

**SUPPLEMENT DATED SEPTEMBER 9, 2013
TO THE OFFICIAL STATEMENT DATED AUGUST 29, 2013**

Relating to

\$656,085,000

**New York City Housing Development Corporation
Capital Fund Grant Program Revenue Bonds
(New York City Housing Authority Program),**



**\$185,785,000 \$348,130,000 \$122,170,000
Series 2013A Series 2013B-1 Series 2013B-2**

This Supplement dated September 9, 2013 supplements the information contained in the Official Statement dated August 29, 2013 as follows:

1. The CUSIP Numbers for the two Series 2013A[†] Bonds maturing on July 1, 2024 are deleted and replaced with the following:

<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹
2024	15,340,000	4.00	3.97*	64966WCW5
2024	3,840,000	5.00	3.97*	64966WCK1

2. The definition of “Stabilized Base Unit Count” appearing in Appendix A—“Certain Definitions and Summary of Certain Provisions of the Indenture” is deleted and replaced with the following:

“Stabilized Base Unit Count” means 169,440, which is the number of public housing units subject to NYCHA’s Annual Contributions Contract with HUD as adjusted for planned anticipated additions and subtractions as of the date of issuance of the Series 2013 Bonds.

Capitalized terms that are not otherwise defined herein have the meanings ascribed to them in the Official Statement dated August 29, 2013.

¹ 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 owners of the Series 2013 Bonds only at the time of issuance of the Series 2013 Bonds and neither the Corporation nor NYCHA makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2013 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

* Priced at stated yield to a July 1, 2023 optional redemption date.

† Citigroup Global Markets Inc. is only an underwriter with respect to the Series 2013A Bonds and the Series 2013B-1 Bonds.

In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants as described herein, (i) interest on the Series 2013 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"), and (ii) interest on the Series 2013 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the Series 2013 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein.



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New York City Housing Development Corporation
Capital Fund Grant Program Revenue Bonds
(New York City Housing Authority Program),



\$185,785,000 \$348,130,000 \$122,170,000
Series 2013A Series 2013B-1 Series 2013B-2

Dated: Date of Delivery

Due: As shown on inside cover page

The Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013A (the "Series 2013A Bonds"), the Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013B-1 (the "Series 2013B-1 Bonds") and the Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013B-2 (the "Series 2013B-2 Bonds" and, together with the Series 2013B-1 Bonds, the "Series 2013B Bonds"; the Series 2013A Bonds and the Series 2013B Bonds being collectively referred to as the "Series 2013 Bonds") will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). The Series 2013 Bonds will be issued as fully registered bonds in the initial denomination of \$5,000 and any integral multiple thereof. Interest on and principal of the Series 2013 Bonds will be payable by the Trustee to Cede & Co., as nominee of DTC. Purchasers of the Series 2013 Bonds will not receive physical delivery of bond certificates. The Series 2013 Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. U.S. Bank National Association, located in New York, New York is the Trustee with respect to the Series 2013 Bonds.

The proceeds of the Series 2013 Bonds will be lent by the New York City Housing Development Corporation (the "Corporation") to the New York City Housing Authority, a municipal housing authority and body corporate and politic ("NYCHA"). The Corporation is to utilize the proceeds of (i) the Series 2013A Bonds to (A) refund the Corporation's Capital Fund Program Revenue Bonds (New York City Housing Authority Program), Series 2005A (the "Refunded Bonds"), (B) fund a deposit to the Debt Service Reserve Fund and (C) pay costs of issuance relating to the Series 2013A Bonds and (ii) the Series 2013B Bonds to (A) provide a loan to NYCHA for the financing of capital modernization and improvement of NYCHA projects in The City of New York (the "City"), (B) fund a deposit to the Debt Service Reserve Fund and (C) pay costs of issuance relating to the Series 2013B Bonds. The Series 2013 Bonds are payable solely from (i) NYCHA's annual allocation of public housing capital funds (the "Capital Fund Grant Monies"), when received from the United States Department of Housing and Urban Development ("HUD"), which Capital Fund Grant Monies will be paid directly by HUD to the Trustee to the extent necessary to pay Loan Debt Service (as defined herein), subject to the availability of annual appropriations by the Congress of the United States of America, and (ii) other funds available for that purpose under the Indenture (as defined herein).

HUD has provided written confirmations to NYCHA that effectively establish that, subject to the availability of annual appropriations by the Congress of the United States of America, the claim of the Trustee for the payment of Loan Debt Service constitutes a first priority claim against all Capital Fund Grant Monies to be made available to NYCHA in any fiscal year.

The Series 2013 Bonds will bear interest from their date of issue at the rates set forth on the inside cover page of this Official Statement, payable on July 1, 2014, and on each January 1 and July 1 thereafter.

The Series 2013 Bonds are subject to optional and mandatory redemption at the times and in the events set forth in the Indenture and as described herein.

The Series 2013 Bonds are special obligations of the Corporation, a corporate governmental agency, constituting a public benefit corporation organized and existing under the laws of the State of New York. The faith and credit of the Corporation and NYCHA are not pledged for the payment of the principal or redemption price of, or interest on, the Series 2013 Bonds. The Series 2013 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 Series 2013 Bonds be payable out of any funds of the Corporation or NYCHA other than those held under the Indenture and pledged therefor. The Corporation has no taxing power.

THE SERIES 2013 BONDS ARE NOT A DEBT OR LIABILITY OF, OR GUARANTEED BY, THE UNITED STATES OF AMERICA OR HUD. THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA IS NOT PLEDGED TO THE PAYMENT OF DEBT SERVICE ON THE SERIES 2013 BONDS. THE PAYMENT OF DEBT SERVICE ON THE SERIES 2013 BONDS IS NOT GUARANTEED BY THE UNITED STATES OF AMERICA OR HUD. NO ACTION TAKEN PURSUANT TO THE DOCUMENTS DESCRIBED IN THIS OFFICIAL STATEMENT SHALL RESULT IN ANY LIABILITY TO THE FEDERAL GOVERNMENT OF THE UNITED STATES OF AMERICA OR ANY PART THEREOF.

The Series 2013 Bonds are offered when, as and if issued and received by the Underwriters and subject to the unqualified 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 NYCHA by its Counsel, Ballard Spahr LLP, Washington, D.C. Certain legal matters will be passed upon for the Underwriters by their Counsel, Winston & Strawn LLP, New York, New York. It is expected that the Series 2013 Bonds will be available for delivery in New York, New York on or about September 10, 2013.

J.P. Morgan

Citi*
M.R. Beal & Company
BofA Merrill Lynch
Loop Capital Markets, LLC
RBC Capital Markets

Morgan Stanley
Roosevelt & Cross Inc.

Goldman, Sachs & Co.
Siebert Brandford Shank & Co., L.L.C.
Barclays
Ramirez & Co., Inc.
Wells Fargo Securities

August 29, 2013.

* Citigroup Global Markets Inc. is only an underwriter with respect to the Series 2013A Bonds and the Series 2013B-1 Bonds.

\$185,785,000

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Capital Fund Grant Program Revenue Bonds
(New York City Housing Authority Program),
Series 2013A[†]

<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹	<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹
2014	\$ 9,155,000	2.00%	0.25%	64966WBZ9	2020	\$ 13,815,000	5.00%	2.96%	64966WCR6
2015	12,840,000	3.00	0.63	64966WCA3	2021	2,870,000	3.00	3.34	64966WCG0
2016	8,000,000	3.00	1.07	64966WCB1	2021	13,750,000	5.00	3.34	64966WCS4
2016	5,235,000	5.00	1.07	64966WCM7	2022	695,000	4.00	3.59	64966WCH8
2017	1,800,000	4.00	1.60	64966WCC9	2022	16,705,000	5.00	3.59	64966WCT2
2017	11,940,000	5.00	1.60	64966WCN5	2023	845,000	4.00	3.79	64966WCJ4
2018	2,465,000	3.00	2.10	64966WCD7	2023	17,425,000	5.00	3.79	64966WCU9
2018	11,950,000	5.00	2.10	64966WCP0	2024	15,340,000	4.00	3.97*	64966WCK1
2019	1,335,000	4.00	2.61	64966WCE5	2024	3,840,000	5.00	3.97*	64966WCW5
2019	13,760,000	5.00	2.61	64966WCQ8	2025	4,995,000	4.00	4.15	64966WCL9
2020	2,025,000	4.00	2.96	64966WCF2	2025	15,000,000	5.00	4.15*	64966WCV7

\$348,130,000

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Capital Fund Grant Program Revenue Bonds
(New York City Housing Authority Program),
Series 2013B-1[†]

<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹	<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹
2014	\$ 6,940,000	2.00%	0.25%	64966WCX3	2024	\$23,455,000	5.00%	3.97%*	64966WDH7
2015	15,205,000	3.00	0.63	64966WCY1	2025	10,995,000	5.00	4.15*	64966WDJ3
2016	15,825,000	5.00	1.07	64966WCZ8	2026	12,940,000	5.00	4.32*	64966WDK0
2017	16,625,000	5.00	1.60	64966WDA2	2027	2,185,000	5.00	4.47*	64966WDL8
2018	17,465,000	5.00	2.10	64966WDB0	2028	28,555,000	5.25	4.59*	64966WDM6
2019	18,345,000	5.00	2.61	64966WDC8	2029	30,065,000	5.25	4.71*	64966WDN4
2020	19,265,000	5.00	2.96	64966WDD6	2030	16,655,000	5.25	4.82*	64966WDP9
2021	20,240,000	5.00	3.34	64966WDE4	2031	2,845,000	5.25	4.90*	64966WDQ7
2022	16,260,000	5.00	3.59	64966WDF1	2032	19,990,000	5.25	4.98*	64966WDR5
2023	17,330,000	5.00	3.79	64966WDG9	2033	36,945,000	5.00	5.04	64966WDS3

\$122,170,000

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Capital Fund Grant Program Revenue Bonds
(New York City Housing Authority Program),
Series 2013B-2

<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹	<u>Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹
2022	\$ 5,000,000	5.00%	3.59%	64966WDT1	2027	\$ 25,000,000	5.00%	4.47%*	64966WDX2
2023	5,000,000	5.00	3.79	64966WDU8	2030	15,000,000	5.25	4.82*	64966WDY0
2025	13,645,000	5.00	4.15*	64966WDV6	2031	30,485,000	5.25	4.90*	64966WDZ7
2026	12,940,000	5.00	4.32*	64966WDW4	2032	15,100,000	5.25	4.98*	64966WEA1

¹ 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 owners of the Series 2013 Bonds only at the time of issuance of the Series 2013 Bonds and neither the Corporation nor NYCHA makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2013 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

* Priced at stated yield to a July 1, 2023 optional redemption date.

† Citigroup Global Markets Inc. is only an underwriter with respect to the Series 2013A Bonds and the Series 2013B-1 Bonds.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2013 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 Corporation or the Underwriters to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the Corporation, NYCHA 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 Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Corporation or NYCHA since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2013 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2013 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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

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OFFICIAL STATEMENT

\$656,085,000

**New York City Housing Development Corporation
Capital Fund Grant Program Revenue Bonds
(New York City Housing Authority Program),**

\$185,785,000	\$348,130,000	\$122,170,000
Series 2013A	Series 2013B-1	Series 2013B-2

This Official Statement (including the cover page, inside cover page and appendices) provides certain information concerning the New York City Housing Development Corporation (the “Corporation”) in connection with the sale of (i) \$185,785,000 aggregate principal amount of New York City Housing Development Corporation Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013A (the “Series 2013A Bonds”), (ii) \$348,130,000 aggregate principal amount of New York City Housing Development Corporation Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013B-1 (the “Series 2013B-1 Bonds”) and (iii) \$122,170,000 aggregate principal amount of New York City Housing Development Corporation Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013B-2 (the “Series 2013B-2 Bonds” and, together with the Series 2013B-1 Bonds, the “Series 2013B Bonds”; the Series 2013A Bonds and the Series 2013B Bonds being collectively referred to as the “Series 2013 Bonds”).

The Series 2013 Bonds are to be issued in accordance with the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 44-b of the Consolidated Laws of the State of New York, as amended (the “Act”), and pursuant to a resolution adopted by the Members of the Corporation on July 25, 2013, as amended, a Master Trust Indenture, dated as of September 1, 2013 (the “Trust Indenture”), a First Supplemental Trust Indenture, dated as of September 1, 2013 relating to the Series 2013A Bonds (the “First Supplemental Indenture”), and a Second Supplemental Trust Indenture, dated as of September 1, 2013 relating to the Series 2013B Bonds (the “Second Supplemental Indenture” and, together with the Trust Indenture and the First Supplemental Indenture, the “Indenture”), each between the Corporation and U.S. Bank National Association, as Trustee (with its successors, the “Trustee”). Pursuant to the Trust Indenture, bonds issued under and pursuant to the Trust Indenture are equally and ratably secured by the pledges and covenants contained therein and all such bonds, including the Series 2013 Bonds, are herein referred to as the “Bonds.” Certain terms used herein are defined 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 (the “City”) either 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 Corporation will lend the proceeds of (i) the Series 2013A Bonds to the New York City Housing Authority (“NYCHA”), a municipal housing authority and body corporate and politic, pursuant to a Loan Agreement among the Corporation, the Trustee and NYCHA (the “Series 2013A Loan Agreement”) and (ii) the Series 2013B Bonds to NYCHA, pursuant to a Loan Agreement among the Corporation, the Trustee and NYCHA (the “Series 2013B Loan Agreement” and, together with the Series 2013A Loan Agreement, the “Loan Agreement”).

The Corporation is to utilize the proceeds of (i) the Series 2013A Bonds to (A) refund the Corporation's Capital Fund Program Revenue Bonds (New York City Housing Authority Program), Series 2005A (the "Refunded Bonds"), (B) fund a deposit to the Debt Service Reserve Fund, and (C) pay costs of issuance relating to the Series 2013A Bonds; and (ii) the Series 2013B Bonds to (A) provide a loan to NYCHA for the financing of capital modernization and improvement of NYCHA projects in the City (collectively, the "Project"), (B) fund a deposit to the Debt Service Reserve Fund, and (C) pay costs of issuance relating to the Series 2013B Bonds. See "PLAN OF FINANCE" herein.

The Series 2013 Bonds will be payable solely from (i) NYCHA's annual allocation of public housing capital funds (the "Capital Fund Grant Monies"), when received from the United States Department of Housing and Urban Development ("HUD") pursuant to the Public Housing Capital Fund Program (the "Capital Fund Program"), subject to the availability of annual appropriations by the Congress of the United States of America and (ii) other funds available for that purpose under the Indenture. NYCHA's rights to the Capital Fund Grant Monies to the extent necessary to pay Loan Debt Service will be assigned to the Trustee pursuant to the Indenture.

On August 15, 2013, HUD approved the issuance of the Series 2013 Bonds subject to certain conditions, and authorized NYCHA to pledge and assign its Capital Fund Grant Monies, to the extent necessary to pay Loan Debt Service, pursuant to a letter from HUD to NYCHA (the "HUD Approval Letter"), a copy of which is attached hereto as Appendix C. NYCHA receives funding from HUD pursuant to a Consolidated Annual Contributions Contract (the "ACC"). HUD and NYCHA have entered into a Capital Fund Financing Amendment to the ACC (the "ACC Financing Amendment"), which provides generally for the use by NYCHA of its Capital Fund Grant Monies to pay principal of and interest on the Series 2013 Bonds. The ACC Financing Amendment is attached hereto as Appendix D. See "CAPITAL FUND PROGRAM—HUD Approval Letter" and "—ACC Financing Amendment" herein.

The Series 2013 Bonds are special obligations of the Corporation. The faith and credit of the Corporation and NYCHA are not pledged for the payment of the principal or redemption price of, or interest on, the Series 2013 Bonds. The Series 2013 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 Series 2013 Bonds be payable out of any funds of the Corporation or NYCHA other than those held under the Indenture and pledged therefor. The Corporation has no taxing power.

THE SERIES 2013 BONDS ARE NOT A DEBT OR LIABILITY OF, OR GUARANTEED BY, THE UNITED STATES OF AMERICA OR HUD. THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA IS NOT PLEDGED TO THE PAYMENT OF DEBT SERVICE ON THE SERIES 2013 BONDS. THE PAYMENT OF DEBT SERVICE ON THE SERIES 2013 BONDS IS NOT GUARANTEED BY THE UNITED STATES OF AMERICA OR HUD. NO ACTION TAKEN PURSUANT TO THE DOCUMENTS DESCRIBED IN THIS OFFICIAL STATEMENT SHALL RESULT IN ANY LIABILITY TO THE FEDERAL GOVERNMENT OF THE UNITED STATES OF AMERICA OR ANY PART THEREOF.

Descriptions of the Series 2013 Bonds and sources of payment, the Corporation, NYCHA, the HUD Approval Letter, the ACC Financing Agreement, NYCHA's Capital Fund Grant Monies, and a summary of certain provisions of the Indenture and the Loan Agreement, are included in this Official Statement. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the Series 2013 Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Indenture and the Loan Agreement are available for inspection at the office of the Corporation. NYCHA is expected to execute a continuing disclosure agreement satisfactory to the Corporation and the Underwriters in connection with the issuance of the Series 2013 Bonds. See "CONTINUING DISCLOSURE" herein.

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 the City of New York (the “City”) for families and persons of low income, which include families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, or in areas designated as blighted through the provision of low interest mortgage loans. Powers granted the Corporation under the Act include the power to issue bonds, notes and other obligations to obtain funds to carry out its corporate purposes, and to refund the same; to acquire, hold and dispose of real and personal property; to make mortgage loans to specified private entities; to purchase loans from lending institutions; to make loans insured or co-insured by the Federal government for new construction and rehabilitation of multiple dwellings; to make and to contract for the making of loans for the purpose of financing the acquisition, construction or rehabilitation of multi-family housing accommodations; to acquire and to contract to acquire any Federally-guaranteed security evidencing indebtedness on a mortgage securing a loan; to acquire mortgages from the City, obtain Federal insurance thereon and either sell such insured mortgages or issue its obligations secured by said insured mortgages and to pay the net proceeds of such sale of mortgages or issuance of obligations to the City; and to do any and all things necessary or convenient to carry out its purposes. The Act further provides that the Corporation and its corporate existence shall continue at least so long as its bonds, including the Series 2013 Bonds, notes, or other obligations are outstanding.

The sale of the Series 2013 Bonds and the terms of such sale are subject to the approval of the Comptroller of the City. The Corporation is a “covered organization” as such term is defined in the New York State Financial Emergency Act for The City of New York, as amended, and the issuance of the Series 2013 Bonds is subject to the review of the New York State Financial Control Board for The City of New York.

For a description of the bond, mortgage loan, loan and servicing activities of the Corporation, see Appendix E—“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

MATHEW M. WAMBUA^{*}, Chairperson and Member ex-officio. Mr. Wambua was appointed Commissioner of HPD by Mayor Michael R. Bloomberg, effective April 4, 2011. Prior to becoming Commissioner, Mr. Wambua was Executive Vice President for Real Estate and External Relations of the Corporation. He was a Member and Vice Chairperson of the Corporation from May 2006 through February 2008. Prior to joining the Corporation, Mr. Wambua served as the Senior Policy Advisor for the New York City Deputy Mayor of Economic Development where he focused on housing issues and large-scale planning projects. Mr. Wambua also was Vice President for Special Projects at the New York City Economic Development Corporation. He previously was a senior investment officer for General Electric Capital Commercial Real Estate. Mr. Wambua earned a B.A. from the University of California at Berkeley and a Masters in Public Policy from Harvard University’s John F. Kennedy School of Government. Mr. Wambua previously taught real estate finance at New York University and managerial economics at the New School University.

^{*} Mr. Wambua has announced his resignation effective September 6, 2013. The Mayor has appointed RuthAnne Viskanaskas to serve as the next Commissioner of HPD effective September 9, 2013.

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.

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

DAVID M. FRANKEL, Member ex-officio. Mr. Frankel was appointed Commissioner of New York City's Department of Finance by Mayor Michael R. Bloomberg, on July 29, 2009, effective September 8, 2009. Prior to becoming Commissioner, Mr. Frankel held several positions as Managing Director at Morgan Stanley, overseeing fixed income, regulatory matters, tax operations and a staff of approximately 750 people. From 1992 to 2004, Mr. Frankel was the head of global operations for the AIG Trading Group. Commissioner Frankel previously served as Deputy Commissioner for Intergovernmental Relations at HPD and Special Counsel to the Commissioner of the New York City Department of Corrections. From 1978 to 1988, Mr. Frankel practiced as an attorney at two New York firms, where he specialized in litigation. Commissioner Frankel received a B.A. degree from Tufts University and his J.D. from Columbia University School of Law.

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

MATHEW M. WAMBUA^{*}, Chairperson.

HARRY E. GOULD, JR., Vice Chairperson.

^{*} Mr. Wambua has announced his resignation effective September 6, 2013. The Mayor has appointed RuthAnne Visnauskas to serve as the next Commissioner of HPD effective September 9, 2013.

MARC JAHR, President. Mr. Jahr was appointed President of the Corporation on December 19, 2007, effective January 2, 2008. Prior to joining the Corporation, Mr. Jahr was Citi Community Capital's New York metropolitan area Market Director. At Citibank, he supervised its community development real estate lending group and was responsible for its affordable rental housing and home ownership lending programs in the metro New York area. Before joining Citibank, Mr. Jahr held various senior positions at Local Initiatives Support Corporation including New York Equity Fund Manager, New York City Program Director and Program Vice President. He also served in several positions at HPD including Director of its Multi-Family Housing Unit, as well as Deputy Director of HPD's Small Homes Unit. Mr. Jahr also served as Director of the Neighborhood Housing Services Program of East Flatbush and the New York City Commission on Human Rights East Flatbush Neighborhood Stabilization Program. Mr. Jahr is a graduate of the New School College. While at Citibank, he sat on the boards of several not-for-profit corporations including the Settlement Housing Fund, NHS CDC, the NYC Housing Partnership CDC, the Citizens Housing and Planning Council, Neighborhood Restore and The Brooklyn Historical Society.

RICHARD M. FROELICH, 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.

JOAN TALLY, Executive Vice President for Real Estate and Chief of Staff. Ms. Tally was appointed Executive Vice President for Real Estate and Chief of Staff of the Corporation on June 9, 2011. Ms. Tally had served as Senior Vice President for Development of the Corporation since February 27, 2008. She had previously been acting head of the Corporation's Development Department since October 1, 2007 and served as the Vice President of Development since April 2007. In September 2001, Ms. Tally began her career at the Corporation as a project manager structuring financing programs and underwriting transactions and was promoted first to Senior Project Manager and then Assistant Vice President in December 2005. Her previous experience includes planning and development work at the Manhattan Borough President's Office and with Neighborhood Housing Services of New York City. Ms. Tally holds a Master of Urban Planning and a B.A. in Urban Studies from Hunter College of the City University of New York.

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.

NEW YORK CITY HOUSING AUTHORITY

Purposes and Powers

NYCHA was formally established by the City as a municipal housing authority in 1934. It was constituted and declared to be a body corporate and politic by the State on April 5, 1935, possessing all the powers, rights and duties set forth in Article Five of the State Housing Law. The general organization and operation of NYCHA is now governed by Chapter 44-A of the Consolidated Laws of New York.

By law NYCHA is empowered, among other things, to investigate into and determine where substandard living conditions exist within the City and into means of improving such conditions; prepare plans for, construct, reconstruct, improve, alter, repair and operate any development; demolish structures and clear areas; lease, manage, operate, acquire or act as agent for any development constructed by any government; sell, exchange, transfer, assign or mortgage any real or personal property or interest therein; borrow money and issue notes and bonds; enter into contracts with the Federal government or the State for aid in developing developments; sue or be sued; execute all contracts or other instruments necessary or convenient to the exercise of its power; and make, amend and repeal bylaws, rules and regulations not inconsistent with the laws of the State. NYCHA has the special power to act as a developer of certain “combined occupancy” structures in which housing and school accommodations are located, and to regulate parking and traffic within housing developments. NYCHA may carry out its powers throughout the City.

NYCHA is principally involved in providing housing to persons and families of low income and very low income under a variety of HUD, State and City programs. NYCHA owns and operates 334 developments with approximately 179,484 dwelling units (21 of such developments, with approximately 20,139 dwelling units, are owned by limited liability companies in which a NYCHA affiliate is the managing member, and are operated by NYCHA pursuant to contract) of housing for low income and very low income City residents, making it the largest public housing agency in the nation. NYCHA-owned developments are located in all of the five boroughs of the City. Under certain HUD-supported programs, NYCHA also leases directly from private owners or administers the leasing by eligible tenants from private owners of approximately 92,561 additional units. Under Section 154 of the Public Housing Law, NYCHA is given the exclusive right to establish rents, subject to the terms of any loan or subsidy contract with a government.

Debt service or operating subsidies or both are paid to NYCHA pursuant to the provisions of the relevant government programs. Of NYCHA’s total budget, approximately 98.8% is supported by HUD, 1% by State programs and 0.2% by City programs. NYCHA has never failed to pay in a timely manner the principal or interest on any of its bonds, notes or other obligations.

NYCHA currently has a total of approximately 11,591 employees in its 48 major departments established to develop and manage low income and very low income housing in the City. General offices are located at 250 Broadway (Borough of Manhattan), New York, New York 10007, and NYCHA’s main telephone number is (212) 306-3000.

Organization and Membership

The membership of NYCHA currently consists of three full-time members and one part-time member appointed by the Mayor of the City (each a “Member” and collectively, the “Members”). One of the full-time Members is designated as Chairman and serves at the pleasure of the Mayor. The part-time Member, who also serves at the pleasure of the Mayor, must be a NYCHA resident.

On June 13, 2013, the State Legislature passed legislation changing the membership composition of NYCHA, which legislation was signed into law by the Governor on July 3, 2013. Under the new law, NYCHA shall consist of seven Members appointed by the Mayor, one of whom shall be the full-time Chairman who will serve at the pleasure of the Mayor. The remaining six Members will serve part-time, three of whom must be NYCHA residents. With the exception of the Chairman, each Member shall serve a maximum three year term. However, initial appointments for each of the part-time Members shall be made for staggered terms ranging between one and three years. The Mayor may remove part-time Members during their term, with such removal effective upon serving the Member and filing in the Office of the Commissioner of Citywide Administrative Services the reason for such removal.

The Board conducts the business of the Authority. Until such time as the Mayor appoints new Members, the present Members of NYCHA and the expiration dates for their terms are shown below.

Members

JOHN RHEA, Chairman (Term Expires: At the pleasure of the Mayor). Mr. Rhea was appointed Chairman of the New York City Housing Authority on May 31, 2009 by Mayor Michael R. Bloomberg. Prior to his appointment to the New York City Housing Authority, Mr. Rhea was a Managing Director in the Investment Banking Division of Barclays Capital (formerly Lehman Brothers) and served as Co-Head of the Global Consumer & Retail Group. Mr. Rhea is a founding member and director of the Council for Urban Professionals (CUP), a non-partisan, nonprofit organization representing the interests of urban-based professionals and entrepreneurs. Mr. Rhea serves on the Board of the New York Business Development Corporation, the largest originator of small business loans in New York State. He also serves as a Board member of Rush Philanthropic Arts Foundation, and is the former Board Chair of the Children's Museum of Manhattan. Mr. Rhea is a former David Rockefeller Fellow and received a Bachelor of Arts from Wesleyan University and Master of Business Administration from the Harvard Business School.

EMILY YOUSSEUF, Vice Chair (Term Expires: April 30, 2016). Ms. Youssouf was appointed Member of the New York City Housing Authority by Mayor Michael Bloomberg on March 31, 2011. Ms. Youssouf is also a Clinical Professor at New York University's Schack Institute of Real Estate. Prior to her appointment to the Authority Board, Ms. Youssouf served as President of the New York City Housing Development Corporation (HDC) by appointment by Mayor Michael Bloomberg. Previously, Ms. Youssouf served as the President of Natlis Settlements, LLC and held various senior positions over a 25 year period at Credit Suisse First Boston, Prudential Securities and Merrill Lynch. Ms. Youssouf began her financial services career at Standard & Poors where she was Vice President of the Tax-Exempt Housing Finance Group, specializing in tax-exempt bond finance for both multi and single family housing. Ms. Youssouf is a member of several civic and charitable boards including those of the New York City Health and Hospitals Corporation, where she chairs the Audit Committee and is a member of the Capital and Finance Committee; the New York City School Construction Authority and the New York State Job Development Authority.

MARGARITA LÓPEZ, Board Member (Term Expired on April 30, 2013; serving until successor has been appointed). Ms. López was originally appointed Member of the New York City Housing Authority by Mayor Michael R. Bloomberg on April 28, 2006, and was reappointed to a term that expired on April 30, 2013. Previously, Ms. López served on the New York City Council from 1998-2005, representing the 2nd Councilmanic District on the Lower East Side of Manhattan. As Council Member, Ms. López served as the first Chair of the newly expanded Council's Committee on Mental Health, Mental Retardation, Alcoholism, Drug Abuse and Disabilities. She also served as a member of the Council's Finance, Contracts, Environmental and Higher Education Committees. Since 1978, when she moved to Manhattan from Puerto Rico, Ms. López' has worked in various capacities to support the construction and restoration of affordable housing and the provision of a wide range of support services, including co-founding the Lower East Side People's Federal Credit Union.

VICTOR GONZALEZ, Board Member (Term Expires: At the pleasure of the Mayor). Mr. Gonzalez was appointed Member of the New York City Housing Authority by Mayor Michael R. Bloomberg on July 20, 2011, following passage of a law by the State legislature in 2010 allowing for a resident to serve on the Board. Mr. Gonzalez, who has lived in the Authority's public housing for 50 years, is the first public housing resident to be named a member of the Board of the Authority. Mr. Gonzalez has served as president of the Wise Towers Residents Association since 2003 and as alternative member of the Authority's Resident Advisory Board. He serves on the Goddard Riverside Community Center Board, which supports the daycare center at Wise Towers; the Community Board 7 in Manhattan, where he chairs the Housing Committee and helped organize a roundtable conversation with federal, state and local representatives to voice the concerns of public housing residents; the Neighborhood Advisory Board for the City's Department of Youth and Community Development; and is a member of the NYC Resident's Alliance. Mr. Gonzalez received his Bachelor's degree from Mercy College and served for five years in the U.S. Air Force, honorably discharged after reaching the rank of Sergeant of Security Police. Following his military service, he spent 33 years working for the United Parcel Service.

Principal Officers

CECIL HOUSE, General Manager. Mr. House was appointed General Manager for the New York City Housing Authority on August 24, 2012. Prior to his appointment as General Manager, Mr. House served as Senior Vice President for the Operations Support Business Unit and also as Chief Procurement Officer for Southern California Edison (“SCE”). His responsibilities at SCE included managing a broad set of functions critical to the success of SCE, including supply management and logistics; fleet operations; emergency preparedness; employee health and safety; security; environmental services, sustainability; and real estate and facilities, where he managed 6 million square feet of space. Before his time at SCE, Mr. House was Vice President of Customer Operations at Public Service Electric & Gas Company. Mr. House is a member of the bar in New York and Virginia and is a Certified Process Manager. He holds a Bachelor of Science degree from the McIntire School of Commerce at the University of Virginia; a J.D. degree from Harvard Law School; and an M.B.A. from Columbia University. Mr. House has served and continues to serve as a director or trustee of several not-for profit organizations.

KELLY MACNEAL, Acting Executive Vice-President for Legal Affairs and General Counsel. Ms. MacNeal joined the New York City Housing Authority on August 30, 2010 as Deputy General Counsel. Prior to joining the Authority, Ms. MacNeal served as an Executive Agency Counsel for the New York City Transit Authority. Ms. MacNeal began her career as an Assistant Corporation Counsel for the New York City Law Department where she went on to serve as a Deputy Assistant Chief and later, as an Assistant Borough Chief. She obtained a Bachelor of Arts degree from the University of Michigan and a Juris Doctor from the University of Virginia. Ms. MacNeal is licensed to practice law in New York State and the District of Columbia. She serves on the New York City Housing Advisory Council and is a Board Member of the Housing and Development Law Institute.

RICHARD COUCH, Executive Vice President for Finance and Chief Financial Officer. Mr. Couch was appointed Executive Vice President for Finance and Chief Financial Officer on September 3, 2013. Prior to joining the Authority, Mr. Couch served as Managing Director and Chief Financial Officer – Fixed Income at the asset management firm Neuberger Berman LLC, where he led the corporate finance team and was responsible for developing a strategic planning process and establishing a new capital structure for the company. Prior to that, Mr. Couch spent 10 years with Citigroup Inc., where he began as Vice President for Strategy and Business Development, assessing growth plans and executing mergers and executions for consumer banking and international credit card businesses. During that 10-year span he held several progressively more responsible positions, culminating as a Managing Director and Finance Officer for Citi Holdings. In this position, he developed capital planning scenarios for Citigroup during the 2008 financial crisis and executed business restructurings and divestitures for Citi’s non-core businesses. Prior to his time at Citigroup Inc., Mr. Couch held various finance and strategy roles at American Express and GE Capital. Mr. Couch holds a Bachelor of Science in Accounting from the University of Connecticut and a Master’s of Business Administration in Finance from the Fordham University Graduate School.

MICHAEL ZUNNO, Vice-President for Finance. Michael S. Zunno was appointed Vice-President for Finance on November 19, 2012 and leads the New York City Housing Authority’s Department of Budget and Financial Planning and its Accounting and Fiscal Services Department. Mr. Zunno has over 25 years of public accounting and private industry experience and has worked in organizations in a broad range of industries, including Standard Motor Products, Cushman & Wakefield, Altria, Kraft Foods, and Eli Lilly. Mr. Zunno is a graduate of St. John’s University, a Certified Public Accountant in the State of New York and member of the American Institute of Certified Public Accountants.

CARLOS LABOY-DIAZ, Executive Vice-President for Operations. Mr. Laboy-Diaz was appointed Executive Vice-President for Operations on March 1, 2011, with more than 20 years of service in the public housing and real estate industries. Prior to joining the Authority, he served as Director of Business Development at Omega Realty Co., in San Juan, Puerto Rico, developing housing projects for the company. Prior to that, Carlos served as the Administrator of the Puerto Rico Public Housing Administration (PRPHA) in San Juan, the second largest public housing authority in the nation with 56,000 units. During his tenure as Administrator, Carlos developed and implemented a mixed-finance modernization program involving a \$235 million tax credit equity investment, which included the largest bond transaction in the history of

HUD's Capital Fund Financing Program, totaling more than \$600 million. He also designed and spearheaded the largest modernization effort in PRPHA's history with the modernization of over 19,000 units, and implemented the largest Resident Service Program in the United States.

RAYMOND RIBEIRO, Executive Vice-President for Capital Projects. Mr. Ribeiro was appointed Executive Vice-President for Capital Projects on September 12, 2011. Prior to joining the Authority, Mr. Ribeiro served as Executive Vice President of HAKS Engineering, managing over 400 employees and hundreds of millions of dollars in public infrastructure improvement projects. Prior to that, Mr. Ribeiro served as Commissioner of the Nassau County Department of Public Works, where he was responsible for managing all engineering, construction and maintenance of public infrastructure projects. Mr. Ribeiro has a Bachelor of Science degree in Civil Engineering from Polytechnic University in Farmingdale, New York, and is a licensed professional engineer.

VILMA HUERTAS, Corporate Secretary. Ms. Huertas was appointed Corporate Secretary to the Board of the New York City Housing Authority on June 15, 2005. Prior to joining the Authority, Ms. Huertas was the Director of the Office of Intergovernmental Relations, where she previously served as the department's Legislative Liaison and then as Deputy Director. In addition, Ms. Huertas served as Chief of Staff in the New York State Assembly; as Assistant District Attorney in the Office of the Bronx District Attorney; and as the Assistant Housing Director and Director of Economic Development for a large not-for-profit. Ms. Huertas holds a Juris Doctor from the City University of New York Law School at Queens College and a Bachelor of Arts from Fordham University. She is also a graduate of the NYC Department of Citywide Administrative Services and Mayor's Office of Operations Management Academy Executive Development Program.

Certain Authority Management Policies and Procedures

NYCHA has established certain policies and procedures for carrying out its primary purpose of providing housing for lower income persons and families. These policies and procedures relate to, among other things, the selection of residents, occupancy standards, development management, budgetary controls and collection of resident rentals.

Selection of Residents

The Department of Applications and Tenancy Administration determines the eligibility of prospective residents and selects for residency in NYCHA developments those applicants meeting applicable Federal, State, City and NYCHA standards. Selection standards provide, among other things, that an applicant must have an acceptable history of meeting rental obligations (*i.e.*, prompt rent payments), stable family composition and verifiable income. Special circumstances beyond the applicant's control are given consideration in evaluating eligibility.

Residents are required by NYCHA to sign a Landlord-Tenant Lease Agreement. This lease agreement has an initial term of one year and, if not terminated, is automatically renewed for successive terms of one month. The lease can be terminated by either NYCHA for cause or the resident with prior written notice of at least one month. Grounds for termination of occupancy in developments include breach of rules and regulations, chronic rent delinquency, non-verifiable income, non-desirability and misrepresentation as to eligibility. Security deposits, equal to one month's rent or the scheduled security deposit amount corresponding to the resident's apartment size, whichever is more, are required from all new residents at the time of renting. Transferring residents are required to pay the difference between the existing security deposit paid on the old apartment and the greater of a full month's rent or the scheduled security deposit. This deposit can be applied by NYCHA to offset any losses which might be incurred through the fault of the resident.

Apartment inspections are conducted annually by NYCHA staff to accomplish preventive maintenance work and check for continued compliance with occupancy standards.

Development Management

NYCHA field operations are grouped into five Property Management Departments, each of which is overseen by a Borough Director. Operations at the development level are divided between two areas, with the development manager retaining overall charge. One area is responsible for carrying out the management function, which consists of the administration of the development by the manager and staff. The second area of responsibility concentrates on the maintenance function and is headed by a superintendent, with a staff of maintenance workers, caretakers, and others. The Property Management Department employs skill trade such as electricians, bricklayers, machinists, exterminators, roofers, painters and plasterers, who are available to perform maintenance and repair work on all developments. The Maintenance and Repair, Technical Services Department also employs Skill Trades and provide technical service support and specifies technical expertise for all the developments.

Capital Projects Division

NYCHA's Capital Projects Division ("CPD") is responsible for all planning, design and construction associated with NYCHA's capital improvements to its building and infrastructure portfolio. CPD has put in place a number of programmatic controls to ensure that projects financed with the Series 2013B Bonds are delivered on-time and within budget. To ensure construction quality, detailed drawings and specifications, that clearly spell out how and where repair work is to be undertaken have been prepared by outside architectural and engineering design firms. These designs include specific information, based on actual testing, related to where asbestos is located and how it should be addressed to reduce project delays and cost overruns. The construction contracts have been assembled as Unit Price Factor Bid contracts to provide accurate work cost breakdowns and ensure fair pricing. Subcontractors will be approved as part of the original bid package to reduce delays associated with the administration of the projects and to further ensure quality work. NYCHA has also changed its approach to contract delivery. The former Construction Management/Build model will be replaced with a more conventional Construction Manager ("CM") as Agent contract delivery method that ensures that roles and responsibilities are clearly defined throughout the project and that those managing the day to day construction are acting in NYCHA's interest. All of the CM firms have already performed exhaustive constructability reviews of the projects that they will manage to ensure that they are complete and clearly detail the expected work. A new change order approval process is also in place and requires that all proposed change orders first be vetted and approved by senior staff and then negotiated before a contractor is directed to do any extra work. Addressing change orders in this manner will ensure that scope of work is clearly defined, NYCHA gets a fair price, contract claims will be reduced and contract close outs will be expedited. In addition, CPD recently completed a major enhancement to its standard procedures manual that covers the entire life cycle of a project from its initiation in the capital planning process, through planning, design and construction and then to completion of contract close out. This manual will be a key tool for project managers to deliver projects consistently on time and within budget.

Financial Advisor

CSG Advisors served as financial advisor to the Authority with respect to the Series 2013A Bonds and the Series 2013B Bonds.

