledged for the benefit of the Bondholders any of their assets, other than their interests in the Project and its rents, profits and proceeds. Accordingly, it is expected that each of Affordable and W26 will not have any sources of funds to make payments on the Mortgage Loan other than revenues generated by the Project.

The primary members of Affordable and W26 are entities controlled by Robert Ezrapour, Ken Haron, Yoav Haron, Eytan Benyamin and Gary Spindler. On or about the issuance of the Credit Enhancement Agreement, an entity controlled by Gary Spindler will serve as the managing member of both Affordable and W26.

The members of Affordable and W26 collectively have over 38 years of experience in developing affordable housing in the Harlem, Washington Heights, Hamilton Heights, the Lower

East Side and Manhattan Valley areas of Manhattan. Their developments include low and moderate-income housing as well as luxury condominiums, together totaling over 1,000 units.

Gary Spindler has controlling ownership interests in entities that own two other residential projects in Manhattan located at 756 Washington Street and 243 East 2<sup>nd</sup> Street, as well as in over 500,000 square feet of commercial premises in the New York Metropolitan area.

## **FREDDIE MAC**

*The information presented under this caption “FREDDIE MAC” has been supplied by Freddie Mac. None of the Corporation, the Trustee, the Mortgagor or the Remarketing Agent has independently verified such information, and none assumes responsibility for the accuracy of such information. The information is qualified in its entirety by reference to the Incorporated Documents, as defined below.*

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the “Freddie Mac Act”). Freddie Mac’s statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac’s securities or obligations.

Freddie Mac’s principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by such mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Agency (“FHFA”) appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the “Reform Act”) and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury (“Treasury”) entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including

Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: <http://www.OFHEO.gov> and <http://www.Treasury.gov>.

Freddie Mac registered its common stock with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act"), effective July 18, 2008. As a result, Freddie Mac files annual, quarterly and current reports, proxy statements and other information with the SEC. Prior to July 18, 2008, Freddie Mac prepared an annual Information Statement (containing annual financial disclosures and audited consolidated financial statements) and Information Statement Supplements (containing periodic updates to the annual Information Statement).

As described below, Freddie Mac incorporates certain documents by reference in this Remarketing Circular, which means that Freddie Mac is disclosing information by referring to those documents rather than by providing separate copies thereof to interested persons. Freddie Mac incorporates by reference in this Remarketing Circular its proxy statement, and all documents that Freddie Mac files with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act, after July 18, 2008 and prior to the completion of the offering of the Remarketed Bonds, excluding any information that Freddie Mac may "furnish" to the SEC but that is not deemed to be "filed." Freddie Mac also incorporates by reference its Registration Statement on Form 10, in the form declared effective by the SEC on July 18, 2008 (the "Registration Statement"). These documents are collectively referred to as the "Incorporated Documents" and are considered part of this Remarketing Circular. Persons to whom this Remarketing Circular is delivered should read this Remarketing Circular, in conjunction with the Incorporated Documents. Information that Freddie Mac incorporates by reference will automatically update information in this Remarketing Circular. Therefore, persons to whom this Remarketing Circular is delivered should rely only on the most current information provided or incorporated by reference in this Remarketing Circular.

Interested persons may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's web site at <http://www.sec.gov>. Freddie Mac makes no representations as to the contents of this Remarketing Circular, the suitability of the Remarketed Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role is limited to discharging its obligations under the Credit Enhancement Agreement.

**FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE REMARKETED BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE REMARKETED BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE**

PURCHASE PRICE OF THE REMARKETED BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE REMARKETED BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

### **DESCRIPTION OF THE REMARKETED BONDS**

*This Remarketing Circular in general describes the Remarketed Bonds only while the Remarketed Bonds bear interest at a Weekly Rate.*

#### General

The Remarketed Bonds will mature as set forth on the cover page of this Remarketing Circular. The Remarketed Bonds will bear interest from the date of remarketing until payment of the principal thereof is made or provided for in accordance with the provisions of the Resolution, whether at maturity, upon redemption or otherwise. Each Series of the Remarketed Bonds is being remarketed as variable rate obligations bearing interest at the Weekly Rate and will bear interest from the date of remarketing to but not including the Thursday following said date of remarketing at a rate per annum determined by the Remarketing Agent. Thereafter, each Series of the Remarketed Bonds will bear interest at the Weekly Rate, to be determined weekly and as otherwise described herein by the Remarketing Agent. The interest rate established with respect to each Series of Remarketed Bonds during any Weekly Rate Period shall be determined separately for each Series of the Remarketed Bonds by the Remarketing Agent and need not be the same interest rate. At no time shall the interest rate on the Remarketed Bonds exceed the Maximum Rate. Each Series of the Remarketed Bonds is subject to conversion to alternate methods of determining interest rates thereon from time to time and to conversion to an interest rate fixed to maturity upon the terms and conditions described herein.

The Remarketed Bonds will be remarketed solely in fully registered form, without coupons, issuable during a Weekly Rate Period in the denomination of \$100,000 or any \$5,000 increment in excess of \$100,000.

Interest on each Series of the Remarketed Bonds shall be payable on a monthly basis on the first Business Day of each month commencing on the first Business Day of April, 2014, on any Change Date and on the maturity date of such Remarketed Bonds. Interest on the Remarketed Bonds shall be computed on the basis of a 365 or 366-day year, for the actual number of days elapsed.

#### Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as the securities depository for the Remarketed Bonds. The Remarketed Bonds were issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate was issued in the aggregate principal amount of each Series of the Remarketed Bonds, and was deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC 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 Remarketed Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Remarketed Bonds on DTC’s records. The ownership interest of each actual purchaser of each Remarketed Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Remarketed 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 Remarketed Bonds, except in the event that use of the book-entry system for such Remarketed Bonds is discontinued.

To facilitate subsequent transfers, all Remarketed 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 Remarketed Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Remarketed Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Remarketed Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to

Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Principal and interest payments on the Remarketed 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 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 will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to a Series of the Remarketed 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.

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

The information herein concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Remarketed 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 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 REMARKETED BONDS.

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

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

For every transfer and exchange of Remarketed 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 a Series of the Remarketed Bonds if the Corporation determines that (i) DTC is unable to discharge its responsibilities with respect to such Remarketed Bonds, or (ii) a continuation of the requirement that all of the Outstanding Remarketed Bonds 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, Bond certificates will be delivered as described in the Resolution.

NEITHER THE CORPORATION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE REMARKETED 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 REMARKETED BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE REMARKETED BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE REMARKETED BONDS; OR (VI) ANY OTHER MATTER.

#### Interest Rate Periods

Weekly Rate Period. Each Series of the Remarketed Bonds will bear interest at the Weekly Rate determined in accordance with the Resolution during the period from the date of remarketing of such Remarketed Bonds to the earlier of the first Interest Method Change Date or the final maturity or redemption in whole of such Remarketed Bonds. The interest rate established with respect to each Series of Remarketed Bonds during any Weekly Rate Period shall be determined separately for each Series of the Remarketed Bonds by the Remarketing Agent and need not be the same interest rate.

The Weekly Rate shall be the lowest interest rate, not exceeding the Maximum Rate, which, in the determination of the Remarketing Agent as of the date of determination and under prevailing market conditions, would result as nearly as practicable in the market price for the Remarketed Bonds on the Weekly Effective Rate Date being one hundred percent (100%) of the principal amount thereof, such interest rate to be determined as follows. The Remarketing Agent shall determine the Weekly Rate for the Remarketed Bonds not later than 5:00 p.m., New York City time, on the Business Day prior to the Weekly Effective Rate Date for each Weekly Rate Term. The Remarketing Agent shall, not later than 5:00 p.m., New York City time, on the date of determination, give notice of the determination of any Weekly Rate to the Corporation, the Mortgagor, the Trustee, the Tender Agent, the Initial Credit Facility Provider and the Servicer.

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



Term shall automatically commence on the day after the termination of the current Weekly Rate Term.

If for any reason the position of Remarketing Agent is vacant or if the Remarketing Agent fails in the performance of its duty to determine the Weekly Rate for any Weekly Rate Term or if the Weekly Rate determined by the Remarketing Agent is held to be invalid or unenforceable by a court of law, as set forth in a written notice from the Corporation to the Trustee, the Weekly Rate for such Weekly Rate Term shall be determined by the Trustee and shall be one hundred percent (100%) of the most recent The Securities Industry and Financial Markets Association Municipal Swap Index, as produced by Municipal Market Data and theretofore published in *The Bond Buyer* or otherwise made available to the Trustee.

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

If the Credit Facility Provider notifies the Corporation and the Trustee in writing, that certain events of default have occurred and are continuing under the Credit Agreement, then the Credit Facility Provider may exercise all rights of the Mortgagor with respect to an Interest Method Change Date and the Mortgagor may not exercise such rights unless and until the Trustee and the Corporation are notified that such events of default are cured or waived or the Credit Facility Provider otherwise consents.

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

Each owner of a Remarketed Bond may, by delivery of a written, personal, electronic or telephonic notice of tender to the Principal Offices of the Tender Agent at U.S. Bank National Association, 100 Wall Street, Suite 1600, New York, New York 10005 Attention: Corporate Trust Services (or such other address as may be established by the Tender Agent from time to time), and the Remarketing Agent at Morgan Stanley & Co. LLC, Attention: Municipal Short Term Products, 1585 Broadway, 11th Floor, New York, New York 10036 (or such other address as may be established by the Remarketing Agent from time to time), not later than 5:00 p.m., New York City time, on any Business Day not less than seven (7) calendar days before the particular Business Day chosen as the purchase date, demand payment of the Purchase Price on

and as of such purchase date of all or a portion of such Remarketed Bond in any denomination authorized by the Resolution; provided, however, that no portion of a Remarketed Bond shall be purchased unless any remaining portion of such Remarketed Bond is in a denomination authorized by the Resolution. Each such notice of tender shall be irrevocable and effective upon receipt and shall:

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

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

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

Any Remarketed Bonds for which a demand for purchase has been made shall be delivered to the Tender Agent at or prior to 10:00 a.m., New York City time, on the date designated for purchase, with an appropriate endorsement for transfer or accompanied by a bond power endorsed in blank.

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

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

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

The Remarketed Bonds shall be subject to mandatory tender for purchase on any Interest Method Change Date at the Purchase Price; provided that no Interest Method Change Date with respect to a Series of the Remarketed Bonds shall occur if any Remarketed Bonds of such Series

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

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

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

The Remarketed Bonds shall be subject to mandatory tender for purchase on any Facility Change Date at the Purchase Price; provided that no Facility Change Date with respect to the Remarketed Bonds shall occur if any Remarketed Bonds have not been remarketed on the Facility Change Date. The Trustee shall deliver, or mail by first class mail, a notice of mandatory tender for purchase not later than fifteen (15) days prior to the Facility Change Date to the Remarketing Agent and to the owner of each Remarketed Bond at its address shown on the registration books of the Corporation held by the Trustee. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. Such notice shall set forth, in substance, the Facility Change Date and reason therefor, that all owners of Remarketed Bonds shall be deemed to have tendered their Remarketed Bonds for purchase on the Facility Change Date, and the Purchase Price for such Remarketed Bonds.

Owners of Remarketed Bonds shall be required to tender their Remarketed Bonds to the Tender Agent for purchase at the Purchase Price on the Facility Change Date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of such

Undelivered Bonds shall be deemed to have been purchased at the Purchase Price on the Facility Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF REMARKETED BONDS TO DELIVER ITS REMARKETED BONDS ON OR PRIOR TO THE FACILITY CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE FACILITY CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED BONDS, AND ANY UNDELIVERED BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

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

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

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

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

Upon such prepayment of the Mortgage Loan in full and payment to the Credit Facility Provider (other than from the proceeds of the remarketing of the Remarketed Bonds or from

moneys on deposit in the Principal Reserve Fund) of all amounts due under the Credit Agreement, all Remarketed Bonds shall be deemed paid and shall be delivered to the Trustee for cancellation.

Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of Remarketed Bonds Upon an Event of Termination

Pursuant to the Resolution, for so long as the Credit Facility is in effect, upon the receipt by the Trustee of written notice from the Credit Facility Provider that one or more events of default have occurred under the Credit Agreement (defined in the Resolution as an "Event of Termination"), including, but not limited to, a default under the Mortgage Loan or a failure to reimburse the Credit Facility Provider under the Credit Agreement, the Credit Facility Provider may specify a Change Date on which all or a portion of the Remarketed Bonds shall be subject to mandatory tender for purchase, which Change Date shall not be later than eight (8) days following receipt by the Trustee of the direction to purchase such Remarketed Bonds. If only a portion of the Remarketed Bonds are to be subject to mandatory tender for purchase, the particular Remarketed Bonds to be tendered (which shall be in authorized denominations) shall be selected by the Trustee by lot, using such method as it shall determine in its sole discretion, except that the Trustee shall not select any Remarketed Bond for tender which would result in any remaining Remarketed Bond not being in an authorized denomination as provided in the Resolution. Upon receipt of such written notice from the Credit Facility Provider, the Trustee shall immediately deliver by overnight express mail or courier service, a notice of mandatory tender for purchase to the Remarketing Agent and to the owner of each Remarketed Bond to which such notice relates at its address shown on the registration books of the Corporation held by the Trustee. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. See "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" herein.

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

Provisions Affecting Remarketed Bonds if a Change of Method of Determining the Interest Rate Cannot be Effected

If (a) a notice of an Interest Method Change Date has been given in accordance with the Resolution and (b) any of the conditions precedent to an Interest Method Change Date set forth in the Resolution have not been satisfied, then,

- (i) the new interest method mode shall not take effect;
- (ii) the affected Remarketed Bonds shall be subject to mandatory tender on the proposed Interest Method Change Date and the holders of such Remarketed Bonds shall not have the right to retain their Remarketed Bonds; and
- (iii) the interest rate shall remain in the Weekly Rate.

Provisions Affecting the Remarketed Bonds if a Facility Change Date Cannot be Effected

If (a) a notice of a Facility Change Date has been given in accordance with the Resolution and (b) any of the conditions precedent to a Facility Change Date set forth in the Resolution have not been satisfied, then, the Facility Change Date shall be cancelled unless the prior Credit Facility is expiring within sixty (60) days after the Facility Change Date. The Trustee shall promptly deliver or mail by first class mail, postage prepaid, to the owner of each Remarketed Bond at the address shown on the registration books of the Corporation, a notice stating that the change shall not occur and the reasons therefore.

Additional Provisions Regarding Purchased Bonds

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

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

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

The Resolution provides that it is subject to amendment and supplement by a Supplemental Resolution, from time to time, to effect a change with respect to the time periods for provision of notice relating to the Mandatory Purchase Provision, Demand Purchase Option or interest rate determination or the time periods for interest rate determination or the procedure for tendering Remarketed Bonds in connection with the Mandatory Purchase Provision or Demand Purchase Option, which Supplemental Resolution may be adopted and become effective (i) upon filing of a copy thereof certified by an Authorized Officer of the Corporation with the Trustee, (ii) upon filing with the Trustee and the Corporation of a consent to such Supplemental Resolution executed by the Trustee, and (iii) after such period of time as the Trustee and the Corporation deem appropriate following notice to the Remarketed Bond owners (but not less than thirty (30) days). A copy of any such Supplemental Resolution shall be provided to the owners of the Remarketed Bonds.

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

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

### Redemption of Remarketed Bonds – Mandatory

Mandatory Redemption from Certain Recoveries of Principal. The Remarketed Bonds are subject to mandatory redemption, in whole or in part, at any time prior to maturity, in an amount not in excess of any Recoveries of Principal (other than the advance payment in full of all amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor, with monies other than amounts transferred from the Principal Reserve Fund), at a Redemption Price equal to 100% of the principal amount of the Remarketed Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date. Recoveries of Principal include amounts transferred from the Principal Reserve Fund at the option of the Mortgagor as more fully described under “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Principal Reserve Fund”.

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

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

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

Mandatory Redemption from Certain Transfers from Principal Reserve Fund. The Remarketed Bonds are subject to mandatory redemption, in whole or in part, on the first Business Day of April of each year if and to the extent amounts in excess of the Principal Reserve Amount are transferred from the Principal Reserve Fund to the Redemption Account on the immediately preceding March 1 (or, if such day is not a Business Day, the next succeeding Business Day). (See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Principal Reserve Fund”). Each such redemption will be at a Redemption Price equal to 100% of the principal amount of the Remarketed Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Sinking Fund Redemption. The 2011 Series A Bonds in the principal amounts shown in the table below are subject to redemption on the respective dates shown below, by lot, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Payments that are required to be made on such dates.

<u>Redemption Date</u>	<u>Principal Amount</u>
July 1, 2039	\$7,789,955
January 1, 2040	5,016,358

The amounts received from the Trustee for each Sinking Fund Payment may be applied by the Trustee, at the direction of the Corporation, prior to the forty-fifth (45th) day preceding the due date of such Sinking Fund Payment, to the purchase of the 2011 Series A Bonds, at prices (including any brokerage and other charges) not exceeding the Redemption Price, plus accrued interest to the date of purchase.

Upon purchase or redemption of any 2011 Series A Bond for which Sinking Fund Payments have been established, other than by application of Sinking Fund Payments, an amount equal to the principal amount of the 2011 Series A Bonds so purchased or redeemed shall be credited toward and reduce the amount of the next Sinking Fund Payment to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer at the time of such purchase or redemption.



