S&P: "AAA/A-1+" (2007 Series A Bonds)
"AAA" (2007 Series B Bonds)
(see "RATINGS" herein)

NEW ISSUES — BOOK-ENTRY ONLY

In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2007 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2007 Bond for any period during which such 2007 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2007 Bonds or a "related person," and (ii) interest on the 2007 Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the 2007 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.

$48,500,000
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Multi-Family Rental Housing Revenue Bonds
(Ocean Gate Development),
$32,530,000 2007 Series A
$15,970,000 2007 Series B

Dated: Date of Delivery **Due: As shown on the inside cover page**

Interest on the Multi-Family Rental Housing Revenue Bonds (Ocean Gate Development), 2007 Series A (the "2007 Series A Bonds") of the New York City Housing Development Corporation (the "Corporation") is payable on the first Business Day of each month, commencing September, 2007. The 2007 Series A Bonds are being issued as variable rate obligations which will bear interest from their dated date at a rate per annum set forth in a certificate of the Corporation delivered on the date of issue of the 2007 Series A Bonds. Thereafter, the 2007 Series A Bonds will initially bear interest at the Weekly Rate, as determined from time to time by the Remarketing Agent. The 2007 Series A Bonds will be issued as fully registered bonds in denominations of $100,000 or any integral multiple of $5,000 in excess thereof. See "DESCRIPTION OF THE 2007 SERIES A BONDS—General."

The 2007 Series A Bonds are subject to conversion to alternate methods of determining the interest rate thereon and to conversion to an interest rate fixed to maturity at the times and upon the terms and conditions described herein. During the period that the 2007 Series A Bonds bear interest at the Weekly Rate, any 2007 Series A Bond shall be purchased upon demand by the owner thereof, at a purchase price of par plus accrued and unpaid interest thereon, on any Business Day, upon at least seven (7) days' notice and delivery of a tender notice with respect to such 2007 Series A Bond to Deutsche Bank Trust Company Americas, located in New York, New York, as Tender Agent as described herein.

This Official Statement in general describes the 2007 Series A Bonds only while the 2007 Series A Bonds bear interest at a Weekly Rate.

Interest on the Corporation's Multi-Family Rental Housing Revenue Bonds (Ocean Gate Development), 2007 Series B (the "2007 Series B Bonds," and, collectively with the 2007 Series A Bonds, the "2007 Bonds") is payable semiannually on June 1 and December 1, commencing December 1, 2007, at the fixed rates set forth on the inside cover page herein. The 2007 Series B Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof. See "DESCRIPTION OF THE 2007 SERIES B BONDS—General."

The 2007 Bonds are subject to optional, mandatory and sinking fund redemption, and mandatory tender for purchase at the times and in the events set forth in the Resolution and described herein.

The 2007 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"). Interest on and principal of the 2007 Bonds will be payable by Deutsche Bank Trust Company Americas, located in New York, New York, as trustee for the 2007 Bonds, to Cede & Co., as nominee of DTC, which will, in turn, remit such principal and interest to DTC Direct Participants for subsequent disbursement to the Beneficial Owners. Purchasers of the 2007 Bonds will not receive physical delivery of bond certificates. The 2007 Bonds will not be transferable or exchangeable, except for transfer to another nominee ofDTC or otherwise as described herein. See "BOOK-ENTRY ONLY SYSTEM."

The 2007 Bonds are being issued to finance a certain mortgage loan to Oceangate L.P., a New York limited partnership (the "Mortgagor"), for the purposes of paying, together with other available moneys of the Mortgagor, a portion of the costs of acquiring and rehabilitating a certain multi-family rental housing development located in Brooklyn, New York.

Payment of principal of and interest on the 2007 Bonds will be secured, to the extent described herein, by certain Revenues and assets pledged under the Resolution pursuant to which the 2007 Bonds are being issued, all as described herein. Payments under the Mortgage Note will be secured, to the extent described herein, by a Mortgage on the Project and by the direct pay obligations of the Federal Home Loan Mortgage Corporation ("Freddie Mac" or the "Initial Credit Facility Provider") under a credit enhancement agreement with respect to the Allocated Portion of the Mortgage Loan for the 2007 Series A Bonds (the "Credit Enhancement Agreement (2007 Series A Bonds)") and under a credit enhancement agreement with respect to the Allocated Portion of the Mortgage Loan for the 2007 Series B Bonds (the "Credit Enhancement Agreement (2007 Series B Bonds)"), each effective as of the date of issuance of the 2007 Bonds and each between the Trustee and Freddie Mac. The Purchase Price of the 2007 Series A Bonds is payable from funds advanced under the Credit Enhancement Agreement (2007 Series A Bonds) and the Purchase Price of the 2007 Series B Bonds is payable from funds advanced under the Credit Enhancement Agreement (2007 Series B Bonds).