PLAN OF FINANCE

Upon execution and delivery of the Series 2013A Bonds, a portion of the proceeds thereof will be used to provide for the payment and redemption of the Refunded Bonds by depositing with The Bank of New York Mellon, as escrow trustee, 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 Refunded Bonds to their maturity or redemption date. The accuracy of the arithmetical computations and the sufficiency of the cash and securities deposited with The Bank of New York Mellon, as escrow trustee, to pay the principal of and interest on and redemption prices of, the Refunded Bonds will be verified by Causey Demgen & Moore P.C. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

The proceeds of the Series 2013B Bonds will allow NYCHA to carefully plan and execute larger, multi-year construction initiatives that will address critical needs in a comprehensive way and accelerate the modernization of NYCHA's public housing stock. One of the greatest challenges facing NYCHA in terms of preserving its vast portfolio of apartments and related building systems is ensuring the integrity of the building

envelope. Compromised roofs and brickwork represent an obvious safety risk on development sites, but can also jeopardize heating and electrical systems and threaten the habitability of apartment interiors in many other ways. As NYCHA engages in long term modernization planning, it is important to secure building envelopes prior to making significant investments in other building components such as elevators, bathrooms, kitchens, intercoms as well as heating, plumbing and electrical systems.

NYCHA performs critical façade inspections of each of its high rise buildings every five years and routinely tracks maintenance needs related to water infiltration or leaks. In addition, as part of NYCHA's regular physical needs assessment, all of the elements and systems within NYCHA's buildings are evaluated to determine whether or not they continue to operate as designed and to estimate when those elements will need to be replaced and at what cost. After a thorough review of this data, NYCHA identified select buildings at specific developments that would benefit from an immediate investment in those properties. The use of Series 2013B Bond proceeds at selected developments will ensure the improved developments can be preserved for years to come.

NYCHA has proactively designed the program so that it is as flexible as possible to allow changes to be made based on market conditions, without any adverse impact on delivery of proposed improvements. NYCHA purposely designed a program that exceeds the available bond proceeds, enabling NYCHA to strategically select which projects to proceed with without any fear of having to deliver a project where issues have been raised. NYCHA has taken work at 39 developments and packaged them into 30 different contracts that could be entered into if funding permits. The 30 different contracts were assembled in a way that will maximize the availability of market labor to complete the work.

NYCHA has expended approximately \$700 million in brick work and roof replacements over the last five years in an effort to address building exterior needs on an as-need, most critical basis. The Series 2013B Bonds will provide NYCHA with a dedicated, immediate funding source to address remaining critical building-envelope needs more quickly. Concentrating resources on these projects within the current five-year plan will avoid short-term maintenance expenses associated with these conditions (*e.g.*, leaks, masonry emergencies) and inevitable construction cost escalation.

THE SERIES 2013 BONDS

General

The Series 2013 Bonds are to be dated their date of delivery and mature as set forth on the inside cover page of this Official Statement and will be issued as fully registered bonds without coupons. The Series 2013 Bonds will be issued in denominations of \$5,000 and any integral multiple thereof. The Series 2013 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2013 Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2013 Bonds, the Series 2013 Bonds will be exchangeable for other fully registered certificated Series 2013 Bonds of the same series and maturity in any authorized denominations. See "Book-Entry Only System" herein. The Trustee may impose a charge sufficient to reimburse the Corporation or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Series 2013 Bond. The cost, if any, of preparing each new Series 2013 Bond issued upon such exchange or transfer, and any other expenses of the Corporation or the Trustee incurred in connection therewith, will be paid by the person requesting such exchange or transfer.

Interest on the Series 2013 Bonds will be payable by check or draft drawn upon the Paying Agent and mailed to the registered owners thereof as of the Record Date at the addresses shown on the registration books maintained by the Registrar. However, interest on the Series 2013 Bonds will be paid to any owner of \$1,000,000 or more in aggregate principal amount of the Series 2013 Bonds by wire transfer or other method of transfer of immediately available funds acceptable to the Paying Agent and the Corporation upon the written request of such owner to the Paying Agent. As long as the Series 2013 Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See "Book-Entry Only System" herein.

Book-Entry Only System

The following information concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation and the Underwriters believe to be reliable, but none of the Corporation or the Underwriters takes any responsibility for the accuracy thereof.

DTC will act as securities depository for the Series 2013 Bonds. References to the Series 2013 Bonds under this caption "Book-Entry Only System" shall mean all Series 2013 Bonds, the beneficial interests in which are owned in the United States. The Series 2013 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2013 Bond certificate will be issued for each maturity of each series of the Series 2013 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds 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"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the related Series 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013 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 Series 2013 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 Series 2013 Bonds, except in the event that use of the book-entry system for the Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013 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 Series 2013 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 Series 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013 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 any series of the Series 2013 Bonds within a stated maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2013 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 Series 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2013 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 a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Corporation, 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.

The Corporation and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2013 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2013 Bonds, giving any notice permitted or required to be given to registered owners under the Indenture, registering the transfer of the Series 2013 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Corporation and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2013 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Corporation (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2013 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Corporation; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to any series of the Series 2013 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, Series 2013 Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) for any series of the Series 2013 Bonds. In that event, Series 2013 Bond certificates will be printed and delivered to DTC.

Each person for whom a Participant acquires an interest in the Series 2013 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 of 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 SERIES 2013 BONDS.

So long as Cede & Co. is the registered owner of the Series 2013 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2013 Bonds (other than under the captions "TAX MATTERS" and "CONTINUING DISCLOSURE" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2013 Bonds.

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

For every transfer and exchange of Series 2013 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.

NEITHER THE CORPORATION NOR THE UNDERWRITERS SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2013 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO SERIES 2013 BONDHOLDERS UNDER THE INDENTURE; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS A SERIES 2013 BONDHOLDER; (5) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2013 BONDS; OR (6) ANY OTHER MATTER.

Redemption Provisions

Series 2013A Bonds

Optional Redemption

The Series 2013A Bonds shall be subject to redemption prior to maturity, upon prepayment by NYCHA of the loan financed with the proceeds of the Series 2013A Bonds (the "2013A Loan") in an amount sufficient to provide for redemption of the Series 2013A Bonds to be so redeemed, or otherwise at the option of the Corporation with the consent of NYCHA, as a whole or in part in integral multiples of \$5,000 in any order of maturity as determined by the Corporation (less than all of the Series 2013A Bonds of a single maturity to be selected by lot by the Trustee), on July 1, 2023, and on any date thereafter, at the redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest to the redemption date.

Special Optional Redemption

The Series 2013A Bonds shall be subject to redemption prior to maturity, upon prepayment of the 2013A Loan by NYCHA, in whole or in part, at any time at the option of NYCHA or the Corporation, in the event that NYCHA reduces its Stabilized Base Unit Count by more than 5%, in an amount necessary to maintain the required coverage ratio established by HUD in the ACC Financing Amendment.

Special Mandatory Redemption

The Series 2013A Bonds shall be subject to special mandatory redemption in whole or in part, on any date, in an amount not in excess of the proceeds of any condemnation or insurance awards with respect to any public housing units in any portion of any public housing development of NYCHA legally available for such redemption, in the event that (a) any such public housing units owned by NYCHA are substantially damaged or destroyed by

casualty or taken by eminent domain, (b) the proceeds of any insurance or condemnation awards with respect thereto are not applied towards the repair, rebuilding or replacement of such units, (c) as a result thereof, the amount of future Capital Fund Grant Monies available to NYCHA will be materially reduced by HUD, and (d) any Rating Agency determines, after written notice of such material reduction (which NYCHA covenants to provide to the Rating Agencies), that the failure to apply such proceeds with respect to such public housing units to the redemption of the Series 2013A Bonds would result in a reduction of the underlying rating on the Series 2013A Bonds below the then-current rating of the Series 2013A Bonds by the Rating Agency or a withdrawal of the then-current underlying rating on the Series 2013A Bonds.

Redemption Price for Special Optional Redemption and Special Mandatory Redemption

In the case of a redemption of Series 2013A Bonds described above under “—Special Optional Redemption” and “—Special Mandatory Redemption”, the redemption price shall be equal to the sum of the present value of the remaining payments of principal and interest on such Series 2013A Bonds discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) using the yield of the Series 2013A Bonds to be redeemed stated on the inside cover page hereof assuming (i) for Series 2013A Bonds originally priced greater than 100% of principal amount thereof, that principal is received at the earlier of the scheduled maturity date or the first optional redemption date, and (ii) for Series 2013A Bonds originally priced at or less than 100% of principal amount thereof, that principal is received at the scheduled maturity date.

Series 2013B Bonds

Optional Redemption

The Series 2013B Bonds shall be subject to redemption prior to maturity, upon prepayment by NYCHA of the loan financed with the proceeds of the Series 2013B Bonds (the “2013B Loan”) in an amount sufficient to provide for redemption of the Series 2013B Bonds to be so redeemed, or otherwise at the option of the Corporation with the consent of NYCHA, as a whole or in part in integral multiples of \$5,000 in any order of maturity as determined by the Corporation (less than all of the Series 2013B Bonds of a single maturity to be selected by lot by the Trustee), on July 1, 2023, and on any date thereafter, at the redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest to the redemption date.

Special Optional Redemption

The Series 2013B Bonds shall be subject to redemption prior to maturity, upon prepayment of the 2013B Loan by NYCHA, in whole or in part, at any time at the option of NYCHA or the Corporation, in the event that NYCHA reduces its Stabilized Base Unit Count by more than 5%, in an amount necessary to maintain the required coverage ratio established by HUD in the ACC Financing Amendment.

Special Mandatory Redemption

The Series 2013B Bonds shall be subject to special mandatory redemption as follows:

(i) NYCHA shall certify in writing to the Trustee, no later than July 1, 2015 (or such later date as may be approved by HUD), the amount of proceeds of the Series 2013B Bonds which is obligated or encumbered for the payment of Eligible Costs (as “obligated” and “encumbered” are defined by HUD for purposes of the Capital Fund Program); (a) to the extent that the amount so certified is less than 90% of the proceeds of the Series 2013B Bonds (less any amounts needed to be maintained in the Debt Service Reserve Fund), the Trustee shall, on August 1, 2015 (or such later date as may be approved by HUD), withdraw an amount from the Loan Fund such that 90% of the proceeds of the Series 2013B Bonds taking into account such withdrawal are so obligated or encumbered, and shall apply such withdrawn amount to the redemption of the Series 2013B Bonds on August 1, 2015 (or such later date as may be approved by HUD); and (b) to the extent that any proceeds of the Series 2013B Bonds remain on deposit in the Loan Fund on July 1, 2017 (or such later date as may be approved by HUD), NYCHA shall direct the Trustee to redeem the Series 2013B Bonds on August 1, 2017 from such unexpended amount (or such later date as may be approved by HUD).

(ii) At the direction of HUD (or at the option of NYCHA), in the event that HUD imposes administrative sanctions on NYCHA which would have the effect of reducing the payment of Capital Fund Grant Monies to NYCHA in any year by at least 20% below the levels that would have been paid to NYCHA without such sanctions. The amount of any such redemption shall not exceed the unexpended proceeds of the Series 2013B Bonds, if any, less the amounts already obligated or encumbered (as “obligated” and “encumbered” are defined by HUD for purposes of the Capital Fund Program) for the payment of Eligible Costs and less any amounts needed to be maintained in the Debt Service Reserve Fund in order to meet the Debt Service Reserve Requirement. The Trustee shall withdraw such unexpended proceeds of the Series 2013B Bonds and shall apply such withdrawn amount to the redemption of the Series 2013B Bonds on the earliest possible date.

(iii) In whole or in part, on any date, in an amount not in excess of the proceeds of any condemnation or insurance awards with respect to any public housing units in any portion of any public housing development of NYCHA legally available for such redemption, in the event that (a) any such public housing units owned by NYCHA are substantially damaged or destroyed by casualty or taken by eminent domain, (b) the proceeds of any insurance or condemnation awards with respect thereto are not applied towards the repair, rebuilding or replacement of such units, (c) as a result thereof, the amount of future Capital Fund Grant Monies available to NYCHA will be materially reduced by HUD, and (d) any Rating Agency determines, after written notice of such material reduction (which NYCHA covenants to provide to the Rating Agencies), that the failure to apply such proceeds with respect to such public housing units to the redemption of the Series 2013B Bonds would result in a reduction of the underlying rating on the Series 2013B Bonds below the then-current rating of the Series 2013B Bonds by the Rating Agency or a withdrawal of the then-current underlying rating on the Series 2013B Bonds.

Redemption Price for Special Optional Redemption and Special Mandatory Redemption

In the case of a redemption of Series 2013B Bonds described above under “—Special Optional Redemption” and “—Special Mandatory Redemption”, the redemption price shall be equal to the sum of the present value of the remaining payments of principal and interest on such Series 2013B Bonds discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) using the yield of the Series 2013B Bonds to be redeemed stated on the inside cover page of hereof assuming (i) for Series 2013B Bonds originally priced greater than 100% of principal amount thereof, that principal is received at the earlier of the scheduled maturity date or the first optional redemption date, and (ii) for Series 2013B Bonds originally priced at or less than 100% of principal amount thereof, that principal is received at the scheduled maturity date.

General

The Series 2013 Bonds shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof.

With respect to any optional redemption of Series 2013 Bonds, unless moneys sufficient to pay the redemption price of the Series 2013 Bonds to be redeemed shall have been received by the Trustee prior to the giving of the notice of redemption, such notice may, at the option of the Corporation, state that such redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the Corporation shall not redeem such Series 2013 Bonds, and the Trustee shall give notice, in the same manner in which the notice of redemption shall have been given, that such moneys were not so received and that such Series 2013 Bonds will not be redeemed.

Selection of Bonds for Redemption

In the event that less than all Series 2013 Bonds of any series are to be redeemed, the Corporation (after consultation with NYCHA) may choose Series 2013 Bonds of such series among various maturities for redemption in its discretion. With respect to redemption of Series 2013 Bonds of any series of the same maturity and interest rate, the Trustee shall choose Series 2013 Bonds of such series for redemption by lot. If less than all of the Series 2013 Bonds of any series are to be redeemed, each Series 2013 Bond of such series shall be treated as representing that number of Series 2013 Bonds of such series which is obtained by dividing the face amount thereof by the smallest authorized denomination (\$5,000).

Notice of Redemption

The Trustee shall cause notice of any redemption of Series 2013 Bonds to be mailed to the record holders of all Series 2013 Bonds to be redeemed at the registered addresses appearing in the registration books held by the Trustee and shall send a copy of such notice to HUD. Such notice shall be given by first class mail or registered or certified mail, return receipt requested (such delivery method to be determined by the Trustee), not less than 30 days before the redemption date. Each such notice shall, among other things, (i) identify the Series 2013 Bonds to be redeemed, (ii) specify the redemption date and the redemption price, and (iii) state that on the redemption date, assuming satisfaction of all conditions precedent to such redemption, the Series 2013 Bonds called for redemption will be due and payable and that from that date interest will cease to accrue and be payable. No defect affecting any Series 2013 Bond, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Series 2013 Bonds for which notice was properly given. If at the time of mailing of any notice of optional redemption the Corporation shall not have deposited with the Trustee moneys sufficient to redeem all the Series 2013 Bonds called for redemption, such notice may state that it is subject to the deposit of the redemption moneys with the Trustee on or prior to the redemption date and shall be of no effect unless such moneys are so deposited. If such moneys are not deposited by such date and time, the Trustee shall promptly notify the holders of all Series 2013 Bonds called for redemption of such fact. So long as the Series 2013 Bonds are in book-entry form, notice of redemption shall be given to Cede & Co. as nominee for DTC.

Corporation's and NYCHA's Right to Purchase

The Corporation and NYCHA retain the right to purchase the Series 2013 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 Indenture, and thereby reduce its obligations, if any, for the Series 2013 Bonds.

SECURITY FOR THE BONDS

Pledge of the Indenture

The Bonds are special obligations of the Corporation payable from the Revenues and amounts on deposit in the Accounts (other than amounts deposited in or to be deposited in the Costs of Issuance Fund and amounts on deposit in or required to be deposited in the Rebate Fund) as described herein. 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 moneys received by the Trustee for deposit into the Revenue Fund (including all payments made by NYCHA (or by HUD on behalf of NYCHA pursuant to the ACC Financing Amendment) to the Trustee pursuant to the Loan Agreement from the Capital Fund Grant Monies assigned to the Corporation by NYCHA to the extent necessary to pay Loan Debt Service) and income derived from the investment of funds held by the Trustee in Accounts established under the Indenture, including earnings and gains received by the Trustee pursuant to any investment agreement. Payment of the Bonds is also secured by a pledge and assignment of all right, title and interest of the Corporation in the Loan Agreement excluding certain Reserved Rights. 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 Costs of Issuance Fund and amounts on deposit in or required to be deposited in the Rebate Fund) established pursuant to the Indenture (including the investments of such Accounts, if any).

The pledges described in the immediately preceding paragraph are also subject to the terms and provisions of the Indenture 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.

Each of the Series 2013A Bonds and the Series 2013B Bonds shall be issued as Senior Obligations and shall have a *pari passu* lien on the Trust Estate with any future Senior Obligations issued under the Trust Indenture and shall be payable on a parity basis with any future Senior Obligations issued under the Trust Indenture.

Capital Fund Grant Monies

Under the Indenture, the Corporation will assign to the Trustee, as security for the payment of the Series 2013 Bonds, all of its right, title and interest in and to: (i) the Capital Fund Grant Monies delivered on behalf of NYCHA as to Loan Debt Service, and (ii) all funds held in the Accounts established under the Indenture and investments, if any, thereof and earnings, if any, thereon.

Provided that NYCHA submits certain required documents to HUD, HUD has agreed as described in the HUD Approval Letter, subject to the availability of appropriations, to make payments needed for Loan Debt Service and related costs (as reflected on the final debt service schedule approved pursuant to the HUD Approval Letter) on the Bonds automatically and directly to the Trustee. HUD agrees in the ACC Financing Amendment that the amounts paid to the Trustee to make Loan Debt Service payments on the Series 2013 Bonds are authorized and under current law are not subject to recapture, and that no regulatory waiver is necessary to disclaim effectively any right, title and interest of the United States in and to such amounts. However, HUD may recapture funds from NYCHA (as opposed to the Trustee) in accordance with applicable law. In the ACC Financing Amendment, HUD also agrees that interest earned on amounts paid to the Trustee to make Loan Debt Service payments on the Series 2013 Bonds may be applied to pay debt service on the Series 2013 Bonds or other Capital Fund Program eligible work items and need not be returned to HUD, and HUD has determined that no regulatory waiver is necessary to permit such use.

Nothing in this transaction diminishes HUD's authority to administer, monitor, and regulate the public housing program, including HUD's authority to exercise any administrative sanction provided by law; provided, however, that HUD has agreed in the ACC Financing Amendment that no subsequent change in the permissible use of Capital Fund Program moneys and no administrative sanction regarding NYCHA will affect the eligibility of expenditures for Loan Debt Service or reduce Capital Fund Grant Monies to NYCHA, except as required by law, below the levels needed to pay such Loan Debt Service.

To the extent that allocations of Capital Fund Program moneys to NYCHA are reduced or recaptured because Capital Fund Program amounts previously allocated to NYCHA remain unobligated or unexpended in violation of Section 9(j)(1) or (5)(A) of the United States Housing Act of 1937 (or any successor(s) thereto), HUD has agreed in the HUD Approval Letter that, (i) unless otherwise prohibited by law, any unobligated Capital Fund Program moneys that are available to NYCHA shall be used, on a first priority basis, to the extent necessary, to pay principal of and interest on the Series 2013 Bonds, and (ii) to the extent permitted or provided by law, the recapture of all funds unobligated or unexpended in violation of said provisions of Section 9(j) shall serve to cure such violation(s). HUD also agrees in the HUD Approval Letter that the pledge and assignment of Capital Fund Grant Monies under the Indenture is authorized for the purpose of securing the payment of Bond Debt Service on the Series 2013 Bonds. See Appendix C—"HUD Approval Letter" and Appendix D—"Capital Fund ACC Financing Amendment."

NYCHA shall execute and deliver, and present to HUD for execution and delivery, each year as soon as Capital Fund Grant Monies are legally available and/or NYCHA may legally request such moneys, a "Capital Fund Program Amendment to Consolidated Annual Contributions Contract" directing HUD to pay to the Trustee from Capital Fund Grant Monies available to NYCHA in the then current fiscal year an amount equal to the aggregate of the deposits and payments required to be made by the Corporation pursuant to the Indenture on July 1 and January 1 of the next succeeding calendar year. Such amounts shall be required to be paid to the Trustee no earlier than three business days prior to each Interest Payment Date.

The Capital Fund Grant Monies received by NYCHA during the last five Federal fiscal years (October 1 – September 30) are as follows:

<u>Federal Fiscal Year</u>	<u>Grant Amount</u> ¹
2008	\$333,454,021
2009	331,867,292
2010	327,134,697
2011	273,059,437
2012	270,369,594
2013	258,885,813 ²

¹ Does not include Replacement Factor Grant amounts, which are special capital funding amounts for units demolished or disposed of on or after October 1, 1998.

² See “RISKS TO THE BONDHOLDERS—Effect of Federal Sequestration” below for a discussion of the impact on the Authority’s 2013 Capital Grant funding.

See “CAPITAL FUND PROGRAM—History of Modernization Funding” below.

Debt Service Reserve Fund

Under the Indenture, the Corporation is required to maintain on deposit in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, which is an amount equal to one-half (1/2) of the maximum annual debt service requirements on all Series 2013 Bonds Outstanding and payable in any one Bond Year. If at any time for any reason, the funds held in the Debt Service Fund are insufficient to pay when due, the principal of or interest on the Series 2013 Bonds, the Trustee is authorized to withdraw from the Debt Service Reserve Fund to pay principal and interest on the Series 2013 Bonds. At the time of issuance of the Series 2013 Bonds, cash will be deposited with the Trustee in amount sufficient to satisfy the Debt Service Reserve Requirement with respect to the Series 2013 Bonds.

Additional Bonds

The Corporation may issue Additional Bonds under the terms and conditions of the Trust Indenture, which terms include obtaining the prior approval of HUD. All such Additional Bonds shall be secured on a parity basis with the Series 2013 Bonds.

As a condition to the issuance of any series of Additional Bonds, (i) the provisions of the Indenture, as applicable, shall have been complied with as of the date of delivery of such Additional Bonds, and (ii) the Corporation is required to file with the Trustee, prior to the authentication by the Trustee of such Additional Bonds, the following:

- (a) the written approval by HUD of the issuance of such Additional Bonds;
- (b) a certificate demonstrating that the lesser of (i) the Capital Fund Grant Monies received by NYCHA in the immediately preceding Federal fiscal year, and (ii) the average annual amount of Capital Fund Grant Monies received by NYCHA, as evidenced by Annual Capital Fund ACC Amendments between NYCHA and HUD under the Capital Fund Program in the three Federal fiscal years immediately preceding the issuance of the Additional Bonds, equals or exceeds an amount equal to three times the aggregate annual Loan Debt Service on all Bonds, including the Additional Bonds proposed to be issued; and
- (c) advice from the Rating Agencies that such action will not have an adverse effect on the then-current ratings of the Bonds Outstanding.

All Additional Bonds issued under the Indenture shall be issued on a parity basis with the Series 2013 Bonds and shall be equally and ratably secured by the pledge provided by the Indenture of Capital Fund Grant

Monies. The Corporation has reserved the right, without limitation, to issue subordinate debt secured by Capital Fund Grant Monies with the approval of HUD.

Parity Obligations Issued by Alternative Issuers

Subject to the approval of the Corporation and HUD and the receipt of evidence from the Rating Agencies that such action will not have an adverse effect on the then-current ratings of the Bonds Outstanding, NYCHA may issue additional bonds under a separate indenture, either on its own or through an alternative issuer selected by NYCHA, on a parity with the Bonds. In connection with the issuance of such parity obligations, NYCHA or such other issuer will be required to enter into a written agreement under which it agrees to be bound by the conditions described above as though such parity obligations were Additional Bonds.

Bonds Not a Debt of the State or the City

The Series 2013 Bonds are special obligations of the Corporation. The faith and credit of the Corporation and NYCHA are not pledged for the payment of the principal or redemption price of, or interest on, the Series 2013 Bonds. The Series 2013 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 Series 2013 Bonds be payable out of any funds of the Corporation or NYCHA other than those held under the Indenture and pledged therefor. The Corporation has no taxing power.

THE SERIES 2013 BONDS ARE NOT A DEBT OR LIABILITY OF, OR GUARANTEED BY, THE UNITED STATES OF AMERICA OR HUD. THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA IS NOT PLEDGED TO THE PAYMENT OF DEBT SERVICE ON THE SERIES 2013 BONDS. THE PAYMENT OF DEBT SERVICE ON THE SERIES 2013 BONDS IS NOT GUARANTEED BY THE UNITED STATES OF AMERICA OR HUD. NO ACTION TAKEN PURSUANT TO THE DOCUMENTS DESCRIBED IN THIS OFFICIAL STATEMENT SHALL RESULT IN ANY LIABILITY TO THE FEDERAL GOVERNMENT OF THE UNITED STATES OF AMERICA OR ANY PART THEREOF.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds relating to the issuance of the Series 2013A Bonds are shown below:

Sources:

Principal amount of Series 2013A Bonds	\$	185,785,000.00
Other Available Funds ⁽¹⁾		31,186,299.66
Original issue premium		15,020,117.80
Total Sources	\$	231,991,417.46

Uses:

Deposit to Loan Fund for defeasance of Refunded Bonds	\$	220,258,452.59
Deposit to Debt Service Reserve Fund		10,428,268.75
Underwriters' discount and costs of issuance ⁽²⁾		1,304,696.12
Total Uses	\$	231,991,417.46

⁽¹⁾ Includes funds released by the trustee for the Refunded Bonds for the defeasance of the Refunded Bonds.

⁽²⁾ Includes costs of issuance including, but not limited to, printing and legal fees, rating agency fees and Trustee fees.

The estimated sources and uses of funds relating to the issuance of the Series 2013B Bonds are shown below:

Sources:

Principal amount of Series 2013B Bonds	\$	470,300,000.00
Original issue premium		29,695,128.75
Total Sources	\$	499,995,128.75

Uses:

Deposit to Loan Fund	\$	476,302,631.09
Deposit to Debt Service Reserve Fund		19,396,125.00
Underwriters' discount and costs of issuance ⁽¹⁾		4,296,372.66
Total Uses	\$	499,995,128.75

⁽¹⁾ Includes costs of issuance including, but not limited to, printing and legal fees, rating agency fees and Trustee fees.

ANNUAL DEBT SERVICE REQUIREMENTS

The debt service requirements of the Corporation with respect to the Series 2013 Bonds are shown below:

Bond Year	Federal Fiscal Year	Principal of Series 2013A Bonds	Interest on Series 2013A Bonds	Total Payments of Series 2013A Bonds⁽¹⁾	Principal of Series 2013B Bonds	Interest on Series 2013B Bonds	Total Payments of Series 2013B Bonds⁽¹⁾	Total Payments of Series 2013 Bonds⁽¹⁾
2014	2013	\$ 9,155,000	\$ 6,645,106	\$ 15,864,652	\$ 6,940,000	\$ 18,914,545	\$ 26,145,440	\$ 42,010,091
2015	2014	12,840,000	8,037,650	20,953,277	15,205,000	23,260,638	38,818,933	59,772,210
2016	2015	13,235,000	7,652,450	20,954,516	15,825,000	22,804,488	38,814,525	59,769,041
2017	2016	13,740,000	7,150,700	20,952,472	16,625,000	22,013,238	38,816,945	59,769,417
2018	2017	14,415,000	6,481,700	20,952,976	17,465,000	21,181,988	38,819,045	59,772,021
2019	2018	15,095,000	5,810,250	20,955,760	18,345,000	20,308,738	38,818,809	59,774,569
2020	2019	15,840,000	5,068,850	20,953,322	19,265,000	19,391,488	38,814,221	59,767,543
2021	2020	16,620,000	4,297,100	20,955,236	20,240,000	18,428,238	38,818,265	59,773,501
2022	2021	17,400,000	3,523,500	20,954,988	21,260,000	17,416,238	38,818,169	59,773,157
2023	2022	18,270,000	2,660,450	20,954,978	22,330,000	16,353,238	38,816,665	59,771,643
2024	2023	19,180,000	1,755,400	20,952,620	23,455,000	15,236,738	38,816,233	59,768,853
2025	2024	19,995,000	949,800	20,954,348	24,640,000	14,063,988	38,819,101	59,773,449
2026	2025	-	-	-	25,880,000	12,831,988	38,817,995	38,817,995
2027	2026	-	-	-	27,185,000	11,537,988	38,818,643	38,818,643
2028	2027	-	-	-	28,555,000	10,178,738	38,818,519	38,818,519
2029	2028	-	-	-	30,065,000	8,679,600	38,817,959	38,817,959
2030	2029	-	-	-	31,655,000	7,101,188	38,817,521	38,817,521
2031	2030	-	-	-	33,330,000	5,439,300	38,817,971	38,817,971
2032	2031	-	-	-	35,090,000	3,689,475	38,814,814	38,814,814
2033	2032	-	-	-	<u>36,945,000</u>	<u>1,847,250</u>	<u>38,812,753</u>	<u>38,812,753</u>
Total		\$185,785,000	\$60,032,956	\$246,359,145	\$470,300,000	\$290,679,083	\$763,672,518	\$1,010,031,663

⁽¹⁾ Total Payments include principal and interest payments, in addition to certain ongoing fees.

CAPITAL FUND PROGRAM

Public Housing Program

Public Housing Generally. The public housing program was created by the United States Housing Act of 1937, as amended (42 U.S.C. §1437) (the “1937 Act”), to provide improved housing for low-income households and to stimulate employment in the construction industry during the Great Depression. Under the system established by the 1937 Act, local governments adopted legislation to create public housing authorities (“PHA” or “PHAs”). PHAs, such as NYCHA, develop, own, operate and maintain housing for rental to low-income families (those with incomes at or below 80% of area median income) and very low-income families (those with incomes at or below 50% of area median income as defined annually by HUD). Currently the 1937 Act requires, generally, that at least 40% of the public housing units of a particular PHA which become available in a given year be rented to families with incomes at or below 30% of area median income.

Since 1965, the public housing program has been administered at the federal level by HUD. There are currently about 3,100 PHAs in the United States which own and operate approximately 1.1 million public housing units.

Funding. Historically, the Federal Government has paid nearly all of the costs of developing, maintaining, modernizing and operating public housing, to the extent that rents collected from tenants were insufficient for those purposes. PHAs generally financed the construction of public housing by issuing tax-exempt bonds, with respect to which principal and interest payments were guaranteed by the Federal Government through forty-year subsidy contracts known as Annual Contributions Contracts (“ACCs”), or through direct loans from HUD under the ACCs, while property rents paid operating costs. Rents were set at a level sufficient to pay those costs.

Throughout the 1950s and the 1960s, as average tenant incomes in public housing declined, tenants paid an increasing share of income for rent. In response to concerns over rent burdens and the ability of PHAs to meet operating costs, the Federal Government, beginning in 1969, made significant changes to the public housing program. Tenant rental payments were limited to 25% of household income, resulting in a substantial reduction in rent receipts for PHAs. The limit on tenant rental payments was increased to 30% of tenant income in 1981. To offset this loss of income, the Federal Government provided funds to PHAs for the operation and maintenance of public housing units. These federal operating subsidies rose from \$75 million in 1970 to more than \$1 billion annually ten years later. The federal appropriation for operating subsidies to PHAs for federal fiscal year 2012 was more than \$4.711 billion (including \$750 million applied from existing public housing operating fund reserves).

Currently, Congress appropriates money each year for a variety of housing programs, including public housing. Public housing funds are provided to a PHA in accordance with its ACC with HUD. Pursuant to the ACC, HUD makes available an allocation of public housing funds to each PHA, and the PHA agrees to administer the public housing program in accordance with various federal requirements. Each PHA agrees to provide HUD with a variety of reports and other information about its administration of the public housing program in its locality. The ACC is amended each year to reflect the new allocation of capital funds to a PHA. It can also be amended when a PHA increases or decreases its inventory of public housing units, or when the PHA enters into a financing, such as the Series 2013 Bonds.

Renovation-Modernization Programs and Funding. The original funding mechanism for public housing construction did not provide funding for a capital replacement reserve or for modernization. As the public housing stock aged and operating revenues declined, capital replacement and repair needs grew, and as a result, in 1968, HUD and Congress began a series of efforts to fund major repairs and renovation—referred to generally under the term “modernization.” Initially, modernization costs were paid by HUD through the ACCs, either by increasing amounts payable under the original ACC with respect to a project or through a separate contract. In 1980, Congress enacted the Comprehensive Improvement Assistance Program (“CIAP”), which provided modernization funds to PHAs through a grant process based on need. After 1986, the Major Reconstruction of Obsolete Projects (“MROP”) program increased modernization funding, targeting the most seriously deteriorated properties.

Modernization funding was increased and the method of funding for large PHAs was changed in 1990 with the adoption of the Comprehensive Grant Program (“Comp Grant”). Comp Grant was limited to PHAs with more than 250 units and was a formula based program, under which large PHAs were assured of receiving capital funding based on their size, modernization needs and replacement needs, among other criteria.

Establishment of the Capital Fund Program; Capital Funds Calculation

In 1998, Congress passed the Quality Housing and Work Responsibility Act (“QHWRA”), which contained a major revision of the public housing laws. QHWRA amended Section 9 of the 1937 Act to replace the Comp Grant and CIAP programs with a new Capital Fund Program for PHAs. Under the Capital Fund Program, PHAs receive formula-based capital funding grants from HUD (“Capital Funds”) which may be used, among other things, to finance the renovation and modernization of public housing developments. QHWRA also revised the way in which operating subsidies are provided by establishing the public housing Operating Fund.

The amount of Capital Fund and Operating Fund subsidies allocated to each PHA is set according to formulas developed by HUD through negotiated rulemaking procedures, taking into account factors provided by the statute. As set forth in Section 9(d)(2) of the 1937 Act, these factors include: (i) the number of public housing units owned, assisted or operated by the PHA; (ii) the PHA’s need to carry out rehabilitation, modernization and other activities for its public housing units, taking into account both backlog and future needs; (iii) housing construction and rehabilitation costs in the area; (iv) the PHA’s need to provide a “safe and secure environment” in its public

housing; and (v) the PHA's record of "exemplary performance" in operating its public housing. The Secretary of HUD is empowered to consider additional factors.

HUD has issued final rules governing both Capital Fund and Operating Fund allocations. A PHA's shares of funding are calculated according to these rules. The Capital Fund allocation rule is set forth at 24 C.F.R. Part 905. The Capital Funds, which are allocated annually by HUD based upon annual appropriations from the Congress, represent the major source of funding for modernization and other capital activities at PHAs and are the source of the moneys pledged by the Corporation for payment of the Series 2013 Bonds.

As with all other aspects of the Capital Fund Program, the allocation formula is subject to periodic review by the Congress and HUD, and may be changed at any time, whether by law or HUD regulation.

Capital Fund Program Authorization and Appropriations by Congress

Under Article I, § 9 of the United States Constitution, the power to appropriate funds to be spent by the Federal Government belongs to the Congress. Typically, when Congress creates a new program such as the Capital Fund Program, it authorizes the expenditure of federal funds in the prescribed manner for the stated purposes. This authorizing legislation may limit the amount of money to be spent on a given purpose and/or the period of time in which the program may operate, or it may establish the program permanently and permit the spending of such funds as may be necessary for the legislative purpose. In either such event, in addition to an expenditure of funds being generally authorized by law, the amounts to be spent must also be specifically appropriated by the Congress. Appropriations are typically made in various appropriations acts that fund the operation of all activities of the Federal Government. Appropriations acts are normally adopted annually by Congress, as an outcome of the process by which the Executive Branch proposes a budget to Congress and the elements of that budget are negotiated within Congress and between Congress and the President.

Section 519(a) of QHWRA authorized the appropriations for the Capital Fund Program of such sums as were necessary for Federal fiscal years 1999 through 2003. Although there is no authorization for appropriations under the Capital Fund Program after Federal fiscal year 2003, this program remains in effect and Congress regularly provides appropriations for programs without a specific authorization to appropriate. See Table 1 below for amounts appropriated in Federal Fiscal Years 2004 through 2013. See also "RISKS TO THE BONDHOLDERS."

History of Modernization Funding

Appropriations. The amount of funds appropriated by Congress for public housing modernization has varied from year to year. Table 1 below shows such appropriations between 1980 and 2013.

Table 1—Appropriations for Public Housing Modernization: 1980-2013

<u>Federal Fiscal Year</u>	<u>Enacted Appropriation</u> ¹
1980 ²	\$ 50,000,000
1981	100,000,000
1982	75,000,000
1983	2,500,000,000
1984	1,550,000,000
1985	1,725,000,000
1986	1,500,000,000
1987	1,437,000,000
1988	1,685,732,000
1989	1,646,948,200
1990	2,030,000,000
1991	2,500,000,000
1992	2,800,975,000
1993	3,100,000,000
1994	3,230,000,000
1995	2,885,000,000
1996	2,500,000,000
1997	2,500,000,000
1998	2,500,000,000
1999	3,000,000,000
2000 ³	2,900,000,000
2001 ³	2,993,000,000
2002 ³	2,843,400,000
2003 ³	2,712,255,000
2004 ³	2,696,353,000
2005 ³	2,579,200,000
2006 ³	2,463,600,000
2007 ³	2,438,964,000
2008 ³	2,438,964,000
2009 ³	2,450,000,000 ⁴
2010 ³	2,500,000,000
2011 ³	2,040,200,000
2012 ³	1,875,200,000
2013 ³	1,875,200,000 ⁵

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1. These numbers reflect funds appropriated for public housing modernization or for the Capital Fund in the Appropriations Bills for Veterans Affairs, Housing and Urban Development and Independent Agencies for each of the fiscal years indicated. These figures do not include (a) additional funds which may have been appropriated in a Supplemental Appropriations bill for these years, (b) additional funds appropriated for public housing development, the Major Rehabilitation Obsolete Project (“MOP”) and HOPE VI, or (c) HUD’s actual budget.
 2. The public housing modernization program, in its form as a grant, was first authorized in law in 1980 pursuant to the Comprehensive Improvement Assistance Program. However, Congress provided funds for this purpose three years prior to the enactment of authorizing legislation in the following amounts 1977—\$35,000,000, 1978—\$42,500,000 and 1979—\$50,000,000.
 3. Current Capital funding formula.

4. In 2009, Congress appropriated an additional \$4,000,000,000 under the American Recovery and Reinvestment Act (Pub.L. 111-5).
5. In 2013, the enacted appropriation was cut to \$1,777,000,000 by sequestration under the Budget Control Act of 2011 (Pub.L. 112-25).

Source: HUD Office of Public and Indian Housing, Office of the Budget.

Once Congress has appropriated funds for modernization, HUD is responsible for allocating those funds among the PHAs.

Withholding of Capital Funds

The 1937 Act requires PHAs to obligate for expenditure at least 90% of their allocation of Capital Funds within 24 months of, as applicable, (i) the date such funds become available to the PHA or (ii) the date on which adequate funds to undertake modernization, substantial rehabilitation or new construction are accumulated (the “Obligation Requirement”). Unless a waiver or extension is obtained, a PHA cannot be awarded Capital Funds for any month during a fiscal year in which such PHA has unobligated Capital Fund Allocations from prior fiscal years in violation of the Obligation Requirement. However, if a PHA cures its failure to obligate the previously allocated Capital Funds within such fiscal year, Capital Fund Allocations will be made available to the PHA in an amount proportional to the number of months remaining in such fiscal year although the PHA will be unable to recover the Capital Funds attributable to the time it was not in compliance.

The Secretary of HUD may grant extensions to a PHA giving it more time to obligate its Capital Fund Allocation for a period of up to 12 months based on the size of the PHA, the complexity of its Capital Fund program, any limitation on the PHA’s ability to obligate Capital Funds as a result of state or local law, or for any other reason determined by the Secretary to be relevant. In addition, the Secretary may grant an extension for such period as the Secretary determines to be necessary if the Secretary determines that the failure to timely obligate the Capital Funds is due to litigation, obtaining approvals from the Federal, state or local government, complying with environmental assessment and abatement requirements, relocating residents, or an event beyond the control of the PHA, or for any other reason established by the Secretary pursuant to a notice published in the Federal Register.

In addition to the Obligation Requirement discussed above, a PHA is required to expend Capital Fund Allocations within four years of the date on which such funds become available to the PHA for obligation plus the period of any extension approved by the Secretary of HUD as described above (the “Expenditure Requirement”). Failure to do so may result in recapture of the funds upon action by the Secretary of HUD.