### Redemption of Remarketed Bonds – Optional

Optional Redemption. The Remarketed Bonds are subject to redemption, at the option of the Corporation (with the prior written consent of the Credit Facility Provider), in whole or in part, at any time, at a Redemption Price equal to 100% of the principal amount of the Remarketed Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Special Redemption. The Remarketed Bonds are subject to redemption, at the option of the Corporation, in whole or in part, at any time prior to maturity, in an amount not in excess of amounts on deposit in the Bond Proceeds Account representing unexpended amounts allocable to the Remarketed Bonds that are not used to finance the Mortgage Loan, at a Redemption Price equal to 100% of the principal amount of the Remarketed Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date. It is expected that all amounts on deposit in the Bond Proceeds Account will be expended on or prior to the date of remarketing of the Remarketed Bonds.

### Selection of Remarketed Bonds to be Redeemed

If less than all of a Series of the Remarketed Bonds are to be redeemed, the Trustee shall select the Remarketed Bonds to be redeemed in authorized denominations by lot, using such method as it shall determine in its sole discretion. The foregoing notwithstanding, (i) the first Remarketed Bonds to be redeemed shall be Purchased Bonds, (ii) after all Purchased Bonds have been redeemed, the 2011 Series A Bonds shall be redeemed in full prior to the redemption of any 2011 Series B Bonds, any 2012 Series A Bonds or any Additional Bonds, (iii) after all Purchased Bonds and all 2011 Series A Bonds have been redeemed, any Additional Bonds shall be redeemed in full prior to the redemption of any 2011 Series B Bonds or any 2012 Series A Bonds, and (iv) no Remarketed Bond shall be selected for redemption if the portion of such Remarketed Bond remaining after such redemption would not be a denomination authorized by the Resolution.

### Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem the Remarketed Bonds, or is required pursuant to the Resolution to redeem the Remarketed Bonds, the Trustee is to give notice, in the name of the Corporation, of the redemption of such Remarketed Bonds. Such notice is to specify, among other things, the Remarketed Bonds to be redeemed, the Redemption Price, the Redemption Date, any conditions precedent to such redemption (which conditions, in the case of a redemption at the election or direction of the Corporation, shall be subject to the approval of the Credit Facility Provider) and the place or places where amounts due upon such redemption will be payable. The Trustee is to mail a copy of such notice postage prepaid to the registered owners of any Remarketed Bonds or portions of Remarketed Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry book not less than fifteen (15) days before the Redemption Date for such Remarketed Bond. The foregoing provisions of this paragraph do not apply in the case of any redemption of Remarketed Bonds of which, pursuant to the Resolution, notice is not required to be given. Interest shall cease to accrue and be payable on the Remarketed Bonds after the

Redemption Date if notice has been given, or is not required to be given, if the conditions precedent to the redemption, if any, have been satisfied, and if sufficient moneys have been deposited with the Trustee to pay the applicable Redemption Price of and interest on the Remarketed Bonds on such date. So long as the Remarketed Bonds are in book-entry only form, notice of redemption shall only be given to DTC. See “DESCRIPTION OF THE REMARKETED BONDS – Book-Entry Only System.”

#### Corporation’s Right to Purchase

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

#### Effect of Loss of Tax Exemption

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the Remarketed Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation has entered into the Regulatory Agreement with the Mortgagor to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the Remarketed Bonds is payable. See “TAX MATTERS.” *Pursuant to the Resolution, the loss of such exclusion of interest from gross income for Federal income tax purposes would not, in and of itself, result in a mandatory tender or redemption of all or a portion of the Remarketed Bonds. However, a default by the Mortgagor under the Regulatory Agreement would give rise to an event of default under the Credit Agreement. In such an event, the Credit Facility Provider would have the right, in its sole and absolute discretion, to cause a mandatory tender or redemption of all or a portion of the Remarketed Bonds. See “DESCRIPTION OF THE REMARKETED BONDS — Credit Facility Provider’s Right to Cause a Mandatory Tender for Purchase of Remarketed Bonds Upon an Event of Termination” and “— Redemption of Remarketed Bonds — Mandatory — Mandatory Redemption Following an Event of Termination” herein. In addition, an owner of a Remarketed Bond may on any Business Day not less than seven (7) calendar days before the particular Business Day chosen as the purchase date, demand payment of the Purchase Price on and as of such purchase date of all or a portion of such Remarketed Bond in any denomination authorized by the Resolution. See DESCRIPTION OF THE REMARKETED BONDS – Purchase of the Remarketed Bonds on Demand of Owner” herein.*

#### Disclosure Concerning Remarketing of the Remarketed Bonds

*The information contained under this heading “Disclosure Concerning Remarketing of the Remarketed Bonds” has been provided by the Remarketing Agent for use in the Remarketing*

*Circular but has not been required by the Corporation to be included herein and, except to the extent such information describes express provisions of the Resolution, the Corporation does not accept any responsibility for its accuracy or completeness.*

The Remarketing Agent Was Selected by the Corporation and Paid by the Mortgagor. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Remarketed Bonds that are optionally tendered by the holders thereof, all as further described in this Remarketing Circular. The Remarketing Agent was selected by the Corporation and is paid by the Mortgagor for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of the Remarketed Bonds.

The Remarketing Agent May Routinely Purchase Remarketed Bonds for its Own Account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Remarketed Bonds for its own account. The Remarketing Agent, in its sole discretion, may routinely acquire tendered Remarketed Bonds for its own inventory in order to achieve a successful remarketing of the Remarketed Bonds (i.e., because there otherwise are not enough buyers to purchase the Remarketed Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Remarketed Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Remarketed Bonds by routinely purchasing and selling Remarketed Bonds other than in connection with a tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Remarketed Bonds. The Remarketing Agent may also sell any Remarketed Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Remarketed Bonds. The purchase of Remarketed Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Remarketed Bonds in the market than is actually the case. The practices described above also may reduce the supply of Remarketed Bonds that may be tendered in a remarketing.

Remarketed Bonds May be Offered at Different Prices on any Date. The Remarketing Agent is required to determine on the rate determination date ("Rate Determination Date") the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Remarketed Bonds at par plus accrued interest, if any. The interest rate will reflect, among other factors, the level of market demand for the Remarketed Bonds (including whether the Remarketing Agent is willing to purchase Remarketed Bonds for its own account). The Remarketing Agreement requires that the Remarketing Agent use its best efforts to sell tendered Remarketed Bonds at par, plus accrued interest. There may or may not be Remarketed Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Remarketed Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Remarketed Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Remarketed Bonds at the remarketing price.

The Ability to Sell the Remarketed Bonds other than through Tender Process May Be Limited. While the Remarketing Agent may buy and sell Remarketed Bonds, it is not obligated

to do so and may cease doing so at any time without notice. Thus, investors who purchase the Remarketed Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Remarketed Bonds other than by tendering the Remarketed Bonds in accordance with the tender process.

## **SECURITY FOR THE BONDS**

### Pledge of the Resolution

The Resolution constitutes a contract among the Corporation, the Trustee and the owners of the Bonds issued thereunder and its provisions are for (i) the equal benefit, protection and security of the owners of all such Bonds, each of which, regardless of the time of issue or maturity, is to be of equal rank without preference, priority or distinction except as provided in the Resolution and (ii) the benefit of the Credit Facility Provider, as provided in the Resolution.

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

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

Pursuant to the Resolution and the Assignment, the Corporation will assign and deliver to Freddie Mac and the Trustee, as their interests may appear, subject to the reservation of certain rights by the Corporation, all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents. The Trustee will assign the mortgage rights assigned to it to Freddie Mac, provided that such rights will automatically revert to the Trustee in the event of a Wrongful

Dishonor. The Trustee will hold the Mortgage Note and the Mortgage Documents for the benefit of the owners of the Bonds and Freddie Mac, subject to Freddie Mac's rights under the Assignment to direct the Trustee to assign the Mortgage Note and the Mortgage to Freddie Mac in certain events. See "THE MORTGAGE LOAN" for a more complete description.

#### Credit Enhancement Agreement

The Credit Enhancement Agreement constitutes a "Credit Facility" and the "Initial Credit Facility" under the Resolution, and Freddie Mac constitutes a "Credit Facility Provider" and the "Initial Credit Facility Provider" under the Resolution.

The following description of the Credit Enhancement Agreement does not purport to be complete or to cover all sections of the Credit Enhancement Agreement. Reference is made to the Credit Enhancement Agreement, on file with the Trustee, for the complete terms thereof and the rights, duties and obligations of Freddie Mac and the Trustee thereunder.

Freddie Mac will advance funds under the Credit Enhancement Agreement to the Trustee with respect to the payment of: (i) the principal of the Mortgage Loan to enable the Trustee to pay the principal of the Remarketed Bonds (other than Purchased Bonds) when due by reason of stated maturity, redemption or acceleration in advance of maturity; (ii) up to 35 days' interest at the Maximum Rate due on the Mortgage Loan to enable the Trustee to pay the interest on the Remarketed Bonds (other than Purchased Bonds) on or prior to their stated maturity date; and (iii) a portion of the Corporation's regularly scheduled fee (the "Fee Component"), if such fee is not paid to the Corporation in a timely manner.

Freddie Mac will advance funds under the Credit Enhancement Agreement to the Trustee up to the principal amount of the Remarketed Bonds and interest thereon at the Maximum Rate for up to 35 days in order to pay the Purchase Price of Remarketed Bonds tendered to the Trustee as Tender Agent and not remarketed pursuant to the Resolution and the Remarketing Agreement.

Freddie Mac's obligations to make advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of the Credit Enhancement Agreement are irrevocable.

To the extent of advances made under the Credit Enhancement Agreement with respect to the payment of the principal amount of the Mortgage Loan, the obligations of Freddie Mac under the Credit Enhancement Agreement to pay principal, interest thereon and a pro rata portion of the Fee Component will be correspondingly reduced, but with respect to advances made under the Credit Enhancement Agreement with respect to the Fee Component and the payment of interest on Remarketed Bonds not made in connection with the payment of principal, the Fee Component and the interest component of the Credit Enhancement Agreement will be automatically reinstated. With respect to advances made under the Credit Enhancement Agreement to pay the Purchase Price of tendered or deemed tendered Remarketed Bonds, the Credit Enhancement Agreement will be correspondingly reduced and will be reinstated to the extent such Bonds are subsequently remarketed and Freddie Mac is reimbursed for such advances. Outstanding Remarketed Bonds purchased by the Tender Agent with funds provided by such advances will be

owned by the Mortgagor and will be pledged for the benefit of Freddie Mac (“Purchased Bonds”).

In computing the amount to be advanced under the Credit Enhancement Agreement with respect to the payment of the principal of or interest on the Remarketed Bonds, the Trustee shall exclude any such amounts in respect of any such Bonds that are Purchased Bonds on the date such payment is due, and amounts advanced to the Trustee under the Credit Enhancement Agreement shall not be applied to the payment of the principal of or interest on any Bonds that are Purchased Bonds on the date such payment is due.

To receive payment under the Credit Enhancement Agreement, the Trustee must make a presentation of certain payment documents under the Credit Enhancement Agreement on or prior to the expiration date of the Credit Enhancement Agreement at the appropriate office of Freddie Mac. The Credit Enhancement Agreement will expire on March 6, 2044 (the “Expiration Date”). The Credit Enhancement Agreement will automatically terminate on the first to occur of: (a) the date the Remarketed Bonds shall have been paid in full, (b) the Expiration Date, (c) the date on which the Trustee, after having received sufficient funds to redeem all of the Remarketed Bonds Outstanding in accordance with the terms of the Resolution, shall have released the trust estate encumbered by the Resolution and shall have paid to Freddie Mac all amounts required to be paid under the Resolution, the Loan Agreement, the Reimbursement Agreement or the Credit Enhancement Agreement, (d) the date which is two Business Days after the effective date of any Alternate Security and (e) any Interest Method Change Date on which the Remarketed Bonds bear interest at a Daily Rate, Index Rate or a Flexible Rate.

FREDDIE MAC’S OBLIGATIONS WITH RESPECT TO THE REMARKETED BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE REMARKETED BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE REMARKETED BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE REMARKETED BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

#### Alternate Security

The Credit Enhancement Agreement may be replaced with various other forms of credit enhancement (each an “Alternate Security” except as described below; the Credit Enhancement Agreement or Alternate Security being herein referred to as the “Credit Facility”) or upon conversion of the Remarketed Bonds to a Fixed Rate to the maturity thereof, the Corporation may elect to provide no Credit Facility. During any Weekly Rate Period, a Credit Facility must be in effect with respect to the Remarketed Bonds.

The Corporation may not exercise its right to make provision for or cause the replacement of any Credit Facility, unless the Corporation has provided the Trustee with (i) certain opinions as to, among other things, the effect of such replacement on the tax-exempt status of the Remarketed Bonds and the legality, validity and enforceability of the new Credit Facility; (ii) a letter from each rating agency then rating the Remarketed Bonds to the effect that such Alternate Security will provide the Remarketed Bonds with an investment grade rating; and (iii) moneys sufficient to pay all costs incurred by the Trustee and the Corporation in connection with the provision of such Credit Facility.

Upon replacement of any Credit Facility except as described below, the Remarketed Bonds are subject to mandatory tender as described above under the caption “DESCRIPTION OF THE REMARKETED BONDS – Mandatory Purchase of Remarketed Bonds Upon Replacement, Termination or Expiration of Credit Facility.”

Freddie Mac may provide any other form of credit or liquidity facility (or combination thereof) in substitution for the Credit Enhancement Agreement. Certain of such substitute facilities will not be considered an “Alternate Security” and such substitution will not result in a “Facility Change Date” or mandatory tender of the Remarketed Bonds, so long as, among other things, each Rating Agency confirms that such substitution will not adversely affect such Rating Agency’s rating on the Remarketed Bonds and the opinions described above are delivered. Such substitute facility provided by Freddie Mac will continue to constitute the “Initial Credit Facility” under the Resolution.

#### Principal Reserve Fund

The Principal Reserve Fund is established pursuant to the Resolution and is to be held by the Trustee. Pursuant to the Resolution, there is to be deposited into the Principal Reserve Fund all of the monthly payments made by the Mortgagor in accordance with the Principal Reserve Fund deposit schedule attached to the Credit Agreement, as such schedule may be amended, and any amounts provided by or at the direction of the Mortgagor to replenish withdrawals from the Principal Reserve Fund described in paragraphs (1) and (2) below. *At the request of the Mortgagor (with the approval of the Credit Facility Provider), the Corporation, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Mortgagor (unless and to the extent such amounts, in the judgment of the Corporation, are needed to be transferred to the Rebate Fund pursuant to the Resolution), and/or (ii) no longer require deposits to the Principal Reserve Fund and/or (iii) consent to a change in the Principal Reserve Fund deposit schedule. The consent of the Bondholders or the Trustee is not required for such actions. Any amounts so transferred or released shall no longer secure the Remarketed Bonds.*

Any income or interest earned or gains realized in excess of losses suffered due to the investment of amounts on deposit in the Principal Reserve Fund is to be deposited to the Revenue Account following receipt, except as otherwise provided in the Resolution and except for interest income representing accrued interest, if any, included in the purchase price of the investment, which is to be retained in the Principal Reserve Fund; provided that if, in the judgment of an Authorized Officer of the Corporation, the amount on deposit in the Rebate Fund at such time is less than the Rebate Amount as of such time, then in lieu of retaining such

amounts in the Principal Reserve Fund or depositing such amounts in the Revenue Account, such amounts (up to the amount of such deficiency) shall be transferred to the Rebate Fund.

Amounts in the Principal Reserve Fund will be applied by the Trustee:

- (1) at the written direction of the Credit Facility Provider, to reimburse the Credit Facility Provider for advances made under the Credit Facility which were applied to pay interest due on and/or principal of the Remarketed Bonds on any Interest Payment Date, Redemption Date, date of acceleration or the maturity date or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such interest and/or principal;
- (2) at the written direction of the Credit Facility Provider, to reimburse the Credit Facility Provider for advances made under the Credit Facility which were applied to pay the Purchase Price of tendered Remarketed Bonds to the extent that remarketing proceeds, if any, are insufficient for such purpose or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such Purchase Price;
- (3) at the written direction of the Credit Facility Provider, with the written consent of the Mortgagor (so long as the Mortgagor is not in default under the Mortgage, Mortgage Note, Loan Agreement, Regulatory Agreement or the Credit Agreement beyond the expiration of any applicable grace or cure period), to make improvements or repairs to the Project; and
- (4) at the written direction of the Credit Facility Provider, if a default has occurred and is continuing beyond the expiration of any applicable notice and cure period under the Credit Agreement, or if the Mortgagor otherwise consents in writing, to any other use approved in writing in the Credit Facility Provider's sole and absolute discretion, by an Authorized Officer of the Credit Facility Provider.

All amounts in the Principal Reserve Fund in excess of the Principal Reserve Amount (rounded down to the nearest multiple of \$100,000) are required to be transferred to the Redemption Account on March 1 of each year (or, if such day is not a Business Day, the next succeeding Business Day) to reimburse the Credit Facility Provider for amounts advanced under the Credit Facility to effect the redemption of Remarketed Bonds (or, in the event a Wrongful Dishonor has occurred and is continuing, directly to the redemption of the Remarketed Bonds) on the first Business Day of the next succeeding April. See "DESCRIPTION OF THE REMARKETED BONDS – Redemption of Remarketed Bonds – Mandatory – Mandatory Redemption from Certain Transfers from Principal Reserve Fund".