NYCHA is currently in compliance with the Obligation Requirement and the Expenditure Requirement, and internal control and monitoring systems are in place to ensure that NYCHA meets or exceeds all Obligation Requirements and Expenditure Requirements in a timely manner. Over the past 10 years, NYCHA has always complied with the Obligation Requirement and the Expenditure Requirement. Table 2 below sets forth NYCHA’s historical compliance with the Obligation Requirement and the Expenditure Requirement.

Table 2—Historical Obligation and Expenditure Compliance ¹

<u>Year</u>	<u>Authority Allocation</u>	<u>Obligated Funds</u>	<u>Expended Funds</u>
2008	\$333,454,021	\$333,454,021	\$333,454,021
2009 ²	331,867,292	331,867,292	331,867,292
2010 ³	327,134,697	314,516,268	124,779,121
2011 ⁴	273,059,437	245,875,049	50,183,756
2012 ⁵	270,369,594	85,926,394	66,947,405

1. “Obligated Funds” and “Expended Funds” reflect costs incurred, through August 14, 2013, against each of the last five years of allocations of Capital Fund Grant Monies.
2. Of the total amount of the allocation for 2009, 90 percent was required to be obligated by September 14, 2011 and 100 percent must be expended by September 14, 2013.
3. Of the total amount of the allocation for 2010, 90 percent (\$294,421,227) was required to be obligated by July 14, 2012 and 100 percent must be expended by July 14, 2014.
4. Of the total amount of the allocation for 2011, 90 percent (\$245,753,493) was required to be obligated by August 2, 2013 and 100 percent must be expended by August 2, 2015.
5. Of the total amount of the allocation for 2012, 90 percent (\$243,332,635) must be obligated by March 11, 2014 and 100 percent must be expended by March 11, 2016.

HUD Approval Letter

Pursuant to the HUD Approval Letter, HUD has approved the issuance of the Series 2013 Bonds subject to certain conditions as contained therein. The HUD Approval Letter is attached hereto as Appendix C.

ACC Financing Amendment

Pursuant to the ACC Financing Amendment, HUD and NYCHA have agreed, among other things, that amounts payable by HUD pursuant to the Capital Fund Program shall be used for payment of Loan Debt Service, as a permissible use of Capital Fund Grant Monies. The ACC Financing Amendment is attached hereto as Appendix D.

RISKS TO THE BONDHOLDERS

The factors discussed below should be considered in evaluating the ability of the Corporation to make payments in amounts sufficient to provide for payment of the principal of, premium, if any, and interest on the Series 2013 Bonds. This discussion of the risk factors involved in purchasing and owning the Series 2013 Bonds is not, and is not intended to be, exhaustive.

General

The Series 2013 Bonds will be limited obligations of the Corporation and except to the extent payable from Series 2013 Bond proceeds, will be payable solely from (i) Capital Fund Grant Monies received by the Trustee from NYCHA or HUD on behalf of NYCHA, and (ii) other funds available for such purpose under the Indenture. The Series 2013 Bonds are special obligations of the Corporation. The faith and credit of the Corporation and NYCHA are not pledged for the payment of the principal or redemption price of, or interest on, the Series 2013 Bonds. The Series 2013 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 Series 2013 Bonds be payable out of any funds of the Corporation or NYCHA other than those held under the Indenture and pledged therefor. The Corporation has no taxing power.

THE SERIES 2013 BONDS ARE NOT A DEBT OR LIABILITY OF, OR GUARANTEED BY, THE UNITED STATES OF AMERICA OR HUD. THE FULL FAITH AND CREDIT OF THE UNITED

STATES OF AMERICA IS NOT PLEDGED TO THE PAYMENT OF DEBT SERVICE ON THE SERIES 2013 BONDS. THE PAYMENT OF DEBT SERVICE ON THE SERIES 2013 BONDS IS NOT GUARANTEED BY THE UNITED STATES OF AMERICA OR HUD. NO ACTION TAKEN PURSUANT TO THE DOCUMENTS DESCRIBED IN THIS OFFICIAL STATEMENT SHALL RESULT IN ANY LIABILITY TO THE FEDERAL GOVERNMENT OF THE UNITED STATES OF AMERICA OR ANY PART THEREOF.

The ability of the Corporation to make payments in amounts sufficient to provide for payment of the principal of, premium, if any, and interest on the Series 2013 Bonds could be adversely affected by the occurrence of certain events, including, without limitation, the events and circumstances described below.

Delay, Reduction or Elimination of Appropriations

Congress has provided funds to PHAs for public housing modernization in the amounts and under the conditions discussed above. See “CAPITAL FUND PROGRAM—History of Modernization Funding” above for information regarding historical levels of appropriations by Congress to HUD. Appropriations for the Capital Fund Program must be determined by Congress each year. There can be no assurance that Congress will reauthorize the expenditure of Capital Funds, maintain appropriations for the Capital Fund Program at levels sufficient to assure payment of the Series 2013 Bonds or make a specific year’s appropriation under the Capital Fund Program in a timely manner. When there is a delay in the approval of appropriations, Congress may pass “continuing resolutions” which may continue the level of funding on certain programs, such as the Capital Fund Program, at existing levels until the relevant appropriations bill is passed. For example, in FY 2010, the public housing Capital Fund Program was funding at \$2.5 billion. In FY 2011, the capital Fund was funded at the same level as FY 2010 through several “continuing resolutions” until Congress passed an appropriations bill for FY 2011 on April 15, 2011 and funded the Capital Fund at \$2.04 billion.

A decrease in the level of appropriated funds by Congress to HUD or a delay in appropriations could have a material adverse effect on the Corporation’s ability to pay debt service on the Series 2013 Bonds. In all events, Capital Fund Allocations shall be allocated only to the extent appropriated by the federal government.

Termination of Capital Fund Program

As described above under “CAPITAL FUND PROGRAM”, the funding authorization for the Capital Fund Program provided for in Section 519(a) of QHWRA extended only through federal fiscal year 2003; nevertheless, Congress has appropriated funds in each following fiscal year. As is further discussed under “CAPITAL FUND PROGRAM—Public Housing Program—Renovation-Modernization Programs and Funding”, HUD and Congress have provided assistance to PHAs for many years for modernization and other capital activities in a variety of forms. There can be no assurance that Congress will maintain the Capital Fund Program in its present form or reauthorize the expenditure of funds thereunder. Although NYCHA has pledged to the Corporation amounts received under any successor to the Capital Fund Program, there can be no assurance that, upon discontinuation or termination of the Capital Fund Program, a substantially similar program will be established by the Congress in lieu of the Capital Fund Program or that amounts provided under any such successor will be comparable to those provided under the Capital Fund Program. Accordingly, a discontinuation or termination of the Capital Fund Program could result in decreased funding by HUD to NYCHA for capital needs and could have a material adverse effect on the Series 2013 Bonds.

Change in Allocation Formula

As described above under the caption “CAPITAL FUND PROGRAM,” HUD allocates amounts to PHAs under the Capital Fund Program on the basis of a formula authorized by law (the “Capital Fund Allocations Formula”). HUD has previously allocated amounts to PHAs under predecessor programs for the modernization of public housing by formula or upon such other bases as were established by Congress with respect to the particular program. There can be no assurance that Congress will not change the basis upon which moneys will be allocated to PHAs (including NYCHA) under the Capital Fund Program (or any successor thereto). There can be no assurance that HUD will not make technical or fundamental changes to the Capital Fund Allocation Formula. A change in the Capital Fund Allocation Formula or basis upon which amounts under the Capital Fund Program (or any successor

thereto) are allocated to PHAs could decrease the amount of such funds allocated by HUD to NYCHA and could, therefore, have a material adverse effect on the Corporation's ability to pay debt service on the Series 2013 Bonds.

Other Changes in Law or Regulations

There can be no assurance that the laws and regulations presently applicable to the Capital Fund Program will not be rescinded, revised or supplemented in such a way as to have a material adverse effect on the Corporation's ability to pay debt service on the Series 2013 Bonds.

HUD Administrative Sanctions

The Capital Fund Program and the public housing program generally operate under a series of regulations and requirements prescribed by the 1937 Act and by HUD pursuant to its administrative authority over those programs. Various sanctions may be imposed upon PHAs that violate HUD program requirements, including, under specified circumstances, the withholding of funds to which a PHA might otherwise be entitled. The 1937 Act provides for various extensions and exceptions which would avoid the withholding of assistance in particular cases. HUD regulations permit withholding of assistance in other circumstances, as well. In addition, there can be no assurance that HUD and Congress will not impose additional conditions upon the receipt of assistance pursuant to the Capital Fund Program or any successor, with which NYCHA may be unable to comply. See "RISKS TO THE BONDHOLDERS—Withholding of Capital Funds; Recapture of Capital Funds" below.

Pursuant to the 1937 Act and contracts entered into by HUD and PHAs throughout the country, in the event of a substantial default in the performance of the obligations of a PHA thereunder, HUD is entitled to pursue a wide range of administrative sanctions and remedies, including requiring possession of a PHA's assets to be transferred to HUD and the "taking over" of full management and operational control from such authority. Such a takeover by itself would not impair the payment of debt service on the Series 2013 Bonds. NYCHA has covenanted to comply with the requirements of the Capital Fund Program.

HUD has agreed that, except as required by law, it will not assert any claim or right under the ACC, including the exercise of administrative sanctions and remedies, if and to the extent that the effect of such claim or right would be to reduce the payment of Capital Funds to NYCHA below the level necessary to pay Loan Debt Service or delay the time for payment of such moneys such that the required amounts would not be available to pay Loan Debt Service when due.

Redemption Directed by HUD

The ACC Financing Amendment provides, among other things, that in the event HUD determines to impose administrative sanctions upon NYCHA which would have the effect of reducing the payment of Capital Fund Program funds to NYCHA in any year by more than 20%, HUD shall have the right to require that unexpended amounts in the Series 2013B Project Loan Account in the Loan Fund (except for amounts already obligated or encumbered for the payment of project costs or required for a debt service reserve) be applied to the redemption of the Series 2013B Bonds. See "THE SERIES 2013 BONDS—Redemption Provisions—Series 2013B Bonds—Special Mandatory Redemption."

No Obligation of HUD

HUD has no obligation with respect to the Series 2013 Bonds. The Series 2013 Bonds are secured solely by the Trust Estate, which is comprised of (i) Capital Fund Grant Monies once received by the Trustee to the extent needed to pay Loan Debt Service, and (ii) other funds available for that purposes under the Indenture. In particular, and without limitation, HUD has no obligation to accelerate Capital Fund Grant Monies or increase the amount of Capital Fund Grant Monies pledged to Loan Debt Service in the event of a default under the Series 2013 Bonds.

Withholding of Capital Funds; Recapture of Capital Funds

The Secretary of HUD (i) is required to withhold a portion of Capital Funds that would otherwise be allocated to a PHA if the PHA fails to *obligate* its Capital Funds within the time period required by the 1937 Act and

(ii) may recapture obligated Capital Funds that are *not expended* within the time period required by the 1937 Act, as such periods may be extended by the Secretary of HUD.

Any such withholding or recapture may have a materially adverse effect on NYCHA's ability to pay Loan Debt Service. The likelihood of any potential withholding or recapture of Capital Fund Grant Monies adversely affecting NYCHA's ability to pay Loan Debt Service is reduced by a number of factors, including:

1. The Secretary of HUD may grant extensions of time to obligate for a wide variety of reasons.
2. Unobligated amounts are disregarded if they do not exceed 10% of the original amount made available.
3. If a PHA cures its failure to obligate a prior year's Capital Fund Allocations, the PHA shall receive for the then-current fiscal year a share equal to its original share multiplied by a fraction equal to the number of months remaining in the year subsequent to the month in which the cure occurred, divided by 12.
4. Loan Debt Service for NYCHA is estimated to equal not more than 19% of its anticipated yearly Capital Fund Allocations.
5. HUD has agreed that Loan Debt Service may be paid from any Capital Fund Allocations, including any unobligated funds. Accordingly, to the extent that the withholding of a particular year's allocation of Capital Fund Allocations is due to the presence of unobligated funds in violation of the 1937 Act's obligation deadlines, those earlier unobligated funds would be available to enable NYCHA to pay Loan Debt Service. Such payment would also help to cure the condition giving rise to the withholding of Capital Fund Allocations.
6. If unobligated Capital Fund Allocations remaining from prior fiscal years are insufficient fully to pay Loan Debt Service in a particular year and the application of such funds comes too late in the year to permit receipt of sufficient Capital Funds in the current year to permit full payment of debt service with such current amounts, the Debt Service Reserve Fund may be used to pay Loan Debt Service. Full application of amounts remaining unobligated from prior years to Loan Debt Service would enable NYCHA to receive a full allocation of Capital Fund Allocations for the subsequent fiscal year, enabling it to restore its Debt Service Reserve Fund and pay current Loan Debt Service.
7. Loan Debt Service once paid cannot be recaptured because such amounts are obligated and expended on a current, ongoing basis.

No Acceleration Upon Default

Upon the occurrence and continuance of an Event of Default under the Trust Indenture, payment of the principal amount of the Bonds is not subject to acceleration. The Corporation would be liable for principal and interest payments only as they became due, and the Trustee would be required to seek a separate judgment for each payment, if any, not made.

Effect of Federal Sequestration

The Budget Control Act of 2011, which amended the Balanced Budget and Emergency Deficit Control Act of 1985 ("BBEDCA"), required the Office of Management and Budget ("OMB") to calculate, and the President to order, a sequestration of discretionary and direct spending on January 2, 2013 to achieve expense reductions for fiscal year 2013. In September 2012, the OMB released a report estimating that sequestration would cut \$154,000,000 in Capital Fund Program funds in 2013, or approximately 8.2%. On January 2, 2013, Congress passed the American Taxpayer Relief Act of 2012, which modified the requirements of BBEDCA by delaying sequestration until March 1, 2013. Congress, however, was unable to reach agreement to prevent or further delay sequestration and on March 1, 2013, the automatic spending reductions required by the Budget Control Act of 2011 became effective, cutting the enacted Capital Fund Program appropriation from \$1,875,200,000 to \$1,777,000,000,

or approximately 5.2%. The amount of Capital Fund Program funds allocated to NYCHA for 2013 was cut by approximately 4.2% from \$270,369,594 in 2012 to approximately \$258,885,813.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, under existing statutes and court decisions, (i) interest on the Series 2013 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”), and (ii) interest on the Series 2013 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, NYCHA and others in connection with the Series 2013 Bonds, and Bond Counsel has assumed compliance by the Corporation and NYCHA with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2013 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the Series 2013 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York).

Bond Counsel to the Corporation expresses no opinion regarding any other Federal or state tax consequences with respect to the Series 2013 Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2013 Bonds, or under state and local tax law.

Certain Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2013 Bonds in order that interest on the Series 2013 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 use and expenditure of gross proceeds of the Series 2013 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2013 Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Corporation and NYCHA have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2013 Bonds from gross income under Section 103 of the Code. The Corporation and NYCHA will each deliver its tax certificate concurrently with the issuance of the Series 2013 Bonds which will contain provisions relating to compliance with the requirements of the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the provisions, procedures or certifications set forth therein, the remedies available to the Corporation, NYCHA and/or the owners of the Series 2013 Bonds 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 Series 2013 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 Series 2013 Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular

owner of a Series 2013 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 Series 2013 Bonds.

Prospective owners of the Series 2013 Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2013 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.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2013 Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Series 2013 Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2013 Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Series 2013 Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2013 Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series 2013 Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2013 Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2013 Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Series 2013 Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating

thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the Series 2013 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 Series 2013 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 Series 2013 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 Series 2013 Bonds under Federal or state law or otherwise prevent beneficial owners of the Series 2013 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 Series 2013 Bonds. For example, the Fiscal Year 2014 Budget proposed on April 10, 2013 by the Obama Administration recommends a 28% limitation on itemized deductions and “tax preferences,” including “tax-exempt interest.” The net effect of such proposal, if enacted into law, would be that an owner of a Series 2013 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 Series 2013 Bond.

Prospective purchasers of the Series 2013 Bonds should consult their own tax advisors regarding the foregoing matters.

UNDERWRITING

The Underwriters* have agreed, jointly and severally, to purchase the Series 2013 Bonds at the initial offering prices set forth or derived from information set forth on the inside cover page of this Official Statement. The Underwriters will receive compensation as underwriters in the form of an underwriters’ discount equal to \$3,110,389.63. The bond purchase agreement with respect to the Series 2013 Bonds (the “Purchase Contract”) provides that the Underwriters will purchase the Series 2013 Bonds, subject to fulfillment by the Corporation and NYCHA of certain terms and conditions set forth in the Purchase Contract, including the receipt of certain legal opinions. In the Purchase Contract, NYCHA has agreed to indemnify the Underwriters, to the extent permitted by law, against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments that the Underwriters may be required to make in respect thereof. The initial public offering prices of the Series 2013 Bonds may be changed, from time to time, by the Underwriters. The Purchase Contract provides that the Underwriters may offer and sell the Series 2013 Bonds to certain dealers (including dealers depositing the Series 2013 Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices lower than the public offering prices stated on the inside cover page.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Series 2013 Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of UBS Financial Services Inc. (“UBSFS”)

* Citigroup Global Markets Inc. is only an underwriter with respect to the Series 2013A Bonds and the Series 2013B-1 Bonds.

and Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings, including the Bonds, at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Series 2013 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2013 Bonds that such firm sells.

M.R. Beal & Company has entered into an agreement (the “Distribution Agreement”) with TD Ameritrade, Inc. for the retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to the Distribution Agreement (as applicable for this transaction), M.R. Beal & Company will share a portion of its underlying compensation with respect to the transaction with TD Ameritrade, Inc.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC, each an underwriter of the Series 2013 Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC, in addition to other retail distribution channels. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts in connection with their respective allocations of Series 2013 Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

Wells Fargo Bank, National Association (“WFBNA”), one of the underwriters of the Series 2013 Bonds, has entered into an agreement (the “Distribution Agreement”) with its affiliate, Wells Fargo Advisors, LLC (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2013 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2013 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC (“WFSLLC”) and Wells Fargo Institutional Securities, LLC (“WFIS”), for the distribution of municipal securities offerings, including the Series 2013 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters may offer and sell the Series 2013 Bonds to certain dealers (including dealers depositing the Series 2013 Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices lower than the initial offering prices (or at yields higher than the yields) set forth on the inside cover page hereof.

The Underwriters and their 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 Underwriters and their 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.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for its own account and for the accounts of its customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Corporation (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Corporation. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation. Each of the Underwriters and its affiliates may hold Refunded Bonds and may receive proceeds from the refunding thereof through the issuance of the Series 2013 Bonds.

AGREEMENT OF THE STATE

Section 657 of the Act provides that the State pledges to and agrees with the holders of obligations of the Corporation, including owners of the Series 2013 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 Series 2013 Bonds, or in any way impair the rights and remedies of such owners until the Series 2013 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 Series 2013 Bonds, are fully met and discharged.

NO LITIGATION

The Corporation

At the time of delivery and payment for the Series 2013 Bonds, the Corporation will deliver, or cause to be delivered, a certificate of the Corporation substantially to the effect that there is no litigation or other proceeding now pending or threatened against the Corporation of which the Corporation has notice or, to the knowledge of the Corporation, any basis therefor, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2013 Bonds, or in any way contesting or affecting the validity of the Series 2013 Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof or the financing of the Project or the retirement of the Refunded Bonds, or the pledge or application of any moneys or security provided for the payment of the Series 2013 Bonds or the existence or powers of the Corporation, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or challenging the exclusion of interest on the Series 2013 Bonds from gross income for Federal income tax purposes.

NYCHA

NYCHA from time to time is involved in lawsuits that arise out of the ordinary course of operating public housing developments and related programs. Some of the cases pending against NYCHA may involve claims for substantial moneys. As is true with any complex litigation, neither NYCHA nor its counsel is able to predict either the eventual outcome of any such litigation or its impact on its finances.

Upon delivery of the Series 2013 Bonds, NYCHA will deliver, or cause to be delivered, a certificate of NYCHA substantially to the effect that, among other things, there is no litigation pending in any court seeking to restrain or enjoin the issuance or delivery of the Series 2013 Bonds, or in any way contesting the validity or enforceability of the Series 2013 Bonds or the assignment of its Capital Fund Grant Monies under the ACC Financing Amendment or any proceedings of NYCHA taken with respect to the transactions described herein, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, contesting its ability to perform its obligations under the Series 2013 Bonds, the Indenture or the Loan Agreement, or challenging the exclusion of interest on the Series 2013 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 Series 2013 Bonds by the Corporation are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for NYCHA by Ballard Spahr LLP, Washington, D.C. Certain legal matters will be passed upon for the Underwriters by their Counsel, Winston & Strawn LLP, New York, New York.

LEGALITY OF SERIES 2013 BONDS FOR INVESTMENT AND DEPOSIT

Under the provisions of Section 662 of the Act, the Series 2013 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 Series 2013 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.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., a firm of independent public accountants, will deliver to the Corporation, on or before the settlement date of the Series 2013A Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the defeasance securities deposited with the escrow trustee for the Refunded Bonds, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents provided to Causey Demgen & Moore P.C. by the Corporation and its representatives. Causey Demgen & Moore P.C. has restricted its procedures to recalculating the computations provided by the Corporation and its representatives and has not evaluated or examined the assumptions or information used in the computations.

RATINGS

It is a condition to the purchase of the Series 2013 Bonds by the Underwriters that the Series 2013 Bonds be rated “AA-” by Standard and Poor’s Rating Group, a division of McGraw Hill Inc. (“Standard & Poor’s”). Such rating is based upon the security for the Series 2013 Bonds. Such ratings reflects only the view of Standard & Poor’s and an explanation of the significance of such ratings may be obtained from Standard & Poor’s. There is no assurance that any such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by Standard & Poor’s, if in its judgment, circumstances so warrant. A revision or withdrawal of a rating may have an effect on the market price of the Series 2013 Bonds.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), NYCHA and the Trustee will enter into a master written agreement for the benefit of the owners of all Bonds issued from time to time under the Indenture (the “Disclosure Agreement”) to provide continuing disclosure. Pursuant to the Disclosure Agreement, NYCHA will undertake to provide annually, on or before 305 days after the end of each Federal fiscal year, commencing with the Federal fiscal year in which the Series 2013 Bonds are issued, to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”), certain financial information and other operating data with respect to NYCHA for and as of the end of each fiscal year (collectively, the “Annual Information”), as follows:

- The level of Capital Fund Grant Monies received by NYCHA from HUD.
- The amount of unobligated Capital Funds for the three most recent Federal fiscal years.
- The amount of unexpended Capital Funds for the five most recent Federal fiscal years.
- Any material change in direct payment of debt service funds for payment of the Series 2013 Bonds to the Trustee of which NYCHA is aware.
- An update of the information and operating data contained herein under the headings “NEW YORK CITY HOUSING AUTHORITY” and “CAPITAL FUND PROGRAM.”

In addition, NYCHA will undertake in the Disclosure Agreement, for the benefit of the owners of the Bonds, to provide to the EMMA system of the MSRB, not later than ten (10) business days after the occurrence of such event, the notices required to be provided by Rule 15c2-12.

The notices required to be provided by Rule 15c2-12, which NYCHA will undertake to provide as described above, include notices 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, IRS notices or material events affecting the tax-exempt status of the Series 2013 Bonds; (7) modifications to the rights of holders of the Series 2013 Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2013 Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of NYCHA; (14) merger, consolidation or acquisition involving NYCHA, if material; and (15) appointment of a successor or additional trustee, or the change of name of a trustee, if material. In addition, the Trustee will undertake, for the benefit of the holders of the Series 2013 Bonds, to provide to the EMMA system of MSRB, in a timely manner, notice of any failure by the Corporation to provide the Annual Information by the date required in the undertakings of the Corporation described above.

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

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

Copies of the Disclosure Agreement when executed and delivered by the parties thereto on the date of the initial delivery of the Series 2013 Bonds will be on file at the office of the Corporation.

In connection with the issuance of the Refunded Bonds, NYCHA agreed to furnish, or cause to be furnished, certain financial information in compliance with Rule 15c2-12. In 2009 and 2010, NYCHA provided documentation required by its continuing disclosure undertakings to the Bloomberg Municipal Repository, rather than the EMMA system of the MSRB, the repository approved by the Securities and Exchange Commission pursuant to an amendment to Rule 15c2-12 that became effective July 1, 2009. Since 2011, NYCHA's continuing disclosure filings have been made with the EMMA system of the MSRB. In addition, while NYCHA did disclose a rating downgrade from Moody's in 2012 relating to all public housing authority capital fund bonds, NYCHA inadvertently omitted disclosure of a rating downgrade from S&P. As of the date of this Official Statement, and except as discussed in this paragraph, NYCHA has made the appropriate filings required in connection with the Refunded Bonds, as well as implemented procedures that are intended to ensure future timely compliance with its continuing disclosure undertakings.

FURTHER INFORMATION

The information contained in this Official Statement is subject to change without notice and no implication should be derived therefrom or from the sale of the Series 2013 Bonds that there has been no change in the affairs of the Corporation from the date hereof.

Additional information may be obtained from the undersigned at 110 William Street, 10th Floor, New York, New York 10038, (212) 227-5500 or through its internet address: www.nychdc.com.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: /s/ Marc Jahr

Name: Marc Jahr

Title: President

Dated: August 29, 2013

APPENDIX A

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Indenture contains various definitions, covenants and security provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Indenture, to which reference is hereby made. Copies of the Indenture are available from the Corporation or the Trustee.

Definitions (Section 1.1)

The Indenture defines certain terms, including the following:

“*ACC*” means the Consolidated Annual Contributions Contract between NYCHA and HUD, as amended from time to time.

“*Account*” means any of the trust funds and accounts created and established by, or pursuant to, the Indenture.

“*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.

“*Additional Bonds*” means the additional parity bonds authorized to be issued by the Corporation pursuant to the Indenture.

“*Annual Capital Fund ACC Amendment*” means the annual amendment to the ACC to be executed by NYCHA and HUD for the obligation of annual Capital Fund Grant Monies.

“*Annual Debt Service Requirement*” means, with respect to any Bond Year, the aggregate of the Interest Requirement and the Principal Requirement for such Bond Year.

“*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 NYCHA, the Chairperson, Vice-Chairperson, the General Manager or the Chief Financial Officer of NYCHA (or person acting in such capacity) and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of NYCHA then authorized to perform such act or discharge such duty, and (c) when used with respect to the Trustee, any Managing Director, Director, Vice President, Assistant Vice President or corporate trust administrator 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.

“*Banking Day*” means a day when banking institutions in the State are not required or authorized to remain closed.

“*Beneficial Owner*” means, for any Bond that is held by a nominee, the beneficial owner of such Bond.

“*Bond Counsel’s Opinion*” means an opinion signed by Hawkins Delafield & Wood LLP or any other attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporation.

“*Bond Insurance Policy*” means any municipal bond new issue insurance policy insuring and guaranteeing the payment of the principal of and interest on all or any portion of a Series of Bonds, as may be provided in the Supplemental Indenture authorizing such Series.

“*Bond Insurer*” means any Person that issues a Bond Insurance Policy with respect to a Series of Bonds.

“*Bond Payment Date*” means the date specified in any Supplemental Indenture for payment of principal of or interest on the Bonds.

“*Bond Year*” means, with respect to the Bonds, the initial period beginning on September 10, 2013 and terminating on June 30, 2014, and thereafter each period of twelve (12) consecutive months beginning on July 1 and terminating on June 30.

“*Bondholder*” means when used with reference to a Bond, any Person who shall be the registered owner of any Outstanding Bond as set forth on the registration books maintained by the Registrar.

“*Bonds*” means the Capital Fund Grant Program Revenue Bonds authorized by and issued under the Indenture pursuant to the Act.

“*Business Day*” means a day of the year, except (a) a Saturday or Sunday, (b) days on which banks located in the city in which the Designated Corporate Trust Office of the Trustee is located are required or authorized to remain closed, or (c) any day on which the New York Stock Exchange is closed.

“*Calendar Year*” means the period commencing on January 1 of each year and terminating on the next succeeding December 31.

“*Capital Fund Financing Amendment*” means the Capital Fund Financing Amendment to the Consolidated Annual Contributions Contract between NYCHA and HUD.

“*Capital Fund Grant Monies*” means funds allocated and distributed by HUD to or on behalf of NYCHA pursuant to the Capital Fund Program (but excludes any Replacement Housing Factor Funds as described in the Capital Fund Program).

“*Capital Fund Program*” means the federal housing assistance program established by Section 9(d) of the United States Housing Act of 1937, as amended (42 U.S.C. §1437g(d)), together with all successor or replacement federal programs pursuant to which NYCHA receives funds for the purpose of development, financing, modernization, improvement or otherwise in connection with the capital costs of public housing projects and the other purposes set forth in said Section 9(d).

“*Cash Equivalent*” means a letter of credit, insurance policy, surety, guarantee or other security arrangement provided by an institution that has received a rating of its claims paying ability from each of the Rating Agencies at least equal to the then existing respective rating on the Bonds or whose unsecured debt securities are rated at least the then existing respective rating on the Bonds (or the highest rating of short-term obligations if the Cash Equivalent is a short-term instrument) by the Rating Agencies, in each case without taking into account ratings based on the coverage of any Bond Insurance Policy.

“*Cash Flow Statement*” means a certificate prepared by or on behalf of the Corporation with respect to Cash Flows setting forth, for the period extending from the date of such certificate to the latest maturity of the Bonds then Outstanding, (i) all amounts expected to be received by the Trustee under the Loan Agreements during such period; and (ii) the application of all Revenues in accordance with the Indenture; and establishing under the scenario included in the Cash Flows that anticipated Revenues will be at least sufficient to pay the principal of and interest on the Bonds. Each Cash Flow Statement shall be accompanied by all supporting Cash Flows, and shall be sent by the Corporation to each Rating Agency.

“*Cash Flows*” means cash flow schedules prepared by or on behalf of the Corporation.

“City” means The City of New York.

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

“Conditional Redemption” means a redemption where the Corporation has stated in the redemption notice to the Trustee that the redemption is conditioned upon certain events, including the deposit of funds.

“Corporation’s Outstanding 2005A Bonds (NYCHA)” means the Corporation’s Capital Fund Program Revenue Bonds (New York City Housing Authority Program), Series 2005A issued under that Master Trust Indenture, dated as of April 1, 2005, as supplemented, between the Corporation and The Bank of New York, as trustee.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale and issuance of Bonds, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, bond insurance premiums, surety bond premiums, fees and expenses of any underwriting discount or fees, initial fees and charges of any Fiduciary, legal fees including bond and underwriter counsel fees and charges, fees and disbursements of consultants and professionals, cost of credit ratings, fees and charges for preparation, execution, initial registration, 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.

“Debt Service” means, with respect to any particular Bond Year and any particular Series of Bonds, an amount equal to the sum of (i) the Interest Requirement payable on such Bonds during such Bond Year, plus (ii) any Principal Requirements of such Bonds during such Bond Year, plus (iii) any additional applicable premium payable on such Bonds during such Bond Year, but shall not include the purchase price of Bonds that may be required to be purchased other than as part of a regularly scheduled mandatory sinking fund redemption, including redemptions required pursuant to the terms of any Cash Equivalents utilized in the Debt Service Reserve Fund.

“Debt Service Fund” means the Debt Service Fund established pursuant to the Indenture.

“Debt Service Reserve Requirement” means, as of any date of calculation, the amount equal to one-half (½) of the maximum Debt Service in any given Bond Year on all Outstanding Bonds.

“Defeasance Obligations” means Government Obligations or obligations (which obligations shall be rated by the Rating Agencies no lower than the highest rating category assigned by each Rating Agency) (i) validly issued by or on behalf of a state or political subdivision thereof, (ii) the interest on which is excluded from gross income for Federal income tax purposes pursuant to Section 103(a)(1) of the Code and (iii) fully secured by a first lien on Government Obligations; provided, that no Capital Fund Grant Monies shall be applied to purchase Defeasance Obligations.

“Designated Corporate Trust Office” means the office or offices of the Trustee, the Registrar or any Paying Agent designated by such Trustee, Registrar or Paying Agent to perform certain duties or receive certain notices under the Indenture, the notice address or addresses of which are set forth in, or provided pursuant to, the Indenture.

“Event of Default” means (i) with respect to each Loan Agreement, those events defined as such in such Loan Agreement and (ii) with respect to the Indenture, any of the events specified therein.

“Federally Taxable Bonds” means Bonds so designated by the Supplemental Indenture pursuant to which they are issued.

“Fiduciary” means the Trustee, the Registrar, the Authenticating Agent, any Depository, any Paying Agent and any such additional fiduciary as may be authorized pursuant to a Supplemental Indenture, or any or all of them as may be appropriate.

“*Fiscal Year*” means the annual accounting period of the Corporation as established by the Corporation or by applicable law from time to time.

“*Fitch*” means Fitch Ratings, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation. Any reference herein to such Rating Agency shall be of no force and effect from and after the time, if any, that such Rating Agency shall no longer maintain a rating on the Bonds.

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

“*Holder*,” “*Owner*,” “*owner*” or words of similar import, when used with reference to an Obligation, means the holder or owner of any Outstanding Obligation as set forth on the registration books maintained by the Registrar.

“*HUD*” means the United States Department of Housing and Urban Development and its successors and assigns.

“*HUD Letter*” means the letter from HUD to NYCHA approving the issuance of one or more Series of Bonds as referred to therein, and authorizing NYCHA to pledge and assign the Revenues pursuant to the applicable Loan Agreement.

“*Interest Payment Date*” means (a) any date upon which interest on the Bonds is due and payable in accordance with their terms, including (b) for Bonds subject to redemption in whole or in part on any date, the date of such redemption, and (c) for all Bonds, any date determined pursuant to the Indenture.

“*Interest Period*” means the period from the date interest accrues on any Senior Obligations to and including the day immediately preceding the first Interest Payment Date, and thereafter shall mean each period from and including an Interest Payment Date to and including the day immediately preceding the next Interest Payment Date.

“*Interest Requirement*” for any Bond Year or any Interest Period, as the context may require, as applied to any Senior Obligations then Outstanding, shall mean the total of the sums that would be deemed to accrue on such Senior Obligations during such Bond Year or Interest Period if the interest on such Senior Obligations were deemed to accrue daily during such Bond Year or Interest Period in equal amounts; provided, however, that interest expense shall be excluded from the determination of Interest Requirement to the extent that such interest is to be paid from the proceeds of Bonds allocable to the payment of such interest as provided in the Supplemental Indenture authorizing the issuance of such Bonds or other available moneys or from investment (but not reinvestment) earnings thereon if such proceeds shall have been invested in Investment Securities and to the extent such earnings may be determined precisely.

“*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 or under other applicable law and which are permitted under HUD “Required HA Cash Management Policies and Procedures Notice PIH 2002-13 (HA)”, or, in each case, any subsequent revisions thereto, including the amendments thereto hereafter made, or under other applicable law, and which in all cases represent securities (including federally insured bank accounts) whose debt quality or provision for collateralization are rated by the Rating Agencies at least as high as the same (or, with respect to short-term investments, equivalent) ratings assigned by the Rating Agencies to the Bonds:

- (1) Government Obligations;

- (2) any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Farm Credit System Banks Consolidated Obligations, Banks for Cooperatives, Tennessee Valley Authority, Washington Metropolitan Area Transportation Authority, United States Postal Service, Farmers' Home Administration and Export-Import Bank of the United States;
- (3) any bond, debenture, note, participation certificate or other similar obligation issued by any Federal agency and backed by the full faith and credit of the United States of America;
- (4) any other obligation of the United States of America or any Federal agencies which may be purchased by New York State Savings Banks;
- (5) deposits in interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements (i) secured by any of the obligations described above, 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;
- (6) any participation certificate of the Federal Home Loan Mortgage Corporation and any mortgage-backed securities of the Federal National Mortgage Association;
- (7) short-term corporate obligations, known as Commercial Paper, with a maturity of up to ninety (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;
- (8) obligations of the City or the State;
- (9) obligations of the New York City Municipal Water Finance Authority;
- (10) obligations, the principal and interest of which, are guaranteed by the City or the State;
- (11) 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
- (12) any other investment permitted under the Corporation's investment guidelines adopted August 14, 1984, as amended from time to time.

“*Loan*” means the loan made to NYCHA by the Corporation from the proceeds of a Series of Bonds, as evidenced by a Loan Agreement and as approved by the HUD Letter.

“*Loan Agreement*” means each Loan Agreement among the Corporation, the Trustee and NYCHA (each of which is subject to review and approval by HUD); collectively referred to as the “*Loan Agreements*.”

“*Loan Debt Service*” means, with respect to each Loan, the payments of interest and principal due on such Loan for a particular Bond Year as set forth in the related Loan Agreement.

“*Loan Expense Fee*” means, as certified to the Trustee and NYCHA from time to time by the Corporation, to be included as a component of interest cost in the amount of Loan Debt Service, the amount in each Bond Year sufficient to pay, or reimburse the Corporation for the payment of, the costs under the Program of any required financial audits, cash flows, Code arbitrage calculations and rebate analysis, Trustee fees and expenses, including as continuing disclosure dissemination agent, rating agency fees and expenses of analytical services rendered for rating agencies, and fees for any Bond Insurance Policy.

“*Loan Fund*” means the Loan Fund established pursuant the Indenture.

“*Moody’s*” means Moody’s Investors Service, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation. Any reference in the Indenture to such Rating Agency shall be of no force and effect from and after the time, if any, that such Rating Agency shall no longer maintain a rating on the Bonds.

“*Net Loan Proceeds*” means the proceeds of a Series of Bonds deposited into the related Project Loan Account under the Loan Agreement.

“*NYCHA*” means the New York City Housing Authority, a municipal housing authority and a body corporate and politic created and existing under the laws of the State, constituting a “public housing agency” within the meaning of Section 3(b)(6) of the United States Housing Act of 1937.

“*NYCHA Performance Outcome Schedule*” means, with respect to a Series of Bonds, the activities of NYCHA to be funded in whole or in part by the related Loan, and any authorized addition to, amendment of or substitution for such activities, as agreed to from time to time between NYCHA and HUD and reflected in the HUD-approved Annual Plan and 5-Year Plan to the extent required under the policies and procedures of HUD.

“*NYCHA Program*” means, with respect to a Series of Bonds and as set forth in an Exhibit to the related Loan Agreement, (i) the aggregation of the costs for modernization of public housing developments that are the subject of the related NYCHA Performance Outcome Schedule and the related Loan and/or (ii) the cost of prepaying NYCHA loan debt service for the purpose of refunding all or any portion of the Corporation’s Outstanding 2005A Bonds (NYCHA).

“*Obligations*” means all Senior Obligations and Subordinate Obligations.

“*Opinion of Counsel*” means a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to the matter addressed by such opinion, selected by the Corporation.

“*Outstanding*” when used with reference to Obligations, shall mean, as of any date, all Obligations, theretofore or thereupon being authenticated and delivered under the Indenture except:

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

“*Paying Agent*” means the Trustee or any commercial bank or trust company with trust powers designated as paying agent for any Series of the Bonds, and its successor or successors hereafter appointed in the manner provided in the Indenture.

“*Person*” or “*person*” means and includes an association, unincorporated organization, a corporation, a partnership (including limited partnerships), a limited liability corporation, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

“*Pre-refunded Municipal Obligations*” means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to

call on the date specified in the notice, and which are rated, based on an irrevocable escrow account or fund in the highest rating category of each Rating Agency.

“*Principal Payment Date*” means, with reference to any Series or portion of a Series of Bonds, the date upon which the Outstanding principal amount of such Bonds becomes payable.

“*Principal Requirement*” for any Bond Year, as applied to any Senior Obligations then Outstanding, means an amount of money equal to the aggregate of the principal amount of such Senior Obligations that mature during said Bond Year (including all required Sinking Fund Payments), reduced by the aggregate principal amount of such Senior Obligations that would at or before such Bond Year be retired by reason of the payment when due and application in accordance with the Indenture and the Supplemental Indenture creating such Senior Obligations of Sinking Fund Payments payable before such Bond Year for the retirement of Outstanding Bonds.

“*Program*” means the Corporation’s program of making a Loan or Loans to NYCHA pursuant to the provisions of the Indenture.

“*Project Loan Account*” means each loan account for a Series of Bonds established by the related Supplemental Indenture.

“*Rating Agency*” means at least one of (i) Moody’s, (ii) S&P, (iii) Fitch and (iv) any other nationally recognized securities rating agency, to the extent any such agency described in (i) through (iv) above has been requested by the Corporation to issue a rating on the Bonds and such agency has issued and continues to assign a rating on such Bonds at the time in question.

“*Rebate Fund*” means the Rebate Fund established pursuant to the Indenture.

“*Record Date*” means, (a) with respect to any Interest Payment Date described in subsection (a) of that defined term, (1) in the case of Bonds that are not Book Entry Bonds, the Trustee’s close of business on the 15th day of the calendar month next preceding such Interest Payment Date, regardless of whether such day is a Business Day, and (2) in the case of Book Entry Bonds, the Trustee’s close of business on the Business Day preceding the Interest Payment Date, and (b) with respect to any other Interest Payment Date, a date selected by the Trustee.

“*Redemption Date*” means the date upon which Bonds are to be called for redemption pursuant to the Indenture.

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

“*Refunding Bonds*” means any Bond issued to refund Bonds previously issued pursuant to the Indenture.

“*Reserved Rights*” means those certain rights of the Corporation under the Loan Agreements to indemnification, to payment of the Loan Expense Fee, and to payment or reimbursement of other fees and expenses of the Corporation, and its right to give and receive notices and to enforce notice and reporting requirements, its right to specifically enforce NYCHA’s covenants (provided that any such enforcement, other than enforcement of covenants relating to the exclusion from income taxation of interest on the Bonds, may not impair or conflict with any rights of the Trustee to enforce the provisions of the Loan Agreements or the Indenture) and its rights to give or withhold consent to amendments, changes, modifications and alterations to the Loan Agreements.

“*Revenue Fund*” means the Revenue Fund established pursuant to the Indenture.

“*Revenues*” means that portion of NYCHA’s Capital Fund Grant Monies permitted by HUD to be paid to the Trustee, subject to the availability of appropriations, for Loan Debt Service in accordance with the terms of each Loan Agreement and pursuant to each written approval of Bonds by HUD and each Capital Fund Financing Amendment. Revenues may include any Capital Fund Grant Monies available to and received from NYCHA for payment of Loan Debt Service and under any effective Annual Plan and Annual Capital Fund ACC Amendment,

including funds remaining unobligated from previous NYCHA fiscal years, without regard to NYCHA fiscal year for which those funds were initially made available (but only to the extent necessary for Loan Debt Service). Revenues shall also include Capital Fund Grant Monies or other available funds delivered by NYCHA to the Trustee to pay the Redemption Price of Bonds being called for redemption pursuant to the special optional redemption provisions of a Supplemental Indenture and any sums received by NYCHA with respect to proceeds of insurance or condemnation awards that are not applied to repair, rebuilding or replacement or paid by NYCHA for purposes of curing any Event of Default (but not including amounts in the Loan Fund applied to redeem Bonds) for application to payment due under a Loan in accordance with the terms of application of moneys upon an Event of Default contained in the applicable Supplemental Indenture.

“*S&P*” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., New York, New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*S&P*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation. Any reference in the Indenture to such Rating Agency shall be of no force and effect from and after the time, if any, that such Rating Agency shall no longer maintain a rating on the Bonds.

“*Securities Depository*” means a person that is registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of such Act for the purposes of Section 17A thereof.

“*Senior Obligation*” means (a) any Bonds issued by the Corporation under the Indenture and (b) any bonds or other obligations issued pursuant to the Indenture.

“*Series*” means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, pursuant to the same Supplemental Indenture and designated as a Series in such Supplemental Indenture regardless of variations in maturity, interest rate, Sinking Fund Payments or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds as provided in the Indenture.

“*Sinking Fund Payment*” means, as of any particular date of calculation, the amount required to be paid by the Corporation on a certain future date for the retirement of Outstanding Bonds that 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.

“*Stabilized Base Unit Count*” means 177,223, which is the number of public housing units subject to NYCHA’s Annual Contributions Contract with HUD as adjusted for planned anticipated additions and subtractions as of the date of issuance of the Series 2013 Bonds.

“*State*” means the State of New York.

“*Subordinate Obligation*” means any bonds, notes or evidences of indebtedness (not including Senior Obligations) issued by the Corporation as permitted by the Indenture, and any other subordinate obligation identified in a Supplemental Indenture.

“*Subordinate Obligation Debt Service Fund*” means the Subordinate Obligation Debt Service Fund established pursuant to the Indenture.

“*Supplemental Indenture*” means any indenture in full force and effect that has been duly executed and delivered by the Corporation and the Trustee; but only if and to the extent that such Supplemental Indenture is executed and delivered in accordance with the provisions of the Indenture, including approval by HUD.

“*Tax Certificate*” means the Arbitrage and Use of Proceeds Certificate executed by an Authorized Officer of the Corporation (which includes certain certifications by NYCHA) in connection with the issuance of each Series of Bonds.

“*Trust Estate*” means the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture. The Costs of Issuance Fund and the Rebate Fund and any rebate owing to the U.S. Treasury are not part of the Trust Estate.

Conditions Precedent to Delivery of Bonds (Section 2.5)

The Bonds of each Series shall be authenticated and delivered upon the order of the Corporation, but only upon the receipt by an Authenticating Agent of:

- (1) a copy of the Supplemental Indenture authorizing such Series of Bonds, executed and delivered by the Corporation (or alternative issuer as permitted under the Indenture) and the Trustee and containing the following:
 - (a) the authorized principal amount and designation of such Bonds;
 - (b) the purposes for which the proceeds of such Bonds shall be used, which shall be one or more of the following: (i) the making of deposits into the Accounts for the purpose of financing Loans, (ii) the refunding of any Bonds, (iii) the payment of Costs of Issuance, (iv) the funding of capitalized interest or (v) any combination of the foregoing;
 - (c) the Dated Dates and maturity dates of such Series of Bonds;
 - (d) the interest rates, if any, of and principal amounts payable upon such Bonds (or the manner of determining such rates or amounts) and the Interest Payment Dates, if any, and Principal Payment Dates therefor;
 - (e) the denominations of, and the manner of dating, numbering and lettering such Bonds;
 - (f) subject to the Indenture, the Paying Agents and the places of payment of such Bonds or the manner of appointing and designating the same;
 - (g) provisions concerning the forms of such Bonds and of the Authenticating Agent’s certificate of authentication;
 - (h) any other provisions deemed advisable by the Corporation as shall not conflict with the provisions of the Indenture;
 - (i) the Redemption Price, if any, of and, subject to the provisions of the Indenture, the redemption terms for such Bonds;
 - (j) the amounts and due dates of the Sinking Fund Payments, if any, for any of such Bonds;
 - (k) the Bond Insurer, if any; and
 - (l) if applicable, designation that the Bonds of such Series are Federally Taxable Bonds;
- (2) a Bond Counsel’s Opinion to the effect that (i) the Indenture and the Supplemental Indenture, if any, have been duly authorized, executed and delivered by the Corporation 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 Indenture and, if applicable, such Supplemental Indenture create the valid pledge and lien which it or they purport to create of and on the Trust Estate, subject to the use and application thereof for or to the purposes and on the terms and conditions permitted by the Indenture and such Supplemental Indenture; 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 of Counsel, and in accordance with the Indenture and such Supplemental Indenture;

- (3) a written order as to the delivery of such Bonds, signed by an Authorized Officer of the Corporation;
- (4) evidence of the receipt by the Trustee of the amount of the proceeds of such Bonds to be deposited with the Trustee pursuant to the Indenture, which shall be conclusively established by the executed certificate of the Trustee so stating, receipt of funds sufficient to cause the amounts in the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement;
- (5) executed Loan Agreements which, in the aggregate, provide for the payment of the related Loan Debt Service;
- (6) in the case of Bonds (other than the initial three Series of Bonds) issued pursuant to the Indenture, evidence that the provisions of the Indenture have been complied with as of the date of delivery of such Series;
- (7) HUD Letter to NYCHA approving the issuance of such Series of Bonds;
- (8) Capital Fund Financing Amendment between HUD and NYCHA relating to such Series of Bonds; and
- (9) such further documents and moneys as are required by the provisions of the Indenture or of any Supplemental Indenture entered into pursuant to the Indenture.

Conditions Precedent to Delivery of Refunding Bonds (Section 2.6)

(A) In addition to the requirements of the section above, Refunding Bonds of any Series shall be authenticated by an Authenticating Agent only upon the receipt by the Authenticating Agent of:

- (1) evidence of the receipt by the Registrar of instructions to the Registrar to give due notice of the payment or redemption of all the Bonds to be refunded and the Bond Payment Dates or Redemption Dates, if any, upon which such Bonds are to be paid or redeemed, which shall be conclusively established by the executed certificate of the Registrar so stating;
- (2) if Bonds are to be refunded that also are to be redeemed subsequent to the next succeeding forty-five (45) days, evidence of the receipt by the Registrar of instructions to the Registrar to mail, as provided in the Indenture, notice of the redemption of such Bonds on a specified date prior to their Redemption Date, which shall be conclusively established by the executed certificate of the Registrar so stating; and
- (3) evidence of the receipt by the Trustee of (i) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment or redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the due date or Redemption Date, or (ii) noncallable Government Obligations for the purpose of effecting a refunding of Bonds, the principal of and interest on which when due (without reinvestment thereof), together

with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable principal or Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the Redemption Date or dates of maturity thereof, which moneys or noncallable Government Obligations shall be held by the Trustee or any one or more of the Paying Agents in the Debt Service Fund or a separate escrow account to be created pursuant to an escrow agreement entered into for that purpose. Such receipt shall be conclusively established by the executed certificate of the Trustee so stating.

(B) Except as otherwise provided in the Indenture, neither the noncallable Government Obligations nor moneys deposited with the Trustee pursuant paragraph (A)(4) above nor principal or interest payments on any such noncallable Government Obligations shall be withdrawn or used for any purpose other than the payment of the applicable principal or Redemption Price of and interest on the Bonds to be refunded, together with accrued interest on such Bonds to the Redemption Date, and any cash received from such principal or interest payments, if not then needed for such purpose, shall be deposited into the Revenue Fund.

Alternative Issuers (Section 2.7)

Subject to the approval of the Corporation and HUD and the receipt of evidence from the Rating Agencies that such action will not have an adverse effect on the then-current ratings of the Bonds Outstanding, NYCHA may issue additional bonds under a separate indenture, either on its own or through an alternative issuer selected by NYCHA. The Corporation agrees that any additional bonds issued by NYCHA, or by an alternative issuer approved by HUD and the Corporation, under a separate indenture may be issued on a parity basis without any further approval or consent of the Corporation and shall be the sole responsibility of NYCHA. NYCHA or any such other entity may issue such bonds or other obligations if it enters into a written agreement under which it agrees to be bound by the terms and conditions of the Indenture as if such other obligations were Bonds. In addition, no such bonds or other obligations shall be issued unless there shall be delivered to the Trustee an opinion of Bond Counsel (or other bond counsel of nationally recognized standing in the field of law relating to municipal, state and public agency financing selected by NYCHA or by the alternative issuer) to the effect that the issuance of such bonds or other obligations by such entity is in accordance with such conditions to issuance contained in the Indenture and shall not impair the exclusion of interest on any Outstanding Bonds from federal income taxation.

Transfer of Bonds (Section 3.5)

(A) Each Bond shall be transferable only upon the books of the Corporation, which shall be kept for such purpose at the Designated Corporate Trust Office of the Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the Corporation shall issue in the name of the transferee a new Bond or Bonds, of the same aggregate principal amount, Series, priority, interest rate and maturity as the surrendered Bond.

(B) The Corporation and any Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Corporation as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Corporation nor any Fiduciary shall be affected by any notice to the contrary.

Regulations With Respect to Exchanges and Transfers (Section 3.6)

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Corporation shall execute and an Authenticating Agent shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. For every such exchange or transfer of Bonds, whether temporary or definitive, the Corporation or an Authenticating Agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and, except (i) with respect to the delivery of definitive

Bonds in exchange for temporary Bonds, or (ii) as otherwise provided in the Indenture, may charge a sum sufficient to pay the cost of preparing each new Bond (except for any Bonds held in custody for the benefit of any Cash Equivalent provider pursuant to a Supplemental Indenture) issued upon such exchange or transfer, which sums shall be paid by the Bondholder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Corporation shall not be obligated to issue, exchange or transfer any Bond during a period beginning on the opening of business on the date Bonds are selected for redemption and ending on the date of the mailing of notice of such redemption or transfer or exchange Bonds called or being called for redemption, except the unredeemed portion of Bonds being redeemed in part.

Bonds Mutilated, Destroyed, Stolen or Lost (Section 3.7)

Subject to the applicable laws of the State, in case any Bond shall become mutilated or be destroyed, stolen or lost, the Corporation shall execute and an Authenticating Agent shall authenticate a new Bond of like Series, interest rate, maturity, principal amount and other terms of the Bond so mutilated, destroyed, stolen or lost. In the case of a mutilated Bond, such new Bond shall be delivered only upon surrender and cancellation of such mutilated Bond. In the case of a Bond issued in lieu of and substitution for a Bond that has been destroyed, stolen or lost, such new Bond shall be delivered only upon filing with the Trustee of evidence satisfactory to establish to the Trustee that such Bond has been destroyed, stolen or lost and to prove the ownership thereof and upon furnishing the Corporation and the Trustee with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Bond pursuant to this section shall comply with such other reasonable regulations as the Trustee may prescribe and pay such expenses as provided by any applicable law as the Corporation and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it. Evidence of such cancellation shall be given to the Corporation.

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

Application of Bond Proceeds, Accrued Interest and Premium (Section 4.1)

Except as otherwise provided in a Supplemental Indenture, the net proceeds of sale of any Series of Bonds (paid by the underwriters after deducting the underwriter's compensation, including expenses), other than the proceeds of Refunding Bonds shall, as soon as practicable upon the delivery of the Bonds, by the Trustee pursuant to the Indenture, be applied as follows:

- (1) the amount needed to pay Costs of Issuance related to such Series shall be deposited into the Cost of Issuance Fund;
- (2) upon the delivery of a Series of Bonds, the amount, if any, received as accrued interest or capitalized interest, as designated by a Supplemental Indenture, shall be deposited in the Debt Service Fund unless otherwise provided in a Supplemental Indenture;
- (3) the amount (or Cash Equivalents) required to cause the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement, if any, taking into account the issuance of such Bonds, shall be deposited to the credit of the Debt Service Reserve Fund; and
- (4) the balance remaining after such deposits have been made shall be deposited in the Loan Fund.

Establishment of Accounts (Section 5.2)

(A) In order best to provide for the proper administration of all moneys received as proceeds of the Bonds, there are hereby created and established the following Accounts (items (i) through (v) constituting part of the

Trust Estate) and any Supplemental Indenture authorizing a Series of Bonds may establish additional Funds and additional Accounts within any Funds thereby established or hereunder listed:

- (i) the Loan Fund (with individual Series Project Loan Accounts);
- (ii) the Revenue Fund;
- (iii) the Debt Service Fund;
- (iv) the Debt Service Reserve Fund;
- (v) the Subordinate Obligation Debt Service Fund;
- (vi) the Costs of Issuance Fund; and
- (vii) the Rebate Fund.

(B) The following shall be credited to the Loan Fund to be used for the NYCHA Program as directed to the Trustee by NYCHA:

- (1) all proceeds from the sale of the Bonds (including premium, but excluding accrued interest, capitalized interest, amounts deposited into the Costs of Issuance Fund and proceeds from the sale of Refunding Bonds); and
- (2) all other moneys required or directed to be transferred to the Loan Fund pursuant to any Supplemental Indenture and any other amounts determined by the Corporation to be deposited therein from time to time. All moneys in the Loan Fund shall be used for the purposes and disbursed as provided in Section 5.3 of the Indenture.

(C) All Revenues shall be credited to the Revenue Fund as received.

(D) The following shall be credited to the Debt Service Fund:

- (1) accrued interest from the sale of the Bonds, if any;
- (2) capitalized interest on the Bonds, if any;
- (3) any amounts transferred from the Revenue Fund pursuant to Section 5.4 of the Indenture;
- (4) any amounts transferred from the Debt Service Reserve Fund pursuant to Section 5.8 of the Indenture; and
- (5) any amounts transferred from the Loan Fund pursuant to Section 5.3(A)(2) of the Indenture.

(E) Amounts shall be credited to the Subordinate Obligation Debt Service Fund from the Revenue Fund pursuant to Section 5.4 of the Indenture.

(F) All such Accounts and any subaccounts thereof established as provided in the Indenture shall be held and maintained by the Trustee and shall be identified by the Trustee according to the designations provided in the Indenture in such manner as to distinguish such Accounts from the accounts established by the Corporation, and held and maintained by the Trustee, for any other of its obligations. All moneys or securities held by the Trustee or any Depository pursuant to the Indenture shall be held in trust and applied only in accordance with the provisions of the Indenture. All moneys credited to the Accounts shall be used for the purposes and disbursed as provided in the Indenture. Notwithstanding any other provision in the Indenture, to the extent required to comply with the rebate

requirements embodied in the tax covenants of the Corporation contained in the Indenture, earnings on the investment of funds held hereunder shall be deposited in the Rebate Fund.

Loan Fund (Section 5.3)

(A) Subject to the provisions of subsection (C) below, moneys in the Loan Fund with respect to each Series of Bonds shall be used, except as otherwise provided by any Supplemental Indenture, only for the following purposes:

- (1) to make Loans (i) to finance capital projects and modernization improvements and/or (ii) to prepay loan debt service for the purpose of refunding all or part of the Corporation's Outstanding 2005A Bonds (NYCHA), in each case pursuant to the NYCHA Program under executed Loan Agreements;
- (2) to make deposits to the Debt Service Fund for the purpose of paying principal of or interest on Senior Obligations, whether at maturity or earlier redemption or purchase to the extent of any deficiency therein; and
- (3) any amount remaining in the Loan Fund after all Senior Obligations have been retired shall be repaid to NYCHA for use consistent with the Capital Fund Program, provided that prior to any such transfer the Corporation shall have furnished the Trustee with a Bond Counsel's Opinion to the effect that such transfer will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(B) Upon receipt by the Trustee of a requisition in the form appended to the related Loan Agreement, the Trustee shall transfer from the related Project Loan Account in the Loan Fund to NYCHA the amount of Net Loan Proceeds so requisitioned for the NYCHA Program.

As soon as possible after the closing of the financing of each Loan, the Corporation shall transmit to the Trustee a Certificate of an Authorized Officer of the Corporation stating the due dates and amounts of scheduled payments of principal and interest thereon and the principal balance remaining after each payment.

(C) At any time the Corporation may direct the Trustee to apply amounts in the Loan Fund to the redemption, purchase or retirement of Bonds in accordance with their terms (any such application to require HUD approval to the extent the terms of such redemption, purchase or retirement require HUD consent) and the provisions of the Indenture and any Supplemental Indenture.

Revenue Fund (Section 5.4)

(A) Pursuant to each Loan Agreement, the Trustee shall receive for deposit in the Revenue Fund, from or on account of NYCHA, those moneys agreed to by HUD (pursuant to the HUD Letter and the Capital Fund Financing Amendment), the Corporation and NYCHA. Such moneys shall, upon receipt, be credited by the Trustee to the Revenue Fund and constitute Revenues under the Indenture. The Trustee shall promptly notify the Corporation in the event there is a failure to receive from HUD or from NYCHA when due the full amount set forth in each Loan Agreement. All amounts so received shall be deposited in the Revenue Fund.

(B) Promptly upon receipt of amounts in the Revenue Fund, the Trustee shall make disbursements from the Revenue Fund, in the following order of priority, except as otherwise provided in a Supplemental Indenture:

- (1) first, to the Debt Service Fund, the amount necessary to make the payments required pursuant to Section 5.5(A) of the Indenture, and subject to the limitations contained in Section 5.5(B) of the Indenture, on the next succeeding Bond Payment Date;

- (2) second, to the Debt Service Reserve Fund in the amount required to bring the balance therein (taking into account the full drawable amount on all Cash Equivalents deposited therein) to equal the Debt Service Reserve Requirement;
- (3) third, to the Debt Service Fund, to be applied to the redemption of Bonds, (a) amounts representing Capital Fund Grant Monies or other available funds delivered by NYCHA to pay the Redemption Price of Bonds being called for redemption pursuant to the special optional redemption provisions of a Supplemental Indenture, and (b) the proceeds of insurance or condemnation not applied to restoration of public housing units of NYCHA following casualty loss or condemnation;
- (4) fourth, to the Corporation in the amount included in a written requisition from the Corporation in payment of any one or more components of the Loan Expense Fee;
- (5) fifth, to the Subordinate Obligation Debt Service Fund an amount, if any, equal to the amount required by any Supplemental Indenture authorizing the issuance or incurrence of Subordinate Obligations to be deposited therein on such date and without priority, one over the other, to any accounts within the Subordinate Obligation Debt Service Fund, as specified by a Certificate filed with the Trustee; and
- (6) sixth, to the Rebate Fund, the balance; provided, that to the extent set forth in a Certificate accompanied by a Bond Counsel's Opinion to the effect that any such transfer shall not adversely affect the exclusion of interest on the Bonds from federal income taxation, to the Loan Fund, the balance.

(C) Whenever so directed in a Certificate, the Trustee shall make payments from the Rebate Fund to the federal government in accordance with the Code to the extent necessary to comply with the Corporation's covenants in the Indenture, and to comply with any Tax Certificate signed by an Authorized Officer of the Corporation and delivered in conjunction with the delivery of any Series of the Bonds.

Debt Service Fund (Section 5.5)

Except as otherwise provided in a Supplemental Indenture, the Trustee shall make disbursements from the Debt Service Fund as follows:

(A) On each Bond Payment Date, amounts sufficient for the following payments and in the following order of priority:

- (1) first, to the Paying Agent the interest due on Outstanding Senior Obligations on such Bond Payment Date, and
- (2) second, to the Paying Agent the amount required for payment of the principal or Redemption Price of Senior Obligations due (whether by maturity or redemption) or called for redemption on such Bond Payment Date.

(B) Notwithstanding the provisions of this section, no payments shall be required to be made into the Debt Service Fund so long as the amount on deposit therein shall be sufficient to pay the final maturing Outstanding Senior Obligations in accordance with their terms, including the payment of any Sinking Fund Payments payable in connection therewith.

(C) As soon as practicable after the sixtieth day preceding the due date of any Sinking Fund Payment, the Trustee shall proceed to call for redemption pursuant to the Indenture, on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of a principal amount of the Bonds of such maturity equal to the required unsatisfied balance of such Sinking Fund Payment.

(D) Upon the purchase or redemption of Bonds for which Sinking Fund Payments have been established, 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. If, however, there shall be filed with the Trustee written instructions of an Authorized Officer of the Corporation specifying a different method for crediting Sinking Fund Payments upon any such purchase or redemption of Bonds, then such Sinking Fund Payment shall be credited as shall be provided in such instructions. After any such crediting, HUD shall be notified by the Corporation or by NYCHA in writing of a new debt service schedule for the Bonds at least sixty (60) days prior to the next date on which HUD is scheduled to pay Capital Fund Grant Monies to the Trustee for Loan Debt Service.

(E) Any earnings derived from the investment of amounts deposited with the Trustee pursuant to the Indenture shall, to the extent not required to provide amounts sufficient for the payment or redemption of Bonds in accordance with the conditions for issuance of Refunding Bonds set forth therein, be deposited in the Debt Service Fund.

Costs of Issuance Fund (Section 5.6)

The Corporation hereby creates and establishes a Costs of Issuance Fund, which funds shall not be a part of the Trust Estate. That portion of the proceeds of a Series of Bonds that is deposited into the Costs of Issuance Fund shall be available for disbursement to pay Costs of Issuance relating to such Series against receipt of a Certificate of an Authorized Officer of the Corporation. In connection with the issuance of any particular Series, the Corporation may direct the underwriters of such Series to deduct their compensation from the offering price, such that only the net purchase price is deposited with the Trustee for application to the appropriate Accounts in accordance with the Indenture.

Subordinate Obligation Debt Service Fund (Section 5.7)

The moneys in the Subordinate Obligation Debt Service Fund shall be transferred by the Trustee as provided in a Certificate to the trustees or paying agents under the appropriate Supplemental Indenture or other indentures or resolutions authorizing the issuance of Subordinate Obligations for the purpose of paying such amounts as may be required to be paid by such indentures or resolutions.

Debt Service Reserve Fund (Section 5.8)

(A) Amounts required to be on deposit in the Debt Service Reserve Fund may be represented by cash and/or Cash Equivalents. Upon written direction from an Authorized Officer of the Corporation, any cash or Cash Equivalents deposited in the Debt Service Reserve Fund may be substituted for in whole or in part with an equal amount of Cash Equivalents or cash, respectively. Moneys (first, from cash and the proceeds of liquidation of investments, and, second, from proceeds of Cash Equivalents) held for the credit of the Debt Service Reserve Fund shall be transferred to the Debt Service Fund whenever amounts are required to be so deposited therein pursuant to the Indenture.

(B) Moneys (excluding any Cash Equivalents) held for the credit of the Debt Service Reserve Fund as of any Principal Payment Date or Interest Payment Date on Senior Obligations which represent the amount on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement established for a Series of Bonds, after payment of principal of and interest on the Bonds of such Series due on such date, shall be transferred to the credit of the Loan Fund until no Bonds of such Series shall be Outstanding, and then, first, to the payment of Loan Debt Service and, second, to NYCHA for application in accordance with the Capital Fund Program.

(C) A Supplemental Indenture authorizing the issuance of a Series of Bonds may provide that the Debt Service Reserve Requirement with respect to such Series of Bonds is to be funded by Cash Equivalents. Whenever the Indenture shall refer to "moneys" on deposit to the credit of the Debt Service Reserve Fund, "moneys" shall be deemed to include said Cash Equivalents and such Cash Equivalents shall be valued on each applicable date, for purposes of the Debt Service Reserve Requirement, at the full amount drawable thereunder as of such date.

Deposits (Section 5.9)

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

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

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

Investment of Certain Funds (Section 5.10)

(A) Subject to the right of the Corporation to direct the investment or deposit of funds hereunder (after consultation with NYCHA, and with the intent of maximizing returns, taking into consideration HUD investment guidelines and the General Depository Agreement (HUD Form 51999) dated as of the date hereof by and between NYCHA and the Trustee, Corporation investment guidelines, and Federal tax requirements) and except as specifically otherwise provided for herein, moneys in any Account shall be continuously invested and reinvested or deposited and redeposited by the Trustee in the highest yield Investment Securities that may be reasonably known to the Trustee, or deposited and redeposited as provided in the Indenture, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. The Corporation may (except as provided below) direct the Trustee in writing to, or in the absence of direction, the Trustee shall, invest and reinvest the moneys in any Account in Investment Securities so that the maturity date or date of redemption at the option of the owner thereof shall be equal to the lesser of (i) six (6) months or (ii) the dates that coincide as nearly as practicable with (but in no event later than) the times at which moneys are needed to be expended. The Investment Securities purchased shall be held by the Trustee, or for its account as Trustee, and shall be deemed at all times to be part of such Account, and the Trustee shall keep the Corporation advised as to the details of all such investments upon any request therefor.

(B) Investment Securities purchased as an investment of moneys in any Account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such Account but the income or interest earned and gains realized in excess of losses suffered by an Account due to the investment thereof shall, except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, be deposited in the Revenue Account or shall be credited as Revenues to the Revenue Account from time to time and reinvested.

(C) To the extent permitted by law and subject to the limitations on investments included in this Indenture, the Trustee may commingle any amounts on deposit in the Accounts held under this Indenture for the purpose of purchasing Investment Securities. However, the Trustee shall maintain and keep separate accounts of such Accounts at all times.

(D) The Trustee shall, at the written direction of the Corporation, use reasonable commercial efforts to sell at the best price obtainable, or present for redemption or exchange, any Investment Security purchased by it pursuant to this Indenture whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Account for which such investment was made.

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

(F) The Trustee shall not be responsible for any loss realized from the purchase or sale of any Investment Security.

Valuation and Sale of Investments (Section 5.11)

(A) 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, at par.

(B) Except as otherwise provided herein, the Trustee shall use reasonable commercial efforts to sell at the best price obtainable, or present for redemption, any Investment Security whenever it shall be requested in writing by an Authorized Officer of the Corporation to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Account held by it. An Investment Security may be credited on a pro rata basis to more than one Account and need not be sold in order to provide for the transfer of amounts from one Account to another.

Disposition of Unclaimed Funds (Section 5.13)

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

Selection of Bonds to Be Redeemed (Section 6.4)

In the event of redemption of less than all the Outstanding Bonds of like Series, priority and maturity, the Trustee shall assign to each such Outstanding Bond a distinctive number for each minimum denomination of the principal amount thereof so as to distinguish each such minimum denomination from each other portion of the Bonds subject to such redemption. The Trustee shall select by lot, using such method of selection it shall deem proper in its sole discretion, from the numbers of all such Bonds then Outstanding of such maturity, as many numbers as, at the minimum denomination for each number, shall equal the principal amounts of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; but only so much of the principal amount of each such Bonds of a denomination of more than the minimum denomination shall be redeemed as shall equal the minimum denomination for each number assigned to it and so selected. For the purposes of this section, Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding.

Any integral multiple of a minimum denomination may, if so specified by the provisions of a Supplemental Indenture, be utilized in connection with the partial redemption of Bonds issued pursuant to such Supplemental Indenture and such Bonds shall be subject to selection for redemption in the amount of such multiple but otherwise in accordance with this section.

Notice of Redemption (Section 6.5)

When the Trustee shall receive notice from the Corporation of its election or direction to redeem Bonds and when redemption of Bonds is required by the Indenture, the Trustee shall give notice, in the name of the Corporation, of the redemption of such Bonds. Such notice shall specify the Series, maturities of the Bonds to be redeemed, the Redemption Date, any conditions precedent to such redemption and the place or places where amounts due upon such redemption will be payable and, if less than all the Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount

thereof to be redeemed. Such notice shall further state that on such date, assuming the satisfaction of all conditions precedent to such redemption, there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. Except as otherwise provided in a Supplemental Indenture, such notice shall be given by first class mail or registered or certified mail, return receipt requested (such delivery method to be determined by the Trustee), not less than thirty (30) days before the Redemption Date, to the registered Owners of any Bonds or portions of Bonds that are to be redeemed, at their last addresses, if any, appearing upon the registry books, but failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds with respect to which no such failure occurred. With respect to Book Entry Bonds, if the Trustee sends notice of redemption to the Securities Depository pursuant to the Letter of Representations, the Trustee shall not be required to give the notice set forth in the immediately preceding sentence. Upon direction in writing by the Corporation, further notice shall be given by the Trustee in such manner as may be required or suggested by regulations or market practice at the applicable time, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed herein.

In addition to the foregoing, the redemption notice shall contain with respect to each Bond being redeemed, (1) the date of issue, (2) the interest rate, (3) the maturity date, and (4) any other descriptive information determined by the Trustee to be needed to identify the Bonds. If a redemption is a Conditional Redemption as permitted by the Indenture, the notice shall so state. The Trustee shall also send each notice of redemption at least thirty (30) days before the redemption date to (A) any Rating Service then rating the Bonds to be redeemed; (B) all of the registered clearing agencies known to the Trustee to be in the business of holding substantial amounts of bonds of a type similar to the Bonds; and (C) one or more national information services that disseminate notices of redemption of bonds such as the Bonds.

Payment of Redeemed Bonds (Section 6.6)

Notice having been given by mail in the manner provided in the Indenture, and all conditions precedent to redemption having been met, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the Redemption Date. If there shall be called for redemption less than the entire principal amount of a Bond, the Corporation shall execute, the Authenticating Agent shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered at the option of the Owner, Bonds of like Series, priority and maturity in any of the authorized denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the Redemption Date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been mailed as aforesaid, and all conditions precedent to redemption shall have been met, then, from and after the Redemption Date, interest on the Bonds or portions thereof of such Series and maturities so called for redemption shall cease to accrue and become payable. If said moneys shall not be available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption. Copies of all notices given pursuant to this section shall be sent by the Trustee to HUD.

Conditional Redemption (Section 6.8)

Each Supplemental Indenture authorizing a Series of Bonds may provide that one or more of the redemption provisions applicable to such Series will be conditional upon the occurrence of any event including, but not limited to, receipt by the Trustee of sufficient funds on the applicable redemption date, and in any such event the notice of redemption shall advise that it is so conditioned. The Corporation shall provide prompt written notice to the Trustee if the Corporation determines that conditions to any redemption will not be met.

Power to Incur Senior Obligations and Pledge Revenues (Section 7.4)

The Corporation represents that it is duly authorized under all applicable laws to incur the Senior Obligations and to execute and deliver the Indenture and to pledge the Revenues and other moneys, securities, funds, rights and interests purported to be pledged by the Indenture in the manner and to the extent provided in the Indenture. The Senior Obligations and the provisions of the Indenture are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of the Indenture.

Tax Covenants (Section 7.6)

The Corporation shall at all times do and perform all acts and things necessary or desirable and shall refrain from such acts as shall be necessary in order to assure that interest paid on the Bonds, other than Federally Taxable Bonds, shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof under provisions of the Code.

The Corporation shall comply with all requirements of any Tax Certificate executed and delivered by an Authorized Officer of the Corporation in connection with a Series of Bonds, unless the Corporation has received a Bond Counsel's Opinion to the effect that such compliance is no longer necessary in order to assure that interest paid on such Series of Bonds is excludable from the gross income of the recipients thereof. To the extent set forth in any Tax Certificate, the Corporation shall cause the Trustee to make rebate payments to the U.S. Treasury from amounts held in the Rebate Fund.

Budget and Collection of Revenues (Section 7.7)

(A) Each Loan Agreement shall require NYCHA to budget from amounts to be received by NYCHA pursuant to the Capital Fund Program in each fiscal year of NYCHA amounts sufficient to pay all Senior Obligations when due and all Loan Debt Service when due, and further to agree not to budget, requisition from HUD or expend amounts to be received pursuant to the Capital Fund Program in any fiscal year of NYCHA if the effect of such budget, requisition or expenditure would be to reduce the amount of Revenues to be received by NYCHA pursuant to the Capital Fund Program for such fiscal year below the amount needed, or materially adversely affect the availability of Revenues at the times required, to pay all Senior Obligations when due and all Loan Debt Service when due. Each Loan Agreement shall require NYCHA to agree to include such budgeted amount in its annual financial plan submitted to HUD.

(B) Each Loan Agreement shall require NYCHA to execute and deliver and present to HUD for execution and delivery a Capital Fund Financing Amendment, which directs HUD to pay directly to the Trustee from Capital Fund Program moneys available to NYCHA in the amount necessary to pay Loan Debt Service, and to execute separate Annual Financing Amendments (as defined in the Loan Agreement) to authorize such payments. Amounts to be paid by HUD shall be requested to be paid to the Trustee no earlier than three (3) Business Days and no later than one (1) Business Day before each Bond Payment Date.

(C) The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under the Indenture and all the rights of the Owners of Senior Obligations under the Indenture against all claims and demands. From and after the sale and delivery of any of the Bonds of the Corporation, the Bonds shall be incontestable by the Corporation.

Issuance of Additional Bonds (Section 7.8)

(A) The Corporation shall not hereafter create or permit the creation of or issue any additional Series of Bonds that will be secured by a charge or lien on the Revenues and assets pledged hereunder, except that additional Series of Bonds may be issued from time to time, subject to the provisions of paragraph (B) below, subsequent to the issuance of the initial three Series of Bonds under the Indenture, on a parity with the Bonds of such initial three Series of Bonds and secured by an equal charge and lien on the Revenues and assets pledged hereunder and payable equally therefrom, and may be entered into from time to time with the priority and secured as provided in the Indenture.

(B) No additional Series of Bonds shall be issued subsequent to the issuance of the initial three Series of Bonds under the Indenture unless:

- (1) the principal amount of the Additional Bonds then to be issued, together with the principal amount of bonds, notes and other obligations theretofore issued pursuant to applicable law, will not exceed in aggregate principal amount any limitation thereon imposed by law;
- (2) prior to the issuance and delivery of any such additional Bonds, the Corporation shall file with the Trustee:
 - (a) the written approval by HUD of the issuance of such Additional Bonds,
 - (b) a Certificate demonstrating that the lesser of (y) the Capital Fund Grant Monies received by NYCHA in the immediately preceding Federal fiscal year and (z) the average annual amount of Capital Fund Grant Monies received by NYCHA, as evidenced by Annual Capital Fund ACC Amendments between NYCHA and HUD under the Capital Fund Program in the three Federal fiscal years immediately preceding the issuance of the Additional Bonds, equals or exceeds an amount equal to three (3) times the aggregate annual Loan Debt Service, determined in reference to all Loans outstanding and the additional Loan or Loans proposed to be made, and
 - (c) the written consent of each Bond Insurer, if any, and advice from the Rating Agencies that such action will not have an adverse effect on the then-current ratings of the Bonds Outstanding;
- (3) the applicable provisions of the Indenture shall have been complied with as of the date of delivery of such Series;
- (4) at the time of issuance of such Additional Bonds, the Corporation shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture except, in the case of Refunding Bonds, if the initial application of the proceeds of such Bonds shall cure such default; and
- (5) NYCHA is not in default under any Loan Agreement.

The Corporation agrees to provide 30 days' prior written notice to each of the Rating Agencies of the issuance of additional Bonds pursuant to the Indenture. Such notice shall generally describe the additional Bonds proposed to be issued.

(C) The Corporation hereby expressly reserves the right to enter into one or more additional trust indentures for its purposes, including purposes relating to the Program, and reserves the right to issue other obligations not secured by the Trust Estate for such purposes.

Alteration of Rights of Owners of Senior Obligations (Section 7.13)

Except as otherwise provided in the Indenture, no limitations or alterations of the rights vested in the Corporation to fulfill the terms of the Indenture, and no impairment of the rights and remedies of the Owners of Senior Obligations shall be made, until the Senior Obligations, together with the interest thereon and interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of those Owners of Senior Obligations, are fully met and discharged.

Supplemental Indentures Not Requiring the Consent of Owners of Bonds (Section 8.1)

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture not requiring the consent of Owners of Bonds may be executed by the Corporation and the Trustee for the following purposes:

(1) to close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the authentication and delivery of additional Series of Bonds or the incurrence of other Senior Obligations;

(2) to add to the covenants and agreements of the Corporation in the Indenture other covenants and agreements to be observed by the Corporation that are not contrary to or inconsistent with the Indenture as theretofore in effect;

(3) to add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Corporation that are not contrary to or inconsistent with the Indenture as theretofore in effect;

(4) to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture;

(5) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture of the Trust Estate;

(6) to modify any of the provisions of the Indenture in any respect whatever, but only if (i) such modification shall be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds issued after the date of the execution and delivery of such Supplemental Indenture;

(7) to authorize the issuance of one or more Series of Bonds, and to prescribe the terms and conditions upon which such Bonds may be issued or incurred;

(8) to create additional special trust accounts for the further securing of all Bonds issued pursuant to the Indenture if together with such Supplemental Indenture there is filed a Bond Counsel's Opinion to the effect that the creation and operation of such account will in no way impair the existing security of the Holder of any Outstanding Senior Obligation;

(9) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provisions in the Indenture;

(10) to provide for additional duties of the Trustee and other Fiduciaries;

(11) to satisfy the requirements of a Rating Agency in order to obtain, maintain or improve the rating on any of the Bonds;

(12) to provide for the orderly sale of Bonds;

(13) in connection with the issuance of Bonds other than the initial three Series of Bonds, to provide for the making of Loans, and the disbursement of amounts from the Accounts in connection with such Loans, to persons other than NYCHA, pursuant to Loan Agreements among such persons, the Corporation, the Trustee and NYCHA, in each case for the benefit of mixed-use privately-owned housing developments involving NYCHA sponsorship or participation;

(14) to make any other change that is not to the prejudice of the Trustee or Holders of the Senior Obligations and that, in the judgment of the Trustee acting in reliance on a Bond Counsel's Opinion, is necessary or desirable to maintain the tax exempt status of the Bonds (other than Federally Taxable Bonds);

(15) to make any change that, in the judgment of the Trustee, is not materially adverse to the interests of the Trustee or the Owners of Senior Obligations; or

(16) to make any change that has been submitted to and reviewed by each Rating Agency and for which each Rating Agency shall have confirmed in writing that such change will not itself result in the withdrawal or lowering of the rating on any Outstanding Bonds, without taking into account ratings based upon the coverage of any Bond Insurance Policy.

Supplemental Indentures Effective upon Consent of Owners of Bonds (Section 8.2)

At any time or from time to time, a Supplemental Indenture may be executed by the Corporation and the Trustee subject to consent by Owners of Bonds in accordance with and subject to the provisions of the Indenture. Any such Supplemental Indenture shall become fully effective in accordance with its terms upon the execution thereof by the Corporation and the Trustee and upon compliance with the provisions of the Indenture.