Under certain circumstances, the Credit Facility Provider is entitled to direct the Trustee to transfer from the Principal Reserve Fund to the Redemption Account all or a specified portion of the amount on deposit in the Principal Reserve Fund to be applied to reimburse the Credit Facility Provider for amounts advanced under the Credit Facility to effect the redemption of the Remarketed Bonds (or, in the event a Wrongful Dishonor has occurred or is continuing, directly



to the redemption of the Remarketed Bonds). Any amounts so transferred shall constitute a prepayment of the Mortgage Loan at the option of the Mortgagor and be a Recovery of Principal. See “DESCRIPTION OF THE REMARKETED BONDS – Redemption of Remarketed Bonds – Mandatory – Mandatory Redemption from Certain Recoveries of Principal.” Also, under certain circumstances, the Credit Facility Provider can require that amounts on deposit in the Principal Reserve Fund be applied to reimburse the Credit Facility Provider for amounts advanced under the Credit Facility to effect the mandatory tender or mandatory redemption in whole or in part of the Remarketed Bonds. See “DESCRIPTION OF THE REMARKETED BONDS – Redemption of Remarketed Bonds – Mandatory – Mandatory Redemption Following an Event of Termination,” “DESCRIPTION OF THE REMARKETED BONDS” – Credit Facility Provider’s Right to Cause a Mandatory Tender for Purchase of Remarketed Bonds Upon an Event of Termination” and “SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT.”

See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Principal Reserve Fund.”

#### Additional Bonds

Additional Bonds, on parity with the Remarketed Bonds then Outstanding, may be issued by the Corporation pursuant to the Resolution for any one or more of the following purposes: (i) financing increases in the Mortgage Loan, (ii) refunding Bonds, (iii) establishing reserves for such Additional Bonds, and (iv) paying the Costs of Issuance related to such Additional Bonds. For so long as the Credit Facility shall be in effect for the Remarketed Bonds, no Additional Bonds shall be issued unless such Bonds are secured by the same Credit Facility in effect for the Remarketed Bonds, as such Credit Facility shall be amended, extended or replaced in connection with the issuance of such Additional Bonds, provided that the Credit Facility shall not secure Purchased Bonds. See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Additional Bonds” herein.

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

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

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

Set forth below are abridged or summarized excerpts of certain sections of the Resolution. These excerpts do not purport to be complete or to cover all sections of the Resolution. Reference is made to the Resolution, copies of which are on file with the Corporation and the Trustee, for a complete statement of the rights, duties and obligations of the Corporation, the Trustee and the Bond owners thereunder.

## Contract With Bond Owners – Security for Bonds – Limited Obligation

In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, the provisions of the Resolution shall be a part of the contract of the Corporation with the owners of the 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 Bonds. The pledges and assignments made in the Resolution and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Corporation shall be for (i) the equal benefit, protection and security of the owners of any and all of such Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Resolution and (ii) the benefit of the Credit Facility Provider, as provided in the Resolution. The Corporation pledges the Revenues relating to the Mortgage Loan and all amounts held in any Account, including investments thereof, established under the Resolution, to the Trustee for the benefit of the Bond owners and the Credit Facility Provider to secure (i) the payment of the principal or Redemption Price of and interest on the Bonds (including the Sinking Fund Payments for the retirement thereof) and (ii) all obligations owed to the Credit Facility Provider under the Credit Agreement, subject to provisions permitting the use or application of such amounts for stated purposes, as provided in the Resolution and the Assignment. The foregoing pledge does not include amounts on deposit or required to be deposited in the Rebate Fund. The Corporation also assigns to the Trustee on behalf of the Bond owners and to the Credit Facility Provider, as their interests may appear and in accordance with the terms of the Assignment, all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents, except as otherwise provided in the Assignment. The Bonds shall be special revenue obligations of the Corporation payable solely from the revenues and assets pledged under the Resolution. In addition, the Bonds shall be payable from Credit Facility Payments.

## Provisions for Issuance of Bonds

In order to provide sufficient funds to finance a portion of the Project and pay certain costs related thereto, Bonds of the Corporation are authorized to be issued without limitation as to amount except as may be provided by law. The Bonds shall be executed by the Corporation for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered upon the order of the Corporation, but only upon the receipt by the Trustee of, among other things:

- (a) a Bond Counsel's Opinion to the effect that (i) the Resolution and the Supplemental Resolution, if any, have been duly adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency and other laws affecting creditors' rights and remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)); (ii) the Resolution and, if applicable, such Supplemental Resolution create the valid pledge and lien which it or they purport to create of and on the Revenues and all the Accounts established under the Resolution and moneys and securities on deposit therein, subject to the use and application thereof for or to the purposes and on the terms and conditions permitted by the Resolution and such

Supplemental Resolution; and (iii) upon the execution, authentication and delivery thereof, such Bonds will have been duly and validly authorized and issued in accordance with the laws of the State, including the Act as amended to the date of such Opinion, and in accordance with the Resolution and such Supplemental Resolution;

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

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

(d) with respect to the remarketing of the Remarketed Bonds, the Initial Credit Facility, or if required with respect to the issuance of any Additional Bonds, a Credit Facility; and

(e) with respect to the remarketing of the Remarketed Bonds, executed copies of the Assignment, the Loan Agreement, the Regulatory Agreement, the Remarketing Agreement, the Pledge Agreement, the Tender Agent Agreement, the Mortgage, the Mortgage Note and the Credit Agreement, and with respect to the issuance of any Additional Bonds, such documents as are specified in the Supplemental Resolution authorizing the same.

#### Additional Bonds

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

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

#### Application and Disbursements of Bond Proceeds

The proceeds of sale of a Series of Bonds shall, as soon as practicable upon the delivery of such Bonds by the Trustee, be applied as follows:

(1) the amount, if any, received at such time as a premium above the aggregate principal amount of such Bonds shall be applied as specified in a Certificate of an Authorized Officer of the Corporation, and the amount, if any, received as accrued interest shall be deposited in the Revenue Account;

- (2) with respect to any Series issued for the purpose of refunding Bonds, the amount, if any, required to pay Costs of Issuance, as designated by an Authorized Officer of the Corporation, shall be deposited in the Bond Proceeds Account;
- (3) with respect to any Series issued for the purpose of refunding Bonds, the balance remaining after such deposits have been made as specified in (1) and (2) above shall be applied as specified in the Supplemental Resolution authorizing such Series;
- (4) with respect to the Remarketed Bonds, the balance remaining after such deposits have been made as specified in (1) above shall be deposited in the Bond Proceeds Account; and
- (5) with respect to any Series (other than the Remarketed Bonds) issued for a purpose other than refunding Bonds, the balance remaining after such deposits have been made shall be deposited in the Bond Proceeds Account.

Amounts in the Bond Proceeds Account shall not be disbursed for financing the Mortgage Loan unless, among other things, (1) the Mortgage, the Mortgage Note, the Loan Agreement and any other document evidencing or securing the Mortgage Loan shall have been duly executed and delivered, (2) there shall have been filed with the Trustee an opinion of counsel, who may be counsel to the Corporation, to the effect that the Mortgage Loan complies with all provisions of the Act and the Resolution, and (3) the Mortgage is the subject of a policy of title insurance, in an amount not less than the amount of the unpaid principal balance of the Mortgage Loan, insuring a first mortgage lien, subject only to Permitted Encumbrances, on the real property securing the Mortgage Loan.

#### Deposits and Investments

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

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

Any other provision of the Resolution notwithstanding, amounts on deposit in the Credit Facility Payments Sub-Account, pending application, may only be invested in Government Obligations maturing or being redeemable at the option of the holder thereof in the lesser of thirty (30) days or the times at which such amounts are needed to be expended; provided that so long as the Initial Credit Facility is in effect, such Government Obligations shall consist of only direct and general obligations of the United States of America or obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America.

## Establishment of Accounts

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

- (1) Bond Proceeds Account;
- (2) Revenue Account (including the Credit Facility Payments Sub-Account therein);
- (3) Redemption Account;
- (4) Rebate Fund; and
- (5) Principal Reserve Fund.

In the event provision is made for an Alternate Security with respect to the Bonds, the Trustee may establish a special trust account with an appropriate designation, and the provisions of the Resolution applicable to the Credit Facility Payments Sub-Account shall be applicable to the newly created trust account in all respects as if the newly created trust account replaced the Credit Facility Payments Sub-Account.

### Bond Proceeds Account

There shall be deposited from time to time in the Bond Proceeds Account any proceeds of the sale of Bonds representing principal or premium, or other amounts required to be deposited therein pursuant to the Resolution and any other amounts determined by the Corporation to be deposited therein from time to time.

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

### Revenue Account

Subject to the provisions of the Assignment, the Corporation shall cause all Pledged Receipts, excluding all amounts to be deposited pursuant to the Resolution in the Principal Reserve Fund, to be deposited promptly with the Trustee in the Revenue Account. There shall also be deposited in the Revenue Account any other amounts required to be deposited therein pursuant to the Resolution, any Supplemental Resolution, the Mortgage Documents and the Loan Agreement. Except as otherwise provided in the Resolution with respect to the Principal Reserve Fund, earnings on all Accounts established under the Resolution shall be deposited, as

realized, in the Revenue Account, except for moneys required to be deposited in the Rebate Fund in accordance with the provisions of the Resolution and except for interest income representing a recovery of the premium and accrued interest, if any, included in the purchase price of any Investment Security, which shall be retained in the particular account for which the Investment Security was purchased. During the term of the Initial Credit Facility, the Trustee shall obtain moneys thereunder in accordance with the terms thereof, in a timely manner and in amounts sufficient to pay the principal or Redemption Price of and interest on the Bonds, as such become due, whether at maturity or upon redemption or acceleration or on an Interest Payment Date or otherwise, and shall deposit such amounts in the Credit Facility Payments Sub-Account. In addition, during the term of the Initial Credit Facility, the Trustee, at the direction of the Corporation, shall obtain moneys under the Initial Credit Facility in accordance with the terms thereof, in amounts specified by the Corporation to pay such portion of the Administrative Fee due and owing to the Corporation that has not been paid by the Mortgagor when due under the Loan Agreement, and shall promptly transfer all such amounts to the Corporation. During the term of any other Credit Facility, the Trustee shall obtain moneys under such Credit Facility, in accordance with the terms thereof, in a timely manner, in the full amount required to pay the principal or Redemption Price of and interest on the Bonds as such become due, whether at maturity or upon redemption or acceleration or on an Interest Payment Date or otherwise and shall deposit such amounts in the Credit Facility Payments Sub-Account.

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

- (1) first, from the Credit Facility Payments Sub-Account, and to the extent the moneys therein are insufficient for said purpose;
- (2) second, from the Revenue Account, and to the extent the moneys therein are insufficient for said purpose;
- (3) third, from the Redemption Account, and to the extent the moneys therein are insufficient for said purpose;
- (4) fourth, from the Bond Proceeds Account, and to the extent the moneys therein are insufficient for said purpose; and
- (5) fifth, from any other moneys held by the Trustee under the Resolution and available for such purpose including, but not limited to, moneys on deposit in the Principal Reserve Fund.

After payment of the Principal Installments, if any, and interest due on the Outstanding Bonds has been made, and to the extent payments on the Bonds are made from the source described in subparagraph (1) above, the amounts available from the sources described in

subparagraphs (2) through (5) above, in the order of priority indicated, shall be used immediately to reimburse the Credit Facility Provider for amounts obtained under the Credit Facility and so applied; provided, however, that during any Weekly Rate Period, such reimbursement shall be made only if the Credit Facility Provider has notified the Trustee, in writing, that the Credit Facility Provider has not been reimbursed for said amounts obtained under the Credit Facility.

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

Any moneys accumulated in the Revenue Account up to the unsatisfied balance of each Sinking Fund Payment (together with amounts accumulated in the Revenue Account with respect to interest on the Bonds for which such Sinking Fund Payment was established) shall, if so directed in writing by the Corporation, be applied by the Trustee on or prior to the forty-fifth (45th) day preceding such Sinking Fund Payment (i) to the purchase of Bonds of the maturity for which such Sinking Fund Payment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price plus accrued interest, such purchases to be made in such manner as the Trustee (after consultation with the Corporation) shall determine, or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above.

Upon the purchase or redemption of any Bond for which Sinking Fund Payments have been established from amounts in the Revenue Account, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer of the Corporation, with the consent of the Credit Facility Provider, at the time of such purchase or redemption.

As soon as practicable after the forty-fifth (45th) day preceding the due date of any such Sinking Fund Payment, the Trustee shall call for redemption on such due date, Bonds in such amount as shall be necessary to complete the retirement of a principal amount of Bonds equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Revenue Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date.

On each Interest Payment Date, the Trustee shall transfer from the Revenue Account (after providing for all payments required to have been made prior thereto pursuant to the Resolution) (i) first, if so directed by the Corporation, to the Trustee, an amount equal to the Trustee's unpaid fees and expenses, (ii) second, at the direction of the Corporation, to the Credit Facility Provider, an amount equal to any fees due and owing to the Credit Facility Provider pursuant to the Credit Agreement, (iii) third, if so directed by the Corporation, to the Tender

Agent, an amount equal to the Tender Agent's unpaid fees and expenses, (iv) fourth, if so directed by the Corporation, to the Remarketing Agent, an amount equal to the Remarketing Agent's unpaid fees and expenses, (v) fifth, to the Corporation, the Administrative Fee to the extent unpaid, and (vi) sixth, if so directed by the Corporation, to the Servicer, an amount equal to the Servicer's unpaid fees and expenses. The amount remaining after making the transfers or payments required hereinbefore shall be retained in the Revenue Account. Such remaining balance shall be used to offset the Mortgagor's obligation under the Mortgage Loan (in direct chronological order of such obligation), unless the Trustee receives a Certificate from the Corporation stating that a default has occurred with respect to any agreement between the Corporation and the Mortgagor. If the Trustee shall thereafter receive a Certificate from the Corporation stating that such default has been cured or waived such remaining balance shall once again be used to offset the Mortgagor's obligation under the Mortgage Loan (in direct chronological order of such obligation).

### Redemption Account

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

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

- (1) first, from the Credit Facility Payments Sub-Account, and to the extent the moneys therein are insufficient for such purpose;
- (2) second, from the Redemption Account, and to the extent the moneys therein are insufficient for such purpose;
- (3) third, from the Revenue Account, and to the extent the moneys therein are insufficient for such purpose;
- (4) fourth, from the Bond Proceeds Account, and to the extent the moneys therein are insufficient for such purpose; and
- (5) fifth, from any other moneys held by the Trustee under the Resolution and available for such purpose, including, but not limited to moneys on deposit in the Principal Reserve Fund.

After payment of the principal of such Outstanding Bonds to be redeemed or purchased has been made, and to the extent payments for the redemption or purchase of the Bonds are made



from the source described in subparagraph (1) above, amounts available from the sources described in subparagraphs (2) through (5) above, in the order of priority indicated, shall be used to reimburse the Credit Facility Provider for amounts obtained under the Credit Facility and so applied; provided, however, that during any Weekly Rate Period that occurs after all amounts in the Bond Proceeds Account have been expended, such reimbursement shall be made only if the Credit Facility Provider has notified the Trustee, in writing, that the Credit Facility Provider has not been reimbursed for said amounts obtained under the Credit Facility.

### Rebate Fund

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

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

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Officer of the Corporation, shall deposit in the Rebate Fund at least as frequently as the end of each fifth (5th) Bond Year and at the time that the last Bond that is part of the issue is discharged, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such time of calculation. The amount deposited in the Rebate Fund pursuant to the previous sentence shall be deposited from amounts withdrawn from the Revenue Account, and to the extent such amounts are not available in the Revenue Account, directly from earnings on the Accounts. The Trustee shall also transfer amounts on deposit in the Principal Reserve Fund to the Rebate Fund in accordance with the provisions of the Resolution described under "Principal Reserve Fund."

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

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

The Trustee, upon the receipt of written instructions and certification of the Rebate Amount from an Authorized Officer of the Corporation, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the date of original issuance of each Series for which a Rebate Amount is required, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to ninety percent (90%) of the Rebate Amount with respect to each Series for which a Rebate

Amount is required as of the date of such payment, and (ii) notwithstanding the provisions of the Resolution, not later than sixty (60) days after the date on which all Bonds of a Series for which a Rebate Amount is required have been paid in full, one hundred percent (100%) of the Rebate Amount as of the date of payment.

#### Principal Reserve Fund

Amounts on deposit in the Principal Reserve Fund shall be applied as set forth in the Resolution. There shall be deposited into the Principal Reserve Fund all of the monthly payments made in accordance with the Principal Reserve Fund deposit schedule attached to the Credit Agreement and provided to the Trustee by the Credit Facility Provider, as such schedule may be amended in accordance with the provisions of the Credit Agreement and provided to the Trustee by the Credit Facility Provider, and any amounts provided by or at the direction of the Mortgagor to replenish withdrawals from the Principal Reserve Fund. Any income or interest earned or gains realized in excess of losses suffered due to the investment of amounts on deposit in the Principal Reserve Fund shall be deposited to the Revenue Account following receipt, except as otherwise provided in the Resolution and except for interest income representing accrued interest, if any, included in the purchase price of the investment, which shall be retained in the Principal Reserve Fund, provided that if, in the judgment of an Authorized Officer of the Corporation, the amount on deposit in the Rebate Fund at such time is less than the Rebate Amount as of such time, then in lieu of retaining such amounts in the Principal Reserve Fund or depositing such amounts in the Revenue Account), such amounts (up to the amount of such deficiency) shall be transferred to the Rebate Fund.