General Provisions (Section 8.3)

(A) The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of the Indenture. Nothing contained in the Indenture shall affect or limit the right or obligation of the Corporation to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of the Indenture or the right or obligation of the Corporation to execute and deliver to any Fiduciary any instrument that is to be delivered to said Fiduciary pursuant to the Indenture.

(B) Any Supplemental Indenture permitted or authorized by the Indenture may be executed by the Corporation and the Trustee without the consent of any of the Owners of Bonds, but shall become effective only on the conditions, to the extent and at the time provided in the Indenture. The copy of every Supplemental Indenture delivered to the Trustee shall be accompanied by a Bond Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully executed by the Corporation in accordance with the provisions of the Indenture and the Act, is authorized or permitted by the Indenture and the Act, assuming due authorization, execution and delivery by the other parties thereto, is valid and binding upon the Corporation, and will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(C) The Trustee is hereby authorized to accept the delivery of any Supplemental Indenture referred to and permitted or authorized by the Indenture and to make all further agreements and stipulations that may be contained therein, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Bond Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of the Indenture.

(D) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

(E) No Supplemental Indenture shall be effective, other than a Supplemental Indenture authorizing the issuance of Additional Bonds pursuant to the Indenture, until the Trustee receives written confirmation from each Rating Agency that the execution and delivery of such Supplemental Indenture will not itself adversely affect the rating on any Outstanding Bonds.

(F) No Supplemental Indenture shall be effective without the prior written consent of HUD and each Bond Insurer.

Powers of Amendment (Section 9.2)

Except as provided in the Indenture, any modification of or amendment thereof and of the rights and obligations of the Corporation or the Owner of any Senior Obligation under a Supplemental Indenture, may be made by a Supplemental Indenture consented to by the Bond Insurers and, in the event such Supplemental Indenture shall be executed pursuant to the Indenture, with the written consent given as provided in the Indenture (i) of the Owners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in aggregate principal amount of the Bonds of each Series 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 100% 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. If any such modification or amendment will not take effect so long as any Bonds of any specified 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 section. Notwithstanding the foregoing, no modification or amendment contained in any such supplemental indenture shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: (a) a change in the terms of stated maturity or redemption of any Bond or of any installment of interest thereon; (b) a reduction in the principal amount of or redemption premium on any Bond or in the rate of interest thereon or a change in the coin or currency in which such Bond is payable; (c) the creation of a lien on or a pledge of any part of the Trust Estate, or the money or assets pledged under the Indenture or any part thereof; (d) the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; (e) a reduction in the aggregate principal amount of Bonds of which the consent of the Bondholders is required to effect any such modification or amendment; or (f) a change in the provisions of the Indenture. Notwithstanding the foregoing, the holder of any Bond may extend the time for payment of the principal of or interest on such Bond; provided, however, that upon the occurrence of an Event of Default, funds available hereunder for the payment of the principal and interest on the Bonds shall not be applied to any payment so extended until all principal and interest payments that have not been extended have first been paid in full. For the purposes of this section, a Series shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its sole discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment of the Indenture and any such determination shall be binding and conclusive on the Corporation and all Owners of Bonds.

Consent of Owners of Bonds (Section 9.3)

A copy of any Supplemental Indenture making a modification or amendment that is not permitted by the provisions of the Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Owners of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Registrar on behalf of the Corporation to the Owners of Bonds to be affected by such proposed amendment or modification. Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of the Bond Insurers and the Owners of the percentages of Outstanding Bonds specified in the Indenture, and (b) a Bond Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully approved by the Corporation in accordance with the provisions of the Indenture, is authorized or permitted hereby and, assuming due authorization, execution and delivery by the other parties thereto, is valid and binding upon the Corporation, and (ii) a notice shall have been delivered as hereinafter provided in this section.

The consent of an Owner of a Bond to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Indenture. A certificate by the Trustee (a copy of which shall be retained by the Trustee) that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive that the consents have been given by the Owners of the Bonds described in such Certificate of the Trustee. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner of such Bonds giving such consent or a subsequent Owner thereof by filing with the Trustee, at least three (3) Business Days prior to the time when the written statement of the Trustee hereinafter provided for in this section is filed, such revocation

and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by the Indenture. The fact that a consent has not been revoked may likewise be proved by a Certificate of the Trustee (a copy of which shall be retained by the Trustee) to the effect that no revocation thereof is on file with the Trustee.

At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Corporation and the Trustee a written statement that the Owners of such required percentages of Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture approved by the Corporation and dated as of a specific date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in this section shall be given to Owners of Bonds by the Corporation by mailing such notice to the Owners of Bonds not more than ninety (90) days after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee provided hereinabove for is filed. The Corporation shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Corporation, the Fiduciaries and the Owners of all Bonds at the expiration of forty (40) days after the filing with the Trustee of the proof of the first mailing of the notice of such consent, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period, except that any Fiduciary and the Corporation during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Notwithstanding anything else in the Indenture, if a supplemental indenture is to become effective under the Indenture on the same date as the date of issuance of Additional Bonds, the consents of the underwriters or purchasers of such Additional Bonds shall be counted for purposes of the Indenture.

Modifications by Unanimous Consent (Section 9.4)

The terms and provisions of the Indenture and the rights and obligations of the Corporation and of the Owners of the Bonds hereunder may be modified or amended in any respect upon the execution by the Corporation and the Trustee of a Supplemental Indenture and the consent of the Bond Insurers and the Owners of all the Bonds then Outstanding, such consent to be given as provided in the Indenture, but no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders. No notice of any such modification, amendment, assent or publication thereof shall be required.

Events of Default (Section 10.1)

(A) Each of the following events is an "Event of Default":

(1) payment of the principal of or Redemption Price, if any, on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise, shall not be made when and as the same becomes due;

(2) payment of any installment of interest on any of the Bonds shall not be made when and as the same shall become due;

(3) if bankruptcy, reorganization, arrangement, receivership, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by NYCHA (other than (i) such proceedings instituted by NYCHA against other

parties and (ii) NYCHA being placed into a management receivership sought or imposed by or in cooperation with HUD);

(4) the Corporation shall fail or refuse to comply with the provisions of the Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture or in any Supplemental Indenture or the Bonds, 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 25% in principal amount of the Outstanding Bonds; provided that the Trustee or such Owners of not less than 25% in principal amount of the Outstanding Bonds shall not provide written notice to the Corporation pursuant to this paragraph of any such failure, refusal or default until and after the Trustee has complied with the provisions of paragraph (B) below; or

(5) with respect to any Series of Bonds, the occurrence of any Event of Default pursuant to the Supplemental Indenture authorizing such Series.

(B) The Trustee shall not give the written notice referred to in paragraph (A)(4) above unless or until (i) the Corporation has been advised by the Trustee that the Trustee believes that a reasonable basis exists to issue such written notice; (ii) a period of ten (10) Business Days has expired after receipt by the Corporation of such advice, during which period the Corporation shall have the opportunity to contest the basis for such written notice; and (iii) the Trustee has provided the Corporation with written confirmation that the Trustee disagrees with the Corporation's position on the matter in question.

Remedies (Section 10.2)

Upon the happening and continuance of any Event of Default specified in paragraphs (1), (2) and (3) of the section above, the Trustee shall promptly notify the Corporation and each Fiduciary of the existence of such Event of Default and shall proceed, or upon the happening and continuance of any Event of Default specified in paragraphs (4) and (5) of the section above, the Trustee shall promptly notify the Corporation and each Fiduciary of the existence of such Event of Default and may proceed (and, upon the written request of the Owners of not less than 25% in principal amount of the Outstanding Bonds and with respect to an Event of Default specified in paragraph (4) of the section above, shall proceed) in its own name, subject to the provisions of Article XI, to protect and enforce the rights of the Owners of the Senior Obligations by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of Senior Obligations, including the right to require the Corporation to carry out the covenants and agreements contained in the Indenture, and to require the Corporation to carry out any other covenants or agreements with Owners of Senior Obligations and to perform its duties as prescribed by law;

(2) by bringing suit upon the Senior Obligations;

(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 Senior Obligations; or

(4) by action or suit in equity to enjoin any acts or things that may be unlawful or in violation of the rights of the Owners of Senior Obligations.

In the enforcement of any rights and remedies under the Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from the Corporation for principal, interest or otherwise, under any provisions of the Indenture or a Supplemental Indenture or of the Senior Obligations, with, to the extent permitted by law, interest on overdue payments at the rate of interest specified in such Senior Obligations, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Senior Obligations, without prejudice to any other right or remedy of the Trustee or of the Owners of Senior Obligations, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs

and expenses (including without limitation pretrial, trial and appellate attorney fees), and to collect from the Corporation any moneys adjudged or decreed to be payable.

Upon the occurrence of any Event of Default, and on the filing of suit or other commencement of judicial proceedings to enforce the rights of the Owners of Senior Obligations under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues, pending such proceedings, with such powers as the court making such appointment shall confer.

Priority of Payments After Default (Section 10.3)

In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee and Paying Agents shall be insufficient for the payment of principal or Redemption Price and interest then due on the Senior Obligations, such funds (other than funds held for the payment of particular Senior Obligations that have theretofore become due at maturity) and any other amounts received by the Trustee acting pursuant to this Article, after providing for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners of Senior Obligations and for the payment of the fees, charges, expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Indenture, shall be applied as follows:

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

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Senior Obligations that shall have become due, with interest upon such principal or Redemption Price at the interest rate set forth in such Senior Obligations from the respective dates upon which they shall have become due and payable, and, if the amounts available shall not be sufficient to pay in full all the Senior Obligations due, together with such interest, then to the payment, first of such interest ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

So long as no Senior Obligations are Outstanding, to the payment of Subordinate Obligations in accordance with the provisions of the Supplemental Indentures executed in connection with the issuance or incurrence of such Subordinate Obligations.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future. The deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Corporation, to any Owner of a Senior Obligation or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall also select a Record Date for such payment date. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to an Owner of a Bond any unpaid amount relating to such Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Termination of Proceedings (Section 10.4)

In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Corporation, the Trustee and the Owners of Senior Obligations shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Owners of Bonds' Direction of Proceedings (Section 10.5)

Anything in the Indenture to the contrary notwithstanding, the Owners of not less than 25% 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 hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee shall have the right to decline to follow such direction that in the opinion of the Trustee would be unjustly prejudicial to Owners of Bonds not parties to such direction.

Limitation on Rights of Owners of Bonds (Section 10.6)

(A) Except as otherwise specifically provided by the Indenture, no Bondholder shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under the Indenture unless such person is an Owner of one or more Bonds then Outstanding, and (1) an Event of Default shall have occurred and is continuing; (2) such Owner previously shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, (3) the Owners of not less than 25% in principal amount of the Bonds then Outstanding, shall have made written request of the Trustee after the right to exercise such powers of 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 Indenture or granted under the law or to institute such action, suit or proceeding in its name, (4) 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, (5) the Trustee shall have refused or neglected to comply with such request within sixty (60) days after its receipt of such written request and offer of indemnity and (6) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the holders of a majority in aggregate principal amount of the Bonds then Outstanding; and such notification request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Indenture or for any other remedy hereunder or by law. It is understood and intended that, except as otherwise above provided, no one or more Owners of Bonds hereby secured shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right hereunder, except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit of all Owners of Bonds. Nothing contained in the Indenture shall affect or impair the absolute and unconditional right of any Owner of a Bond to receive payment of principal of, redemption premium, if any, and interest on the Bonds on and after the due date thereof, and to enforce the payment of the principal of and interest on its Bonds, or the obligation of the Corporation to pay the principal of and interest on each Bond issued or incurred hereunder, to the Owner thereof at the time and place in said Bond expressed.

Anything to the contrary notwithstanding contained in this section, or any other provision of the Indenture, each Owner of a Bond by its acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Indenture or any Supplemental Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable pretrial, trial and appellate attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least 25% in principal amount of the Bonds Outstanding, or to any suit instituted by any Owner of a Bond for the enforcement of the payment of any Bond on or after the respective due date thereof expressed in such Bond.

Waiver of Defaults (Section 10.10)

The holders of a majority in aggregate principal amount of the Outstanding Bonds may, by written notice to the Trustee and with the consent of the Bond Insurers, waive any existing Event of Default and its consequences, except an Event of Default under paragraphs (A)(1) or (A)(2) of the section above entitled "Event of Default". Upon any such waiver, the Event of Default shall be deemed cured and shall cease to exist for all purposes. No waiver of any Event of Default shall extend to or effect any subsequent Event of Default or shall impair any right or remedy consequent thereto.

Notice of Event of Default (Section 10.11)

The Trustee shall give to the Owners of Bonds notice of each Event of Default hereunder known by a trust officer in the corporate trust department of the Trustee within ninety (90) days after actual knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided, that, except in the case of default in the payment of the principal of, Redemption Price or interest on any of the Bonds, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interest of the Owners of Bonds. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof: (i) to all Owners of Bonds, as the names and addresses of such Owners appear upon the books for registration and transfer of Bonds as kept by the Trustee, and (ii) to such other persons as is required by law.

Further Notices of Event of Default (Section 10.12)

The Trustee shall promptly mail written notice of the occurrence of any Event of Default to any Bond Insurer; provided that such notice shall in no event be required to be given prior to the Bondholders receiving notice pursuant to the Indenture. Such notices shall be given as set forth in the respective instruments creating such Bond Insurance Policy. In addition, the Trustee shall promptly mail written notice to HUD of the occurrence of any Event of Default.

Rights of Bond Insurer (Section 10.13)

Notwithstanding anything contained in the Indenture to the contrary, but subject to the provisions of any applicable Supplemental Indenture, any Bond Insurer shall be treated as the exclusive Owner of Bonds upon which such Bond Insurer is obligated pursuant to a Bond Insurance Policy, for the purposes of calculating whether or not the Owners of the requisite percentage of Bonds then Outstanding have consented to any request, consent, directive, waiver or other action permitted to be taken by the Owners of the Bonds under the Indenture; provided, that the foregoing shall not include the right of Owners to consent to amendments described in the third sentence of the Indenture except with respect to Bonds as to which the Bond Insurer shall have paid amounts in respect of principal or interest, and provided, further, that such Bond Insurer shall cease to be so regarded as Owner of such Bonds in the event such Bond Insurer is in default of its obligations under the applicable Bond Insurance Policy.

Certain Rights of the Trustee (Section 11.2)

Except as otherwise provided in the Indenture:

(A) the Trustee may rely and is protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(B) whenever in the Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence thereof is specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate;

(C) the Trustee may consult with counsel and the written advice of such counsel or an opinion of counsel shall be full and complete authorization and protection for any action taken, suffered or omitted by it in good faith and in accordance with such advice or opinion;

(D) the Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Bondholders unless such holders have offered to the Trustee security or indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount and otherwise with respect to the costs, expenses and liabilities that may be incurred by it in compliance with such request or direction, and the provision of such indemnity shall be mandatory for any remedy taken upon direction of the holders of 25% or more in aggregate principal amount of the Bonds;

(E) the Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records and premises of the Corporation in person or by agent or attorney;

(F) the Trustee may execute any of its trusts or powers or perform any duties under the Indenture either directly or by or through agents or attorneys, and may in all cases pay, subject to reimbursement as provided in the Indenture, such reasonable compensation as it deems proper to all such agents and attorneys reasonably employed or retained by it, and the Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care by it;

(G) the Trustee is not required to take notice or deemed to have notice of any default or Event of Default hereunder, except Events of Default under paragraphs (A)(1) or (A)(2) of such section above, unless a Authorized Officer of the Trustee has actual knowledge thereof or has received notice in writing of such default or Event of Default from the Corporation or the holders of at least 25% in aggregate principal amount of the Outstanding Bonds, and in the absence of any such notice, the Trustee may conclusively assume that no such default or Event of Default exists;

(H) the Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under the Indenture;

(I) in the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of the Indenture, the Trustee, in its sole discretion, may determine what action, if any, shall be taken;

(J) the Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of the Indenture and final payment of the Bonds;

(K) the permissive right of the Trustee to take the actions permitted by the Indenture shall not be construed as an obligation or duty to do so; and

(L) except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Compensation and Expenses of the Trustee (Section 11.5)

Unless otherwise provided by contract with the Trustee, the Corporation shall pay to the Trustee, from time to time, reasonable compensation for all services rendered by it hereunder and also reimbursement for all its reasonable expenses, charges, legal fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties hereunder; provided, however, that such obligations of the Corporation shall not be secured by a lien on any funds or property held by the Trustee under the Indenture. The sources of payment of such expenses, charges, legal fees and other disbursements shall be the Loan Expense Fee increment of Loan Debt Service and, to the extent such amounts shall be insufficient therefor, the obligation of NYCHA to fund such amounts from any available funds of NYCHA (but not from federal funds).

Qualifications of Trustee (Section 11.6)

There shall at all times be a trustee under the Indenture that shall be a trust company or commercial bank, which shall be a Federal depository institution or a state chartered depository institution, having the powers of a trust company within the State, having capital, surplus and undivided profits aggregating at least \$100,000,000 if there be such a trust company or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture. If such institution publishes reports of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then for purposes of this section, the combined capital and surplus of such institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this section, it shall resign promptly in the manner and with the effect specified in the Indenture.

Resignation or Removal of Trustee; Appointment of Successor Trustee (Section 11.7)

(A) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

(B) The Trustee may resign at any time by giving written notice to the Corporation. Upon receiving such notice of resignation, the Corporation shall promptly appoint a successor Trustee by an instrument in writing. If an instrument of acceptance has not been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition a court of competent jurisdiction for the appointment of a successor Trustee.

(C) Prior to the occurrence and continuance of an Event of Default hereunder, or after the curing or waiver of any such Event of Default, the Corporation or the holders of a majority in aggregate principal amount of the Outstanding Bonds may remove the Trustee and shall appoint a successor Trustee. In the event there shall have occurred and be continuing an Event of Default under the Indenture, the holders of a majority in aggregate principal amount of the Outstanding Bonds may remove the Trustee and shall appoint a successor Trustee. In each instance such removal and appointment shall be accomplished by an instrument or concurrent instruments in writing signed by the Corporation or such holders, as the case may be, and delivered to the Trustee, the Corporation, and holders of the Outstanding Bonds.

(D) If at any time: (1) the Trustee shall cease to be eligible and qualified under the Indenture and shall fail or refuse to resign after written request to do so by the Corporation or the holder of any Bond, or (2) the Trustee shall become incapable of acting or shall be adjudged insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take charge or control of the Trustee, its property or affairs for the purpose of rehabilitation, conservation or liquidation, then in either such case (A) the Corporation may remove the Trustee and appoint a successor Trustee in accordance with the provisions of the Indenture; or (B) any holder of a Bond then Outstanding may, on behalf of the holders of all Outstanding Bonds, petition a court of competent jurisdiction for removal of the Trustee and appointment of a successor Trustee.

(E) The Corporation shall give written notice of each resignation or removal of the Trustee and each appointment of a successor Trustee to each holder of Bonds then Outstanding as listed in the Bond Register. Each such notice shall include the name and address of the applicable corporate trust office of the successor Trustee.

Acceptance of Appointment by Successor Trustee (Section 11.8)

(A) Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the Corporation and the predecessor Trustee an instrument accepting its appointment. The resignation or removal of the retiring Trustee shall thereupon become effective, and the successor Trustee shall, without further act, deed or conveyance become vested with all the estates, properties, rights, powers and duties of the predecessor Trustee. Upon the request of the Corporation or the successor Trustee, the predecessor Trustee shall execute and deliver an instrument transferring to the successor Trustee all the estates, properties, rights, powers and duties of the predecessor Trustee under the Indenture, and shall duly assign, transfer, deliver and pay over to the successor Trustee all the Trust Estate and moneys and other property then held under the Indenture. The successor Trustee shall promptly give written notice of its appointment to the holders of all Bonds Outstanding in the manner prescribed in the Indenture, unless such notice has previously been given.

(B) No successor Trustee shall accept appointment as provided in the Indenture unless, as of the date of such acceptance, it is eligible and qualified under the provisions of the Indenture.

Merger, Succession or Consolidation of Trustee (Section 11.9)

Any corporation or association: (a) into which the Trustee is merged or with which it is consolidated; (b) resulting from any merger or consolidation to which the Trustee is a party; or (c) succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor Trustee without the execution or filing of any document or the taking of any further action. Any such successor must nevertheless be eligible and qualified under the provisions of the Indenture.

Defeasance (Section 12.1)

(A) If the Corporation shall pay or cause to be paid to the Owners of the Obligations, the principal, purchase price and interest to become due thereon, at the times and in the manner stipulated therein and in the Indenture, and pay or cause to be paid to each Fiduciary its fees, costs and expenses, then the pledge of the Trust Estate, including any Revenues and other moneys, securities, funds and property hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver to the Corporation all such instruments as may be necessary and desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Corporation all moneys or securities held by them pursuant to the Indenture that are not required for the payment of Obligations.

If the Corporation shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of any of the Outstanding Senior Obligations the principal, purchase price and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, and pay or cause to be paid to each Fiduciary its fees, costs and expenses relating to such Senior Obligations, such Senior Obligations shall cease to be entitled to any lien, benefit or security hereunder and all covenants, agreements and obligations of the Corporation to the Owners of such Senior Obligations shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver to the Corporation all such instruments as may be necessary and desirable to evidence such discharge and satisfaction.

If the Corporation shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of any of the Outstanding Subordinate Obligations the principal, purchase price and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, and pay or cause to be paid to each Fiduciary its Fees, costs and expenses relating to such Subordinate Obligations, such Subordinate Obligations shall cease to be entitled to any lien, benefit or security hereunder and all covenants, agreements and obligations of the Corporation to the Owners of such Subordinate Obligations shall thereupon cease, terminate and become void and be discharged

and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver to the Corporation all such instruments as may be necessary and desirable to evidence such discharge and satisfaction.

Notwithstanding the foregoing and paragraph (B) below, the provisions of the Indenture relating to payment, registration, transfer and redemption of Bonds, as well as the tax covenants of the Corporation contained in the Indenture, shall remain in effect until final maturity or the Redemption Date of the Obligations.

(B) Bonds or interest installments for the payment of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Corporation of funds for such payment or otherwise) shall, at the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this section. Except as otherwise provided in any Supplemental Indenture, all Bonds shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in the Indenture notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount that shall be sufficient, and/or noncallable Defeasance Obligations the principal of and the interest on which when due will provide moneys that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. Except as provided in subsection (D) below, neither Defeasance Obligations or moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of or Redemption Price, if any, and interest on said Bonds; but any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and to the extent not adverse to the tax-exempt status of such Bonds or any refunding obligations, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge. Notwithstanding the provisions of the immediately preceding sentence hereof, the Trustee may sell, transfer or otherwise dispose of the Defeasance Obligations deposited with the Trustee pursuant to this section, provided that the amounts received upon any such sale, transfer or other disposition, or a portion of such amounts, shall be applied to the purchase of other non-callable Defeasance Obligations, the principal of and the interest on which when due will provide moneys that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be.

(C) The deposit required by subsection (B) above may be made with respect to Bonds within any particular maturity, in which case such maturity of Bonds shall no longer be deemed to be Outstanding under the terms of the Indenture, and the Owners of such defeased Bonds shall be secured only by such trust funds and not by any other part of the Trust Estate, and the Indenture shall remain in full force and effect to protect the interests of the Owners of Bonds remaining Outstanding thereafter.

(D) Anything in the Indenture to the contrary notwithstanding, the Corporation may, in its sole discretion, in connection with the defeasance to maturity of Bonds, reserve the right at such time of defeasance to provide that such Bonds shall remain subject to redemption prior to maturity in accordance with their terms.

(E) Anything in this Indenture to the contrary notwithstanding, subject to the applicable laws of the State, any amounts held by the Trustee in trust for the payment and discharge of any of the Bonds held by particular Bond owners with respect to which no claim for payment has been made shall be disposed of as provided by

applicable law, or if there shall be no such applicable law, shall be returned to the Corporation three years after the date on which payment of such amounts would have been due.

(F) Written notice of the defeasance of any Bonds shall be given to each of the Rating Agencies and to HUD and if the Corporation is using federal funds received from NYCHA to effectuate such defeasance, the Corporation shall receive HUD's approval prior to any such defeasance becoming effective.

No Recourse Under Indenture or on Senior Obligations (Section 13.6)

All covenants, stipulations, promises, agreements and obligations of the Corporation contained in the Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Corporation and not of any officer, employee, member or agent of the Corporation in its individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Senior Obligations or for any claim based thereon or on the Indenture against any officer, employee, member or agent of the Corporation or against any person executing the Senior Obligations.

HUD Not Liable (Section 13.7)

The covenants, promises, agreements and obligations of the Corporation contained in the Indenture are not obligations of HUD, and the Senior Obligations are not obligations of, or guaranteed by, HUD or the United States of America.

Collection of Revenues; Recording and Filing (Section 13.8)

(A) The Trustee covenants to cooperate with and assist the Corporation, and perform all acts reasonably requested by the Corporation, with respect to assuring the timely receipt of Revenues from HUD on behalf of NYCHA.

(B) The Trustee covenants that it will, at the expense of the Corporation, cause the Corporation to record and file all continuation of financing statements (and supplements) related to the Indenture and all Supplemental Indentures, in such manner and in such places as may from time to time be required by law in order to preserve and protect fully the security of any Owners of Bonds and the rights of the Trustee hereunder.

Governing Law (Section 13.10)

The Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Severability (Section 13.11)

If any one or more of the covenants or agreements, or portions thereof, provided in the Indenture on the part of the Corporation, or of the Trustee or of any Paying Agent, to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the remaining provisions of the Indenture or of the Senior Obligations; but the Owners of Senior Obligations shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Federal Public Housing Requirements Control (Section 13.13)

To the extent that any provision of the Indenture is in conflict with the requirements of the United States Housing Act of 1937, as amended, the applicable provisions of Title 24 of the Code of Federal Regulations, or the Annual Contributions Contract, as amended (collectively, "Federal public housing requirements"), such Federal public housing requirements shall control and govern in such instances of conflict.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE 2013A LOAN AGREEMENT

The following is a summary of certain provisions of the 2013A Loan Agreement (referred to in this Appendix B-1 as the “Agreement”). This summary does not purport to be complete and reference is made to the Agreement for full and complete statements of its provisions.

The Loan (Section 2.1)

General. The Corporation agrees, upon the terms and subject to the conditions set forth in the Agreement, to make the Loan from the proceeds of the Series 2013A Bonds to NYCHA in the principal amount of \$185,785,000 upon the terms and conditions set forth in the Agreement.

Repayment Terms. Interest shall accrue on the outstanding principal balance of the Loan beginning on the date of delivery of the Series 2013A Bonds until fully paid. Interest is payable on each Payment Date beginning the Business Day preceding July 1, 2014 through the date of payment in full of the outstanding balance of the Loan. Loan Debt Service is repayable in accordance with the schedule set forth in the Agreement. The portion of the Loan Debt Service representing the Loan Expense Fee shall be used to pay the cost of, or reimburse the Corporation for the cost of, any required financial audits, cash flows, Code arbitrage calculations and rebate analysis, Trustee fees and expenses, including as continuing disclosure dissemination agent, rating agency fees and expenses of analytical services rendered for rating agencies.

Prepayment of the Loan. Except as otherwise set forth in the Agreement, the Loan is not subject to prepayment at the option of NYCHA prior to July 1, 2023. The Loan is subject to prepayment at the option of NYCHA, in whole or in part, at any time on or after July 1, 2023 in an amount equal to 100% of the principal amount to be prepaid, plus unpaid interest accrued to the date fixed for redemption of the Series 2013A Bonds. Notice of any such optional prepayment must also be given to HUD, and written evidence of such notice must be provided to the Trustee.

The Loan is subject to prepayment at the option of NYCHA or the Corporation in the event that NYCHA reduces its Stabilized Base Unit Count by more than 5% in an amount necessary to maintain the required coverage ratio established by HUD in the Capital Fund Financing Amendment.

The Loan shall also be prepaid in the event of a casualty loss or condemnation action to the extent required by the Indenture.

Any partial prepayment of the Loan shall be in a minimum amount equal to the lesser of the outstanding principal balance of the Loan or \$5,000 and integral multiples of \$5,000. Any partial prepayment shall be applied to principal installments due under the Loan in any order determined by the Corporation after consultation with NYCHA.

NYCHA shall notify the Corporation of any proposed optional prepayment of the Loan at least 60 but not more than 90 days before the date of the proposed prepayment (the “Date of Prepayment”). On receipt of the notice, the Corporation shall determine the date Series 2013A Bonds will be redeemed (the “Date of Redemption”) with the proceeds of the prepayment and will so notify NYCHA. In the case of an optional prepayment, on the Date of Prepayment, in addition to the prepayment, NYCHA shall pay interest on the prepaid portion of the Loan at the loan interest rate to the Date of Prepayment, plus all reasonable costs and expenses incurred by the Corporation and the Trustee in connection with the prepayment (including but not limited to negative arbitrage and any costs in connection with the redemption of the Series 2013A Bonds being redeemed with the prepayment) calculated to the Date of Redemption.

HUD shall be notified in writing of any proposed prepayment at least 60 (sixty) days prior to the next date on which HUD is scheduled to pay Loan Debt Service to the Trustee. Should HUD incorrectly pay all or a portion of Loan Debt Service to the Trustee after a prepayment, the Trustee shall return such overpayment to HUD within three days of the receipt by the Trustee thereof.

Any prepayment shall be applied (i) first, at the option of the Corporation, to the extent that amounts on deposit in the Debt Service Reserve Fund are less than the Debt Service Reserve Requirement (after giving effect to the change, if any, in Loan Debt Service payments after such Prepayment) to bring the balance in the Debt Service Reserve Fund up to the Debt Service Reserve Requirement, and (ii) second, to be paid to the Trustee (and credited against amounts due under the Loan) for application to the redemption of Series 2013A Bonds in accordance with the Indenture and the Agreement not later than the Business Day prior to the date fixed for redemption of the Series 2013A Bonds. In the event of a partial prepayment of the Loan, the Corporation, with the consent of each Rating Agency, NYCHA and HUD, shall revise the Loan Debt Service payment schedule as set forth in the Agreement, provided (i) the Corporation files with the Trustee, in its capacity as Trustee for the Series 2013A Bonds, and the Rating Agencies a Cash Flow Statement (as defined in the Indenture) with respect to the availability of funds to pay the outstanding balance of the Series 2013A Bonds, (ii) NYCHA files with HUD the revised Loan Debt Service payment schedule, which shall have been agreed upon by NYCHA and the Corporation, for purpose of causing direct payments to be made to the Trustee in accordance therewith, (iii) the Trustee receives from NYCHA and HUD a revised Capital Fund Financing Amendment or other written approval, which reflects HUD's commitment to make the payments set forth in such revised Loan Debt Service payment schedule, and (iv) the Trustee receives confirmation from each of the Rating Agencies that such revised Loan Debt Service payment schedule will not adversely affect the then current rating on the Bonds.

Payments to Corporation; Pledge of Revenues. Payments on the Loan and other Loan Debt Service shall be made by a transfer to the Trustee by HUD (subject to the availability of appropriations), on behalf of NYCHA, of Capital Fund Grant Monies, which payments on the Loan are required under the Agreement to be made by NYCHA in an amount equal to the Loan Debt Service payable during the related Federal fiscal year pursuant to the Capital Fund Financing Amendment and the HUD Letter for deposit into the Revenue Fund in accordance with the Agreement. NYCHA irrevocably pledges and assigns to the Corporation and the Trustee, as security for the Loan, such Capital Fund Grant Monies as are paid to the Trustee by HUD pursuant to the Capital Fund Financing Amendment, the HUD Letter, and all amounts in the Funds.

Annual Plan and Annual Capital Fund ACC Amendments. NYCHA agrees to budget from amounts to be received pursuant to the Capital Fund Program in each Federal fiscal year amounts sufficient to make the foregoing deposits and payments, and further agrees not to obligate, requisition from HUD (subject to the availability of appropriations) or expend amounts to be received pursuant to the Capital Fund Program in any Federal fiscal year if the effect of such obligation, requisition or expenditure would be to reduce the amount of Revenues to be received by the Trustee pursuant to the Capital Fund Program for such Federal fiscal year below the amount needed to pay the annual Loan Debt Service scheduled to be paid from funds received with respect to such Federal fiscal year and any previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement), or otherwise materially adversely affect the availability of Revenues or other payments made by NYCHA, at the times required, to make the foregoing deposits and payments. NYCHA agrees to submit each Annual Plan in timely fashion as required, and to execute each Annual Capital Fund ACC Amendment in at least the amount necessary for payment of annual Loan Debt Service and any previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement, if any). NYCHA agrees to submit the executed Annual Capital Fund ACC Amendment to HUD (subject to the availability of appropriations) in at least an amount necessary to pay Loan Debt Service and any previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement) not later than 75 days prior to the start of each Federal fiscal year or the earliest date on which such Amendment may be executed under the rules and regulations of HUD (if such date is later); provided, that NYCHA shall submit the executed Annual Capital Fund ACC Amendment to HUD in the amount necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement upon any drawing on amounts held in the Debt Service Reserve Fund (including Cash Equivalents therein) to fund debt service on the Series 2013A Bonds (and any Capital Fund Grant Monies received in response to such submission shall be deposited directly into the Debt Service Reserve Fund). NYCHA further covenants and agrees that if in any Federal fiscal year, (i) the applicable Annual Plan shall not have been approved by HUD or (ii) the Annual Capital

Fund ACC Amendment shall not have been executed, in either case by the later of (i) October 1 of the first year following the end of the applicable Federal fiscal year with respect to which such funds were appropriated or (ii) 60 days prior to the first scheduled Loan Debt Service payment date following such October 1, NYCHA shall promptly submit to HUD an Annual Plan and/or an Annual Capital Fund ACC Amendment to the extent and in an amount sufficient to make the applicable Loan Debt Service payment, subject to the availability of appropriations (which HUD has agreed, in the HUD Letter issued in connection with the Series 2013A Bonds, subject to the availability of appropriations and as provided by law, to approve immediately upon receipt from NYCHA). In all events, NYCHA shall not deduct from Loan Debt Service shown in any Annual Plan or Annual Capital Fund ACC Amendment any amounts otherwise available under the Indenture for payment of Loan Debt Service, including amounts held in the Debt Service Reserve Fund and interest earnings on funds and accounts.

Liability of NYCHA for Loan Debt Service (Section 2.2)

NYCHA shall be liable for payments for Loan Debt Service solely to the extent of Capital Fund Grant Monies paid by HUD for such purpose; provided, that in the event that Capital Fund Grant Monies paid for the purpose of Loan Debt Service shall have been delivered to NYCHA in error (rather than directly to the Trustee), NYCHA shall be liable to pay such funds over to the Trustee.

Eligible Costs to be Paid by NYCHA, subject to HUD Approval (Section 2.3)

NYCHA acknowledges that, upon issuance of the Series 2013A Bonds, a portion of the Loan proceeds will be deposited into the Costs of Issuance Fund held by the Trustee pursuant to the Indenture and used by the Corporation to pay the Costs of Issuance in the amount set forth in the Agreement. NYCHA covenants and agrees that Net Loan Proceeds will be applied solely for the defeasance and advance refunding of the Corporation's Outstanding 2005A Bonds (NYCHA) as a result of the advance of funds to NYCHA for the future prepayment of the 2005A NYCHA Loan in full on July 1, 2015.

Reimbursement of Costs Incurred (Section 2.4)

If an Event of Default occurs under the Agreement, and the Trustee or the Corporation employs attorneys or incurs other expenses for the collection of amounts due under the Agreement or the enforcement of any covenant herein, or if the Trustee shall incur extraordinary expenses in connection with its duties under the Indenture, NYCHA shall on demand pay to the Trustee or the Corporation, as the case may be, from any available funds of NYCHA, the reasonable fees of their attorneys and any other reasonable expenses so incurred. In no event shall costs described in this section be payable from federal funds.

Interest on Additional Payments and Reimbursements (Section 2.5)

Whenever any sum other than principal, premium (if any), and interest is due and payable from NYCHA to the Trustee, the Corporation, or any other party, as a direct payment, reimbursement, or otherwise, and no specific provision is made with respect to the payment or rate of interest thereon, the sum due and payable shall bear interest from such due date, until paid in full at the Loan rate.

Claims Relating to the NYCHA Program (Section 2.6)

To the extent permitted by applicable law, NYCHA agrees to indemnify and save the Corporation and the Trustee, without duplication, harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the NYCHA Program during the Term of Agreement, including, without limitation, (a) any condition of the NYCHA Program, (b) any breach or default on the part of NYCHA in the performance of any of its obligations under the Agreement, (c) any act of fraud, willful misconduct or negligence of NYCHA or of any of its agents, contractors, servants, employees or licensees, (d) any claim or request for payment by NYCHA's contractors, subcontractors or vendors. NYCHA shall indemnify and save the Corporation and the Trustee harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon and upon notice from the Corporation or

the Trustee, NYCHA shall defend them or any of them in any such action or proceeding. All amounts owing from NYCHA hereunder shall be payable from any available funds of NYCHA (but not from any federal funds).

To the extent permitted by applicable law, the Corporation agrees to indemnify and save NYCHA harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the NYCHA Program during the Term of Agreement, that is the result of any act of fraud, willful misconduct or negligence of the Corporation. The Corporation shall indemnify and save NYCHA harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon and upon notice from NYCHA, the Corporation shall defend them or any of them in any such action or proceeding.

Unconditional Obligations of NYCHA (Section 2.12)

The payment of the Loan from the sources identified in the Agreement shall be absolute and unconditional, regardless of any defense or any rights of set-off, recoupment, or counterclaim that NYCHA might otherwise have against the Trustee, the Corporation or any other parties to the transaction. During the term of the Agreement, NYCHA shall make all Loan payments from the sources identified in the Agreement without abatement or set-off notwithstanding any bankruptcy, insolvency, liquidation, dissolution, or nonexistence of the Corporation, the nonperformance by the Trustee or the Corporation of any obligation under the Series 2013A Bonds, or any other circumstance or event that might otherwise relieve NYCHA from its obligation to make the prescribed payment. Until the principal, premium, if any, and interest on the Loan has been fully paid, NYCHA (i) will perform all of the obligations and agreements contained in the Agreement, and (ii) will not terminate the Agreement for any reason, including but not limited to: commercial frustration of purpose; the occurrence of any acts or circumstances that may constitute a failure of consideration; any change in the tax laws of the United States of America or of the State or any political subdivision thereof; or any failure of the Trustee or the Corporation to perform and observe any agreement or obligation, express or implied, arising in connection with the Agreement.

Application of Loan Proceeds under the Indenture; Pledge of Funds (Section 3.1)

(a) Upon the delivery of the Series 2013A Bonds and at the direction of the Corporation and as set forth in the Indenture, the Trustee shall deposit an amount of the Loan equal to the Costs of Issuance directly into the Cost of Issuance Fund established in accordance with the Indenture. The Trustee shall then make the deposit to the credit of the Debt Service Reserve Fund required by the Indenture and deposit the Net Loan Proceeds into the Series 2013A Project Loan Account of the Loan Fund.

(b) A pledge of the Revenues is made by NYCHA in favor of the Corporation and the Trustee, and the same are pledged, to secure the payment of Loan Debt Service in the priorities set forth therefor in the Indenture.

(c) To the fullest extent provided by the Public Housing Law of the State and other applicable laws, the money and property pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and such lien shall be valid and binding against all parties having claims in tort, contract or otherwise against NYCHA, irrespective of whether such parties have notice of the claim.

Establishment of Funds (Section 3.2)

(a) There are to be established with the Trustee under the Indenture the following Funds: (i) the Loan Fund (and the individual Series 2013A Project Loan Account therein), (ii) the Revenue Fund, (iii) the Debt Service Fund, (iv) the Debt Service Reserve Fund, (v) the Costs of Issuance Fund and (vi) the Rebate Fund; provided that the Costs of Issuance Fund and the Rebate Fund shall not constitute trust funds under the Indenture.

(b) The following shall be deposited in the Loan Fund (in the Series 2013A Project Loan Account):

- (1) Net Loan Proceeds deposited pursuant to Section 3.1 of the Agreement, and
- (2) interest earnings on the Loan Fund.

- (c) The following shall be deposited in the Debt Service Reserve Fund:
 - (1) the amount of the Loan deposited pursuant to Section 3.1 of the Agreement,
 - (2) to the extent the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, funds shall be deposited by the Trustee into the Debt Service Reserve Fund from the Revenue Fund pursuant to the Agreement until the amount on deposit therein is equal to the Debt Service Reserve Requirement, and
 - (3) Funds shall also be deposited in the Debt Service Reserve Fund pursuant to the Agreement.
- (d) The following shall be deposited into the Revenue Fund upon receipt:
 - (1) all Revenues,
 - (2) any amounts transferred from the Debt Service Reserve Fund pursuant to Section 3.5 of the Agreement, and
 - (3) any amounts transferred from the Loan Fund pursuant to Section 3.3 of the Agreement.

The Loan Fund (Section 3.3)

Upon the deposit of Net Loan Proceeds into the Series 2013A Project Loan Account of the Loan Fund pursuant to the Agreement, NYCHA and the Corporation hereby direct the Trustee to transfer the entire amount to be held as a defeasance escrow under the 2005A Escrow Deposit Agreement for the defeasance and advance refunding of the Corporation's Outstanding 2005A Bonds (NYCHA) as a result of the advance of funds to NYCHA for the future prepayment of the 2005A NYCHA Loan in full on July 1, 2015.

Revenue Fund (Section 3.4)

(a) In accordance with the Agreement, the Trustee shall receive from HUD and/or from NYCHA, as the case may be, for deposit in the Revenue Fund, all Revenues, NYCHA having taken the action required under the Agreement to request delivery of such Revenues in the amount of the Loan Debt Service and previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement). Such amounts shall be transferred by the Trustee:

first, to the Debt Service Fund, the amount necessary to make the payments required pursuant to the Indenture;

second, to the Debt Service Reserve Fund in the amount required to bring the balance therein to equal the Debt Service Reserve Requirement;

third, to the Debt Service Fund, to be applied to the redemption of Bonds, the proceeds of insurance not applied to restoration of a project following casualty loss or condemnation;

fourth, to the Corporation in the amount included in a written requisition from the Corporation in payment of any one or more components of the Loan Expense Fee;

fifth, to the Subordinate Obligation Debt Service Fund an amount, if any, equal to the amount required by the Indenture to be applied to the payment of Subordinate Obligations or otherwise deposited therein on such date and without priority, one over the other, to any accounts within the Subordinate Obligation Debt Service Fund, as specified by a Certificate filed with the Trustee; and

sixth, to the Rebate Fund, the balance; provided, that to the extent set forth in a Certificate accompanied by a Bond Counsel's Opinion to the effect that any such transfer shall not adversely affect the exclusion of interest on the Bonds from federal income taxation, to the Loan Fund, the balance.

(b) The Trustee may also deposit moneys in the Revenue Fund as provided in the Agreement and such moneys as may be received from NYCHA directly for components of the Loan Expense Fee to the extent not received directly from HUD.

Debt Service Reserve Fund (Section 3.5)

(a) The Trustee shall make disbursements from the Debt Service Reserve Fund on each Payment Date, in an amount equal to the amount of the Loan Debt Service payment due on such Payment Date, less any amount on deposit in the Revenue Fund for such Loan Debt Service payment.

(b) In the event the amount on deposit in the Debt Service Reserve Fund on any Payment Date (after taking into account any amounts to be paid from the Debt Service Reserve Fund for Loan Debt Service on such date) is less than the Debt Service Reserve Requirement, funds shall be deposited therein to the extent of any such deficiency pursuant to the Agreement, and notice of such deficiency shall be given to the Rating Agency. To the extent moneys on deposit in the Debt Service Reserve Fund exceed the Debt Service Reserve Requirement, the Corporation shall direct the Trustee in writing to transfer the amount of such monies not in excess of such excess to NYCHA to be applied for capital costs under the NYCHA Program. Any amount remaining in the Debt Service Reserve Fund that is in excess of the Debt Service Reserve Requirement after the Loan has been paid in full, unmatured Cash Equivalents have been returned to the providers thereof, and any other amounts due and owing to the Corporation under the Agreement have been paid, shall be paid to NYCHA for application in accordance with the Capital Fund Program, provided that no such transfer shall be made until there shall have been filed with the Trustee (a) a statement by an Authorized Corporation Representative that there are no funds owing to the Corporation under the Agreement, and (b) a Bond Counsel's Opinion to the effect that such transfer will not adversely affect the exclusion of interest on the Series 2013A Bonds from gross income for federal income tax purposes.

Additional Debt Subordinate (Section 4.2(s))

NYCHA covenants and agrees that it will not make any additional pledge of Capital Fund Grant Monies of NYCHA (other than a pledge to secure additional bonds issued on behalf of NYCHA under the Master Indenture, if any) (i) except on a subordinate basis to the pledge of Capital Fund Grant Monies given to secure loans (including the Loan) financed by bonds issued under the Master Indenture, (ii) only after receiving confirmation from each Rating Agency that such issuance will not adversely affect the then current rating of bonds (not taking any bond insurance into account) financed under the Master Indenture and (iii) only with written approval by HUD.

Use of Proceeds of Loan (Section 5.1)

The Net Loan Proceeds shall be retained and administered by the Trustee and disbursed to NYCHA in accordance with the Agreement. While held by the Trustee, the proceeds of the Loan and all amounts held by the Trustee shall constitute part of the security for the Loan and be subject to a lien in favor of the Corporation and the Trustee securing payment of the Loan and payment of all Loan Debt Service. If any Event of Default occurs, funds in the Funds shall, at the option of the Corporation, be applied to redeem all or a portion of the outstanding balance of the Series 2013A Bonds at the earliest possible date and credited to amounts due under the Loan.

Investment of Funds (Section 5.2)

(a) Amounts held in any Fund not required for immediate disbursement shall be invested or reinvested as provided in the Indenture upon direction of the Corporation (after consultation with NYCHA, and with the intent of maximizing returns, taking into consideration HUD investment guidelines, Corporation investment guidelines and Federal tax requirements). All earnings from the investment or reinvestment of Funds shall be for the benefit of NYCHA, subject to the provisions of the Indenture. Amounts held in Funds under the Indenture may be

commingled with amounts held in other Funds held under the Indenture for purposes of investment. The Corporation, NYCHA and the Trustee shall not incur any liability in connection with any such investment.

(b) Funds held in Funds may be invested only in Investment Securities. Because funds held in Funds under the Agreement may be invested only in Investment Securities, certain amounts may remain uninvested for certain periods of time. NYCHA, the Corporation and the Trustee shall not be liable or responsible for any loss of income resulting from the fact that any funds remain uninvested.

(c) The Trustee may, and to the extent required for payments to be made from any Fund shall, sell any such investments at any time. The proceeds of any such sale, all interest income, and all payments at maturity and upon redemption of the investments shall be credited to the Fund with respect to which such investments were made. Any loss resulting from the investments shall be charged to the Fund with respect to which such investments were made. NYCHA, the Corporation and the Trustee shall not have any liability for any loss incurred by reason of any such investments.

(d) Except as provided in the NYCHA General Tax Certificate, NYCHA shall not knowingly (i) use or permit the use of any proceeds of the Loan, directly or indirectly, to acquire any "investment property" (as defined in Section 148(b)(2) of the Code), or (ii) take or permit to be taken any other action that would cause the Series 2013A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or would otherwise cause interest on the Series 2013A Bonds to be includable in gross income for federal income tax purposes.

(e) NYCHA acknowledges that if after the date of the Agreement, Bond Counsel advises NYCHA and the Corporation that it is necessary to restrict the yield on the investment of any funds, or Funds, held under the Agreement or under the Indenture in order to prevent the Series 2013A Bonds from being considered "arbitrage bonds" within the meaning of Section 148 of the Code, the Corporation and NYCHA will take the action that Bond Counsel deems necessary to restrict the yield on the investment so as to comply with Section 148 of the Code.

Events of Default (Section 6.1)

The following events shall be Events of Default under the Agreement:

(a) NYCHA fails to pay (from Revenues delivered by HUD), subject to appropriation and availability of Capital Fund Grant Monies, when due and payable, (i) the principal of, premium, if any, or interest or any other charges or sums under the Loan (whether upon maturity, on any installment payment date, after notice of prepayment, by call for redemption or otherwise), or (ii) any other payment required by the Agreement to be paid by NYCHA;

(b) Subject to appropriation and availability of Capital Fund Grant Monies, NYCHA defaults in the punctual observance or performance of any other agreement or obligation under any of the Documents, and the default remains unremedied for 30 days (or other cure period specified in the relevant Document) after Notice to NYCHA of the default. If the default cannot be corrected within 30 days (or other applicable cure period), it shall not be an Event of Default if NYCHA is taking appropriate corrective action to cure the default;

(c) NYCHA fails to execute the Annual Capital Fund ACC Amendment (or Annual Plan or any other document necessary for the delivery of the Capital Fund Grant Monies) in sufficient time and in an amount sufficient to insure payment of each semiannual Loan Debt Service payment; or

(d) NYCHA shall fail or refuse to comply with the provisions of the Agreement, or shall default in the performance or observance of any of the covenants, agreement or conditions on its part contained in the Agreement, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Corporation, the Trustee or the Owners of not less than 25% in principal amount of the outstanding Series 2013A Bonds (as defined in the Indenture);

provided, however, that notwithstanding anything in the Agreement to the contrary, a failure by NYCHA to make payment of any amounts due thereunder shall not constitute a default or Event of Default if such failure is

directly due to a failure by the U.S. Congress to appropriate funds for the Capital Fund Program, or due to the unavailability of funds to NYCHA which have been appropriated by the U.S. Congress for the Capital Fund Program during the period such funds are held by HUD and not delivered to the Trustee.

Remedies on Default (Section 6.2)

Whenever any Event of Default occurs, the Corporation or the Trustee may:

- (a) **Legal Action.**
 - (i) upon the delivery of Notice to NYCHA, by mandamus or other proceeding at law or in equity, enforce all rights of the Corporation or the Trustee under the Agreement and require NYCHA to carry out any agreement with or for the benefit of the Corporation or the Trustee and to perform its duties under the Agreement, including, and without limitation of any sort, the preparation, submission and execution of any documents required in order to ensure the timely receipt of Capital Fund Grant Monies by the Trustee;
 - (ii) upon the delivery of Notice to NYCHA, by action in equity, enjoin any acts that may be unlawful or in violation of the rights of the Corporation or the Trustee; or
 - (iii) upon the delivery of Notice to NYCHA, take any action at law or in equity necessary or desirable to collect the payments and other amounts then due, or exercise any rights or remedies under, or enforce performance and observance of, any obligation or agreement of NYCHA or any other party under the Agreement or under any of the other Documents.
- (b) **Trustee to Enforce Rights of Corporation.** Upon the delivery of Notice to NYCHA, the Trustee and its successors and assigns may enforce every right granted to the Corporation under the Agreement. In any case where action by the Trustee requires simultaneous or subsequent action by the Corporation, the Corporation will cooperate with the Trustee and take any action necessary to effectuate the purposes and intent of the Agreement.
- (c) **No Acceleration.** Notwithstanding any other provision of the Agreement or the Indenture, neither the Corporation nor the Trustee shall have the right to declare the principal of the Bonds to be immediately due and payable upon an Event of Default.

Binding Effect; Successors; No Assignment (Section 7.2)

The Agreement shall inure to the benefit of and shall be binding upon each of the parties and their respective successors and permitted assigns. Any successor trustee appointed by the Corporation pursuant to the Indenture shall, without further action or deed but upon Notice to NYCHA, become fully vested with all of the Funds and succeed to all of the rights and responsibilities assigned to the Trustee under the Agreement. Except as set forth in the previous sentence and the Agreement, the Agreement may not be assigned without the prior written consent of the other parties to the Agreement.

Amendment (Section 7.4)

The Agreement may not be amended except by a written instrument executed by all of the parties thereto and (i) with the prior written consent of HUD, (ii) confirmation that any such amendment will not adversely affect the then current rating of the Bonds by the Rating Agencies, and (iii) to the extent that any such amendment would be materially adverse to the Owner of any Bond, as determined by the Trustee, with the prior written consent of a majority in principal amount of the Owners of the Bonds so affected at the time such consent is given.

Governing Law (Section 7.6)

The Agreement shall be interpreted in accordance with and governed by the laws of the State of New York.

Successors and Assigns (Section 7.7)

The Agreement may not be assigned, in whole or in part, by NYCHA without the prior written consent of the Corporation, except to a duly authorized governmental successor or court appointed receiver for NYCHA that has been approved by HUD as authorized to receive Capital Fund Program moneys to the extent described therein.

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SUMMARY OF CERTAIN PROVISIONS OF THE 2013B LOAN AGREEMENT

The following is a summary of certain provisions of the 2013B Loan Agreement (referred to in this Appendix B-2 as the “Agreement”). This summary does not purport to be complete and reference is made to the Agreement for full and complete statements of its provisions.

The Loan (Section 2.1)

General. The Corporation agrees, upon the terms and subject to the conditions set forth in the Agreement, to make the Loan from the proceeds of the Series 2013B Bonds to NYCHA in the principal amount of \$470,300,000 upon the terms and conditions set forth in the Agreement.

Repayment Terms. Interest shall accrue on the outstanding principal balance of the Loan beginning on the date of delivery of the Series 2013B Bonds until fully paid. Interest is payable on each Payment Date beginning the Business Day preceding July 1, 2014 through the date of payment in full of the outstanding balance of the Loan. Loan Debt Service is repayable in accordance with the schedule set forth in the Agreement. The portion of the Loan Debt Service representing the Loan Expense Fee shall be used to pay the cost of, or reimburse the Corporation for the cost of, any required financial audits, cash flows, Code arbitrage calculations and rebate analysis, Trustee fees and expenses, including as continuing disclosure dissemination agent, rating agency fees and expenses of analytical services rendered for rating agencies.

Prepayment of the Loan. Except as otherwise set forth in the Agreement, the Loan is not subject to prepayment at the option of NYCHA prior to July 1, 2023. The Loan is subject to prepayment at the option of NYCHA, in whole or in part, at any time on or after July 1, 2023 in an amount equal to 100% of the principal amount to be prepaid, plus unpaid interest accrued to the date fixed for redemption of the Series 2013B Bonds. Notice of any such optional prepayment must also be given to HUD, and written evidence of such notice must be provided to the Trustee.

The Loan is subject to prepayment at the direction of HUD (or at the option of NYCHA), in the event that HUD shall impose administrative sanctions upon NYCHA that would have the effect of reducing the payment of Capital Fund Grant Monies to NYCHA in any year by more than 20%. The amount of any such prepayment shall not exceed the unexpended amounts in the Loan Fund, if any, less amounts already obligated or encumbered for the payment of Eligible Costs and less the amounts needed to be transferred to the Debt Service Reserve Fund in order to meet the Debt Service Reserve Requirement, if any.

The Loan is subject to prepayment at the option of NYCHA or the Corporation in the event that NYCHA reduces its Stabilized Base Unit Count by more than 5% in an amount necessary to maintain the required coverage ratio established by HUD in the Capital Fund Financing Amendment.

The Loan shall also be prepaid in the event of a casualty loss or condemnation action to the extent required by the Indenture.

Any redemption of Series 2013B Bonds resulting from the application of unused proceeds of the Series 2013B Bonds in the Loan Fund, as permitted under the Indenture, shall be treated under the Agreement as a prepayment of the Loan in the amount of the proceeds so applied to redemption of Series 2013B Bonds.

Any partial prepayment of the Loan shall be in a minimum amount equal to the lesser of the outstanding principal balance of the Loan or \$5,000 and integral multiples of \$5,000. Any partial prepayment shall be applied to principal installments due under the Loan in any order determined by the Corporation after consultation with NYCHA.

NYCHA shall notify the Corporation of any proposed optional prepayment of the Loan at least 60 but not more than 90 days before the date of the proposed prepayment (the "Date of Prepayment"). On receipt of the notice, the Corporation shall determine the date Series 2013B Bonds will be redeemed (the "Date of Redemption") with the proceeds of the prepayment and will so notify NYCHA. In the case of an optional prepayment, on the Date of Prepayment, in addition to the prepayment, NYCHA shall pay interest on the prepaid portion of the Loan at the loan interest rate to the Date of Prepayment, plus all reasonable costs and expenses incurred by the Corporation and the Trustee in connection with the prepayment (including but not limited to negative arbitrage and any costs in connection with the redemption of the Series 2013B Bonds being redeemed with the prepayment) calculated to the Date of Redemption.

HUD shall be notified in writing of any proposed prepayment at least 60 (sixty) days prior to the next date on which HUD is scheduled to pay Loan Debt Service to the Trustee. Should HUD incorrectly pay all or a portion of Loan Debt Service to the Trustee after a prepayment, the Trustee shall return such overpayment to HUD within three days of the receipt by the Trustee thereof.

Any prepayment shall be applied (i) first, at the option of the Corporation, to the extent that amounts on deposit in the Debt Service Reserve Fund are less than the Debt Service Reserve Requirement (after giving effect to the change, if any, in Loan Debt Service payments after such Prepayment) to bring the balance in the Debt Service Reserve Fund up to the Debt Service Reserve Requirement, and (ii) second, to be paid to the Trustee (and credited against amounts due under the Loan) for application to the redemption of Series 2013B Bonds in accordance with the Indenture and the Agreement not later than the Business Day prior to the date fixed for redemption of the Series 2013B Bonds. In the event of a partial prepayment of the Loan, the Corporation, with the consent of each Rating Agency, NYCHA and HUD, shall revise the Loan Debt Service payment schedule as set forth in the Agreement, provided (i) the Corporation files with the Trustee, in its capacity as Trustee for the Series 2013B Bonds, and the Rating Agencies a Cash Flow Statement (as defined in the Indenture) with respect to the availability of funds to pay the outstanding balance of the Series 2013B Bonds, (ii) NYCHA files with HUD the revised Loan Debt Service payment schedule, which shall have been agreed upon by NYCHA and the Corporation, for purpose of causing direct payments to be made to the Trustee in accordance therewith, (iii) the Trustee receives from NYCHA and HUD a revised Capital Fund Financing Amendment or other written approval, which reflects HUD's commitment to make the payments set forth in such revised Loan Debt Service payment schedule, and (iv) the Trustee receives confirmation from each of the Rating Agencies that such revised Loan Debt Service payment schedule will not adversely affect the then current rating on the Bonds.

Payments to Corporation; Pledge of Revenues. Payments on the Loan and other Loan Debt Service shall be made by a transfer to the Trustee by HUD (subject to the availability of appropriations), on behalf of NYCHA, of Capital Fund Grant Monies, which payments on the Loan are required under the Agreement to be made by NYCHA in an amount equal to the Loan Debt Service payable during the related Federal fiscal year pursuant to the Capital Fund Financing Amendment and the HUD Letter for deposit into the Revenue Fund in accordance with the Agreement. NYCHA irrevocably pledges and assigns to the Corporation and the Trustee, as security for the Loan, such Capital Fund Grant Monies as are paid to the Trustee by HUD pursuant to the Capital Fund Financing Amendment, the HUD Letter, and all amounts in the Funds.

Annual Plan and Annual Capital Fund ACC Amendments. NYCHA agrees to budget from amounts to be received pursuant to the Capital Fund Program in each Federal fiscal year amounts sufficient to make the foregoing deposits and payments, and further agrees not to obligate, requisition from HUD (subject to the availability of appropriations) or expend amounts to be received pursuant to the Capital Fund Program in any Federal fiscal year if the effect of such obligation, requisition or expenditure would be to reduce the amount of Revenues to be received by the Trustee pursuant to the Capital Fund Program for such Federal fiscal year below the amount needed to pay the annual Loan Debt Service scheduled to be paid from funds received with respect to such Federal fiscal year and any previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement), or otherwise materially adversely affect the availability of Revenues or other payments made by NYCHA, at the times required, to make the foregoing deposits and payments. NYCHA agrees to submit each Annual Plan in timely fashion as required, and to execute each Annual Capital Fund ACC Amendment in at least the amount necessary for payment of annual Loan Debt Service and any previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement, if any). NYCHA agrees to submit the executed Annual Capital Fund ACC Amendment to

HUD (subject to the availability of appropriations) in at least an amount necessary to pay Loan Debt Service and any previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement) not later than 75 days prior to the start of each Federal fiscal year or the earliest date on which such Amendment may be executed under the rules and regulations of HUD (if such date is later); provided, that NYCHA shall submit the executed Annual Capital Fund ACC Amendment to HUD in the amount necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement upon any drawing on amounts held in the Debt Service Reserve Fund (including Cash Equivalents therein) to fund debt service on the Series 2013B Bonds (and any Capital Fund Grant Monies received in response to such submission shall be deposited directly into the Debt Service Reserve Fund). NYCHA further covenants and agrees that if in any Federal fiscal year, (i) the applicable Annual Plan shall not have been approved by HUD or (ii) the Annual Capital Fund ACC Amendment shall not have been executed, in either case by the later of (i) October 1 of the first year following the end of the applicable Federal fiscal year with respect to which such funds were appropriated or (ii) 60 days prior to the first scheduled Loan Debt Service payment date following such October 1, NYCHA shall promptly submit to HUD an Annual Plan and/or an Annual Capital Fund ACC Amendment to the extent and in an amount sufficient to make the applicable Loan Debt Service payment, subject to the availability of appropriations (which HUD has agreed, in the HUD Letter issued in connection with the Series 2013B Bonds, subject to the availability of appropriations and as provided by law, to approve immediately upon receipt from NYCHA). In all events, NYCHA shall not deduct from Loan Debt Service shown in any Annual Plan or Annual Capital Fund ACC Amendment any amounts otherwise available under the Indenture for payment of Loan Debt Service, including amounts held in the Debt Service Reserve Fund and interest earnings on funds and accounts.

Liability of NYCHA for Loan Debt Service (Section 2.2)

NYCHA shall be liable for payments for Loan Debt Service solely to the extent of Capital Fund Grant Monies paid by HUD for such purpose; provided, that in the event that Capital Fund Grant Monies paid for the purpose of Loan Debt Service shall have been delivered to NYCHA in error (rather than directly to the Trustee), NYCHA shall be liable to pay such funds over to the Trustee.

Eligible Costs to be Paid by NYCHA, subject to HUD Approval (Section 2.3)

NYCHA acknowledges that, upon issuance of the Series 2013B Bonds, a portion of the Loan proceeds will be deposited into the Costs of Issuance Fund and the Debt Service Fund held by the Trustee pursuant to the Indenture and used by the Corporation to pay the Costs of Issuance and Capitalized Interest in the amount set forth in the Agreement. NYCHA covenants and agrees that Net Loan Proceeds will be applied solely to pay Eligible Costs. NYCHA shall be permitted to vary the specific amounts and items within the NYCHA Program, pursuant to and in accordance with the HUD Letter, provided that such expenditures constitute Eligible Costs, and NYCHA provides notice to the Corporation of any such changes and the expenditures will be in connection with a property that complies with the requirements of the NYCHA General Tax Certificate with respect to the prohibition on the use of Loan proceeds to benefit private parties, as set forth in such NYCHA General Tax Certificate.

Reimbursement of Costs Incurred (Section 2.4)

If an Event of Default occurs under the Agreement, and the Trustee or the Corporation employs attorneys or incurs other expenses for the collection of amounts due under the Agreement or the enforcement of any covenant herein, or if the Trustee shall incur extraordinary expenses in connection with its duties under the Indenture, NYCHA shall on demand pay to the Trustee or the Corporation, as the case may be, from any available funds of NYCHA, the reasonable fees of their attorneys and any other reasonable expenses so incurred. In no event shall costs described in this section be payable from federal funds.

Interest on Additional Payments and Reimbursements (Section 2.5)

Whenever any sum other than principal, premium (if any), and interest is due and payable from NYCHA to the Trustee, the Corporation, or any other party, as a direct payment, reimbursement, or otherwise, and no specific provision is made with respect to the payment or rate of interest thereon, the sum due and payable shall bear interest from such due date, until paid in full at the Loan rate.

Claims Relating to the NYCHA Program (Section 2.6)

To the extent permitted by applicable law, NYCHA agrees to indemnify and save the Corporation and the Trustee, without duplication, harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the NYCHA Program during the Term of Agreement, including, without limitation, (a) any condition of the NYCHA Program, (b) any breach or default on the part of NYCHA in the performance of any of its obligations under the Agreement, (c) any act of fraud, willful misconduct or negligence of NYCHA or of any of its agents, contractors, servants, employees or licensees, (d) any claim or request for payment by NYCHA's contractors, subcontractors or vendors. NYCHA shall indemnify and save the Corporation and the Trustee harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon and upon notice from the Corporation or the Trustee, NYCHA shall defend them or any of them in any such action or proceeding. All amounts owing from NYCHA hereunder shall be payable from any available funds of NYCHA (but not from any federal funds).

To the extent permitted by applicable law, the Corporation agrees to indemnify and save NYCHA harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the NYCHA Program during the Term of Agreement, that is the result of any act of fraud, willful misconduct or negligence of the Corporation. The Corporation shall indemnify and save NYCHA harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon and upon notice from NYCHA, the Corporation shall defend them or any of them in any such action or proceeding.

Unconditional Obligations of NYCHA (Section 2.12)

The payment of the Loan from the sources identified in the Agreement shall be absolute and unconditional, regardless of any defense or any rights of set-off, recoupment, or counterclaim that NYCHA might otherwise have against the Trustee, the Corporation or any other parties to the transaction. During the term of the Agreement, NYCHA shall make all Loan payments from the sources identified in the Agreement without abatement or set-off notwithstanding any bankruptcy, insolvency, liquidation, dissolution, or nonexistence of the Corporation, the nonperformance by the Trustee or the Corporation of any obligation under the Series 2013B Bonds, or any other circumstance or event that might otherwise relieve NYCHA from its obligation to make the prescribed payment. Until the principal, premium, if any, and interest on the Loan has been fully paid, NYCHA (i) will perform all of the obligations and agreements contained in the Agreement, and (ii) will not terminate the Agreement for any reason, including but not limited to: the failure of NYCHA to use the proceeds of the Loan to complete the activities contemplated by the NYCHA Program; the sale or other assignment of, damage to or destruction of all or part of any property financed by the NYCHA Program; commercial frustration of purpose; the occurrence of any acts or circumstances that may constitute a failure of consideration; any change in the tax laws of the United States of America or of the State or any political subdivision thereof; or any failure of the Trustee or the Corporation to perform and observe any agreement or obligation, express or implied, arising in connection with the Agreement.

Application of Loan Proceeds under the Indenture; Pledge of Funds (Section 3.1)

(a) Upon the delivery of the Series 2013B Bonds and at the direction of the Corporation and as set forth in the Indenture, the Trustee shall deposit an amount of the Loan equal to the Costs of Issuance and Capitalized Interest directly into the Cost of Issuance Fund and the Debt Service Fund, respectively, established in accordance with the Indenture. The Trustee shall then make the deposit to the credit of the Debt Service Reserve Fund required by the Indenture and deposit the Net Loan Proceeds into the Series 2013B Project Loan Account of the Loan Fund.

(b) A pledge of the Revenues is made by NYCHA in favor of the Corporation and the Trustee, and the same are pledged, to secure the payment of Loan Debt Service in the priorities set forth therefor in the Indenture.

(c) To the fullest extent provided by the Public Housing Law of the State and other applicable laws, the money and property pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and such lien shall be valid and binding against all parties having claims in tort, contract or otherwise against NYCHA, irrespective of whether such parties have notice of the claim.

Establishment of Funds (Section 3.2)

(a) There are to be established with the Trustee under the Indenture the following Funds: (i) the Loan Fund (and the individual Series 2013B Project Loan Account therein), (ii) the Revenue Fund, (iii) the Debt Service Fund, (iv) the Debt Service Reserve Fund, (v) the Costs of Issuance Fund and (vi) the Rebate Fund; provided that the Costs of Issuance Fund and the Rebate Fund shall not constitute trust funds under the Indenture.

(b) The following shall be deposited in the Loan Fund (in the Series 2013B Project Loan Account):

- (1) Net Loan Proceeds deposited pursuant to Section 3.1 of the Agreement,
- (2) interest earnings on the Loan Fund, and
- (3) any funds transferred to such Fund pursuant to Section 3.5 of the Agreement.

(c) The following shall be deposited in the Debt Service Reserve Fund:

- (1) the amount of the Loan deposited pursuant to Section 3.1 of the Agreement,
- (2) to the extent the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, funds shall be deposited by the Trustee into the Debt Service Reserve Fund from the Revenue Fund pursuant to the Agreement until the amount on deposit therein is equal to the Debt Service Reserve Requirement, and
- (3) Funds shall also be deposited in the Debt Service Reserve Fund pursuant to the Agreement.

(d) The following shall be deposited into the Revenue Fund upon receipt:

- (1) all Revenues,
- (2) any amounts transferred from the Debt Service Reserve Fund pursuant to Section 3.5 of the Agreement, and
- (3) any amounts transferred from the Loan Fund pursuant to Section 3.3 of the Agreement.

The Loan Fund (Section 3.3)

(a) All moneys in the Loan Fund shall be used for the purposes and disbursed as provided in the Agreement.

Moneys in the Series 2013B Project Loan Account in the Loan Fund shall be used for Eligible Costs of the NYCHA Program as set forth in the Agreement including, but not limited to, making deposits to the Debt Service Fund for the purpose of paying Loan Debt Service to the extent of any deficiency in amounts available in the Debt Service Fund or the Debt Service Reserve Fund to pay Loan Debt Service when due. All amounts in the 2013B Project Loan Account shall be expended for Eligible Costs as further described in the NYCHA Program. Moneys in the Loan Fund may also be transferred to be applied to the redemption of Bonds to the extent required by the Indenture.

(b) Any amount remaining in the Loan Fund after payment in full of the Loan shall be paid to NYCHA for payment of Eligible Costs as approved by HUD or otherwise for application in accordance with the Capital Fund Program, provided that prior to any such transfer the Corporation shall have furnished the Trustee with an opinion of Bond Counsel to the effect that such transfer will not adversely affect the exclusion of interest on the Series 2013B Bonds from gross income for federal income tax purposes.

(c) At any time consistent with the Indenture and the Agreement, the Corporation may direct the Trustee, with notice to NYCHA, to apply amounts in the Loan Fund and other eligible funds of NYCHA as may be necessary to the redemption, purchase or retirement of a portion of the Series 2013B Bonds in accordance with their terms (and, to the extent such redemption, purchase or retirement shall require the consent of HUD, with the consent of HUD).

(d) Upon completion of the NYCHA Program, amounts in the Series 2013B Project Loan Account may be transferred to any other Project Loan Account for use in connection with the NYCHA Program or otherwise under the Capital Fund Program pursuant to direction from NYCHA to the Trustee or applied to the redemption, purchase or retirement of a portion of the Series 2013B Bonds in accordance with their terms.

(e) Whenever so directed in a Certificate of the Corporation, the Trustee shall make payments from the Loan Fund to the federal government in accordance with the Code to the extent necessary to comply with NYCHA's obligations with respect to rebate as set forth in NYCHA General Tax Certificate.

Revenue Fund (Section 3.4)

(a) In accordance with the Agreement, the Trustee shall receive from HUD and/or from NYCHA, as the case may be, for deposit in the Revenue Fund, all Revenues, NYCHA having taken the action required under the Agreement to request delivery of such Revenues in the amount of the Loan Debt Service and previously unpaid Loan Debt Service (including any amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement). Such amounts shall be transferred by the Trustee:

first, to the Debt Service Fund, the amount necessary to make the payments required pursuant to the Indenture;

second, to the Debt Service Reserve Fund in the amount required to bring the balance therein to equal the Debt Service Reserve Requirement;

third, to the Debt Service Fund, to be applied to the redemption of Bonds, the proceeds of insurance not applied to restoration of a project following casualty loss or condemnation;

fourth, to the Corporation in the amount included in a written requisition from the Corporation in payment of any one or more components of the Loan Expense Fee;

fifth, to the Subordinate Obligation Debt Service Fund an amount, if any, equal to the amount required by the Indenture to be applied to the payment of Subordinate Obligations or otherwise deposited therein on such date and without priority, one over the other, to any accounts within the Subordinate Obligation Debt Service Fund, as specified by a Certificate filed with the Trustee; and

sixth, to the Rebate Fund, the balance; provided, that to the extent set forth in a Certificate accompanied by a Bond Counsel's Opinion to the effect that any such transfer shall not adversely affect the exclusion of interest on the Bonds from federal income taxation, to the Loan Fund, the balance.

(b) The Trustee may also deposit moneys in the Revenue Fund as provided in the Agreement and such moneys as may be received from NYCHA directly for components of the Loan Expense Fee to the extent not received directly from HUD.

Debt Service Reserve Fund (Section 3.5)

(a) The Trustee shall make disbursements from the Debt Service Reserve Fund on each Payment Date, in an amount equal to the amount of the Loan Debt Service payment due on such Payment Date, less any amount on deposit in the Revenue Fund for such Loan Debt Service payment.

(b) In the event the amount on deposit in the Debt Service Reserve Fund on any Payment Date (after taking into account any amounts to be paid from the Debt Service Reserve Fund for Loan Debt Service on such date) is less than the Debt Service Reserve Requirement, funds shall be deposited therein to the extent of any such deficiency pursuant to the Agreement, and notice of such deficiency shall be given to the Rating Agency. To the extent moneys and the amount of Cash Equivalents on deposit in the Debt Service Reserve Fund exceed the Debt Service Reserve Requirement, the Corporation shall direct the Trustee in writing to transfer the amount of such monies not in excess of such excess to NYCHA to be applied for capital costs under the NYCHA Program. Any amount remaining in the Debt Service Reserve Fund that is in excess of the Debt Service Reserve Requirement after the Loan has been paid in full, unmatured Cash Equivalents have been returned to the providers thereof, and any other amounts due and owing to the Corporation under the Agreement have been paid, shall be paid to NYCHA for application in accordance with the Capital Fund Program, provided that no such transfer shall be made until there shall have been filed with the Trustee (a) a statement by an Authorized Corporation Representative that there are no funds owing to the Corporation under the Agreement, and (b) a Bond Counsel's Opinion to the effect that such transfer will not adversely affect the exclusion of interest on the Series 2013B Bonds from gross income for federal income tax purposes.

Additional Debt Subordinate (Section 4.2(s))

NYCHA covenants and agrees that it will not make any additional pledge of Capital Fund Grant Monies of NYCHA (other than a pledge to secure additional bonds issued on behalf of NYCHA under the Master Indenture, if any) (i) except on a subordinate basis to the pledge of Capital Fund Grant Monies given to secure loans (including the Loan) financed by bonds issued under the Master Indenture, (ii) only after receiving confirmation from each Rating Agency that such issuance will not adversely affect the then current rating of bonds (not taking any bond insurance into account) financed under the Master Indenture and (iii) only with written approval by HUD.

Use of Proceeds of Loan (Section 5.1)

The Net Loan Proceeds shall be retained and administered by the Trustee and disbursed to NYCHA in accordance with the Agreement. While held by the Trustee, the proceeds of the Loan and all amounts held by the Trustee shall constitute part of the security for the Loan and be subject to a lien in favor of the Corporation and the Trustee securing payment of the Loan and payment of all Loan Debt Service. If any Event of Default occurs, funds in the Funds shall, at the option of the Corporation, be applied to redeem all or a portion of the outstanding balance of the Series 2013B Bonds at the earliest possible date and credited to amounts due under the Loan.

Investment of Funds (Section 5.2)

(a) Amounts held in any Fund not required for immediate disbursement shall be invested or reinvested as provided in the Indenture upon direction of the Corporation (after consultation with NYCHA, and with the intent of maximizing returns, taking into consideration HUD investment guidelines, Corporation investment guidelines and Federal tax requirements). All earnings from the investment or reinvestment of Funds shall be for the benefit of NYCHA, subject to the provisions of the Indenture. Amounts held in Funds under the Indenture may be commingled with amounts held in other Funds held under the Indenture for purposes of investment. The Corporation, NYCHA and the Trustee shall not incur any liability in connection with any such investment.

(b) In accordance with the Schedule of Anticipated Draws set forth in the Agreement, the Trustee at the direction of the Corporation shall invest the proceeds of the Loan Fund in instruments that have maturities consistent with the use of proceeds estimated by NYCHA. Funds held in Funds may be invested only in Investment Securities. Because funds held in Funds under the Agreement may be invested only in Investment Securities, certain amounts may remain uninvested for certain periods of time. NYCHA, the Corporation and the Trustee shall not be liable or responsible for any loss of income resulting from the fact that any funds remain uninvested.

(c) The Trustee may, and to the extent required for payments to be made from any Fund shall, sell any such investments at any time. The proceeds of any such sale, all interest income, and all payments at maturity and upon redemption of the investments shall be credited to the Fund with respect to which such investments were made. Any loss resulting from the investments shall be charged to the Fund with respect to which such investments were

made. NYCHA, the Corporation and the Trustee shall not have any liability for any loss incurred by reason of any such investments.

(d) Except as provided in the NYCHA General Tax Certificate, NYCHA shall not knowingly (i) use or permit the use of any proceeds of the Loan, directly or indirectly, to acquire any “investment property” (as defined in Section 148(b)(2) of the Code), or (ii) take or permit to be taken any other action that would cause the Series 2013B Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or would otherwise cause interest on the Series 2013B Bonds to be includable in gross income for federal income tax purposes.

(e) NYCHA acknowledges that if after the date of the Agreement, Bond Counsel advises NYCHA and the Corporation that it is necessary to restrict the yield on the investment of any funds, or Funds, held under the Agreement or under the Indenture in order to prevent the Series 2013B Bonds from being considered “arbitrage bonds” within the meaning of Section 148 of the Code, the Corporation and NYCHA will take the action that Bond Counsel deems necessary to restrict the yield on the investment so as to comply with Section 148 of the Code.

Reporting and Required Actions; Disbursement of Proceeds of Loan (Section 5.3)

(a) Construction Monitor Reporting; Required Actions. The Construction Monitor shall undertake reviews pursuant to the terms of the Construction Monitoring Agreement, and submit financial status reports to the Corporation and any other persons specified in the Construction Monitoring Agreement, comparing projected expenditures, as reflected in the current NYCHA Program, to actual spending. NYCHA shall comply with the requirements imposed on it under the Construction Monitoring Agreement.

(b) Payment of Eligible Costs. The Net Loan Proceeds shall be disbursed to pay the Eligible Costs in accordance with the Agreement.

(c) Prohibited Payments. Notwithstanding any provision of the Agreement, none of the proceeds of the Loan may be used to pay any cost that is not permitted by the Code, the Act, the Program Guidelines or the Agreement.

(d) Disbursement by Requisition. Except as otherwise provided in the Agreement, each disbursement of proceeds of the Loan shall be made only upon the receipt by the Trustee of a Requisition executed by an Authorized Corporation Representative and by NYCHA, submitted in accordance with the following procedures:

(i) Requisitions for Eligible Costs. Requisitions for Eligible Costs must include an itemization of the costs for which payment is requested. Each Requisition shall consist of a request for funds in the form provided in the Agreement, executed by NYCHA and submitted by the Corporation to the Trustee.

(ii) Timing. Upon receipt by the Corporation of a Requisition in the form provided in the Agreement executed by NYCHA, the Corporation shall execute the form and forward the same to the Trustee within 1 Business Day of receipt. The Trustee shall have a period of 3 Business Days within which to fund each Requisition. NYCHA agrees not to submit requests to the Corporation for Requisitions for expenditures over a period of less than four weeks, or such other period mutually agreed upon by the Corporation and NYCHA, and that any such Requisition (other than a Requisition for the balance of the funds in the Loan Fund) shall be in an amount equal to or greater than \$5,000.

(iii) Procedures. NYCHA shall submit its Requisition to the Corporation for submission on to the Trustee. As stated in the form of Requisition contained in the Agreement, any submission of such a Requisition to the Trustee shall be an affirmation of NYCHA of the representations and warranties contained therein and attributed to NYCHA. Upon receipt by the Trustee of said certification from the Authorized Corporation Representative, the Trustee shall thereupon fund the request from amounts in the Loan Fund. The Trustee shall be entitled to fully rely on the written approval of the draw request submitted to the Trustee by the Authorized Corporation Representative, and is not required to make any further investigation into the matters that are the subject of the approved draw request.