In addition to the other payments required or permitted by the Resolution, amounts in the Principal Reserve Fund shall be used, at the written direction of the Credit Facility Provider:

- (1) to reimburse the Credit Facility Provider for advances made under the Credit Facility which were applied to pay interest due on and/or principal of the Bonds on any Interest Payment Date, Redemption Date, date of acceleration or the maturity date or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such interest on and/or principal of the Bonds;
- (2) to reimburse the Credit Facility Provider for advances made under the Credit Facility which were applied to pay the Purchase Price of tendered Bonds to the extent that remarketing proceeds, if any, are insufficient for such purpose or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such Purchase Price;
- (3) with the written consent of the Mortgagor (so long as the Mortgagor is not in default under the Mortgage, Mortgage Note, Loan Agreement, Regulatory Agreement or the Credit Agreement beyond the expiration of any applicable grace or cure period) to make improvements or repairs to the Project; and
- (4) if a default has occurred and is continuing beyond the expiration of any applicable notice and cure period under the Credit Agreement, or if the Mortgagor otherwise consents in writing, to any other use approved in writing in the Credit Facility Provider's sole and absolute discretion by an Authorized Officer of the Credit Facility Provider.

On each March 1 (or, if such date is not a Business Day, the next succeeding Business Day), after providing for all payments and transfers required to be made pursuant to the Resolution, all amounts in the Principal Reserve Fund in excess of the Principal Reserve Amount (rounded down to the nearest multiple of \$100,000) shall be transferred by the Trustee to the Redemption Account to be applied to the reimbursement of the Credit Facility Provider in connection with the redemption of Bonds (or, in the event a Wrongful Dishonor has occurred and is continuing, directly to the redemption of Bonds) on the first Business Day of the next succeeding April.

The Credit Facility Provider shall be entitled as may be permitted by the Resolution to direct the Trustee to transfer from the Principal Reserve Fund to the Redemption Account all or a specified portion of the amount on deposit in the Principal Reserve Fund to be applied to the reimbursement of the Credit Facility Provider in connection with the redemption of Remarketed Bonds (or, in the event a Wrongful Dishonor has occurred and is continuing, directly to the redemption of Bonds). Any amounts so transferred shall constitute a prepayment of the Mortgage Loan at the option of the Mortgagor and shall be a Recovery of Principal; provided however, that such right of the Credit Facility Provider to direct such transfers may be exercised only at the times, and subject to any conditions, set forth in the Loan Agreement with respect to optional prepayments of the Mortgage Loan by the Mortgagor.

Moneys on deposit in the Principal Reserve Fund shall be invested (i) so long as the Initial Credit Facility is in effect, in Investment Securities described in paragraph (A)(a) or (b) of the definition of "Investment Securities" or, to the extent otherwise permitted by the Resolution, as otherwise permitted by the Initial Credit Facility Provider in its sole discretion, and (ii) at all other times, in Government Obligations or, to the extent otherwise permitted by the Resolution, (a) other short-term variable rate instruments rated by Moody's in a category equivalent to the rating then in effect for the Bonds or (b) as otherwise permitted by the Credit Facility Provider, in its sole discretion.

At the request of the Mortgagor, (with the approval of the Credit Facility Provider), the Corporation, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Mortgagor (in which case the Trustee shall release such amounts to the Mortgagor, provided that if, in the judgment of an Authorized Officer of the Corporation, the amount on deposit in the Rebate Fund at such time is less than the Rebate Amount as of such time, then prior to any such release to the Mortgagor, any amounts on deposit in the Principal Reserve Fund (up to the amount of such deficiency) shall be transferred to the Rebate Fund) and/or (ii) no longer require deposits to the Principal Reserve Fund, and/or (iii) consent to a change in the Principal Reserve Fund deposit schedule. Any amounts so transferred or released shall no longer secure the Bonds.

#### Payment of Bonds

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

## Tax Covenants

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

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

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

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

## Covenants with Respect to the Mortgage Loan

In order to pay the Principal Installments of and interest on the Bonds when due, the Corporation covenants that it shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Resolution and sound banking practices and principles, (i) use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the kind permitted by the Resolution, to finance the Mortgage Loan pursuant to the Act and the Resolution and any applicable Supplemental Resolution, (ii) do all such acts and things as shall be necessary to receive and collect Pledged Receipts (including diligent enforcement of the prompt collection of all arrears on the Mortgage Loan) and Recoveries of Principal, and (iii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Corporation to protect its rights with respect to or to maintain any insurance on the Mortgage Loan or any subsidy payments in connection with the Project or the occupancy thereof and to enforce all terms, covenants and conditions of the Mortgage Loan, the Mortgage, the Mortgage Note and all other documents which evidence or secure the Mortgage Loan, including the collection, custody and prompt application of all Escrow Payments for the purposes for which they were made; provided, however, that the obligations of the Corporation in (ii) and (iii) above shall be suspended during the term of the Assignment, except as otherwise provided in the Assignment.

## Issuance of Additional Obligations

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

additional indebtedness which will be secured by a subordinate charge and lien on the Revenues and assets pledged under the Resolution unless the Corporation shall have received the written consent of the Credit Facility Provider.

### Accounts and Reports

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

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

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

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

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

## Supplemental Resolutions

Any modification of or amendment to the provisions of the Resolution and of the rights and obligations of the Corporation and of the owners of the Bonds may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution, (i) of the owners of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the owners of at least two-thirds in principal amount of the Bonds so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the owners of at least two-thirds in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given; provided, however, that a modification or amendment referred to in (iii) above shall not be permitted unless the Trustee shall have received a Bond Counsel's Opinion to the effect that such modification or amendment does not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds to which the tax covenants of the Resolution apply. If any such modification or amendment will not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, however, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or the Credit Facility Provider without its written assent thereto.

The Corporation may adopt, without the consent of any owners of the Bonds, Supplemental Resolutions to, among other things, provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on the issuance of other evidences of indebtedness; add to the covenants and agreements of or limitations and restrictions on, the Corporation's other covenants and agreements or limitations and restrictions which are not contrary to or inconsistent with the Resolution; surrender any right, power or privilege of the Corporation under the Resolution but only if such surrender is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; confirm any pledge under the Resolution of the Revenues or of any other revenues or assets; modify any of the provisions of the Resolution in any respect whatsoever (but no such modification shall be effective until all Bonds theretofore issued are no longer Outstanding); provide for the issuance of Bonds in coupon form payable to bearer; authorize the issuance of Additional Bonds and prescribe the terms and conditions thereof; provide that specified provisions of the Resolution that relate to the Remarketed Bonds shall also apply to a Series of Additional Bonds; provide for such changes as are deemed necessary or desirable by the Corporation in connection with either providing a book-entry system with respect to a Series of Bonds or discontinuing a book-entry system with respect to a Series of Bonds; provide for such changes as are deemed necessary or desirable by the Corporation to take effect on a Change Date on which one hundred percent (100%) of the Bonds are subject to mandatory tender; cure any ambiguity, supply any omission

or cure or correct any defect or inconsistent provision in the Resolution (provided that the Trustee shall consent thereto); comply with the Code; provide for such changes as are deemed necessary by the Corporation upon delivery of an Alternate Security; make any additions, deletions or modifications to the Resolution which, in the opinion of the Trustee, are not materially adverse to the interests of the Bond owners (provided that the Trustee shall consent thereto); during any period that all the Bonds bear interest at a Weekly Rate, to provide such changes (other than any changes that adversely affect the exclusion from gross income for Federal income tax purposes of interest on any series of Bonds to which the provisions of the Resolution described under "Tax Covenants" apply) as are deemed necessary or desirable by the Corporation, if, not less than thirty days (30) before the effective date of such changes, the Trustee sends notice of the proposed changes to the Bondholders and the Bondholders have the right to tender their Bonds for purchase before such effective date; or change any of the time periods for provision of notice relating to the Mandatory Purchase Provision, Demand Purchase Option or interest rate determination, or the time periods for interest rate determination or the procedure for tendering Bonds in connection with the Mandatory Purchase Provision or Demand Purchase Option (provided that the Trustee shall consent thereto, and after such period of time as the Trustee and the Corporation shall deem appropriate following notice to the owners of the Bonds (but not less than 30 days)).

Notwithstanding anything to the contrary contained in the Resolution, for so long as the Credit Facility shall be in effect, no supplement, modification or amendment of the Resolution shall take effect without the consent of the Credit Facility Provider.

#### Amendments, Changes and Modifications to the Credit Facility.

Subject to the provisions of the Resolution, the Trustee may, without the consent of the owners of the Bonds, consent to any amendment of the Credit Facility which does not prejudice in any material respect the interests of the Bondholders. Except for such amendments, the Credit Facility may be amended only with the consent of the Trustee and the owners of a majority in aggregate principal amount of Outstanding Bonds, except that, without the written consent of the owners of all Outstanding Bonds, no amendment may be made to the Credit Facility which would reduce the amounts required to be paid thereunder or change the time for payment of such amounts; provided that any such amounts may be reduced without such consent solely to the extent that such reduction represents a reduction in either the Bonds Outstanding or any fees payable from such amounts.

#### Events of Default and Termination

Each of the following events set forth in clauses (1) through (3) below constitutes an "Event of Default" and the following event set forth in clause (4) below constitutes an "Event of Termination" with respect to the Bonds: (1) payment of the principal or Redemption Price, if any, of or interest on any Bond (other than Purchased Bonds) when and as the same shall become due, whether at maturity or upon call for redemption or otherwise, shall not be made when and as the same shall become due; (2) payment of the Purchase Price of any Remarketed Bond (other than Purchased Bonds) tendered in accordance with the Resolution shall not be made when and as the same shall become due; (3) the Corporation shall fail or refuse to comply with the provisions of the Resolution or shall default in the performance or observance of any of the

covenants, agreements or conditions on its part contained in the Resolution or in any applicable Supplemental Resolution or the Bonds (other than any such default resulting in an Event of Default described in clause (1) or (2) above), and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the owners of not less than five percent (5%) in principal amount of the Outstanding Bonds; or (4) receipt by the Trustee of written notice from the Credit Facility Provider that an “Event of Default” has occurred and is continuing under the Credit Agreement, together with a written direction from the Credit Facility Provider to the Trustee to exercise either the remedy set forth in clause (5) of the following paragraph or the remedy set forth in clause (8) of the following paragraph as provided in such direction.

### Remedies

Upon the happening and continuance of an Event of Termination specified in the Resolution, the Trustee shall proceed, in its own name pursuant to the direction of the Credit Facility Provider as described in clause (4) of the preceding paragraph, to protect and enforce the remedies of the Bond owners and the Credit Facility Provider by the remedies set forth in either clause (5) or (8) below, as specified in the direction of the Credit Facility Provider as described in clause (4) of the preceding paragraph; provided, however, that anything in the Resolution to the contrary notwithstanding, the Trustee shall enforce the remedies set forth in clause (5) and clause (8) below within the time limits provided therein. Upon the happening and continuance of any Event of Default specified in clause (1) or (2) of the preceding paragraph, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in clause (3) of the preceding paragraph, the Trustee may proceed and, upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject, in each such case, to the provisions of the Resolution and the receipt of the written consent of the Credit Facility Provider, to protect and enforce the rights of the Bond owners by the remedies specified below for particular Events of Default, and such other of the remedies set forth in clauses (1) through (7) below, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bond owners, including the right to require the Corporation to receive and collect Revenues adequate to carry out the covenants and agreements as to the Mortgage Loan (subject to the provisions of the Assignment) and to require the Corporation to carry out any other covenants or agreements with such Bond owners, and to perform its duties under the Act; (2) by bringing suit upon the Bonds; (3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds; (4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; (5) with the prior written consent of the Credit Facility Provider in the case of an Event of Default or upon the written direction described in clause (4) of the preceding paragraph in the case of an Event of Termination, by immediately declaring all Bonds or, with respect to an Event of Termination, a portion of the Bonds in the principal amount specified by the Credit Facility Provider, due and payable whereupon, with respect to any affected Bonds, such Bonds shall be immediately redeemed, pursuant to the Resolution, provided that upon the happening and continuance of an Event of Default specified in clause (1) or (2) of the preceding paragraph, the Trustee shall declare all Bonds due and payable; (6) in the event that all Outstanding Bonds are declared due and payable, by selling the Mortgage Loan (subject to the provisions of the



Assignment) and any Investment Securities securing such Bonds; (7) by taking such action with respect to or in connection with the Credit Facility, in accordance with its terms, as the Trustee deems necessary to protect the interests of the owners of the Bonds; or (8) upon the happening and continuance of an Event of Termination and upon receipt of direction from the Credit Facility Provider, by carrying out a purchase of all or, if so designated by the Credit Facility Provider, a portion of, the Bonds pursuant to the Resolution on a date specified by the Credit Facility Provider, which date shall not be later than eight (8) days following receipt by the Trustee of such direction.

Anything in the Resolution to the contrary notwithstanding, except as otherwise provided in clause (5) or (8) of the preceding paragraph, the owners of the majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond owners not parties to such direction and provided, further, that notwithstanding the foregoing, the Credit Facility Provider shall direct the method of conducting all remedial proceedings to be taken by the Trustee under the Resolution so long as the Credit Agreement is in full force and effect and no Wrongful Dishonor shall have occurred and be continuing.

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

Unless remedied or cured, the Trustee shall give to the Bond owners notice of each Event of Default under the Resolution known to the Trustee within ninety (90) days after actual knowledge by the Trustee of the occurrence thereof. However, except in the case of default in the payment of the principal or Redemption Price, if any, of or interest on any of the Bonds, or in the making of any payment required to be made into the Bond Proceeds Account, the Trustee may withhold such notice if it determines that the withholding of such notice is in the interest of the Bond owners.

## Priority of Payments After Event of Default or Event of Termination

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

(1) Unless the principal of all of such Bonds shall have become or have been declared due and payable, first to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; second, to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any such Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference; and third, to the payment of amounts owed to the Credit Facility Provider under the Credit Agreement or under any other agreement or document securing obligations owed by the Mortgagor to the Credit Facility Provider or otherwise relating to the provision of the Credit Facility, including amounts to reimburse the Credit Facility Provider to the extent it has made payments under the Credit Facility.

(2) If the principal of all such Bonds shall have become or have been declared due and payable, first, to the payment of the principal and interest then due and unpaid upon such Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds; and second, to pay the Credit Facility Provider amounts owed to it under the Credit Agreement, including reimbursement to the extent it has made payments under the Credit Facility.

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

### Rights of the Credit Facility Provider

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

### Payments Due on Days Not Business Days

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

## **SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT**

The obligations of the Mortgagor to Freddie Mac to repay advances made by Freddie Mac under the Credit Enhancement Agreement are evidenced by the Reimbursement Agreement. The following is a brief summary of the Reimbursement Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full text of the Reimbursement Agreement, a copy of which is on file with the Trustee.

Under the Reimbursement Agreement, the Mortgagor has promised to repay Freddie Mac all sums of money Freddie Mac has advanced to the Trustee under the Credit Enhancement Agreement. The Reimbursement Agreement also provides that the Mortgagor will pay to Freddie Mac the credit enhancement fee, the servicing fee and other fees and expenses as provided therein.

### **Events of Default**

Under the provisions of the Reimbursement Agreement, one or more of the following shall constitute an Event of Default:

(a) the Mortgagor fails to pay any amounts due under the Reimbursement Agreement, including, without limitation, any fees, costs or expenses;

(b) the Mortgagor fails to observe or perform certain negative covenants set forth in the Reimbursement Agreement or any of the covenants, conditions or agreements set forth in the other Mortgagor Documents (defined below) to which the Mortgagor is a party or the Mortgagor fails to deliver or maintain an interest rate cap (a “Cap”) satisfying the terms and conditions set forth in the Reimbursement Agreement;

(c) the Mortgagor shall fail to observe or perform any other term, covenant, condition or agreement set forth in the Reimbursement Agreement, which failure continues for a period of 30 days after notice of such failure by Freddie Mac to Mortgagor (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in Freddie Mac’s sole discretion, adversely affect Freddie Mac or result in impairment of the Reimbursement Agreement, the Mortgage, the Cap, the Reimbursement Mortgage or any other document securing the Mortgagor’s obligations to Freddie Mac (collectively, the “Reimbursement Security Documents”), in which case no Event of Default shall be deemed to exist so long as Mortgagor shall have commenced to cure the default or Event of Default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); provided, however, no such notice or grace periods shall apply in the case of any such failure which could, in Freddie Mac’s judgment, absent immediate exercise by Freddie Mac of a right or remedy under the Reimbursement Agreement, result in harm to Freddie Mac, impairment of the Reimbursement Agreement, the Mortgage, the Cap, the Reimbursement Mortgage or any other Reimbursement Security Document;

(d) the Mortgagor shall fail to observe or perform any other term, covenant, condition or agreement set forth in any of the other Reimbursement Security Documents or any other documents delivered in connection with the Remarketed Bonds or the Project (collectively, the “Mortgagor Documents”) or there shall otherwise occur an “Event of Default” under the Reimbursement Mortgage or an event of default under any of the other Mortgagor Documents (taking into account any applicable cure period);

(e) any representation or warranty made by or on behalf of the Mortgagor in the Reimbursement Agreement, in any other Mortgagor Document or in any certificate delivered by the Mortgagor to Freddie Mac or to the Servicer pursuant to the Reimbursement Agreement or any other Mortgagor Document shall be inaccurate or incorrect in any material respect when made or deemed made;

(f) Freddie Mac shall have given the Mortgagor written notice that Purchased Bonds have not been remarketed as of the ninetieth (90th) day following purchase by the Trustee on behalf of the Mortgagor and the Mortgagor has not reimbursed Freddie Mac for the applicable Liquidity Advance or Liquidity Withdrawal and Liquidity Use Fee (as such terms are defined in the Reimbursement Agreement) or has not paid in full all fees and other amounts due to Freddie Mac under the Reimbursement Agreement;

(g) a Term Rate Period expires and the Mortgagor has not either (a) received the prior written consent of Freddie Mac to a change in interest mode or the maintenance of the existing mode or (b) delivered an Alternate Security in accordance with the terms of the Resolution; or

(h) a default or event of default occurs under the terms of any other indebtedness permitted to be incurred by the Mortgagor or the Manager (after taking into account any applicable cure period).

### Remedies

Upon an Event of Default, Freddie Mac may declare all the obligations of the Mortgagor under the Reimbursement Agreement to be immediately due and payable, in which case all such obligations shall become due and payable, without presentment, demand, protest or notice of any kind, including notice of default, notice of intent to accelerate or notice of acceleration. In addition to the foregoing, Freddie Mac may direct the Trustee to cause a mandatory tender or mandatory redemption of all of the Remarketed Bonds and terminate the Credit Enhancement Agreement in accordance with its terms and take any other action at law or equity to protect its rights against the Mortgagor in the Project, including enforcing its rights against the Mortgagor in and to the Project conveyed by the Mortgage and the Reimbursement Mortgage. If Freddie Mac elects to foreclose against the Project, it has the option to keep the Remarketed Bonds outstanding or cause a redemption of the Remarketed Bonds.

Freddie Mac shall have the right, to be exercised in its discretion, to waive any Event of Default under the Reimbursement Agreement. Unless such waiver expressly provides to the contrary, any waiver so granted shall extend only to the specific event or occurrence and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

The obligations of the Mortgagor under the Reimbursement Agreement will be secured by the Reimbursement Mortgage in favor of Freddie Mac. The Reimbursement Mortgage will be subordinate to the Mortgage. Bondholders will have no rights under and are not third-party beneficiaries under the Reimbursement Mortgage.

### **AGREEMENT OF THE STATE**

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

### **CONTINUING DISCLOSURE**

The Mortgagor has undertaken all responsibilities for any continuing disclosure to owners of the Remarketed Bonds as described below, and the Corporation shall have no liability to the owners or any other person with respect to such disclosures. The Mortgagor has covenanted for the benefit of owners and Beneficial Owners of the Remarketed Bonds to provide financial statements, which will be audited when and if available, and certain financial information and operating data relating to the Mortgagor by not later than one hundred eighty (180) days after the end of each fiscal year (which fiscal year currently ends on December 31),

commencing with the report for the fiscal year ending December 31, 2014 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is required to be filed by the Mortgagor with the Municipal Securities Rulemaking Board (the “Repository”). All notices of material events are required to be filed by the Mortgagor with the Repository. The specific nature of the information to be contained in the Annual Report and the notices of material events is described in “Appendix D —FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Remarketing Agent in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The Mortgagor has not previously been subject to the continuing disclosure requirements of Rule 15c2-12.

## **TAX MATTERS**

### Opinion of Bond Counsel to the Corporation

On October 19, 2011, December 29, 2011 and June 13, 2012, Bond Counsel to the Corporation rendered its opinions that, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2011 Series A Bonds, the 2011 Series B Bonds and the 2012 Series A Bonds, respectively, is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion was expressed as to such exclusion of interest on any 2011 Series A Bond, 2011 Series B Bond or 2012 Series A Bond for any period during which any such Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities financed with the proceeds of the 2011 Series A Bonds, the 2011 Series B Bonds or the 2012 Series A Bonds or a “related person,” (ii) interest on the 2011 Series A Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and (iii) interest on the 2011 Series B Bonds and the 2012 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In rendering such opinions, Bond Counsel to the Corporation relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagor and others in connection with the Remarketed Bonds, and Bond Counsel to the Corporation assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with the applicable requirements of the Code to assure the exclusion of interest on the Remarketed Bonds from gross income under Section 103 of the Code.

On October 19, 2011, December 29, 2011 and June 13, 2012, Bond Counsel to the Corporation rendered its opinions that, under existing statutes, interest on the 2011 Series A Bonds, the 2011 Series B Bonds and the 2012 Series A Bonds, respectively, is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

In the opinion of Bond Counsel to the Corporation, the adjustment of the interest rate on the Remarketed Bonds and the delivery of the Credit Enhancement Agreement to the Trustee, in and of themselves, will not adversely affect the exclusion of interest from gross income for Federal income tax purposes pursuant to Section 103 of the Code on any Remarketed Bonds, the interest on which is otherwise excluded from gross income for Federal income tax purposes under Section 103 of the Code.

Bond Counsel to the Corporation expresses no opinion regarding any other Federal or state tax consequences with respect to the Remarketed Bonds. Bond Counsel to the Corporation renders its opinion under existing statutes and court decisions as of the date of remarketing of the Remarketed Bonds, and assumes no obligation to update its opinion after the date of remarketing of the Remarketed Bonds to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. The opinion of Bond Counsel to the Corporation with respect to the Remarketed Bonds is limited to the adjustment of the interest rate on the Remarketed Bonds and the delivery of the Credit Enhancement Agreement to the Trustee and does not extend to any event or matter occurring subsequent to the delivery of its opinion on October 19, 2011, with respect to the 2011 Series A Bonds, or occurring subsequent to the delivery of its opinion on December 29, 2011, with respect to the 2011 Series B Bonds, or occurring subsequent to the delivery of its opinion on June 13, 2012, with respect to the 2012 Series A Bonds.

#### Summary of Certain Federal Tax Requirements

Under applicable provisions of the Code, the exclusion from gross income of interest on the Remarketed Bonds for purposes of Federal income taxation requires that (i) at least 20% of the units in the Project financed by the Remarketed Bonds be occupied during the “Qualified Project Period” (defined below) by individuals whose incomes, determined in a manner consistent with Section 8 of the United States Housing Act of 1937, as amended, do not exceed 50% of the median income for the area, as adjusted for family size and (ii) all of the units of the Project be rented or available for rental on a continuous basis during the Qualified Project Period. “Qualified Project Period” for the Project means a period commencing upon the latest of (a) occupancy of 10% of the units in the Project or (b) the date of issue of the Remarketed Bonds and running until the later of (i) the date which is 15 years after occupancy of 50% of the units in the Project, (ii) the first date on which no tax-exempt private activity bonds issued with respect to the Project are outstanding, or (iii) the date on which any assistance provided with respect to such Project under Section 8 of the 1937 Housing Act terminates. An election has been made by the Mortgagor to treat the Project as a deep rent skewed project which requires that (i) at least 15% of the low income units in the Project be occupied during the Qualified Project Period by individuals whose income is 40% or less of the median income for the area, as adjusted for family size, (ii) the gross rent of each low income unit in the Project not exceed 30% of the applicable income limit which applies to the individuals occupying the unit and (iii) the gross rent with respect to each low income unit in the Project not exceed one-half of the average gross rent with respect to units of comparable size which are not occupied by individuals who meet the applicable income limit. Under the deep rent skewing election, the Project will meet the continuing low income requirement as long as the income of the individuals occupying the unit does not increase to more than 170% of the applicable limit. Upon an increase over 170% of the applicable limit, the next available low income unit of comparable or smaller size in the Project must be rented to an individual having an income of 40% or less of the area median income.

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

#### Compliance and Additional Requirements

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

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the Remarketed Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation has entered into the Regulatory Agreement with the Mortgagor to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the Remarketed Bonds is payable.

#### Certain Collateral Federal Tax Consequences

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

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



liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the Remarketed Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9 “Request for Taxpayer Identification Number and Certification”, or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Remarketed Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Remarketed Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

### 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 Remarketed Bonds under Federal or state law or otherwise prevent beneficial owners of the Remarketed Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Remarketed Bonds. For example, the Fiscal Year 2015 Budget proposed on March 4, 2014, by the Obama Administration recommends a 28% limitation on “all itemized deductions, as well as other tax benefits,” including “tax-exempt interest.” The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, Dave Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on preference items described above (at 25%) which, as to certain high income taxpayers, effectively would impose a 10% surcharge on their “modified adjusted gross income,” defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date.

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

## **NO LITIGATION**

### The Corporation

At the time of delivery and payment for the Remarketed Bonds, the Corporation will deliver, or cause to be delivered, a certificate of the Corporation substantially to the effect that there is no litigation or other proceeding now pending or threatened against the Corporation of which the Corporation has notice or, to the knowledge of the Corporation, any basis therefor, seeking to restrain or enjoin the conversion and remarketing of the Remarketed Bonds, or in any way contesting or affecting the validity of the Remarketed Bonds or any proceedings of the Corporation taken with respect to the conversion and remarketing thereof or the financing of the Mortgage Loan or the pledge or application of any moneys or security provided for the payment of the Remarketed Bonds or the existence or powers of the Corporation, or contesting in any material respect the completeness or accuracy of the Remarketing Circular or any supplement or amendment thereto, or challenging the exclusion of interest on the Remarketed Bonds from gross income for Federal income tax purposes.

### The Mortgagor

At the time of delivery and payment for the Remarketed Bonds, the Mortgagor will deliver, or cause to be delivered, a certificate of the Mortgagor substantially to the effect that there is no litigation of any nature now pending, or to the knowledge of the Mortgagor or any of its managing members, threatened against and in any way adversely affecting the existence of the Mortgagor or any of its managing members or the Project, seeking to restrain or enjoin the conversion and remarketing of the Remarketed Bonds or the financing of the Mortgage Loan, or the construction or equipping of the Project, or in any way contesting or affecting the validity or enforceability of the Remarketed Bonds or the agreements entered into by the Mortgagor in connection with the financing contemplated by this Remarketing Circular (the "Mortgagor's Documents"), or any proceedings of the Mortgagor taken with respect to the conversion and remarketing of the Remarketed Bonds thereof, or the application of any moneys or security provided for the payment of the Remarketed Bonds, or contesting in any way the completeness or accuracy of the Remarketing Circular or any supplement or amendment thereto, or contesting the powers or authority of the Mortgagor with respect to the Mortgagor's Documents or, to the knowledge of the Mortgagor or any of its managing members, without independent inquiry, challenging the exclusion of interest on the Remarketed Bonds from gross income for Federal income tax purposes.

## **CERTAIN LEGAL MATTERS**

All legal matters incident to the authorization, issuance, sale and delivery of the Remarketed Bonds by the Corporation were subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation, which rendered its approving opinion with respect to the 2011 Series A Bonds, dated the date of the issuance of the 2011 Series A Bonds, on October 19, 2011 (a copy of which is attached hereto as Appendix C-

1), which rendered its approving opinion with respect to the 2011 Series B Bonds, dated the date of the issuance of the 2011 Series B Bonds, on December 29, 2011 (a copy of which is attached hereto as Appendix C-2), and which rendered its approving opinion with respect to the 2012 Series A Bonds, dated the date of the issuance of the 2012 Series A Bonds, on June 13, 2012 (a copy of which is attached hereto as Appendix C-3). The remarketing of the Remarketed Bonds is subject to delivery by Bond Counsel to the Corporation of its opinion substantially in the form attached hereto as Appendix C-4. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for Freddie Mac by its Special Counsel, Katten Muchin Rosenman LLP, Washington, D.C. and by its Office of General Counsel. Certain legal matters will be passed upon for the Mortgagor by its Special Counsel, Katten Muchin Rosenman LLP, New York, New York. Certain legal matters will be passed upon for the Remarketing Agent by its Counsel, Nixon Peabody LLP, New York, New York.

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

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

### **REMARKETING**

The Remarketed Bonds are being remarketed and offered by Morgan Stanley & Co. LLC. The obligations of the Remarketing Agent are subject to certain terms and conditions set forth in the remarketing agreement for the Remarketed Bonds.

The Remarketing Agent and its respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Remarketing Agent and its respective affiliates have provided, and may in the future provide, a variety of these services to the Corporation and to persons and entities with relationships with the Corporation, for which it received or will receive customary fees and expenses.

The following paragraph has been supplied by the Remarketing Agent.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, the Remarketing Agent of the Remarketed Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, the Remarketing

Agent may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, the Remarketing Agent may compensate Morgan Stanley Smith Barney LLC for its remarketing efforts with respect to the Remarketed Bonds.

## **RATINGS**

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. has assigned to the Remarketed Bonds a rating of "AA+/A-1+". Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by such rating agency, if in its judgment, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Remarketed Bonds.

## **FURTHER INFORMATION**

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

Additional information may be obtained from the Corporation at 110 William Street, 10<sup>th</sup> Floor, New York, New York 10038, (212) 227-5500 or through its internet address: [www.nychdc.com](http://www.nychdc.com).

## **MISCELLANEOUS**

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



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**DEFINITIONS OF CERTAIN TERMS**

This Appendix A does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Resolution, Credit Enhancement Agreement, Credit Agreement, Assignment and Mortgage Note, copies of which may be obtained from the Corporation. The following terms shall have the following meanings in the Resolution, Credit Enhancement Agreement, Credit Agreement, Assignment and Mortgage Note for the Remarketed Bonds unless the context shall clearly indicate otherwise.

“Account” means one of the special accounts (other than the Rebate Fund) created and established pursuant to the Resolution, including the Principal Reserve Fund.

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

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

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

“Administrative Fee” means the administrative and servicing fee of the Corporation in the amount set forth in the Commitment, plus the amount specified in a Supplemental Resolution in connection with the issuance of Additional Bonds.

“Alternate Security” means any instrument in effect and purpose similar to the Initial Credit Facility including, but not limited to, a letter of credit, guaranty, standby loan commitment, bond or mortgage insurance policy, standby purchase agreement, credit enhancement agreement, collateral agreement, surety bond, mortgage-backed security or other credit or liquidity facility issued by a financial institution, including, without limitation, Freddie Mac, or any combination thereof, (i) approved by the Corporation and delivered to the Trustee for the benefit of the owners of the Bonds (except that a mortgage insurance policy may be delivered to the Corporation), (ii) replacing any existing Credit Facility, (iii) dated as of a date not later than the expiration date of the Credit Facility for which the same is to be substituted, if a Credit Facility is then in effect, (iv) which shall expire not earlier than a date which is fifteen (15) days after an Interest Payment Date for the Bonds (other than the maturity date of the Bonds), and (v) issued on substantially similar terms and conditions with respect to the rights of

the owners of the Bonds (including, but not limited to, the Mandatory Purchase Provision) as the then existing Credit Facility; provided that (a) the stated amount of the Alternate Security shall equal the sum of (x) the aggregate principal amount of Bonds at the time Outstanding, plus (y) the Interest Requirement, and (b) if said Alternate Security is to be in effect during a Weekly Rate Period, it must provide for payment of the Purchase Price upon the exercise by any Bond owner of the Demand Purchase Option.

“Assignment” means the Assignment and Intercreditor Agreement with respect to, among other things, the Mortgage Loan, dated as of March 1, 2014, by and among the Corporation, the Initial Credit Facility Provider and the Trustee, as their interests may appear, and acknowledged, accepted and agreed to by the Mortgagor, as the same may be amended or supplemented from time to time.

“Authorized Officer” means (a) when used with respect to the Corporation, the Chairperson, Vice Chairperson, President, 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; (b) when used with respect to the Mortgagor, any managing member of the Mortgagor then authorized to act for the Mortgagor and, in the case of any act to be performed or duty to be discharged, any officer or employee of the Mortgagor then authorized to perform such act or discharge such duty; (c) when used with respect to the Credit Facility Provider, any officer or employee of the Credit Facility Provider designated, by name or official title, in writing to the Corporation and the Trustee; and (d) when used with respect to the Trustee, any Vice President or Assistant Vice President of the Trustee then authorized to act for the Trustee, and in the case of any act to be performed or duty to be discharged, any other officer or employee of the Trustee then authorized to perform such act or discharge such duty.

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

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

“Bond Counsel to the Corporation” means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporation after consultation with the Credit Facility Provider, and satisfactory to the Trustee.

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

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

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



“Bond Year” means a twelve-month period ending on the anniversary of the date of issuance of a Series of Bonds in any year.

“Business Day” means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York (or other agent acting as the Credit Facility Provider’s fiscal agent identified to the Trustee) is authorized or obligated by law or executive order to remain closed, (d) a day on which the permanent home office of the Credit Facility Provider is closed, (e) a day on which (i) banking institutions located in the City of New York or in the city in which the Principal Office of the Trustee, the Tender Agent or the Remarketing Agent 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 (f) so long as any Series of Bonds is held in book-entry form, a day on which DTC is closed.