(iv) Reliance on Approved Requisitions. In tendering Requisitions to the Trustee, the Corporation shall be entitled to fully rely on the executed Requisitions without making any further investigation into the matters that are the subject of the Requisition. In making any disbursement of Loan proceeds, the Corporation and the Trustee shall be relieved of all liability with respect to making payments in accordance with the provisions of this section. Each Requisition submitted pursuant to the Agreement, and each receipt of the disbursement requested thereby, shall constitute an affirmation that the representations and warranties set forth in the Requisition are true and correct in all material respects as of the date of the Requisition

(e) No Liability to Third Parties. Neither the issuance of the Series 2013B Bonds nor the making of the Loan shall in any way obligate the Corporation or the Trustee to any Person for the payment of any expense incurred with respect to the NYCHA Program, and no Person contracting with NYCHA in connection with the NYCHA Program shall be reimbursed by the Corporation or the Trustee under any circumstances other than as set forth in the Agreement. Neither the Corporation nor the Trustee shall be responsible or liable to any Person other than NYCHA for the disbursement of or failure to disburse Loan proceeds, and neither the general contractor for properties funded by the NYCHA Program (if any) nor any subcontractor or material or equipment supplier shall have any right or claim against the Corporation or the Trustee under the Agreement.

(f) No Warranty or Representation. No approval or any other action or inaction, including, any inspection of the use of the proceeds of the Loan or any oversight of the Loan shall constitute a warranty or representation by the Corporation or any of its Agents as to the technical sufficiency, adequacy, or safety of any structure or any of its component parts, including any fixtures, equipment, or furnishings, nor shall any approval or inspection constitute a warranty or representation as to the subsoil conditions or any other physical condition or feature pertaining to any property financed with the proceeds of the Loan. The Corporation's approval of the NYCHA Program, the making of the Loan, and the Corporation's execution and delivery of the Series 2013B Bonds shall not constitute any approval by the Corporation of any zoning, use, planning, building permit, or other similar approvals relating to the NYCHA Program.

(g) Compliance with Laws. NYCHA covenants that any use of Loan Proceeds in connection with the NYCHA Program complies with applicable requirements of NYCHA Act and State law.

Events of Default (Section 6.1)

The following events shall be Events of Default under the Agreement:

(a) NYCHA fails to pay (from Revenues delivered by HUD), subject to appropriation and availability of Capital Fund Grant Monies, when due and payable, (i) the principal of, premium, if any, or interest or any other charges or sums under the Loan (whether upon maturity, on any installment payment date, after notice of prepayment, by call for redemption or otherwise), or (ii) any other payment required by the Agreement to be paid by NYCHA;

(b) Subject to appropriation and availability of Capital Fund Grant Monies, NYCHA defaults in the punctual observance or performance of any other agreement or obligation under any of the Documents, and the default remains unremedied for 30 days (or other cure period specified in the relevant Document) after Notice to NYCHA of the default. If the default cannot be corrected within 30 days (or other applicable cure period), it shall not be an Event of Default if NYCHA is taking appropriate corrective action to cure the default;

(c) NYCHA fails to execute the Annual Capital Fund ACC Amendment (or Annual Plan or any other document necessary for the delivery of the Capital Fund Grant Monies) in sufficient time and in an amount sufficient to insure payment of each semiannual Loan Debt Service payment; or

(d) NYCHA shall fail or refuse to comply with the provisions of the Agreement, or shall default in the performance or observance of any of the covenants, agreement or conditions on its part contained in the Agreement, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by

the Corporation, the Trustee or the Owners of not less than 25% in principal amount of the outstanding Series 2013B Bonds (as defined in the Indenture);

provided, however, that notwithstanding anything in the Agreement to the contrary, a failure by NYCHA to make payment of any amounts due thereunder shall not constitute a default or Event of Default if such failure is directly due to a failure by the U.S. Congress to appropriate funds for the Capital Fund Program, or due to the unavailability of funds to NYCHA which have been appropriated by the U.S. Congress for the Capital Fund Program during the period such funds are held by HUD and not delivered to the Trustee.

Remedies on Default (Section 6.2)

Whenever any Event of Default occurs, the Corporation or the Trustee may:

(a) **Legal Action.**

- (i) upon the delivery of Notice to NYCHA, by mandamus or other proceeding at law or in equity, enforce all rights of the Corporation or the Trustee under the Agreement and require NYCHA to carry out any agreement with or for the benefit of the Corporation or the Trustee and to perform its duties under the Agreement, including, and without limitation of any sort, the preparation, submission and execution of any documents required in order to ensure the timely receipt of Capital Fund Grant Monies by the Trustee;
- (ii) upon the delivery of Notice to NYCHA, by action in equity, enjoin any acts that may be unlawful or in violation of the rights of the Corporation or the Trustee; or
- (iii) upon the delivery of Notice to NYCHA, take any action at law or in equity necessary or desirable to collect the payments and other amounts then due, or exercise any rights or remedies under, or enforce performance and observance of, any obligation or agreement of NYCHA or any other party under the Agreement or under any of the other Documents.

(b) Trustee to Enforce Rights of Corporation. Upon the delivery of Notice to NYCHA, the Trustee and its successors and assigns may enforce every right granted to the Corporation under the Agreement. In any case where action by the Trustee requires simultaneous or subsequent action by the Corporation, the Corporation will cooperate with the Trustee and take any action necessary to effectuate the purposes and intent of the Agreement.

(c) No Acceleration. Notwithstanding any other provision of the Agreement or the Indenture, neither the Corporation nor the Trustee shall have the right to declare the principal of the Bonds to be immediately due and payable upon an Event of Default.

Binding Effect; Successors; No Assignment (Section 7.2)

The Agreement shall inure to the benefit of and shall be binding upon each of the parties and their respective successors and permitted assigns. Any successor trustee appointed by the Corporation pursuant to the Indenture shall, without further action or deed but upon Notice to NYCHA, become fully vested with all of the Funds and succeed to all of the rights and responsibilities assigned to the Trustee under the Agreement. Except as set forth in the previous sentence and the Agreement, the Agreement may not be assigned without the prior written consent of the other parties to the Agreement.

Amendment (Section 7.4)

The Agreement may not be amended except by a written instrument executed by all of the parties thereto and (i) with the prior written consent of HUD, (ii) confirmation that any such amendment will not adversely affect the then current rating of the Bonds the Rating Agencies, and (iii) to the extent that any such amendment would be

materially adverse to the Owner of any Bond, as determined by the Trustee, with the prior written consent of a majority in principal amount of the Owners of the Bonds so affected at the time such consent is given.

Governing Law (Section 7.6)

The Agreement shall be interpreted in accordance with and governed by the laws of the State of New York.

Successors and Assigns (Section 7.7)

The Agreement may not be assigned, in whole or in part, by NYCHA without the prior written consent of the Corporation, except to a duly authorized governmental successor or court appointed receiver for NYCHA that has been approved by HUD as authorized to receive Capital Fund Program moneys to the extent described therein.

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HUD APPROVAL LETTER

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

AUG 15 2013

Mr. Cecil House
General Manager
New York City Housing Authority
250 Broadway
New York, NY 10007

Dear Mr. House:

Thank you for your submission to the U.S. Department of Housing and Urban Development ("HUD") and subsequent submissions (collectively, the "Submission") requesting certain approvals in connection with a Capital Fund Financing Program (the "CFFP") Proposal. The New York City Housing Authority (the "Authority") is requesting certain approvals in connection with the issuance by the New York City Housing Development Corporation ("HDC") of its Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013A in the amount of \$183,110,000 (the "Series 2013A Bonds") and its Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013B in the amount of \$467,930,000 (the "Series 2013B Bonds", and together with the Series 2013A Bonds, the "2013 Bonds") pursuant to a Master Trust Indenture, as supplemented (the "Indenture"). HDC will loan the proceeds of the Series 2013A Bonds and the Series 2013B Bonds to the Authority pursuant to separate Loan Agreements (the "Loan Agreements"). The proceeds of the Series 2013B Bonds will be held by U.S. Bank National Association, as trustee under the Indenture (the "Trustee"), pursuant to the Indenture. In addition, the Authority is requesting approval to effectuate the defeasance of HDC's \$281,610,000 Capital Fund Program Revenue Bonds (New York City Housing Authority Program) Series 2005A (the "2005 Bonds"), of which the par amount of the bonds to be refunded is \$201,985,000, with the proceeds of the Series 2013A Bonds, to be held by the Trustee, as escrow agent, pursuant to an Escrow Deposit Agreement between HDC and the Trustee (the "Escrow Deposit Agreement", and together with the Indenture and the Loan Agreements the "Loan Documents").

Based upon our review of the information and materials included with the Submissions, the undersigned, on behalf of HUD, provides the following approvals and determinations.

1. HUD hereby approves the execution by the Authority, and by other parties identified therein, of the Loan Documents, in substantially the form submitted to HUD by the Authority for the modernization of an estimated 18,469 public housing units and to defease the 2005 Bonds.
2. Any substantive changes to the form of the Loan Documents that affect HUD's rights or obligations shall be submitted to HUD for review and approval by the Deputy Assistant Secretary for the Office of Public Housing Investments. Except as stated, no further approval of the Loan Documents by HUD shall be required. This approval does not constitute approval for any other agreements, series of bonds or additional debt issued by or on behalf of the Authority. Unless

otherwise approved by HUD in writing, if the Authority does not close the transaction within 90 days of the date of this letter, this approval shall terminate without any further action from HUD.

3. Subject to the availability of appropriations, HUD hereby approves the use of Capital Fund Grants (which is defined to include Capital Fund formula funds under Section 9(d) of the United States Housing Act of 1937 (the "Act") and any applicable successor program) for payment of debt service as presented in the estimated debt service schedule attached hereto. Following the execution of the Loan Documents, the final debt service schedule for the 2013 Bonds (the "Final Debt Service Schedule") shall be submitted to HUD. Unless approved by the Deputy Assistant Secretary for the Office of Public Housing Investments, the Final Debt Service Schedule shall not exceed the estimated debt service schedule attached hereto as Exhibit A in any year by more than 10 percent.
4. HUD hereby determines that the Authority constitutes a "public housing agency" withing the meaning of section 3(b)(6) of the Act and that the 2013 Bonds constitute a housing program obligation issued by a public housing agency in connection with low-income housing projects as described in section 11(b) of the Act. The provisions of 26 U.S.C. §149(c)(2)(C)(iii) state that the interest on such obligations shall not be exempt from taxation under section 11(b) unless issued before June 19, 1984, and the provisions of 26 U.S.C. §149(c)(1) state that any exemption of income on bonds from taxation, unless otherwise excepted, must derive from the Internal Revenue Code of 1986, as amended. HUD offers no opinion on the tax status of such bonds.
5. Provided that the Authority submits the documents described below in the Post Approval Documentation section of this letter, HUD hereby agrees, subject to the availability of appropriations, to make debt service payments on the 2013 Bonds as reflected on the Final Debt Service Schedule automatically and directly to the Trustee for the benefit of the Authority. HUD will establish a system of direct payment, by wire transfer or otherwise, to the Trustee.
6. HUD hereby agrees that amounts paid to the Trustee to make debt service payments under the Loan Documents as reflected on the Final Debt Service Schedule are authorized and under current law are not subject to recapture, and that no regulatory waiver is necessary to disclaim effectively any right, title and interest of the United States in and to such amounts. Nothing in this paragraph shall prevent HUD from recapturing funds from the Authority (as opposed to the Trustee) in accordance with applicable law.
7. HUD further agrees that the 2013 Bonds are being sold to capital market investors who rely on the full and timely payments of such amounts to the Trustee, subject to the availability of appropriations and pursuant to this letter and the Capital Fund Financing Amendment to the Consolidated Annual Contributions Contract (the "ACC"). HUD further acknowledges and agrees that, notwithstanding the

provisions of any HUD General Depository Agreement (form HUD 51999 (6/91)) ("GDA") that will be entered into between HDC and the Trustee, permitting HUD as third-party beneficiary thereof to block payment from specified Authority accounts held with the Trustee, HUD will not exercise such right if the effect would be to reduce or delay any scheduled debt service or redemption payment on the 2013 Bonds. HUD further acknowledges and agrees that in the event of a conflict between this paragraph and the GDA, the obligation of HUD set forth in the previous sentence shall prevail.

8. HUD hereby agrees that interest earned on amounts paid to the Trustee to make debt service payments on the 2013 Bonds may be applied to pay debt service on the 2013 Bonds or other Capital Fund eligible work items and need not be returned to HUD. In addition, HUD hereby determines that no regulatory waiver is necessary to permit such use.
9. Nothing in this letter is intended to diminish HUD's authority to administer, monitor, and regulate the public housing program, including HUD's authority to exercise any administrative sanction provided by law; provided, however, that HUD hereby agrees that no subsequent change in the permissible use of Capital Fund Program moneys and no administrative sanction regarding the Authority will affect the eligibility of expenditures for debt service on the 2013 Bonds or reduce Capital Fund allocations to the Authority, except as required by law, below the levels needed to pay such debt service.
10. HUD hereby waives any additional notice or consent required under the Federal Assignment of Claims Act.
11. The 2013 Bonds are not an obligation of and are not guaranteed by HUD or the United States of America. No action taken pursuant to the Loan Documents, this Approval, or any other correspondences or documents shall result in any liability to the federal government. Appropriate statements to such effect shall be included in offering materials with respect to the 2013 Bonds. HUD's review of the CFFP Proposal is limited to a review for compliance with CFFP programmatic requirements, and does not extend to the review of underwriting, including assumptions regarding the future receipt of Capital Fund Program moneys, for which the Authority is solely responsible and which it pledges at its own risk. Given the tight budgetary environment, the Authority should be aware of the potential impact of reductions in appropriations. Any reductions in appropriations could cause the Authority to have less funding provided through the Capital Fund available for modernization or other eligible uses, potentially impacting the ability of the Authority to undertake future financing activities.
12. The pledge of "Revenues" under the Indenture is authorized for the purpose of securing the debt service on the 2013 Bonds.

13. To the extent that allocations of Capital Fund Program moneys to the Authority are reduced or recaptured because Capital Fund amounts previously allocated to the Authority remain unobligated or unexpended in violation of Section 9(j)(1) or (5)(A) of the Act (or any successor(s) thereto), HUD agrees that, (i) unless otherwise prohibited by law, any unobligated Capital Fund Program moneys that are available to the Authority may be used, on a first priority basis, to the extent necessary, to pay principal of and interest on the 2013 Bonds, and (ii) to the extent permitted or provided by law, the recapture of all funds unobligated or unexpended in violation of said provisions of Section 9(j) shall serve to cure such violation(s).

Except as expressly provided herein, nothing in this approval letter is intended to modify or waive the Capital Fund Program requirements, which are applicable to the use of the proceeds from the 2013 Bonds. Attached as Exhibit B is the approved budgeted use of CFFP Proceeds. The Capital Fund Program requirements include, but are not limited to, the preparation and submission to HUD of annual Capital Fund plans and budgets and the execution and delivery each year of the Capital Fund Program Amendment to the ACC in the form prescribed by HUD. Changes in the work items funded with the proceeds beyond the threshold described below are subject to written approval from the applicable HUD Field Office, in addition to any other HUD approvals that may be required.

- A change in the type of activity (e.g., development verses modernization) being financed.
- A change in the public housing project upon which the proceeds are being used (HUD acknowledges that the Authority reserves the right, at any time, to substitute projects among those provided on the Authority's Amended Annual Statement).
- A reduction of 20% or more in the number of public housing units the proceeds will be used upon.
- An increase of 20% or more in the cost of non-dwelling space.

The Authority must report progress in completing work items funded with the proceeds from this issuance in an Annual Statement/Performance and Evaluation Report, which must be submitted to the applicable HUD Field Office on a quarterly basis, as well as incorporated in the Authority's annual Capital Fund plan. The Authority will continue to report progress until all work is completed, paid, and reflected in an annual audit.

Special Conditions involving Procurement Forms, DOTs, RAD and Oversight Agreements.

HUD approves the use of the NYCHA Alternative HUD Forms 5369, 5369a and 5370, to be utilized towards the expenditure of the proceeds of the 2013 Bonds. The use of the alternative forms for any other funds or Programs is not authorized by this letter.

The Authority must provide evidence satisfactory to HUD that Declarations of Trust ("DOTs") are recorded on all of the projects to receive the benefit of the Series 2013B Bonds. An initial review of these DOTs has been conducted by HUD Field Office Counsel. The remaining issues related to this review are delineated in Exhibit D. All these issues must be corrected to the satisfaction of HUD Field Office Counsel. The Authority requested a partial waiver until June 30, 2014 of the regulation regarding DOTs at 24 CFR 905.505(c)(4) with respect to all the Authority's remaining projects that were not the subject of the DOT review in connection with the 2005 Bonds or previous mixed finance evidentiary reviews. This request will be addressed by separate correspondence. Approval of this waiver must be obtained prior to closing of the 2013 Bonds. HUD reserves the right to impose sanctions on the Authority if the June 30, 2014 date is not met; in no event, however, shall such sanctions affect HUD's agreement to make debt service payments on the 2013 Bonds as described herein.

As a risk mitigation measure, the Authority is required to enter into an intergovernmental agreement with the New York City Department of Investigations (DOI) under which DOI will, in conjunction with a third-party monitoring firm or multiple such firms, provide construction integrity monitoring and oversight to ensure that the CFFP funds and related expenditures of Capital Fund Program funds are used properly and for the purposes intended.

Finally, the Authority has indicated that it will continue in good faith to explore the use of other alternative financing programs including the Rental Assistance Demonstration Program (RAD). Any RAD Applications submitted by the Authority must be considered and submitted by the end of this calendar year.

Post Approval Documentation Requirements

Once the Authority, HDC and the Trustee have executed the documents relating to the 2013 Bonds, the Authority must submit to HUD Headquarters a final closing binder containing executed copies of all the documents included in the Submission relating to the 2013 Bonds, together with a certification from the Authority and its counsel attesting that the changes requested by HUD have been made and that no other substantive changes to the submissions (including no substantive changes to the documents or Loan Documents changing HUD's rights or obligations) have been made since they were last approved by HUD. An original and one copy of the final closing binder must be received within 60 days of the date of this letter.

The Authority may proceed to execute three originals of the Capital Fund Financing Amendment. All three copies must be executed by the Authority and then deliver to the HUD New York Field Office, where the Director of Public Housing will execute all originals on behalf of HUD. The Field Office will keep one original for their use and return the other two originals to the Authority. The Authority should retain one original; the other original with two original signatures should be returned to the Office of Capital Improvements at HUD Headquarters.

Additionally, within 60 days of the date of this letter, the Authority shall submit to HUD: (1) Cover letter from the Authority transmitting the final debt service schedule and attesting that the payments do not exceed the estimated debt service schedule approved by HUD in any year by more than 10%; (2) the Final Debt Service Schedule; (3) a complete and fully executed Direct

Deposit Sign-Up Form (Standard Form 1199A with original signatures from the Authority and the Trustee); (4) a Tab Delimited file in the format required for uploading into LOCCS; and (5) an executed copy(s) of the HUD General Depository Agreement(s) (form HUD-51999 (6/91)) entered into between the Authority and the Trustee for the proceeds of the Series 2013B Bonds. The items noted in this and the preceding paragraph shall collectively constitute the "Post Approval Documentation." Please refer to the CFFP Post Approval Documentation website for more detailed information: <http://www.hud.gov/offices/pih/programs/ph/capfund/postapp.cfm>.

All submissions should be sent to:

Tom Shelton
U.S. Department of Housing and Urban Development
Office of Capital Improvements
451 7th Street, SW, Room 4130
Washington, DC 20410

Should you have any questions, please contact Todd Wendorf, Office of Capital Improvements at (312) 913-8511.

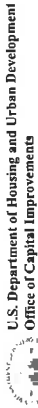
Sincerely,



Dominique Blom
Deputy Assistant Secretary
Office of Public Housing Investments

cc: Luigi D'Ancona, New York Field Office Director

Enclosures: Exhibit A – Estimated Debt Service Schedule
Exhibit B – Approved Budget
Exhibit C – Capital Fund Financing Amendment to the Consolidated ACC
Exhibit D- NYCHA CFFP Bond B DOT Review



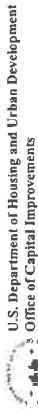
U.S. Department of Housing and Urban Development
Office of Capital Improvements

Capital Fund Financing Program (CFFP)
Periodic Payment Debt Service Schedule -- Formula Funds Only

Debt Service Schedule - 2013A

Housing Authority Name: New York City Housing Authority
Amount of Proceeds: \$200,935,634.95
Interest Rate: Coupon rate ranges: 3%-5.5%; Yield-to-Maturity range: 0.58%-5.03%
If Variable Rate Fixed? Yes
Interest Rate, Interest Rate Cap: N/A
Term (in years): 20
FY and Amount of Most Recent Formula Grant: 2013FY \$258,885,813
First Direct HUD Payment due: June 28, 2014
D/S Schedule Date: August 12, 2013

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Financing Year	Payment Date	Principal	Interest	Total Debt Service Payment	Ongoing Fees	Total Payment Amount	Adjusted Formula Grant	Total Payment from FY Grant	Percent of FY Grant Used for Payments	Date of FY Payment of Formula Grant	FY of Grand Debt Service to be Paid From
2014	07/01/14	9,095,000.00	7,196,103.75	16,291,103.75	82,257.88	16,373,361.63	258,249,746.35	16,373,361.63	6.3%	06/28/14	2013
2015	01/01/15	-	4,224,850.00	20,749,700.00	93,732.50	20,843,432.50	258,249,746.35	20,843,432.50	8.1%	12/29/14	2014
2016	07/01/15	12,300,000.00	4,224,850.00	20,749,700.00	93,732.50	20,843,432.50	258,249,746.35	20,843,432.50	8.1%	06/28/15	2015
2017	01/01/16	-	3,978,850.00	20,762,700.00	87,562.50	20,850,262.50	257,824,020.04	20,850,262.50	8.1%	12/29/15	2016
2018	07/01/16	12,805,000.00	3,978,850.00	20,762,700.00	87,562.50	20,850,262.50	257,824,020.04	20,850,262.50	8.1%	06/28/16	2017
2019	01/01/17	-	3,722,750.00	20,850,500.00	81,180.00	20,931,680.00	257,824,020.04	20,931,680.00	8.1%	12/29/16	2018
2020	07/01/17	13,405,000.00	3,722,750.00	20,850,500.00	81,180.00	20,931,680.00	257,824,020.04	20,931,680.00	8.1%	06/28/17	2019
2021	01/01/18	-	3,387,625.00	20,875,250.00	74,477.50	20,949,727.50	257,824,020.04	20,949,727.50	8.1%	12/29/17	2020
2022	07/01/18	14,100,000.00	3,387,625.00	20,875,250.00	74,477.50	20,949,727.50	257,824,020.04	20,949,727.50	8.1%	06/28/18	2021
2023	01/01/19	-	3,035,125.00	20,900,250.00	67,427.50	20,967,677.50	257,824,020.04	20,967,677.50	8.1%	12/28/18	2022
2024	07/01/19	14,830,000.00	3,035,125.00	20,900,250.00	67,427.50	20,967,677.50	257,824,020.04	20,967,677.50	8.1%	06/28/19	2023
2025	01/01/20	-	2,664,375.00	20,928,750.00	60,012.50	20,988,762.50	257,824,020.04	20,988,762.50	8.1%	12/29/19	2024
2026	07/01/20	15,600,000.00	2,664,375.00	20,928,750.00	60,012.50	20,988,762.50	257,824,020.04	20,988,762.50	8.1%	06/28/20	2025
2027	01/01/21	-	2,274,375.00	20,953,750.00	52,212.50	21,005,962.50	257,824,020.04	21,005,962.50	8.1%	12/29/20	2026
2028	07/01/21	16,405,000.00	2,274,375.00	20,953,750.00	52,212.50	21,005,962.50	257,824,020.04	21,005,962.50	8.2%	06/28/21	2027
2029	01/01/22	-	1,864,250.00	20,983,500.00	44,010.00	21,027,510.00	257,824,020.04	21,027,510.00	8.2%	12/29/21	2028
2030	07/01/22	17,255,000.00	1,864,250.00	20,983,500.00	44,010.00	21,027,510.00	257,824,020.04	21,027,510.00	8.2%	06/28/22	2029
2031	01/01/23	-	1,432,875.00	21,015,750.00	35,382.50	21,051,132.50	257,824,020.04	21,051,132.50	8.2%	12/29/22	2030
2032	07/01/23	18,150,000.00	1,432,875.00	21,015,750.00	35,382.50	21,051,132.50	257,824,020.04	21,051,132.50	8.2%	06/28/23	2031
2033	01/01/24	-	979,125.00	21,048,250.00	26,307.50	21,074,557.50	257,824,020.04	21,074,557.50	8.2%	12/29/23	2032
2034	07/01/24	19,090,000.00	979,125.00	21,048,250.00	26,307.50	21,074,557.50	257,824,020.04	21,074,557.50	8.2%	06/28/24	2033
2035	01/01/25	-	501,875.00	21,078,750.00	16,762.50	21,095,512.50	257,824,020.04	21,095,512.50	8.2%	12/29/24	2034
2036	07/01/25	20,075,000.00	501,875.00	21,078,750.00	16,762.50	21,095,512.50	257,824,020.04	21,095,512.50	8.2%	06/28/25	2035
2037	01/01/26	-	-	-	-	-	-	-	-	12/29/25	2036
2038	07/01/26	-	-	-	-	-	-	-	-	06/28/26	2037
2039	01/01/27	-	-	-	-	-	-	-	-	12/29/26	2038
2040	07/01/27	-	-	-	-	-	-	-	-	06/28/27	2039
2041	01/01/28	-	-	-	-	-	-	-	-	12/29/27	2040
2042	07/01/28	-	-	-	-	-	-	-	-	06/28/28	2041
2043	01/01/29	-	-	-	-	-	-	-	-	12/29/28	2042
2044	07/01/29	-	-	-	-	-	-	-	-	06/28/29	2043
2045	01/01/30	-	-	-	-	-	-	-	-	12/29/29	2044
2046	07/01/30	-	-	-	-	-	-	-	-	06/28/30	2045
2047	01/01/31	-	-	-	-	-	-	-	-	12/29/30	2046
2048	07/01/31	-	-	-	-	-	-	-	-	06/28/31	2047
2049	01/01/32	-	-	-	-	-	-	-	-	12/29/31	2048
2050	07/01/32	-	-	-	-	-	-	-	-	06/28/32	2049
2051	01/01/33	-	-	-	-	-	-	-	-	12/29/32	2050
2052	07/01/33	-	-	-	-	-	-	-	-	06/28/33	2051
2053	01/01/34	-	-	-	-	-	-	-	-	12/29/33	2052
2054	07/01/34	-	-	-	-	-	-	-	-	06/28/34	2053
2055	01/01/34	-	-	-	-	-	-	-	-	12/29/34	2054
TOTALS		183,110,000	63,328,254	248,438,254	721,345	247,159,599	3,094,739,693	247,159,599	8.0%		



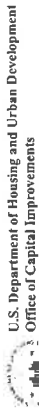
U.S. Department of Housing and Urban Development
Office of Capital Improvements

**Capital Fund Financing Program (CFFP)
Periodic Payment Debt Service Schedule – Formula Funds Only**

Debt Service Schedule - 2013B

Housing Authority Name: New York City Housing Authority
Amount of Proceeds: \$499,897,765
Interest Rate: Coupon rate range: 3%-5.5%, Yield-to-Maturity range: 0.56%-5.03%
Interest Rate Fixed? Yes
If Variable Rate, Interest Rate Cap: N/A
Term (in years): 20
FY and Amount of Most Recent Formula Grant: 2013FY \$258,885,813
First Direct HUD Payment due: June 28, 2014
D/S Schedule Date: August 12, 2013

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Financing Year	Payment Date	Principal	Interest	Total Debt Service Payment	Ongoing Fees	Total Payment Amount	Adjusted Formula Grant	Total Payment from FY Grant	Percent of FY Grant Used for Payments	Date of Direct Payment of Formula Grant	FY of Grand Debt Service to be Paid From
2014	07/01/14	6,825,000.00	19,568,618.44	26,393,618.44		26,393,618.44	258,249,746.35	26,393,618.44	10.2%	06/28/14	2013
2015	07/01/15		11,757,393.75	36,389,787.50	295,456.69	36,389,787.50	258,249,746.35	36,685,244.19	15.0%	12/29/14	2014
2016	07/01/16	14,875,000.00	11,757,393.75	36,389,787.50	351,753.75	351,753.75	257,824,020.04	36,881,541.25	15.1%	06/28/15	2014
2017	07/01/17	15,610,000.00	11,459,893.75	38,529,787.50	229,540.00	38,529,787.50	257,824,020.04	38,859,927.50	15.1%	06/28/16	2015
2018	07/01/18	16,335,000.00	11,147,693.75	38,630,387.50	221,735.00	38,630,387.50	257,824,020.04	38,880,372.50	15.1%	06/28/17	2016
2019	07/01/19	17,180,000.00	10,739,316.75	38,658,637.50	213,567.50	38,658,637.50	257,824,020.04	38,903,205.00	15.1%	06/28/18	2017
2020	07/01/20	18,070,000.00	10,309,818.75	38,669,637.50	204,977.50	38,669,637.50	257,824,020.04	38,931,115.00	15.1%	06/28/19	2018
2021	07/01/21	19,010,000.00	9,858,068.75	38,726,137.50	195,942.50	38,726,137.50	257,824,020.04	38,956,590.00	15.1%	06/28/20	2019
2022	07/01/22	19,995,000.00	9,382,818.75	38,760,637.50	186,437.50	38,760,637.50	257,824,020.04	38,982,325.00	15.1%	06/28/21	2020
2023	07/01/23	21,030,000.00	8,882,943.75	38,795,687.50	176,440.00	38,795,687.50	257,824,020.04	39,010,827.50	15.1%	06/28/22	2021
2024	07/01/24	22,120,000.00	8,357,193.75	38,854,387.50	165,925.00	38,854,387.50	257,824,020.04	39,039,312.50	15.1%	06/28/23	2022
2025	07/01/25	23,265,000.00	7,804,193.75	38,873,387.50	154,865.00	38,873,387.50	257,824,020.04	39,070,002.50	15.2%	06/28/24	2023
2026	07/01/26	24,470,000.00	7,222,568.75	38,915,137.50	143,232.50	38,915,137.50	257,824,020.04	39,099,870.00	15.2%	06/28/25	2024
2027	07/01/27	25,735,000.00	6,610,818.75	38,956,637.50	130,997.50	38,956,637.50	257,824,020.04	39,135,885.00	15.2%	06/28/26	2025
2028	07/01/28	27,070,000.00	5,967,443.75	39,004,887.50	118,130.00	39,004,887.50	257,824,020.04	39,169,517.50	15.2%	06/28/27	2026
2029	07/01/29	28,470,000.00	5,290,693.75	39,051,387.50	104,595.00	39,051,387.50	257,824,020.04	39,247,482.50	15.2%	06/28/28	2027
2030	07/01/30	29,985,000.00	4,578,943.75	39,142,887.50	90,360.00	39,142,887.50	257,824,020.04	39,329,035.00	15.3%	06/28/29	2028
2031	07/01/31	31,655,000.00	3,791,837.50	39,238,675.00	75,367.50	39,238,675.00	257,824,020.04	39,383,017.50	15.3%	06/28/30	2029
2032	07/01/32	33,465,000.00	2,921,325.00	39,307,650.00	59,540.00	39,307,650.00	257,824,020.04	39,436,615.00	15.3%	06/28/31	2030
2033	07/01/33	35,375,000.00	2,001,037.50	39,377,075.00	42,807.50	39,377,075.00	257,824,020.04	39,489,257.50	15.3%	06/28/32	2031
2034	07/01/34	37,390,000.00	1,028,225.00	39,446,450.00	25,120.00	39,446,450.00	257,824,020.04	25,120.00	0.0%	06/28/33	2032
										12/29/33	2033
TOTALS		467,930,000	297,793,081	765,723,081	3,186,790	768,909,871	5,415,155,873	768,909,871	14.2%		



Capital Fund Financing Program (CFFP)
Periodic Payment Debt Service Schedule - Formula Funds Only

Combined Debt Service Schedule


Housing Authority Name: New York City Housing Authority
Amount of Proceeds: \$700,933,399.65
Interest Rate: Varies; see individual schedules
Interest Rate Fixed? Yes
If Variable Rate, Interest Rate Cap: N/A
Term (in years): 20
FY and Amount of Most Recent Formula Grant: 2013FY \$258,885,813
First Direct HUD Payment due: June 28, 2014
D/S Schedule Date: August 12, 2013

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Financing Year	Payment Date	Principal	Interest	Total Debt Service Payment	Ongoing Fees	Total Payment Amount	Adjusted Formula Grant	Total Payment from FY Grant	Percent of FY Grant Used for Payments	Date of Direct Payment of Formula Grant	FY of Grand Debt Service to be Paid From
2014	07/01/14	15,820,000.00	25,764,722.19	42,584,722.19	82,257.88	42,766,980.07	258,249,746.35	42,766,980.07	16.6%	06/28/14	2013
2015	01/01/15	27,175,000.00	15,982,243.75	59,139,487.50	93,732.50	59,233,220.00	258,249,746.35	59,233,220.00	23.1%	12/29/14	2014
2016	07/01/16	28,415,000.00	15,436,743.75	59,292,487.50	351,753.75	59,380,070.00	257,824,020.04	59,731,823.75	23.2%	06/28/15	2015
2017	01/01/17	29,740,000.00	14,870,443.75	59,480,887.50	229,540.00	59,562,067.50	257,824,020.04	59,791,607.50	23.2%	06/28/16	2016
2018	07/01/18	31,280,000.00	14,126,943.75	59,533,887.50	61,180.00	59,562,067.50	257,824,020.04	59,830,100.00	23.2%	06/28/17	2017
2019	01/01/19	32,900,000.00	13,344,943.75	59,589,887.50	221,735.00	59,608,365.00	257,824,020.04	59,870,882.50	23.2%	12/29/18	2018
2020	07/01/20	34,610,000.00	12,522,443.75	59,654,887.50	67,427.50	59,657,315.00	257,824,020.04	59,919,877.50	23.2%	06/28/19	2019
2021	01/01/21	36,400,000.00	11,657,183.75	59,714,387.50	204,977.50	59,714,900.00	257,824,020.04	59,962,542.50	23.3%	12/29/20	2020
2022	07/01/22	38,285,000.00	10,747,183.75	59,779,387.50	186,437.50	59,823,387.50	257,824,020.04	60,009,835.00	23.3%	06/28/21	2021
2023	01/01/23	40,270,000.00	9,790,068.75	59,850,137.50	44,010.00	59,865,200.00	257,824,020.04	60,061,960.00	23.3%	12/29/22	2022
2024	07/01/24	42,355,000.00	8,783,318.75	59,921,637.50	176,440.00	59,885,520.00	257,824,020.04	60,113,870.00	23.3%	06/28/23	2023
2025	01/01/25	44,545,000.00	7,724,443.75	59,993,887.50	35,362.50	59,947,945.00	257,824,020.04	60,165,515.00	23.3%	12/29/24	2024
2026	07/01/26	25,735,000.00	6,610,818.75	38,956,637.50	26,307.50	38,956,637.50	257,824,020.04	39,099,870.00	15.2%	06/28/25	2025
2027	01/01/27	27,070,000.00	5,967,443.75	39,004,887.50	154,865.00	39,004,887.50	257,824,020.04	39,135,885.00	15.2%	12/29/26	2026
2028	07/01/28	28,470,000.00	5,290,693.75	39,051,387.50	143,232.50	39,051,387.50	257,824,020.04	39,169,517.50	15.2%	06/28/27	2027
2029	01/01/29	29,985,000.00	4,576,943.75	39,142,667.50	118,130.00	39,051,387.50	257,824,020.04	39,247,482.50	15.2%	12/29/28	2028
2030	07/01/30	31,655,000.00	3,791,837.50	39,238,675.00	104,585.00	39,142,667.50	257,824,020.04	39,329,035.00	15.3%	06/28/29	2029
2031	01/01/31	33,465,000.00	2,921,325.00	39,307,650.00	90,360.00	39,238,675.00	257,824,020.04	39,383,017.50	15.3%	12/29/30	2030
2032	07/01/32	35,375,000.00	2,001,037.50	39,377,075.00	75,367.50	39,307,650.00	257,824,020.04	39,436,615.00	15.3%	06/28/31	2031
2033	01/01/33	37,390,000.00	1,028,225.00	39,446,450.00	59,540.00	39,377,075.00	257,824,020.04	39,489,257.50	15.3%	12/29/32	2032
2034	07/01/34	-	1,028,225.00	39,446,450.00	25,120.00	25,120.00	257,824,020.04	25,120.00	0.0%	06/28/33	2033
TOTALS		651,040,000	361,121,335	1,012,161,335	3,908,136	1,015,069,471	5,415,155,873	1,015,069,471	18.8%	12/29/33	2033

Annual Statement / Performance and Evaluation Report
 Capital Fund Program Replacement Housing Factor and
 Capital Fund Financing Program

U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 OMB No. 2577-0226
 Expires 4/30/2011

Part I: Summary

PHA Name:  New York City Housing Authority	Grant Type and Number Capital Fund Program Grant No: CAPITAL FUND FINANCING PROGRAM, SERIES 2013 BONDS	FFY of Grant: 2013 FFY of Grant Approval: 2013
Replacement Housing Factor Grant No:		
Date of CFFP:		
<input checked="" type="checkbox"/> Original Annual Statement <input type="checkbox"/> Performance and Evaluation for Period Ending:		
<input type="checkbox"/> Reserve for Disasters/ Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input type="checkbox"/> Final Performance and Evaluation Report		
Type of Grant	Total Estimated Cost	Total Actual Cost ¹
Summary by Development Account	Original	Obligated
1 Total non-CFP Funds	0.00	0.00
2 1406 Operations (may not exceed 20% of line 20) ²	0.00	0.00
3 1408 Management Improvements	0.00	0.00
4 1410 Administration (may not exceed 10% of line 20)	0.00	0.00
5 1411 Audit	0.00	0.00
6 1415 Liquidated Damages	0.00	0.00
7 1430 Fees and Costs	6,439,076.00	0.00
8 1440 Site Acquisition	0.00	0.00
9 1450 Site Improvement	0.00	0.00
10 1460 Dwelling Structures	439,673,300.00	0.00
11 1465.1 Dwelling Equipment-Nonexpendable	0.00	0.00
12 1470 Non-dwelling Structures	0.00	0.00
13 1475 Non-dwelling Equipment	0.00	0.00
14 1485 Demolition	0.00	0.00
15 1492 Moving to Work Demonstration	0.00	0.00
16 1495.1 Relocation Costs	0.00	0.00
17 *1499 Development Activities	0.00	0.00
18a 1501 Collateralization of Debt Service paid by the PHA	19,209,113.00	0.00
18ba 9000 Collateralization of Debt Service paid Via System of Direct Payment	0.00	0.00
18c 9001 Bond Debt Obligation	0.00	0.00
19 1502 Contingency (may not exceed 8% of line 20)	34,676,276.00	0.00

¹To be completed for the Performance and Evaluation Report.

²To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³PHAs with under 250 units in management may use 100% of CFP Grants for operations.

RHF funds shall be included here.

Part I: Summary					
PHA Name: New York City Housing Authority	Grant Type and Number Capital Fund Program Grant No: CAPITAL FUND FINANCING PROGRAM, SERIES 2013 BONDS Date of CFFP: _____				
Replacement Housing Factor Grant No: _____ FFY of Grant: <u>2013</u> FFY of Grant Approval: <u>2013</u>					
Type of Grant: <input checked="" type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/ Emergencies <input type="checkbox"/> Revised Annual Statement (revision no: _____) <input type="checkbox"/> Performance and Evaluation for Period Ending: _____ <input type="checkbox"/> Final Performance and Evaluation Report					
Line	Summary by Development Account	Original	Revised ¹	Obligated	Expended
		Total Estimated Cost			
		Total Actual Cost ¹			
20	Amount of Annual Grant: (sum of lines 2-19)	499,997,765.00	0.00	0.00	0.00
21	Amount of line 20 Related to LBP activities	0.00	0.00	0.00	0.00
22	Amount of line 20 Related to Section 504 compliance	0.00	0.00	0.00	0.00
23	Amount of line 20 Related to Security - Soft costs	0.00	0.00	0.00	0.00
24	Amount of line 20 Related to Security - Hard Costs	0.00	0.00	0.00	0.00
25	Amount of line 20 Related to Energy Conservation Measures	0.00	0.00	0.00	0.00

Signature of Executive Director	Signature of Public Housing Director
Date	Date

¹To be completed for the Performance and Evaluation Report.
²To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
 PHAs with under 250 units in management may use 100% of CFP Grants for operations.
 RHF funds shall be included here.