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

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

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

“Code” means the Internal Revenue Code of 1986, as amended.

“Commitment” means the Amended and Restated Financing Commitment and Agreement dated as of September 23, 2011, as amended by the First Amendment dated October 18, 2011 and the Second Amendment dated December 29, 2011, between the Corporation and the Mortgagor, as the same may be further amended or supplemented 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.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale and issuance of Bonds, including but not limited to underwriting discount or fee, printing costs, costs of preparation and reproduction of documents, filing and recording fees, State bond issuance charges, initial fees and charges of the Trustee and the Credit Facility Provider, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, the financing fee of

the Corporation, and any other cost, charge or fee in connection with the original issuance of Bonds.

“Credit Agreement” means, with respect to the Initial Credit Facility, the Reimbursement and Security Agreement, dated as of March 1, 2014, between the Initial Credit Facility Provider and the Mortgagor, as the same may be amended or supplemented from time to time, and with respect to any Alternate Security, the agreement between the Mortgagor and the Credit Facility Provider issuing such Alternate Security providing for the issuance of such Alternate Security.

“Credit Enhancement Agreement” means the Credit Enhancement Agreement, dated as of March 1, 2014, between the Initial Credit Facility Provider and the Trustee, as the same may be amended or supplemented from time to time.

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

“Credit Facility Payments” means amounts obtained under a Credit Facility with respect to the Bonds.

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

“Credit Facility Provider” means, so long as the Initial Credit Facility is in effect, the Initial Credit Facility Provider, or, so long as an Alternate Security is in effect, the issuer of or obligor under such Alternate Security.

“Demand Purchase Option” means the provision of the Remarketed Bonds for purchase of any Remarketed Bond upon the demand of the owner thereof as described in the Resolution.

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

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

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

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

“Facility Change Date” means (i) any date on which a new Credit Facility replaces the prior Credit Facility, or (ii) two (2) Business Days before any date on which the Credit Facility

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

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

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

“Initial Credit Facility” means the Credit Enhancement Agreement.

“Initial Credit Facility Provider” means Freddie Mac.

“Interest Method Change Date” means any date on which the method of determining the interest rate on a Series of the Remarketed Bonds changes, as established by the terms and provisions of the Resolution; provided that an Interest Method Change Date may only occur on an Interest Payment Date or if such day is not a Business Day, the next succeeding Business Day.

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

“Interest Requirement” means 35 days’ interest on the Bonds at the Maximum Rate, or such other number of days as may be permitted or required by the Rating Agency.

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

(A) So long as the Initial Credit Facility is in effect,

(a) direct and general obligations of the United States of America;

(b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America;

(c) senior debt obligations of Freddie Mac;

(d) senior debt obligations of the Federal National Mortgage Association;

(e) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Trustee or such other institution has been rated at least "P-1" by Moody's which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation;

(f) investment agreements with Freddie Mac or a bank or any insurance company or other financial institution which has a rating assigned by the Rating Agency to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by the Rating Agency, and which are approved by the Initial Credit Facility Provider; or

(g) shares or units in any money market mutual fund (including mutual funds of the Trustee or its affiliates) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the United States government, and which fund has been rated "Aaa" or the equivalent by the Rating Agency. For purposes of this definition, the "highest rating" shall mean a rating of at least "P-1" or the equivalent for obligations with less than one (1) year maturity; at least "Aa2/P-1" or the equivalent for obligations with a maturity of one (1) year or greater but less than three (3) years; and at least "Aaa" or the equivalent for obligations with a maturity of three (3) years or greater. Investment Securities must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

(B) So long as the Initial Credit Facility is not in effect,

(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 Freddie Mac 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 or 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; or

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

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

“Loan Agreement” means the Financing Agreement dated as of March 1, 2014, between the Corporation and the Mortgagor, as the same may be amended or supplemented from time to time.

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

“Maximum Rate” means, for the Remarketed Bonds, twelve percent (12%) per annum or such higher rate, not to exceed fifteen percent (15%), as may be established in accordance with the provisions of the Resolution.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

“Mortgage” means the Consolidated, Amended and Restated First Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (together with all addenda and riders) securing the Mortgage Note, dated as of the date of remarketing of the Remarketed Bonds, executed by the Mortgagor with respect to the Project in favor of the Corporation, and assigned by the Corporation to the Trustee and the Initial Credit Facility Provider, as their interests may appear, as the same may be amended, modified or supplemented from time to time.

“Mortgage Documents” means, collectively, (a) the Mortgage, (b) the Mortgage Note and (c) all other documents evidencing, securing or otherwise relating to the Mortgage Loan, other than the Loan Agreement.

“Mortgage Loan” means the interest-bearing loan, evidenced by the Mortgage Note and secured by the Mortgage, made by the Corporation to the Mortgagor for the purpose of financing the Project.

“Mortgage Note” means the Consolidated, Amended and Restated Multifamily Note (together with all addenda thereto), evidencing the Mortgage Loan, dated as of the date of remarketing of the Remarketed Bonds, executed by the Mortgagor in favor of the Corporation with respect to the Project, and assigned by the Corporation to the Trustee and the Initial Credit Facility Provider, as their interests may appear, as the same may be amended, modified or supplemented from time to time.

“Mortgagor” means, collectively, Chelsea W26 LLC, a limited liability company organized and existing under and by virtue of the laws of the State of New York, and 26th Street Affordable LLC, a limited liability company organized and existing under and by virtue of the laws of the State of Delaware, each of which are the mortgagors, jointly and severally, with respect to the Mortgage Loan, and their respective successors and permitted transferees as owner of the Project.

“Notice of Prepayment of the Mortgage Loan in Full” means the notice delivered to the Trustee by the Corporation pursuant to the provisions of the Resolution with respect to the Mortgagor’s election to prepay, in full, the Mortgage Loan.

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

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

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

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

“Pledge Agreement” means, with respect to the Initial Credit Facility Provider and the Initial Credit Facility, the Pledge, Security and Custody Agreement, dated as of March 1, 2014, between the Mortgagor, the Initial Credit Facility Provider and the Trustee, as custodian and collateral agent for the Initial Credit Facility Provider, and with respect to any other Credit Facility Provider providing an Alternate Security and such Alternate Security, any agreement between the Mortgagor and such Credit Facility Provider or the Trustee pursuant to which the Mortgagor agrees to pledge Remarketed Bonds to the Credit Facility Provider in connection with the provision of moneys under such Alternate Security, in each case, as the same may be amended, modified or supplemented from time to time.

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

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

“Principal Office”, when used with respect to the Trustee means U.S. Bank National Association, 100 Wall Street, Suite 1600, New York, New York 10005 Attention: Corporate Trust Services, when used with respect to the Tender Agent means the same address as that of the Trustee or the address of any successor Tender Agent appointed in accordance with the terms of the Resolution, and when used with respect to the Remarketing Agent means Morgan Stanley & Co. LLC, Attention: Municipal Short Term Products, 1585 Avenue of the Americas, 11th Floor, New York, New York 10036, and when used with respect to the Initial Credit Facility Provider means Federal Home Loan Mortgage Corporation, 8100 Jones Branch Drive, McLean, Virginia 22102, or such other offices designated to the Corporation in writing by the Trustee, Tender Agent, Remarketing Agent, or Initial Credit Facility Provider, as the case may be.

“Principal Reserve Amount” means twenty percent (20%) of the principal amount of the Bonds Outstanding on the date of remarketing of the Remarketed Bonds (or such other amount as shall be specified in writing by the Credit Facility Provider and filed with the Corporation and the Trustee), less the amount on deposit in any collateral or sinking fund held by the Trustee or certified by the Mortgagor as being held as security for, or to pay, the obligations of the Mortgagor relating to debt service on the Mortgage Loan; provided that such other amount shall only constitute the Principal Reserve Amount if there shall also be filed with the Corporation and the Trustee a Bond Counsel’s Opinion to the effect that such change in the Principal Reserve Amount will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on any Bonds to which the tax covenants of the Resolution apply.

“Principal Reserve Fund” means the Principal Reserve Fund established pursuant to the Resolution.

“Project” means the multi-family rental housing development, located at 260 West 26th Street, in the Borough of Manhattan, City and State of New York, as more fully described under the caption “THE PROJECT AND THE MORTGAGOR – The Project” herein.

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

“Purchased Bond” means any Remarketed Bond during the period from and including the date of its purchase by the Trustee on behalf of and as agent for the Mortgagor with amounts provided by the Credit Facility Provider under the Credit Facility, to, but excluding, the date on which such Remarketed Bond is remarketed to any person other than the Credit Facility Provider, the Mortgagor, any member of the Mortgagor or the Corporation.

“Rating Agency” means each national rating agency which had originally rated the Bonds at the request of the Corporation and is then maintaining a rating on the Bonds. See “RATINGS” herein.

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

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

“Record Date” means the Business Day immediately preceding any Interest Payment Date.

“Recoveries of Principal” means all amounts received by the Corporation or the Trustee as or representing a recovery of the principal amount disbursed by the Trustee in connection with the Mortgage Loan, including any premium or penalty with respect thereto, on account of (i) the advance payment of amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor; (ii) the sale, assignment, endorsement or other disposition of the Mortgage Loan, the Mortgage or the Mortgage Note, other than any assignment pursuant to the Assignment; (iii) the acceleration of payments due under the Mortgage Loan or other remedial proceedings taken in the event of default on the Mortgage Loan or Mortgage; (iv) proceeds of any insurance award



resulting from the damage or destruction of the Project which are to be applied to payment of the Mortgage Note pursuant to the Mortgage; or (v) proceeds of any condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, the Project or any portion thereof, which proceeds are to be applied to payment of the Mortgage Note pursuant to the Mortgage.

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

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

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

“Regulatory Agreement” means the Amended and Restated Regulatory Agreement, dated October 19, 2011, by and between the Corporation and the Mortgagor, as the same may be amended or supplemented from time to time.

“Remarketing Agent” means, with respect to the Remarketed Bonds, Morgan Stanley & Co. LLC, and its successors appointed in accordance with the terms of the Resolution.

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

“Resolution” means, collectively, the Multi-Family Mortgage Revenue Bonds (West 26th Street Development) Bond Resolution and the First Supplemental Resolution Relating to Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2012 Series A, each adopted by the Corporation on September 23, 2011 and any amendments or supplements made in accordance with their respective terms.

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

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

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

“Servicer” means any person appointed to service the Mortgage Loan in accordance with the Resolution.

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

“S&P” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

“State” means the State of New York.

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

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

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

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

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

“Weekly Effective Rate Date” means, (i) with respect to any Weekly Rate Term in effect immediately following the remarketing of and delivery of the Remarketed Bonds, the date of such remarketing and delivery and (ii) with respect to any Weekly Rate Term following another Weekly Rate Term, Thursday of any week.

“Weekly Rate” means the rate of interest on the Remarketed Bonds, as described in “DESCRIPTION OF THE REMARKETED BONDS – Weekly Rate Period.”

“Weekly Rate Period” means any period of time during which the Remarketed Bonds bear interest at the Weekly Rate.

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

“Wrongful Dishonor” means the failure of the Initial Credit Facility Provider to honor a draw made in accordance with the terms of the Initial Credit Facility (which draw complies with, and conforms to, the terms and conditions of the Initial Credit Facility).

## ACTIVITIES OF THE CORPORATION

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

**I. BOND PROGRAMS.** The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the programs described below. The multi-family residential developments financed under the Corporation's Multi-Family Housing Revenue Bonds Bond Resolution, adopted by its Members on July 27, 1993, as amended from time to time (the "MFHRB General Resolution") are described below in "Section C – Housing Revenue Bond Program." As of December 31, 2013, the Corporation had bonds outstanding in the aggregate principal amount of approximately \$9,582,445,092. All of the bonds are separately secured, except for the bonds issued under the MFHRB General Resolution which are equally and ratably secured by the assets pledged under the MFHRB General Resolution. None of the assets pledged under the bond programs described below provide security for the Remarketed Bonds, and none of the bonds under these programs is secured by the Resolution.

A. *Multi-Family Program.* The Corporation established its Multi-Family Program to develop privately-owned multi-family housing, all or a portion of which is reserved for low income tenants. The following describes the Corporation's activities under its Multi-Family Program.

(1) Rental Projects; Fannie Mae or Freddie Mac Enhanced: The Corporation has issued tax-exempt and/or taxable bonds which either (i) are secured by mortgage loan payments, which payments are secured by obligations of Fannie Mae under various collateral agreements, (ii) are secured by a Direct Pay Credit Enhancement Instrument issued by Fannie Mae or (iii) are secured by a Direct Pay Credit Enhancement Agreement with Federal Home Loan Mortgage Corporation ("Freddie Mac").

(2) Rental Projects; Letter of Credit Enhanced: The Corporation has issued tax-exempt and/or taxable bonds to finance a number of mixed income projects and entirely low income projects, which bonds are secured by letters of credit issued by investment-grade rated commercial lending institutions.

(3) Residential Housing; Credit Enhanced: The Corporation has issued bonds to provide financing for residential facilities for hospital staff and for post-secondary students, faculty and staff which bonds are secured by letters of credit issued by investment-grade rated institutions.

(4) Senior Housing; Letter of Credit Enhanced: The Corporation has issued tax-exempt obligations to finance a mortgage loan for low-income senior housing, which obligations are secured by letters of credit issued by investment-grade rated commercial lending institutions.

(5) Rental Projects; Not Rated: The Corporation has issued bonds to provide financing for rental projects, which bonds are not rated by a rating agency and were not publicly offered.

B. Military Housing Revenue Bond Program. Under this program, the Corporation has issued taxable obligations in order to fund a portion of the costs of the design, demolition, renovation, construction and operation of housing units in residential family housing areas located at Fort Hamilton.

C. Housing Revenue Bond Program. Under its Housing Revenue Bond Program, the Corporation may issue bonds payable solely from and secured by the assets held under the MFHRB General Resolution which include a pool of mortgage loans, some of which are construction loans (which pool contains FHA-insured mortgage loans, REMIC-insured mortgage loans, SONYMA-insured mortgage loans, GNMA mortgage-backed securities, other mortgage loans and participation interests in mortgage loans), the revenues received on account of all such loans and securities, and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments.

D. Liberty Bond Program. In accordance with Section 301 of the Job Creation and Worker Assistance Act of 2002, the Corporation has issued tax-exempt and taxable bonds, each secured by a letter of credit, to finance the development of multi-family housing within an area of lower Manhattan designated in such legislation as the “Liberty Zone.”

E. Capital Fund Revenue Bond Program. Under this program, the Corporation has issued tax-exempt obligations in order to assist the New York City Housing Authority with the execution of a multi-year construction initiative that will address critical capital improvement needs of their aging housing portfolio.

F. Secured Mortgage Revenue Bond Program. Under this program, the Corporation may issue bonds to finance loans evidenced by a note and secured by a mortgage for privately owned multi-family housing. Such mortgage loans or the related bonds are required to be subject to supplemental security as defined in the applicable bond resolution. As of December 31, 2013, five (5) series of bonds have been issued under the Secured Mortgage Revenue Bond Program.

The following table summarizes bonds outstanding under these bond programs as of December 31, 2013:

	<u>No. of Units</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Year of Issue</u>
<b><u>MULTI-FAMILY PROGRAM</u></b>				
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>				
Related-Carnegie Park	461	\$66,800,000	\$66,800,000	1997
Related-Tribeca Tower	440	\$55,000,000	\$55,000,000	1997
One Columbus Place Development	729	\$150,000,000	\$142,300,000	1998
100 Jane Street Development	148	\$17,875,000	\$16,350,000	1998

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Brittany Development	272	\$57,000,000	\$57,000,000	1999
Related-West 89 <sup>th</sup> Street Development	265	\$53,000,000	\$53,000,000	2000
Queenswood Apartments	296	\$10,800,000	\$10,800,000	2001
Related-Lyric Development	285	\$91,000,000	\$89,000,000	2001
James Tower Development	201	\$22,200,000	\$19,515,000	2002
The Foundry	222	\$60,400,000	\$55,100,000	2002
Related Sierra Development	212	\$56,000,000	\$56,000,000	2003
West End Towers	1,000	\$135,000,000	\$135,000,000	2004
Related Westport Development	371	\$124,000,000	\$123,800,000	2004
Atlantic Court Apartments	321	\$104,500,000	\$96,800,000	2005
Progress of Peoples Developments	1,008	\$83,400,000	\$48,455,000	2005
Royal Charter Properties East, Inc. Project	615	\$98,775,000	\$89,200,000	2005
The Nicole	149	\$65,000,000	\$60,300,000	2005
Rivereast Apartments	196	\$56,800,000	\$53,300,000	2006
Seaview Towers	462	\$32,000,000	\$20,330,000	2006
155 West 21st Street Development	110	\$52,700,000	\$50,200,000	2007
Ocean Gate Development	542	\$48,500,000	\$20,375,000	2007
West 61st Street Apartments	211	\$68,000,000	\$62,025,000	2007
Linden Plaza	1527	\$73,900,000	\$66,785,000	2008
Gateways Apartments	365	\$22,190,000	\$21,380,000	2009
Lexington Courts (Met Paca)	229	\$25,500,000	\$22,800,000	2010
1133 Manhattan Avenue Development	210	\$46,000,000	\$46,000,000	2012
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>				
West 48 <sup>th</sup> Street Development	109	\$22,500,000	\$20,000,000	2001
First Avenue Development	231	\$44,000,000	\$44,000,000	2002
Renaissance Court	158	\$35,200,000	\$35,200,000	2004
Nagle Courtyard Apartments	100	\$9,000,000	\$4,200,000	2004
Ogden Avenue Apartments	130	\$10,500,000	\$4,760,000	2004
Peter Cintron Apartments	165	\$14,400,000	\$7,840,000	2004
Aldus Street Apartments	164	\$14,200,000	\$8,100,000	2004
Courtlandt Avenue Apartments	167	\$15,000,000	\$7,905,000	2004
Hoe Avenue Apartments	136	\$11,900,000	\$6,660,000	2004

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Louis Nine Boulevard Apartments	95	\$9,500,000	\$7,300,000	2004
270 East Burnside Avenue Apartments	114	\$13,000,000	\$6,400,000	2005
Highbridge Apartments	296	\$32,500,000	\$13,600,000	2005
Morris Avenue Apartments	210	\$22,700,000	\$14,700,000	2005
Ogden Avenue Apartments II	59	\$5,300,000	\$2,500,000	2005
White Plains Courtyard Apartments	100	\$9,900,000	\$4,900,000	2005
89 Murray Street Development	232	\$49,800,000	\$49,800,000	2005
33 West Tremont Avenue Apartments	84	\$8,450,000	\$3,490,000	2005
1904 Vyse Avenue Apartments	96	\$9,650,000	\$4,335,000	2005
Reverend Ruben Diaz Gardens Apartments	111	\$13,300,000	\$6,400,000	2006
Villa Avenue Apartments	111	\$13,700,000	\$5,990,000	2006
Bathgate Avenue Apartments	89	\$12,500,000	\$4,435,000	2006
Spring Creek Apartments I and II	582	\$24,000,000	\$24,000,000	2006
Linden Boulevard Apartments	300	\$14,000,000	\$13,180,000	2006
Markham Gardens Apartments	240	\$25,000,000	\$16,000,000	2006
245 East 124 <sup>th</sup> Street	185	\$40,000,000	\$35,400,000	2008
Hewitt House Apartments	83	\$11,000,000	\$4,100,000	2008
Bruckner by the Bridge	419	\$68,500,000	\$36,800,000	2008
Eliot Chelsea Development	168	\$41,440,000	\$40,750,000	2010
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>				
Related-Upper East	262	\$70,000,000	\$70,000,000	2003
Brookhaven Apartments	95	\$9,100,000	\$8,200,000	2004
East 165 <sup>th</sup> Street Development	136	\$13,800,000	\$7,665,000	2004
Manhattan Court Development	123	\$17,500,000	\$17,500,000	2004
Marseilles Apartments	135	\$13,625,000	\$11,625,000	2004
Parkview Apartments	110	\$12,605,000	\$5,935,000	2004
Thessalonica Court Apartments	191	\$19,500,000	\$17,500,000	2004
15 East Clarke Place Apartments	102	\$11,600,000	\$5,430,000	2005
1090 Franklin Avenue Apartments	60	\$6,200,000	\$2,320,000	2005
2007 La Fontaine Avenue Apartments	88	\$8,500,000	\$3,825,000	2005
Grace Towers Apartments	168	\$11,300,000	\$10,400,000	2005
La Casa del Sol	114	\$12,800,000	\$4,650,000	2005

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Parkview II Apartments	88	\$10,900,000	\$4,255,000	2005
Urban Horizons II Development	128	\$19,600,000	\$5,565,000	2005
500 East 165 <sup>th</sup> Street Apartments	128	\$17,810,000	\$7,255,000	2006
1405 Fifth Avenue Apartments	80	\$14,190,000	\$14,190,000	2006
Beacon Mews Development	125	\$23,500,000	\$23,500,000	2006
Granite Terrace Apartments	77	\$9,300,000	\$4,060,000	2006
Granville Payne Apartments	103	\$12,250,000	\$5,560,000	2006
Intervale Gardens Apartments	66	\$8,100,000	\$3,115,000	2006
Target V Apartments	83	\$7,200,000	\$6,700,000	2006
550 East 170 <sup>th</sup> Street Apartments	98	\$14,300,000	\$5,500,000	2007
Boricua Village Apartments	85	\$28,300,000	\$10,915,000	2007
Cook Street Apartments	152	\$26,600,000	\$4,580,000	2007
Susan's Court	125	\$24,000,000	\$24,000,000	2007
The Dorado Apartments	58	\$8,750,000	\$3,470,000	2007
The Plaza	383	\$30,000,000	\$11,500,000	2007
Las Casas Development	227	\$36,880,000	\$19,200,000	2008
Sons of Italy Apartments	106	\$7,670,000	\$7,570,000	2009
Beekman Tower <sup>3</sup>	N/A	\$431,100,000	\$335,100,000	2009- 2010
101 Avenue D Apartments	78	\$25,000,000	\$25,000,000	2010
461 Dean Street Development	363	\$45,000,000	\$45,000,000	2012
50 <sup>th</sup> Avenue Development	619	\$136,960,000	\$136,960,000	2013
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>				
The Balton	156	\$29,750,000	\$29,750,000	2009
<i>Residential Revenue Bonds – Letter of Credit Enhanced</i>				
Montefiore Medical Center Project	116	\$8,400,000	\$6,600,000	1993
Queens College Residences	144	\$69,865,000	\$67,965,000	2009
College of Staten Island	133	\$67,800,000	\$67,800,000	2012
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Not Rated</i>				
Queens Family Courthouse Apartments	277	\$120,000,000	\$40,000,000	2007
West 26 <sup>th</sup> Street Development	204	\$80,000,000	\$80,000,000	2011-12

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Borden Avenue Development	306	\$20,415,092	\$20,415,092	2013
250 Ashland Development	586	\$250,000	\$250,000	2013
City Point Tower One	251	\$49,330,000	\$49,330,000	2013
<b><u>MILITARY HOUSING REVENUE BOND PROGRAM</u></b>				
Fort Hamilton Housing	228	\$47,545,000	\$45,790,000	2004
<b><u>HOUSING REVENUE BOND PROGRAM*</u></b>				
<i>Multi-Family Housing Revenue Bonds</i>	114,328	\$8,346,905,000	\$4,082,585,000	1993-2013
<i>Multi-Family Housing Revenue Bonds – Federal New Issue Bond Program†</i>		\$500,000,000	\$366,720,000	2009
<i>Multi-Family Housing Revenue Bonds – 2006 Series J-I††</i>		\$100,000,000	\$100,000,000	2007
<b><u>LIBERTY BOND PROGRAM</u></b>				
<i>Multi-Family Mortgage Revenue Bonds</i>				
90 Washington Street <sup>1</sup>	398	\$74,800,000	\$74,800,000	2005
The Crest <sup>2</sup>	476	\$143,800,000	\$138,800,000	2005
2 Gold Street <sup>1</sup>	650	\$217,000,000	\$208,400,000	2006
20 Exchange Place <sup>2</sup>	366	\$210,000,000	\$197,500,000	2006
90 West Street <sup>1</sup>	410	\$112,000,000	\$112,000,000	2006
201 Pearl Street Development <sup>1</sup>	189	\$90,000,000	\$89,400,000	2006
Beekman Tower <sup>3</sup>	904	\$203,900,000	\$203,900,000	2008
<b><u>CAPITAL FUND REVENUE BOND PROGRAM</u></b>				
<i>New York City Housing Authority Program<sup>4</sup></i>	N/A	\$656,085,000	\$656,085,000	2013
<b><u>SECURED MORTGAGE REVENUE BOND PROGRAM</u></b>				
<i>Multi-Family Secured Mortgage Revenue Bonds</i>	3,246	\$105,950,000	\$105,950,000	2005-2013
<b>TOTAL</b>	<b><u>143,905</u></b>	<b><u>\$14,675,015,092</u></b>	<b><u>\$9,582,445,092</u></b>	

\* Information for all series of bonds that the Corporation has issued under its Housing Revenue Bond Program from 1993 through 2013 as described in Section C above.

† The Corporation has pledged certain amounts held under the MFHRB General Resolution to secure both the Multi-Family Housing Revenue Bonds and the Multi-Family Housing Revenue Bonds - Federal New Issue Bond Program; however, amounts held under the



Supplemental Resolutions for the Multi-Family Housing Revenue Bonds - Federal New Issue Bond Program are not pledged to secure the Multi-Family Housing Revenue Bonds.

<sup>††</sup> The Corporation has issued \$100,000,000 principal amount of its Multi-Family Housing Revenue Bonds, 2006 Series J-1 (the “2006 Series J-1 Bonds”) under the General Resolution. On July 13, 2012, the 2006 Series J-1 Bonds became a Series of Bonds that is separately secured from all other Bonds issued and to be issued under the General Resolution such that no revenues or assets pledged under the General Resolution are available for the payment of 2006 Series J-1 Bonds and no revenues or assets pledged under the Amended and Restated 2006 Series J-1 Supplemental Resolution will be available for the payment of any Bonds (other than the 2006 Series J-1 Bonds) issued and to be issued under the General Resolution.

<sup>1</sup> This project was also financed under the “Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced” Program as described in Section A above.

<sup>2</sup> This project was also financed under the “Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced” Program as described in Section A above.

<sup>3</sup> This project was financed with separate series of bonds issued under the Multi-Family Program described in section I(A) above and the Liberty Bond Program described in section I(D) above.

<sup>4</sup> A portion of the Series 2013 A bond proceeds was used to defease and advance refund the prior program bonds. The proceeds were deposited into an escrow account and invested in cash and non-callable direct obligations of the United States of America, the maturing principal of and interest on which, together with such cash, will be sufficient to pay all principal and interest on, and the redemption prices of, the defeased bonds to their maturity or redemption date. All of the defeased bonds will be redeemed by July 15, 2015.

**II. MORTGAGE LOAN PROGRAMS.** The Corporation funds mortgage loans under various mortgage loan programs, including the significant programs described below. These mortgage loans are funded from bond proceeds and/or the Corporation’s unrestricted reserves. See “PART I—BOND PROGRAMS” above.

A. Affordable Housing Permanent Loan Program. The Corporation established a program to make permanent mortgage loans for projects constructed or rehabilitated, often in conjunction with The City of New York Department of Housing Preservation and Development (“HPD”) and other lender loan programs.

B. Low-Income Affordable Marketplace Program. The Corporation has established a Low-income Affordable Marketplace Program (“LAMP”) to finance the construction or substantial rehabilitation of developments affordable to low-income tenants. LAMP projects are financed primarily with a first mortgage loan funded from tax-exempt bonds proceeds, as of right 4% Federal tax credits and a subordinate mortgage loan funded from the Corporation’s reserves. The subordinate loan is provided at 1% interest with fixed minimum payments of at least interest only but may provide for amortization.

C. Low-Income Affordable Marketplace Preservation Program. The Corporation has established a Low-income Affordable Marketplace Preservation Program (“LAMP Preservation”) to finance the acquisition and moderate rehabilitation of developments affordable to low-income tenants. LAMP Preservation projects are financed with a mortgage loan funded by tax-exempt bonds proceeds and as of right 4% Federal tax credits.

D. Mitchell-Lama Program. The Corporation has established the Mitchell Lama Restructuring Program and the Mitchell Lama Repair Loan Program. The Mitchell Lama Restructuring Program preserves Mitchell-Lama projects as affordable housing by restructuring existing mortgage loans into new mortgage loans which contain an extended maturity date and a lower rate of interest. The Mitchell Lama Repair Loan Program provides Mitchell-Lama projects with additional loans to fund system modernizations, capital improvements or repairs.

E. Mixed Income Program. The Corporation has established a Mixed-Income Program to finance the construction or substantial rehabilitation of mixed-income multi-family

rental housing. Mixed Income projects are financed with a first mortgage loan funded from tax-exempt bond proceeds, a subordinate mortgage loan funded from the Corporation's reserves and in some cases, as of right 4% Federal tax credits. Typically, the developments reserve 50% of the units for market rate tenants, 30% of the units for moderate to middle income tenants and 20% of the units for low income tenants.

F. *New Housing Opportunities Program.* The Corporation has established a New Housing Opportunities Program ("New HOP") to finance the construction or substantial rehabilitation of developments affordable to low and moderate income tenants. New HOP projects are financed with a first mortgage loan funded from taxable or tax-exempt bonds proceeds and a subordinate mortgage loan funded from the Corporation's reserves. The subordinate loan is provided at 1% interest with fixed minimum payments of at least interest only but may provide for amortization.

**III. OTHER LOAN PROGRAMS.** In addition to funding mortgage loans, the Corporation funds loans not secured by a mortgage under various programs, including the programs described below.

A. *New Ventures Incentive Program.* The Corporation participated in the New Ventures Incentive Program ("NewVIP"), a multi-million dollar public-private partnership between the City and member banks established in the fall of 2003. The Corporation originated three NewVIP loans, all of which have been repaid.

B. *Other.* Among other programs, the Corporation has funded a loan to finance the construction of military housing at Fort Hamilton in Brooklyn, New York secured by notes and financed through the issuance of bonds. The Corporation has funded a loan to the New York City Housing Authority ("NYCHA") to provide funds for modernization and to make certain improvements to numerous various public housing projects owned by NYCHA in the City. The Corporation has provided interest-free working capital loans to not-for-profit sponsors of projects through HPD's Special Initiatives Program. The proceeds of such loans are used for rent-up expenses and initial operation costs of such projects. The Corporation also has provided interim assistance in the form of unsecured, interest-free loan to the Neighborhood Partnership Housing Development Fund Company, Inc. to fund certain expenses associated with HPD's Neighborhood Entrepreneurs Program.

**IV. LOAN SERVICING.** The Corporation services the majority of its own loans and also services loans for others. Such loan servicing activities, which are described below, relate to over 1,482 mortgage loans with an approximate aggregate face amount of \$14.8 billion.

A. *Portfolio Servicing.* The Corporation acts as loan servicer in connection with the permanent mortgage loans made to approximately 706 developments under its bond, mortgage loan and other loan programs (including its Housing Revenue Bond Program) in the approximate aggregate face amount of \$9.1 billion.

B. *HPD Loan Servicing.* The Corporation acts as loan servicer in connection with certain construction and permanent housing loan programs of HPD pursuant to several agreements with HPD. As of December 31, 2013, the Corporation was servicing construction

and permanent loans made to approximately 579 developments in the approximate aggregate face amount of \$2.4 billion.

C. Loan Servicing Monitoring. In addition to the Corporation's loan servicing activities, the Corporation monitors the loan servicing activities of other servicers who service approximately 197 mortgage loans made under the Corporation's various bond, mortgage loan and other loan programs in the approximate aggregate face amount of \$3.2 billion.

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**FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION DELIVERED UPON  
THE ISSUANCE OF THE 2011 SERIES A BONDS**

Upon delivery of the 2011 Series A Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, issued its approving opinion in substantially the following form:

NEW YORK CITY HOUSING  
DEVELOPMENT CORPORATION  
110 William Street  
New York, New York 10038

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$30,000,000 Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2011 Series A (the “2011 Bonds”) of the New York City Housing Development Corporation (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation, created and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”).

The 2011 Bonds are authorized to be issued pursuant to the Act and the Multi-Family Mortgage Revenue Bonds (West 26th Street Development) Bond Resolution of the Corporation, adopted on September 23, 2011 (herein called the “Resolution”). The 2011 Bonds are being issued for the purpose of financing the Mortgage Loan (as defined in the Resolution).

The 2011 Bonds are dated, mature, are payable, bear interest and are subject to redemption and tender as provided in the Resolution.

The Corporation is authorized to issue other Bonds (as defined in the Resolution), in addition to the 2011 Bonds, for the purposes and upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall, with the 2011 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

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

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

1. The Corporation has been duly created and validly exists as a corporate governmental agency, constituting a public benefit corporation, under and pursuant to the laws of

the State of New York (including the Act), and has good right and lawful authority, among other things, to finance the Mortgage Loan, to provide sufficient funds therefor by the adoption of the Resolution and the issuance and sale of the 2011 Bonds, and to perform its obligations under the terms and conditions of the Resolution, including financing the Mortgage Loan, as covenanted in the Resolution.

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

3. The 2011 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolution and the laws of the State of New York (the "State"), including the Act.

4. The 2011 Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution, are enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

5. The Bonds, including the 2011 Bonds, are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Revenues (as defined in the Resolution) and all the Accounts (other than the Rebate Fund) established by the Resolution and moneys and securities therein, which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

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

7. The 2011 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2011 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged for the payment thereof.

8. Under existing statutes and court decisions, (i) interest on the 2011 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2011 Bond for any period during which such 2011 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2011 Bonds or a "related person," and (ii) interest on the 2011 Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgageor (as defined in the Resolution) and others in connection with the 2011 Bonds, and we have assumed compliance by the Corporation and the Mortgageor with certain ongoing covenants to comply with applicable

requirements of the Code to assure the exclusion of interest on the 2011 Bonds from gross income under Section 103 of the Code. In addition, under existing statutes, interest on the 2011 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 2011 Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2011 Bonds, or the exemption from personal income taxes of interest on the 2011 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 2011 Bonds and the Resolution may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed 2011 Bond and in our opinion the form of said Bond and its execution are regular and proper.