Part II: Supporting Pages											
New York City Housing Authority											
PHA Name:	CAPITAL FUND FINANCING PROGRAM, SERIES 2013 BONDS										
Development Number Name / PHA-Wide Activities	General Description of Major Work Categories	Grant Type and Number Capital Fund Program Grant No: Replacement Housing Factor Grant No:	Development Account No.	Quantity	Total Estimated Cost		CFPP (Yes/No): No	Federal FFY of Grant:		Status of Work	
					Original	Revised ¹		Funds Obligated ²	Funds Expended ²		
AMSTERDAM (NY005010220P)			-1460-	1,884	27,997,400.00	0.00		0.00	0.00	0.00	Pending (7533)
BRICKWORK	CONCRETE (7533)		-1460-								
BERRY (NY005000520P)			-1460-	506	8,512,900.00	0.00		0.00	0.00	0.00	Pending (7599)
BRICKWORK	ROOFS (7599)		-1460-								
CARVER (NY005000580P)			-1460-	1,246	13,668,600.00	0.00		0.00	0.00	0.00	Pending (7592)
BRICKWORK	ROOFS (7592)		-1460-								
COOPER PARK (NY005000690P)			-1460-	700	18,464,600.00	0.00		0.00	0.00	0.00	Pending (7558)
BRICKWORK	ROOFS (7558)		-1460-								
GLENMORE PLAZA (NY005011690P)			-1460-	440	9,112,400.00	0.00		0.00	0.00	0.00	Pending (7605)
BRICKWORK	ROOFS (7605)		-1460-								
GLENWOOD (NY005000440P)			-1460-	1,188	41,245,600.00	0.00		0.00	0.00	0.00	Pending (7553)
BRICKWORK	ROOFS (7553)		-1460-								
ISAACS (NY005011390P)			-1460-	636	10,431,300.00	0.00		0.00	0.00	0.00	Pending (7591)
BRICKWORK	ROOFS (7591)		-1460-								
JEFFERSON (NY005010640P)			-1460-	1,493	14,028,300.00	0.00		0.00	0.00	0.00	Pending (7568)
BRICKWORK	ROOFS (7568)		-1460-								
KING TOWERS (NY005010300P)			-1460-	1,379	8,752,700.00	0.00		0.00	0.00	0.00	Pending (7371)
BRICKWORK	ROOFS (7371)		-1460-								
KINGSBOROUGH (NY005010100P)			-1460-	1,165	29,375,500.00	0.00		0.00	0.00	0.00	Pending (7352)
BRICKWORK	CONCRETE (7352)		-1460-								
KINGSBOROUGH EXT (NY005010100P)			-1460-	184	4,316,400.00	0.00		0.00	0.00	0.00	Pending (9501)
BRICKWORK	ROOFS (9501)		-1460-								
MARINEK'S HARBOR (NY005000700P)			-1460-	607	25,179,000.00	0.00		0.00	0.00	0.00	Pending (7471)
BRICKWORK	ROOFS (7471)		-1460-								


¹To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
²To be completed for the Performance and Evaluation Report.

Part II: Supporting Pages											
PHA Name:		New York City Housing Authority		Grant Type and Number		CAPITAL FUND FINANCING PROGRAM, SERIES 2013 BONDS		Federal FY of Grant:		2013	
Development Number Name: PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost	CFPP (Yes/No)	No	Total Actual Cost	Funds Obligated?	Funds Expended?	Status of Work	
PARK AVE - EAST 121ND, EAST 123RD STREETS (NY005012440P)											
	BRICKWORK : ROOFS (7389)	-1460-	90	2,997,500.00	0.00		0.00	0.00	0.00	0.00	Pending (7389)
PHA WIDE ITEM (7373)											
	CFPP TRANSACTION COSTS (7373)	-1501-		19,209,113.00	0.00		0.00	0.00	0.00	0.00	Pending (7373)
PHA WIDE ITEM (5061)											
	CONTINGENCY (5061)	-1502-		34,676,276.00	0.00		0.00	0.00	0.00	0.00	Pending (5061)
PHA WIDE ITEM (5297)											
	COST OF ISSUANCE (5297)	-1430-		4,939,076.00	0.00		0.00	0.00	0.00	0.00	Pending (5297)
PHA WIDE ITEM (9502)											
	OVERSIGHT CONTRACT (9502)	-1430-		1,500,000.00	0.00		0.00	0.00	0.00	0.00	Pending (9502)
PINK (NY005000690P)											
	BRICKWORK : ROOFS (7458)	-1460-	1,580	42,684,400.00	0.00		0.00	0.00	0.00	0.00	Pending (7458)
POMONOK (NY005000530P)											
	BRICKWORK : ROOFS (7469)	-1460-	2,071	109,948,300.00	0.00		0.00	0.00	0.00	0.00	Pending (7469)
RAVENSWOOD (NY005000480P)											
	BRICKWORK : ROOFS (7367)	-1460-	2,166	27,217,300.00	0.00		0.00	0.00	0.00	0.00	Pending (7367)
REVEREND BROWN (NY005012520P)											
	BRICKWORK : ROOFS (9500)	-1460-	200	6,234,800.00	0.00		0.00	0.00	0.00	0.00	Pending (9500)
RICHMOND TERRACE (NY005011170P)											
	BRICKWORK : ROOFS (7597)	-1460-	489	6,354,700.00	0.00		0.00	0.00	0.00	0.00	Pending (7597)
SACK WERN (NY005012000P)											
	BRICKWORK : ROOFS (7595)	-1460-	413	10,071,600.00	0.00		0.00	0.00	0.00	0.00	Pending (7595)
SOUTH BEACH (NY005010350P)											
	BRICKWORK : ROOFS (7472)	-1460-	422	12,229,800.00	0.00		0.00	0.00	0.00	0.00	Pending (7472)
WEST BRIGHTON I (NY005010130P)											
	BRICKWORK : CONCRETE (7372)	-1460-	490	11,750,200.00	0.00		0.00	0.00	0.00	0.00	Pending (7372)

*To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
 *To be completed for the Performance and Evaluation Report.


Annual Statement / Performance and Evaluation Report
 Capital Fund Program, Capital Fund Program Replacement Housing Factor and
 Capital Fund Financing Program

U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 Expires 4/30/2011


Part II: Supporting Pages									
PHA Name:  New York City Housing Authority		Grant Type and Number Capital Fund Program Grant No: Replacement Housing Factor Grant No:			CAPITAL FUND FINANCING PROGRAM, SERIES 2013 BONDS		Federal FFY of Grant: 2013		
Development Number Name: PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost	Status of Work	Funds Expended ²	
				Original	Revised ¹			Funds Obligated ²	Funds Expended ²
				499,997,765.00	0.00	0.00		0.00	0.00

¹To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

²To be completed for the Performance and Evaluation Report.

Part III: Implementation Schedule for Capital Fund Financing Program						Federal FFY of Grant: 2013
PHA Name:  New York City Housing Authority	Development Number Name/HA-Wide Activities	All Funds Obligated (Quarter Ending Date)		All Funds Expended (Quarter Ending Date)		Reasons for Revised Target Dates ¹
		Original Obligation End Date	Actual Obligation End Date	Original Expenditure End Date	Actual Expenditure End Date	
	AMSTERDAM (NY005010220P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	BERRY (NY005000520P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	CARVER (NY005000580P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	COOPER PARK (NY005000690P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	GLENMORE PLAZA (NY005011690P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	GLENWOOD (NY005000440P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	ISAACS (NY005011390P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	JEFFERSON (NY005010640P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	KING TOWERS (NY005010300P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	KINGSBOROUGH (NY005010100P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	KINGSBOROUGH EXT (NY005010100P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	MARINER'S HARBOR (NY005000770P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	PARK AVE - EAST 123RD, EAST 123RD STREETS (NY005012410P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	PHA WIDE ITEM	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	PINK (NY005000890P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	POMONOK (NY005000530P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	RAVENSWOOD (NY005000480P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	REVEREND BROWN (NY005012520P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	

¹Obligation and expenditure end dated can only be revised with HUD approval pursuant to Section 9j of the U.S. Housing Act of 1937, as amended.

Part III: Implementation Schedule for Capital Fund Financing Program						Federal FFY of Grant: 2013
PHA Name:  New York City Housing Authority	Development Number Name/HA-Wide Activities	All Funds Obligated (Quarter Ending Date)		All Funds Expended (Quarter Ending Date)		Reasons for Revised Target Dates ¹
		Original Obligation End Date	Actual Obligation End Date	Original Expenditure End Date	Actual Expenditure End Date	
	RICHMOND TERRACE (NY003011170P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	SACK WERN (NY005012360P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	SOUTH BEACH (NY005010350P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	
	WEST BRIGHTON I (NY005010130P)	15-Aug-15	15-Aug-15	15-Aug-17	15-Aug-17	

¹Obligation and expenditure end dated can only be revised with HUD approval pursuant to Section 9j of the U.S. Housing Act of 1937, as amended.



**U.S. Department of Housing and Urban
Development**
New York State Office
Jacob K. Javits Federal Building
26 Federal Plaza
New York, New York 10278-0068
<http://www.hud.gov/local/nyn/>

DATE: August 15, 2013

MEMORANDUM FOR: Dominique Blom, Deputy Assistant Secretary,
Office of Public Housing Investments, PI

FROM:  John J. Cahill, Regional Counsel, New York/New Jersey, 2AC

SUBJECT: Review of Declarations of Trust for NYCHA Capital Fund Financing
Program Bond B

This memorandum has been prepared in connection with the Field Counsel review of the Declaration of Trusts (DOTs) for the thirty-nine projects associated with the New York City Housing Authority (NYCHA) Bond B set forth on the attached Exhibit A. For each tax parcel comprising the thirty-nine projects, NYCHA has provided a "Certificate of Record Ownership, Trust Instruments, Mortgages, Assignment and Leases, and Liens" prepared by a title insurance company (Title Certification). It is our understanding that NYCHA will also provide an opinion of counsel certifying that there is a current and effective DOT recorded against each of the projects. Field Counsel will review this opinion, and update our memorandum, once received.

Based on the information provided and/or independent research conducted in the Office of the City Register's online information system, a current DOT is recorded against each of the thirty-nine projects identified as part of NYCHA's Bond B financing. The DOTs recorded against the projects are either the DOT for the Capital Fund Financing Program or a general form of DOT that is effective "for the period during which the PHA is obligated to operate the Project in accordance with the Annual Contributions Contract." We note that the Title Certification for the South Beach project indicates that there is *not* a current DOT recorded against the project, however, Field Counsel has independently confirmed that a DOT was recorded against the project on May 2, 2012. We recommend requiring NYCHA to provide an updated Title Certification for this project either prior to, or as a condition of, approval of the Bond B financing.

Exhibit A

	Project	HUD Development #
1	Adams	NY005049
2	Amsterdam	NY005220A
3	Baisley Park	NY005038
4	Baruch	NY005012
5	Berry	NY005271B
6	Boynton Avenue Rehab	NY005249
7	Breukelen	NY005011
8	Brown	NY005277
9	Carleton Manor	NY005073
10	Carver	NY005220E
11	Coney Island	NY005363
12	Cooper Park	NY005363
13	East 152nd Street-Cortlandt Avenue	NY005154
14	Glenmore Plaza	NY005267C
15	Glenwood	NY005268B
16	Isaacs	NY005057
17	Jefferson	NY005016
18	King Towers	NY005213J
19	Kingsborough	NY005006
20	Kingsborough Ext.	NY005071
21	Lafayette	NY005047
22	La Guardia	NY005021
23	Mariner's Harbor	NY005020
24	New Lane Area	NY005242
25	O'Dwyer Gardens	NY005267D
26	Park Avenue-East 122nd, East 123rd Streets	NY005127
27	Pink	NY005035
28	Pomonok	NY005271C
29	Range	NY005114E
30	Ravenswood	NY005184
31	Richmond Terrace	NY005039
32	Riis II	NY005181D
33	Roosevelt I	NY005054
34	Sack Wern	NY005205
35	South Beach	NY005114C
36	Taft	NY005064
37	Taylor-Wythe	NY005141
38	West Brighton I and II	NY005040
39	Wyckoff	NY005074

Exhibit C

Project	HUD Development #	Block	Lot	Issue of Priority	Proposed Remedy
1 Adams	NY005049	2654	2	Notice of assignment to secure advances of \$300,000 recorded against parcel. The Notice of Assignment covers a 07/15/11 contract for masonry work.	Remove lien from record.
4 Baruch	NY005012	323	1	UCC Financing Statement dated 04/11/13 with CT Lien Solutions on behalf of Banc of America Public Capital Corp as the secured party. A full copy of the document was not provided.	Provide a copy of UCC Financing Statement for HUD's review and approval.
4 Baruch	NY005012	323	1	Restrictive covenant dated 01/30/57 held by New York Mission Society. The document is illegible.	
6 Boynton Avenue Rehab	NY005249	3715	23 & 25	Title Certification indicates there is a mortgage recorded against this parcel. The online information system shows a 1985 release of mortgage.	Please clarify whether or not this mortgage has been released and why the release was not included in the Title Certification.

26	Park Avenue-East 122nd, East 123rd Streets	NY005127	1771	10	Title Insurance company cannot find easement information.	
26	Park Avenue-East 122nd, East 123rd Streets	NY005127	1771	59	Title Insurance company cannot find easement information.	
26	Park Avenue-East 122nd, East 123rd Streets	NY005127	1771	113	Title Insurance company cannot find easement information.	
27	Pink	NY005035	4486	1	HPD Regulatory Agreement dated 12/11/91 recorded against the parcel. HPD provided Gateway Estates HDFC with a pre-construction loan. Conditions include that HPD can regulate rents, profits, dividends and disposition of property. The term of the Regulatory Agreement is coterminous with the repayment of loan.	Regulatory Agreement was likely erroneously recorded against tax parcel - remove from record.
31	Richmond Terrace	NY005039	51	1 & 30	Title Certification indicates there is a partial release of DOT recorded in Liber 144, 292, however, document is illegible. The partial release likely predates the current recorded DOT.	
32	Riis II	NY005181D	362	1	UCC Financing Statement with Bank of America as secured party.	Provide a copy of UCC Financing Statement for HUD's review.
36	Taft	NY005064	1618	1	Title Insurance company cannot find easement information.	
36	Taft	NY005064	1620	23	Title Insurance company cannot find easement information.	

APPENDIX D

CAPITAL FUND ACC FINANCING AMENDMENT

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CAPITAL FUND FINANCING ACC AMENDMENT
TO CONSOLIDATED ANNUAL CONTRIBUTIONS CONTRACT
NEW YORK CITY HOUSING AUTHORITY (NY005)

Section 1.

This Capital Fund Financing ACC Amendment to Consolidated Annual Contributions Contract (the "Financing Amendment") covers the Capital Fund Financing Program (the "CFFP" or "Program") for the modernization of approximately 18,469 public housing units by the New York City Housing Authority, a housing authority which is a public body and body corporate and politic of the State of New York (the "Authority") to be carried out pursuant to the Capital Fund Program authorized by section 9(d) of the U.S. Housing Act of 1937 and any applicable successor programs (the "Capital Fund Program"), and in accordance with the Authority's public housing agency plan, and the CFFP proposal, as approved by HUD, together with the proceeds of the amount financed through the issuance of tax-exempt bonds by the New York City Housing Development Corporation ("HDC") for the benefit of the Authority (the "Series 2013B Bonds") to be secured by a pledge of the Authority's contractual right under the ACC (defined below) to receive a portion of the Authority's future Capital Fund Program monies under Section 9(d) of the Act for debt service on the Bonds, subject to the availability of appropriations. This ACC Amendment also covers the issuing of bonds (the "Series 2013A Bonds", and together with the Series 2013B Bonds, the "Bonds") to finance the defeasance of the New York City Housing Development Corporation Capital Fund Program Revenue Bonds (New York City Housing Authority Program) Series 2005A.

Section 2.

This Capital Fund Financing ACC Amendment is amendment number 196 to Consolidated Annual Contributions Contract Form HUD-53012A and Form HUD-53012B Number 333 dated April 25, 2005 (together with any amendments thereto and modifications thereof, the "ACC").

Section 3.

The ACC is amended to evidence the approval by HUD of the issuance of the Bonds identified in Section 1, and to permit the first priority pledge and payment of moneys received by the Authority under the Capital Fund Program (or any successor thereto) to such Bonds. This Financing Amendment is part of the ACC.

Section 4.

The following provisions are applicable to the Bonds and the Program, notwithstanding any provision of the ACC to the contrary:

(A) References in the ACC to "notes" and "bonds" shall not mean or refer to the Bonds. Amounts payable to the Authority by HUD pursuant to the Capital Fund Program (and any successor thereto) and pledged by the Authority to the trustee for the Bonds (the "Trustee") for the payment of debt service on the Bonds shall be used exclusively for payment of debt service on the Bonds in accordance with the debt service schedule approved by HUD and described in

Section 3 of the HUD approval letter (the "Bond Debt Service"), and shall not be available for any other purpose, including but not limited to, (a) the repayment of any bonds to the Authority by HUD pursuant to Section 4 of the United States Housing Act of 1937 (the "Act"), or (b) the repayment of any notes or bonds (other than the Bonds) as described in the ACC.

(B) The Bonds do not constitute a debt or liability of HUD or the United States, the full faith and credit of the United States is not pledged to the payment of Bond Debt Service or any other amounts incidental to the transaction or arising therefrom, and the payment of Bond Debt Service is not guaranteed by HUD or the United States.

(C) Nothing in this Financing Amendment is intended to diminish HUD's authority to administer, monitor, and regulate the public housing program, including HUD's authority to exercise any administrative sanction or remedy provided by law or contract; provided, however, that except as required by law, HUD will not assert any claim or right under the ACC, including the exercise of administrative sanctions and remedies, if and to the extent that the effect of such claim or right would be to reduce the payment of Capital Fund Program moneys to the Authority below the level necessary to pay Bond Debt Service or delay the time for payment of such moneys such that required amounts would not be available to pay Bond Debt Service when due. In the event that HUD shall determine to impose administrative sanctions upon the Authority which would have the effect of reducing the payment of Capital Fund Program moneys to the Authority in any year by more than 20%, HUD shall have the right (in addition to all other rights and remedies available to HUD), while such sanctions remain in effect, to require that unexpended proceeds of the Series 2013B Bonds (except for amounts already obligated or encumbered for the payment of project costs or required for a debt service reserve or other structural purposes of such issue(s)) to be applied, at the earliest permissible date, to redeem outstanding Series 2013B Bonds.

In the event that the Authority has not obligated at least 90% of the proceeds of the Series 2013B Bonds twenty-three months after the date of the HUD approval letter, unless otherwise approved by HUD, unobligated proceeds of the Series 2013B Bonds shall be applied, to redeem outstanding Series 2013B Bonds (the "Mandatory Obligation Prepayment") such that 90% of the balance of the Bonds remaining after the Mandatory Obligation Prepayment shall be obligated no later than 24 months after the execution of the Bond Documents (the "Obligation End Date").

In the event that the Authority has not expended 100% of the proceeds of the Series 2013B Bonds forty-seven months after the date of the HUD approval letter, unless otherwise approved by HUD, unexpended proceeds of the Series 2013B Bonds shall be applied to redeem outstanding Bonds (the "Mandatory Expenditure Prepayment") such that 100% of the balance of the Series 2013B Bonds remaining after the Mandatory Expenditure Prepayment has been expended no later than 48 months after the execution of the Bond Documents (the "Expenditure End Date").

Within 7 days of the Obligation End Date, and then again within 7 days of the Expenditure End Date, the Authority shall submit a Performance and Evaluation report to the appropriate HUD Field Office, documenting the obligation and expenditure of the Series 2013B Bond proceeds, along with a Certification signed by the Chief Executive Officer of the Authority, attesting to its accuracy.

(D) Payment of Bond Debt Service is a permissible use of Capital Fund Program moneys. Once the Bonds have been approved by HUD, no further approval shall be required for payment of Bond Debt Service with Capital Fund Program moneys available to the Authority.

(E) The adoption of this Financing Amendment does not supersede or preclude the adoption of annual Capital Fund plans and annual Capital Fund Program Amendments to the ACC; provided, however, that if in any fiscal year, (i) the applicable annual Capital Fund plan shall not have been approved by HUD or (ii) the annual Capital Fund Program Amendment to the ACC shall not have been executed, in either case by the later of (i) October 1 of the first federal fiscal year following the end of the applicable Federal fiscal year with respect to which such funds were appropriated or (ii) 60 days prior to the first scheduled Bond Debt Service payment date following such October 1, HUD agrees, subject to the availability of appropriations, to approve immediately upon receipt from the Authority (subject to any legal requirements or constraints applicable at the time), an annual Capital Fund plan and/or an annual Capital Fund Program Amendment to the extent and in an amount sufficient to make the applicable Bond Debt Service payment.

(F) Subject to the availability of appropriations and approval of the annual Capital Fund plan and Capital Fund Program Amendment, and further provided that the Authority submits the Post Approval Documentation described in the HUD approval letter, HUD will make Capital Fund Program moneys available to the Trustee in accordance with the approved debt service schedule, to the extent required for payment of Bond Debt Service. Such direct payment shall be implemented by whatever means are available to HUD at the applicable time, but in any event, the Trustee shall be able to receive, based upon this Financing Amendment, the necessary amounts without the need for payment to flow through the Authority.

(G) Amounts requisitioned by or payable to the Trustee for Bond Debt Service shall not be paid earlier than three (3) business days or later than one (1) business day prior to the date upon which the Bond Debt Service is due. HUD agrees that, provided that the Authority submits the Post Approval Documentation described in the HUD approval letter, upon determining the amount of Capital Fund Program moneys available to the Authority in any fiscal year, it will not permit disbursements of such moneys for purposes other than Bond Debt Service to an extent that would reduce the amounts available for such fiscal year below the amounts scheduled for Bond Debt Service in such fiscal year.

(H) The Authority certifies that the number of ACC units anticipated to be eligible for Capital Fund Allocations in each year through the maturity date of the financing will not be less than 169,440 (the "Stabilized Base Unit Count"), excepting additions and subtractions from the Authority's public housing portfolio prior to reaching the Stabilized Base Unit Count, all in amounts as shown on the attached portfolio schedule. The Authority covenants with HUD not to reduce the number of ACC units by more than 5% (cumulatively) below the Stabilized Base Unit Count (excepting additions and subtractions from the Authority's public housing portfolio prior to reaching the Stabilized Base Unit Count, all in amounts as shown on the attached portfolio schedule) without the prepayment, redemption, defeasance or refunding of the Bonds to the extent necessary to maintain the same debt coverage ratio in the Bond year immediately following such reduction in ACC Units (based on the then current year's Capital Fund allocation

but giving effect to the reduction in ACC Units in a manner acceptable to HUD) as existed prior to the reduction; provided, however, that in no event shall the Authority be required to maintain a debt coverage ratio in excess of 2.0 in any Capital Fund Program fiscal year; and provided, further that if the reduction in units is required by law or public housing requirements, the Authority shall not be required to redeem or defease the Bonds prior to such reduction, but instead shall do so (to the extent necessary to maintain the same debt service coverage ratio as was in effect immediately preceding such reduction in ACC Units) as soon as possible after becoming aware of the requirement of law or public housing requirements but only to the extent that Capital Funds are not otherwise needed by the Authority to address the health and safety issues or other requirements of law in the Authority's public housing portfolio, all as determined by HUD. The debt coverage ratio shall be based on the then current year's combined Capital Fund and RHF funds allocation but giving effect to the reduction in ACC units in a manner acceptable to HUD and accounting for both the projected change in Capital Funds and any projected change in RHF funds.

(I) The proceeds of the Bonds may be expended only for purposes for which public housing Capital Fund Program moneys may be expended. The Authority shall provide for the application of the proceeds of the Bonds (in such detail as shall be reasonably required by HUD) in its Capital Fund plans. HUD shall approve changes in the use of proceeds in a Capital Fund Plan, (qualified PHAs pursuant to the Housing and Economic Reform Act of 2008 are not required to obtain HUD approval of changes in the use of proceeds), or via mixed-finance requirements where the proceeds are used as part of a mixed-finance transaction. Uses of proceeds shall be subject to HUD approval, as part of HUD's approval of the Authority's Capital Fund plan. The Authority shall report such expenditures to HUD in its Capital Fund plans in the same manner and to the extent it reports the expenditure of Capital Funds. The Authority shall also report such expenditures quarterly to the appropriate HUD Field Office via the submission of Capital Fund plans.

Section 5.

(A) By executing this Financing Amendment, the Authority represents warrants and agrees that it will apply all proceeds of the Bonds (i) as approved by HUD in connection with HUD's consent to enter into the Loan Agreement, and (ii) to expenditures which are permissible under the laws and regulations governing the Capital Fund Program (or any applicable successor). Additionally, the Authority represents, warrants and agrees that it has insurance coverage in conformance with Applicable Public Housing Requirements (defined below) including the ACC. The Authority hereby further covenants that prior to terminating or amending any form of required insurance or seeking permission to self insure in accordance with section 4 of the ACC and the public housing requirements, it shall apply to HUD for a waiver of any form of required insurance or permission to self insure, and it shall obtain written approval from HUD to amend its CFFP Proposal approval and this Financing Amendment to explicitly permit such action.

(B) Any financing documents entered into by the Authority shall contain language requiring the Trustee receiving payments from Capital Funds to return any overpayment to HUD within three business days after application of that payment to any outstanding debt, in the event that HUD incorrectly pays all or any Capital Funds in excess of what is due and owing to a

creditor under any financing documents.

(C) By executing this Financing Amendment, the Authority certifies to HUD and, as applicable, agrees that:

(1) it will immediately notify HUD of (a) any material change in any representations, statements, certifications or other matters contained in the Authority's CFFP Proposal, this Financing Amendment and any Riders thereto, (b) any default of which it has notice under any agreement submitted to HUD as part of the proposal materials hereunder, (c) any changes to debt service, and (d) of the pre-payment of the Bonds.

(2) it will ensure that the CFFP transaction, including but not limited to any financing documents entered into by or on behalf of the Authority, including requirements for admission to, continued occupancy of, management, and modernization or development of public housing using funds from this transaction is in accordance with all requirements applicable to public housing, including the Act, HUD regulations thereunder (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, this Financing Amendment, the HUD-approved CFFP Proposal, the Authority's standard public housing admissions and occupancy policies adopted in accordance with Federal law and described in the Authority's approved Public Housing Agency Annual Plan if required, or any approved amendment to the Plan (the "Plan"), as those requirements may be amended from time to time. The requirements set forth in subparagraph (2) of this Section 5(C) are hereafter to be collectively referred to as the "Applicable Public Housing Requirements."

(D) To the extent that financing proceeds of this transaction are used for public housing purposes, but excepting any of the Authority's assets arising under any program not administered by HUD under the United States Housing Act of 1937, or as otherwise specifically approved in writing by HUD and described in Section 5(D)(1) below, all legal documents that are part of this transaction shall not and do not contain any guarantees, indemnifications, rights of set-off, or other pledges involving the assets of any public housing Project (as the term "Project" is defined in the Annual Contributions Contract) or any Housing Choice Voucher (HCV) related assets of the Authority.

(1) Trustee or any third party may have recourse to the following without further HUD approval: All Capital Funds of the Authority, including RHF Funds.

(2) Other than as listed in Section 5 (D)(1) above, the Authority acknowledges that it will not and has not provided any party with a legal right of recourse against:

- a) any of its public housing Projects (as such term is defined in the ACC);
- b) any operating receipts (as the term "operating receipts" is defined in the ACC);
- c) any of its HCV receipts; or
- d) any of its public housing operating reserve reflected in the Authority's annual operating budget and required under the ACC.

(3) Should any assets of the Authority be identified at later date as meeting the criteria as set forth in this subsection (D), any guarantees, indemnifications, rights of set off, or other pledges involving those assets will be deemed null, void and unenforceable.

(4) Notwithstanding anything to the contrary herein, Sections 10 and 11 of the ACC apply, and should any financing proceeds be used for non-public housing purposes, repayment of the financing proceeds used for non-public housing purposes is required to be made with non-public housing funds. The failure of the Authority to comply with the ACC may constitute a default and HUD reserves the right to enforce all remedies available to it under the ACC and any amendments thereto.

(5) Any financing documents entered into by the Authority, as debtor, must contain language specifically allowing pre-payment in full (or, in the alternative, must provide for defeasance) without penalty at the discretion of the Authority, without the need for any further approval from any creditor (but, in the case of a defeasance, allowing for satisfaction of conditions typical in connection with the defeasance of bonds similar in character to the Bonds), and regardless of any other language to the contrary in the financing documents, and shall provide for the termination of the financing agreement, loan agreement, security agreement, note or similar agreement and the release of any collateral and removal of any covenants required for this transaction without penalty to the Authority once such pre-payment (or, in the alternative, defeasance) is completed. Penalties do not include premiums a creditor may charge for the carrying costs associated with allowing full prepayment.

(E) The Authority warrants that it will include, or cause to be included:

(1) in all its agreements or contracts with the participating parties to the transaction, and in all contracts with any party involving the use of Capital Funds, a provision that nothing contained in the ACC or this Financing Amendment and any Riders thereto, nor in any agreement or contract between the parties, nor any act of HUD, the Authority, or any of the parties, will be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, and that the obligations created pursuant to this transaction do not constitute a debt or liability of HUD or the United States, the full faith and credit of the United States is not pledged to the payment of the obligations, payment of the obligations is not guaranteed by HUD or the United States, and no action taken by these parties or in these documents shall result in any liability to the federal government.

(2) in all legal documents that are part of this transaction, there shall be no cross-default provisions between this financing transaction and any other financing transaction to which the Authority is a party, except for debt of the Authority with respect to additional bonds issued under the Indenture pursuant to which the Bonds are being issued.

Section 6.

(A) Counsel must opine to the following with respect to each document listed on the attached Exhibit A:

(1) An examination of the authority of the Authority and all persons executing the documents on behalf of the parties has been made and that the parties and said persons were authorized to enter

into and execute the documents; and

(2) Each document constitutes a valid and legally enforceable agreement or contract under the laws of the Authority's State of formation and the commitments and/or agreements evidenced thereby can be carried out in accordance with their terms under State and local law, and conform to the provisions of the CFFP Proposal approved by HUD and the requirements of this Financing Amendment, and that there is nothing in such document that conflicts with, or is inconsistent with, the CFFP Proposal and this Financing Amendment.

(B) Counsel may rely upon the certification of other persons, or the written statements or opinions of other counsel, provided that a copy of each such certification, statement, or opinion must be attached to the opinion of that counsel.

(C) If counsel predicates an opinion upon "information and belief," then in all such cases the counsel's opinion must contain, or have attached thereto, a statement or description of all of the information upon which the belief of counsel is predicated.

In consideration of the foregoing covenants, the parties do hereby set forth their seals:

NEW YORK CITY HOUSING AUTHORITY

By _____
Cecil House
General Manager

UNITED STATES OF AMERICA
Secretary of Housing and Urban Development

By _____
Luigi D'Ancona
New York City Public Housing Director

Date: _____

EXHIBIT A

1. Loan Agreement by and among the Issuer, the Trustee and the Authority relating to the Series 2013A Bonds.
2. Loan Agreement by and among the Issuer, the Trustee and the Authority relating to the Series 2013B Bonds.
3. Letter of Representation and Indemnity Agreement signed by the Authority and attached to the Bond Purchase Agreement dated as of August 29, 2013 between the Issuer and J.P. Morgan Securities LLC, as Representative of the Underwriters.
4. Continuing Disclosure Agreement between the Authority and the Trustee delivered in connection with the Series 2013 Bonds.
5. Capital Fund Financing ACC Amendment to Consolidated Annual Contributions Contract between the Authority and HUD delivered in connection with the Series 2013 Bonds.

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 June 30, 2013, the Corporation had bonds outstanding in the aggregate principal amount of approximately \$9,035,639,397. 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 2013 Series B 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 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. 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.

G. 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 June 30, 2013, four (4) 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 June 30, 2013:

	<u>No. of Units</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Year of Issue</u>
<u>MULTI-FAMILY PROGRAM</u>				
<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	\$16,450,000	1998
Brittany Development	272	\$57,000,000	\$57,000,000	1999
West 43 rd Street Development	375	\$55,820,000	\$51,900,000	1999
Related-West 89 th 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	\$98,000,000	2005
Progress of Peoples Developments	1,008	\$83,400,000	\$48,980,000	2005
Royal Charter Properties East, Inc. Project	615	\$98,775,000	\$89,200,000	2005

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
The Nicole	149	\$65,000,000	\$61,000,000	2005
Rivereast Apartments	196	\$56,800,000	\$54,000,000	2006
Seaview Towers	462	\$32,000,000	\$21,385,000	2006
155 West 21st Street Development	110	\$52,700,000	\$50,400,000	2007
Ocean Gate Development	542	\$48,500,000	\$20,735,000	2007
West 61st Street Apartments	211	\$68,000,000	\$62,615,000	2007
Linden Plaza	1527	\$73,900,000	\$67,520,000	2008
Gateways Apartments	365	\$22,190,000	\$21,495,000	2009
Lexington Courts (Met Paca)	229	\$25,500,000	\$22,800,000	2009
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 th 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
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

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
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 th Street	185	\$40,000,000	\$35,400,000	2008
Hewitt House Apartments	83	\$11,000,000	\$4,100,000	2008
<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 th 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	\$11,725,000	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	\$4,750,000	2005
Parkview II Apartments	88	\$10,900,000	\$4,255,000	2005
Urban Horizons II Development	128	\$19,600,000	\$5,665,000	2005
500 East 165 th 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 170th Street Apartments	98	\$14,300,000	\$5,500,000	2007

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
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	\$11,700,000	2007
Las Casas Development	227	\$36,880,000	\$19,200,000	2008
Bruckner by the Bridge	419	\$68,500,000	\$36,800,000	2008
Sons of Italy Apartments	106	\$7,670,000	\$7,570,000	2009
Beekman Tower ³	N/A	\$431,100,000	\$335,100,000	2009- 2010
101 Avenue D Apartments	78	\$25,000,000	\$25,000,000	2010
Eliot Chelsea Development	168	\$41,440,000	\$40,750,000	2010
461 Dean Street Development	363	\$45,000,000	\$45,000,000	2012
50th Avenue Development	619	\$136,960,000	136,960,000	2013
Borden Avenue Development	306	14,734,397	14,734,397	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 th Street Development	204	\$80,000,000	\$80,000,000	2011-12
<u>MILITARY HOUSING REVENUE BOND PROGRAM</u>				
Fort Hamilton Housing	228	\$47,545,000	\$45,965,000	2004
<u>HOUSING REVENUE BOND PROGRAM*</u>				
<i>Multi-Family Housing Revenue Bonds</i>	112,144	\$7,958,340,000	\$4,004,935,000	1993- 2013
<i>Multi-Family Housing Revenue Bonds – Federal New</i>		\$500,000,000	\$375,080,000	2009

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
<i>Issue Bond Program</i> [†]				
<i>Multi-Family Housing Revenue Bonds – 2006 Series J-I</i> ^{††}	296	\$100,000,000	\$100,000,000	2007
<u>LIBERTY BOND PROGRAM</u>				
<i>Multi-Family Mortgage Revenue Bonds</i>				
90 Washington Street ¹	398	\$74,800,000	\$74,800,000	2005
The Crest ²	476	\$143,800,000	\$139,900,000	2005
2 Gold Street ¹	650	\$217,000,000	\$209,200,000	2006
20 Exchange Place ²	366	\$210,000,000	\$199,500,000	2006
90 West Street ¹	410	\$112,000,000	\$112,000,000	2006
201 Pearl Street Development ¹	189	\$90,000,000	\$89,600,000	2006
Beekman Tower ³	904	\$203,900,000	\$203,900,000	2008
<u>CAPITAL FUND REVENUE BOND PROGRAM</u>				
<i>New York City Housing Authority Program</i>	N/A	\$281,610,000	\$213,990,000	2005
<u>SECURED MORTGAGE REVENUE BOND PROGRAM</u>				
<i>Multi-Family Secured Mortgage Revenue Bonds</i>	1352	\$67,155,000	\$62,835,000	2005-2011
TOTAL	139,661	<u>\$13,873,739,397</u>	<u>\$9,035,639,397</u>	

* 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.

^{††} 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 MFHRB 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 MFHRB General Resolution such that no revenues or assets pledged under the MFHRB 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 MFHRB General Resolution.

¹ 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.

² 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.

³ 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.

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 1,513 mortgage loans with an approximate aggregate face amount of \$14.5 billion.

A. Portfolio Servicing. The Corporation acts as loan servicer in connection with the permanent mortgage loans made to approximately 708 developments under its bond, mortgage loan and other loan programs (including its Housing Revenue Bond Program) in the approximate aggregate face amount of \$8.7 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 June 30, 2013, the Corporation was servicing construction and permanent loans made to approximately 601 developments in the approximate aggregate face amount of \$2.5 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 204 mortgage loans made under the Corporation's various bond, mortgage loan and other loan programs in the approximate aggregate face amount of \$3.3 billion.

PROPOSED FORM OF BOND COUNSEL OPINION

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

Ladies and Gentlemen:

We, as bond counsel to the New York City Housing Development Corporation (the "Corporation"), a corporate governmental agency, constituting a public benefit corporation, 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"), have examined a record of proceedings relating to the issuance by the Corporation of \$185,785,000 aggregate principal amount of Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013A (the "2013A Bonds"), \$348,130,000 aggregate principal amount of Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013B-1 (the "2013B-1 Bonds") and \$122,170,000 aggregate principal amount of Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013B-2 (the "2013B-2 Bonds" and, together with the 2013B-1 Bonds, the "2013B Bonds"; the 2013A Bonds and the 2013B Bonds being collectively referred to as the "2013 Bonds").

The 2013 Bonds are authorized to be issued pursuant to the Act, a resolution of the Corporation adopted on July 25, 2013, as amended, and the Master Trust Indenture, dated as of September 1, 2013 (the "Master Indenture"), by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented, with respect to the 2013A Bonds, by the First Supplemental Trust Indenture, dated as of September 1, 2013, by and between the Corporation and the Trustee (the "First Supplemental Indenture"), and, with respect to the 2013B Bonds, by the Second Supplemental Trust Indenture, dated as of September 1, 2013, by and between the Corporation and the Trustee (the "Second Supplemental Indenture"; the Master Indenture, the First Supplemental Indenture and the Second Supplemental Indenture being collectively referred to as the "Indenture"). The 2013 Bonds are being issued for the purpose of financing loans (together, the "Loan") to the New York City Housing Authority ("NYCHA") for the purpose of providing funds for NYCHA's capital needs, including the refunding of certain of the Corporation's outstanding obligations (the "Prior Bonds").

The 2013 Bonds are dated, mature, are payable, bear interest and are subject to redemption as provided in the Indenture.

We have not examined nor are we passing upon the Loan Agreement (as defined in the Master Indenture). In rendering this opinion, we have assumed the validity and enforceability of the Loan Agreement.

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 Loan, including for the refunding of the Prior Bonds, to provide sufficient funds therefor by the execution and delivery of the Indenture and the issuance and sale of the 2013 Bonds, and to perform its obligations under the terms and conditions of the Indenture, including financing the Loan and refunding the Prior Bonds, as covenanted in the Indenture.

2. The Indenture has been duly authorized, executed and delivered 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 2013 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Indenture and the laws of the State of New York (the "State"), including the Act.

4. The 2013 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 Indenture, are enforceable in accordance with their terms and the terms of the Indenture, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Indenture.

5. The Bonds, including the 2013 Bonds, are secured by a pledge in the manner and to the extent set forth in the Indenture. The Indenture creates the valid pledge of and lien on the Trust Estate (as defined in the Master Indenture) which the Indenture purports to create, subject only to the provisions of the Indenture permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

6. Pursuant to the Indenture, the Corporation has validly covenanted in the manner and to the extent provided in the Indenture, among other things, to finance the Loan, including for the refunding of the Prior Bonds, subject to the requirements of the Indenture with respect thereto.

7. The 2013 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2013 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 2013 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"), and (ii) interest on the 2013 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, NYCHA and others in connection with the 2013 Bonds, and we have assumed compliance by the Corporation and NYCHA with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2013 Bonds from gross income under Section 103 of the Code. In addition, under existing statutes, interest on the 2013 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 2013 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 2013 Bonds, or under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2013 Bonds and the Indenture 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 2013A Bond, an executed 2013B-1 Bond and an executed 2013B-2 Bond and in our opinion the forms of said Bonds and their execution are regular and proper.

Very truly yours,