Very truly yours,

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**FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION DELIVERED UPON  
THE ISSUANCE OF THE 2011 SERIES B BONDS**

Upon delivery of the 2011 Series B Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, issued its approving opinion in substantially the following form:

NEW YORK CITY HOUSING  
DEVELOPMENT CORPORATION  
110 William Street  
New York, New York 10038

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$8,470,000 Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2011 Series B (the “2011 Bonds”) of the New York City Housing Development Corporation (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation, created and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”).

The 2011 Bonds are authorized to be issued pursuant to the Act and the Multi-Family Mortgage Revenue Bonds (West 26th Street Development) Bond Resolution of the Corporation, adopted on September 23, 2011 (herein called the “Resolution”). The 2011 Bonds are being issued for the purpose of financing the Mortgage Loan (as defined in the Resolution).

The 2011 Bonds are dated, mature, are payable, bear interest and are subject to redemption and tender as provided in the Resolution.

The Corporation is authorized to issue other Bonds (as defined in the Resolution), in addition to the 2011 Bonds, for the purposes and upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall, with the 2011 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

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

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

1. The Corporation has been duly created and validly exists as a corporate governmental agency, constituting a public benefit corporation, under and pursuant to the laws of

the State of New York (including the Act), and has good right and lawful authority, among other things, to finance the Mortgage Loan, to provide sufficient funds therefor by the adoption of the Resolution and the issuance and sale of the 2011 Bonds, and to perform its obligations under the terms and conditions of the Resolution, including financing the Mortgage Loan, as covenanted in the Resolution.

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

3. The 2011 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolution and the laws of the State of New York (the "State"), including the Act.

4. The 2011 Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution, are enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

5. The Bonds, including the 2011 Bonds, are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Revenues (as defined in the Resolution) and all the Accounts (other than the Rebate Fund) established by the Resolution and moneys and securities therein, which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

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

7. The 2011 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2011 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged for the payment thereof.

8. Under existing statutes and court decisions, (i) interest on the 2011 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2011 Bond for any period during which such 2011 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2011 Bonds or a "related person," and (ii) interest on the 2011 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgageor (as defined in the Resolution) and others in connection with the 2011 Bonds, and we have assumed compliance

by the Corporation and the Mortgagor with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2011 Bonds from gross income under Section 103 of the Code. In addition, under existing statutes, interest on the 2011 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 2011 Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2011 Bonds, or the exemption from personal income taxes of interest on the 2011 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 2011 Bonds and the Resolution may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed 2011 Bond and in our opinion the form of said Bond and its execution are regular and proper.

Very truly yours,

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**FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION DELIVERED UPON  
THE ISSUANCE OF THE 2012 SERIES A BONDS**

Upon delivery of the 2012 Series A Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, issued its approving opinion in substantially the following form:

NEW YORK CITY HOUSING  
DEVELOPMENT CORPORATION  
110 William Street  
New York, New York 10038

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$41,530,000 Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2012 Series A (the “2012 Bonds”) of the New York City Housing Development Corporation (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation, created and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”).

The 2012 Bonds are authorized to be issued pursuant to the Act, the Multi-Family Mortgage Revenue Bonds (West 26th Street Development) Bond Resolution of the Corporation, adopted on September 23, 2011 (the “Bond Resolution”), and the First Supplemental Resolution Relating to Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2012 Series A of the Corporation, adopted on September 23, 2011 (the “Supplemental Resolution”; the Bond Resolution and the Supplemental Resolution collectively referred to herein as the “Resolution”). The 2012 Bonds are being issued for the purpose of financing the Mortgage Loan (as defined in the Resolution).

The 2012 Bonds are dated, mature, are payable, bear interest and are subject to redemption and tender as provided in the Resolution.

The Corporation is authorized to issue other Bonds (as defined in the Resolution), in addition to the 2012 Bonds, for the purposes and upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall, with the 2012 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

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

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

1. The Corporation has been duly created and validly exists as a corporate governmental agency, constituting a public benefit corporation, under and pursuant to the laws of the State of New York (including the Act), and has good right and lawful authority, among other things, to finance the Mortgage Loan, to provide sufficient funds therefor by the adoption of the Resolution and the issuance and sale of the 2012 Bonds, and to perform its obligations under the terms and conditions of the Resolution, including financing the Mortgage Loan, as covenanted in the Resolution.

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

3. The 2012 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolution and the laws of the State of New York (the "State"), including the Act.

4. The 2012 Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution, are enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

5. The Bonds, including the 2012 Bonds, are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Revenues (as defined in the Resolution) and all the Accounts (other than the Rebate Fund) established by the Resolution and moneys and securities therein, which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

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

7. The 2012 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2012 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged for the payment thereof.

8. Under existing statutes and court decisions, (i) interest on the 2012 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2012 Bond for any period during which such 2012 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2012 Bonds or a "related person," and (ii) interest on the 2012 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum

tax. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagor (as defined in the Resolution) and others in connection with the 2012 Bonds, and we have assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2012 Bonds from gross income under Section 103 of the Code. In addition, under existing statutes, interest on the 2012 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 2012 Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2012 Bonds, or the exemption from personal income taxes of interest on the 2012 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 2012 Bonds and the Resolution may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed 2012 Bond and in our opinion the form of said Bond and its execution are regular and proper.

Very truly yours,

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**PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION RELATING  
TO THE REMARKETED BONDS**

Upon remarketing of the Remarketed Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, proposes to deliver its opinion in substantially the following form:

NEW YORK CITY HOUSING  
DEVELOPMENT CORPORATION  
110 William Street  
New York, New York 10038

U.S. BANK NATIONAL ASSOCIATION  
as Trustee  
100 Wall Street  
New York, New York 10005

FEDERAL HOME LOAN MORTGAGE  
CORPORATION  
as provider of the Initial Permanent  
Phase Credit Facility  
8100 Jones Branch Drive  
McLean, Virginia 22102

Ladies and Gentlemen:

We are bond counsel to the New York City Housing Development Corporation (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation created and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”). Unless otherwise defined in this opinion, all capitalized terms used herein shall have the meanings ascribed thereto in the hereinafter defined Resolution.

On October 19, 2011, we rendered our approving opinion (the “October 2011 Approving Opinion”) with respect to the issuance by the Corporation of the Corporation’s Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2011 Series A, in the original aggregate principal amount of \$30,000,000 (the “2011 Series A Bonds”). The 2011 Series A Bonds were issued under and pursuant to the Act and the Multi-Family Mortgage Revenue Bonds (West 26th Street Development) Bond Resolution of the Corporation, adopted September 23, 2011 (the “Bond Resolution”).

On December 29, 2011, we rendered our approving opinion (the “December 2011 Approving Opinion”) with respect to the issuance by the Corporation of the Corporation’s Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2011 Series B, in the original aggregate principal amount of \$8,470,000 (the “2011 Series B Bonds”). The 2011 Series B

Bonds were issued under and pursuant to the Act, the Bond Resolution and the First Supplemental Resolution Relating to Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2012 Series A of the Corporation, adopted September 23, 2011 (the “Supplemental Resolution”; the Bond Resolution and the Supplemental Resolution collectively referred to herein as the “Resolution”).

On June 13, 2012, we rendered our approving opinion (the “June 2012 Approving Opinion”) with respect to the issuance by the Corporation of the Corporation’s Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2012 Series A, in the original aggregate principal amount of \$41,530,000 (the “2012 Series A Bonds”; the 2011 Series A Bonds, the 2011 Series B Bonds and the 2012 Series A Bonds collectively referred to herein as the “Bonds”). The 2012 Series A Bonds were issued under and pursuant to the Act, the Bond Resolution and the Supplemental Resolution.

On October 19, 2011, the Corporation, Citibank, N.A. (the “Bank”), U.S. Bank National Association, as trustee under the Resolution (the “Trustee”), and Chelsea W26 LLC and 26th Street Affordable LLC (together, the “Mortgagor”) entered into a Mortgage Purchase Agreement, pursuant to which the Bank agreed to purchase the Mortgage Loan upon the occurrence of certain events. The Resolution provides that, upon the conversion of the Mortgage Loan from the Construction Phase to the Permanent Phase (the “Conversion”), the Initial Permanent Phase Credit Facility will be deposited with the Trustee to secure the payment of principal of and interest on the Bonds upon the terms and conditions set forth in the Resolution. The Mortgage Purchase Agreement provides that it shall terminate on the date on which the payment of principal of and interest on the Bonds is secured by a Credit Facility, which term includes the Initial Permanent Phase Credit Facility.

In connection with the Conversion, the Mortgagor has elected to change the method of determining the interest rate on the Outstanding 2011 Series A Bonds (the “Reoffered 2011 Series A Bonds”), the Outstanding 2011 Series B Bonds (the “Reoffered 2011 Series B Bonds”) and the Outstanding 2012 Series A Bonds (the “Reoffered 2012 Series A Bonds”; the Reoffered 2011 Series A Bonds, the Reoffered 2011 Series B Bonds and the Reoffered 2012 Series A Bonds collectively referred to herein as the “Reoffered Bonds”) from the Index Rate to the Weekly Rate in accordance with the provisions of the Resolution (the “Interest Method Change”).

This opinion is being delivered in connection with (i) the delivery to the Trustee on the date hereof of a Credit Enhancement Agreement, dated as of March 1, 2014 (the “Credit Facility”), executed by Federal Home Loan Mortgage Corporation, and the concurrent termination of the Mortgage Purchase Agreement (the “Facility Change”), and (ii) the Interest Method Change on the date hereof.

We are of the opinion that (i) the Credit Facility meets the requirements of the Resolution in connection with the Conversion, (ii) the Facility Change is consistent with the provisions of the Resolution and (iii) the Interest Method Change is consistent with the provisions of the Resolution.

We express no opinion as to whether, as of the date hereof, the interest on the Reoffered Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). We are of the opinion, however, that, under existing statutes and court decisions, the Facility Change and the Interest Method Change, in and of themselves, will not adversely affect the exclusion of interest from gross income for Federal income tax purposes under Section 103 of the Code on any Reoffered Bonds, the interest on which is otherwise excluded from gross income for Federal income tax purposes under Section 103 of the Code.

Except as stated above, we express no opinion regarding any Federal, state, local or foreign tax consequences with respect to the Reoffered Bonds. We wish to advise you that our opinion is limited to the Facility Change and the Interest Method Change on the date hereof and does not extend to any event or matter occurring subsequent to the delivery of our October 2011 Approving Opinion on October 19, 2011 with respect to the Reoffered 2011 Series A Bonds, occurring subsequent to the delivery of our December 2011 Approving Opinion on December 29, 2011 with respect to the Reoffered 2011 Series B Bonds, or occurring subsequent to the delivery of our June 2012 Approving Opinion on June 13, 2012 with respect to the Reoffered 2012 Series A Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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**FORM OF CONTINUING DISCLOSURE AGREEMENT**

The following is a form of the Continuing Disclosure Agreement to which reference is made for the complete provisions thereof. All terms used in this summary and not defined in this Appendix D have the respective meanings ascribed to such terms in the Continuing Disclosure Agreement.

Purpose of the Disclosure Agreement. The Continuing Disclosure Agreement is being executed and delivered by the Mortgagor and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Remarketing Agent in complying with the Rule (defined below).

Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in the Continuing Disclosure Agreement unless otherwise defined below, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Mortgagor pursuant to, and as described under the heading “Provision of Annual Reports” and “Content of Annual Reports” below.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Bonds” shall mean the New York City Housing Development Corporation Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2011 Series A, the New York City Housing Development Corporation Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2011 Series B and New York City Housing Development Corporation Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2012 Series A.

“Dissemination Agent” shall mean any dissemination agent (which may be the Trustee) designated in writing by the Mortgagor and which (if not the Trustee) has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access which provides continuing disclosure services for the receipt and public availability of continuing disclosure documents and related information required by the Rule.

“Listed Events” shall mean any of the events listed in subsection (a) of the heading “Reporting of Significant Events” below.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Remarketing Agent” shall mean Morgan Stanley & Co. LLC.

“Remarketing Circular” means the final Remarketing Circular dated March 4, 2014 relating to the Bonds.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of New York.

#### Provision of Annual Reports.

(a) The Mortgagor shall, or shall cause the Dissemination Agent, if any, to, not later than 180 days after the end of the Mortgagor’s fiscal year (presently December 31), commencing with the report for the 2014 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be submitted to the Repository’s EMMA system either through a web-based electronic submission interface or through electronic computer-to-computer data connections with EMMA in accordance with the submission process, document format and configuration requirements established by the MSRB. The Annual Report shall also include all related information required by MSRB to accurately identify: (i) the category of information being provided; (ii) the time period covered by the Annual Report; (iii) the issues or specific securities to which the Annual Report is related (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the Mortgagor’s submitter of Dissemination Agent, if any, and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the consolidated financial statements of the Mortgagor, which consolidated financial statements shall be audited when and if available, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Mortgagor’s fiscal year changes, the Mortgagor shall give notice of such change in the same manner as for a Listed Event below.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Mortgagor shall provide the Annual Report to the Dissemination Agent, if any, and the Trustee. If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Mortgagor and the Dissemination Agent, if any, to determine if the Mortgagor is in compliance with the first sentence of this subsection (b). If the Trustee is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a) above, the Trustee shall send a notice of such event to the Repository.

Content of Annual Reports. The Mortgagor’s Annual Report shall contain or include by reference the following:

(a) The consolidated financial statements of the Mortgagor, which consolidated financial statements shall be audited when and if available, for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to provisions outlined above in subsection (a) under the heading “Provision of Annual Reports”, the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when and if they become available.

(b) To the extent not otherwise included in the consolidated financial statements provided pursuant to paragraph (a) above, the financial information and operating data of the type contained under the heading “THE PROJECT AND THE MORTGAGOR” in the Remarketing Circular.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Mortgagor is an “obligated person” (as defined by the Rule), which have been filed with the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Mortgagor shall clearly identify each such other document so included by reference.

Reporting of Significant Events. (a) Pursuant to the provisions of the Continuing Disclosure Agreement, the Mortgagor shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment 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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (13) bankruptcy, insolvency, receivership or similar event with respect to the Mortgagor (such event being considered to occur when any of the following occur: the

appointment of a receiver, fiscal agent or similar officer for the Mortgagor in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Mortgagor, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Mortgagor);

(14) the consummation of a merger, consolidation, or acquisition involving the Mortgagor or the sale of all or substantially all of the assets of the 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

(15) appointment of a successor or an additional trustee or change in the name of a trustee, if material;

(b) the occurrence of a Listed Event, the Mortgagor shall file or direct the Dissemination Agent, if any, to file, in a timely manner not to exceed ten (10) Business Days a notice of such occurrence with the MSRB in an electronic format and with identifying information as prescribed by the MSRB. The Mortgagor shall provide a copy of each such notice to the Corporation and the Trustee. The Dissemination Agent, if other than the Mortgagor, shall have no duty to file a notice of an event described above unless it is directed in writing to do so by the Mortgagor, and shall have no responsibility for verifying any of the information in any such notice or determining the materiality of the event described in such notice.

Termination of Reporting Obligation. The Mortgagor's obligations under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds and at such time that the Mortgagor ceases to be an "obligated person" (as defined by the Rule). If the Mortgagor's obligations under the Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Mortgagor and the Mortgagor shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Mortgagor shall give notice of such termination, or shall cause notice of such termination to be given, in the same manner as for a Listed Event under subsection (b) under the heading "Reporting of Significant Events."

Dissemination Agent. The Mortgagor may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Mortgagor pursuant to the Continuing Disclosure Agreement, including but not limited to determining whether the contents of any Annual Report satisfy the requirements listed above under the heading "Content of Annual Reports."

Amendment; Waiver. Notwithstanding any other provision of the Continuing Disclosure Agreement, the Mortgagor may amend the Continuing Disclosure Agreement (and the Trustee



shall agree to any amendment so requested by the Mortgagor), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under subsection (a) of the heading “Provision of Annual Reports,” under the heading “Content of Annual Reports” or subsection (a) of the heading “Reporting of Significant Events,” it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the Mortgagor shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Mortgagor. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under subsection (b) of the heading “Reporting of Significant Events,” and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Mortgagor from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the Mortgagor chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the Mortgagor shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default. In the event of a failure of the Mortgagor or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 51% aggregate principal amount of Outstanding Bonds, subject to its right to be indemnified to its satisfaction, shall), or any Holder

or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Mortgagor or Trustee, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Mortgagor or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties, Immunities and Liabilities of Trustee. For the purposes of defining the standards of care and performance and the protections and indemnities applicable to the Trustee in the performance of its obligations under the Continuing Disclosure Agreement, Article XI of the Resolution is hereby made applicable to the Continuing Disclosure Agreement as if the Continuing Disclosure Agreement were (solely for this purpose) contained in the Resolution. Anything herein to the contrary notwithstanding, other than as explicitly set forth herein, the Trustee shall have no duty to investigate or monitor compliance by the Mortgagor with the terms of the Continuing Disclosure Agreement, including without limitation, reviewing the accuracy or completeness of any notices or filings filed by the Mortgagor hereunder.