FREDDIE MAC

The Credit Enhancement Agreement (2007 Series A Bonds) will terminate on August 6, 2040 unless earlier terminated. The Credit Enhancement Agreement (2007 Series B Bonds) will terminate on June 6, 2025, unless earlier terminated. Freddie Mac's obligations to make advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of the Related Credit Facility are absolute, unconditional and irrevocable.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO EACH OF THE 2007 SERIES A BONDS AND THE 2007 SERIES B BONDS ARE SOLELY AS PROVIDED IN THE RELATED CREDIT FACILITY. THE OBLIGATIONS OF FREDDIE MAC UNDER EITHER CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED AND EXISTING UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE 2007 BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE RELATED CREDIT FACILITY, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE RELATED BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE 2007 BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

The 2007 Bonds are special obligations of the New York City Housing Development Corporation, a corporate governmental agency, constituting a public benefit corporation organized and existing under the laws of the State of New York. The 2007 Bonds are not a debt of the State of New York or The City of New York and neither the State of New York nor the City of New York shall be liable thereon, nor shall the 2007 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.

The 2007 Bonds are offered when, as and if issued and received by the Underwriter and subject to the unqualified approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for Freddie Mac by its Office of `General Counsel and by its Special Counsel, Nixon Peabody LLP. Certain legal matters will be passed upon for the Mortgagor by its Special Counsel, Bingham McCutchen LLP. Certain legal matters will be passed upon for the Underwriter by its Counsel, Dechert LLP, New York, New York. It is expected that the 2007 Bonds will be available for delivery in New York, New York on or about August 22, 2007.

Dated: August 21, 2007

Banc of America Securities LLC

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES

2007 Series A Bonds

$32,530,000 2007 Series A Bonds due August 1, 2040 – Price 100%, CUSIP No. 64970HDG6†

$15,970,000 2007 Series B Bonds

$6,850,000 4.8% 2007 Series B Term Bonds due June 1, 2017, CUSIP No. 64970HDE1†

$9,120,000 5.35% 2007 Series B Term Bonds due June 1, 2025, CUSIP No. 64970HDF8†

Price of all 2007 Series B Bonds: 100%

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† Copyright 2003, American Bankers Association. CUSIP data herein are provided by S&P's, CUSIP Service Bureau. The CUSIP numbers listed are being provided solely for the convenience of Bondholders only at the time of issuance of the 2007 Bonds, and the Corporation and the Underwriter do not make any representation with respect to such numbers nor do they undertake 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 2007 bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity, or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of such maturity of the 2007 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 2007 Bonds, to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the New York City Housing Development Corporation or Banc of America Securities LLC, as underwriter for the 2007 Bonds (the "Underwriter") to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the New York City Housing Development Corporation, Freddie Mac 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 New York City Housing Development Corporation or the other matters described herein since the date hereof.

Freddie Mac has not provided or approved any information in this Official Statement except with respect to the description under the heading "FREDDIE MAC," takes no responsibility for any other information contained in this Official Statement, and makes no representation as to the contents of this Official Statement. Without limiting the foregoing, Freddie Mac makes no representation as to the suitability of the 2007 Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role with respect to the 2007 Bonds is limited to delivering the Initial Credit Facilities described herein to the Trustee.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2007 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2007 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 SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE 2007 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

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$48,500,000
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Multi-Family Rental Housing Revenue Bonds
(Ocean Gate Development),
$32,530,000 2007 Series A
$15,970,000 2007 Series B

This Official Statement (including the cover page, the inside cover page and the appendices) provides certain information concerning the New York City Housing Development Corporation (the "Corporation") in connection with the sale of (i) $32,530,000 principal amount of Multi-Family Rental Housing Revenue Bonds (Ocean Gate Development), 2007 Series A (the "2007 Series A Bonds") and (ii) $15,970,000 principal amount of Multi-Family Rental Housing Revenue Bonds (Ocean Gate Development), 2007 Series B (the "2007 Series B Bonds" and, collectively with the 2007 Series A Bonds, the "2007 Bonds").

The 2007 Bonds are to be issued in accordance with the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 44-b of the Consolidated Laws of the State of New York, as amended (the "Act"), and pursuant to a resolution entitled "Multi-Family Rental Housing Revenue Bonds (Ocean Gate Development) Bond Resolution" adopted by the Members of the Corporation on November 9, 2006, as amended and supplemented from time to time (the "Resolution"). Pursuant to the Resolution, bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein and all such bonds, including the 2007 Bonds, are herein referred to as the "Bonds." Deutsche Bank Trust Company Americas, located in New York, New York, will act as trustee for the 2007 Bonds (with its successors, the "Trustee"). Certain defined terms used herein are set forth in Appendix A hereto.

INTRODUCTION

The Corporation is a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State of New York (the "State"). The Corporation was created by the Act for the purpose of providing and encouraging the investment of private capital in safe and sanitary dwelling accommodations in the City of New York, in the State of New York within the financial reach of families and persons of low income, which includes families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, through the provision of low interest mortgage loans.

The 2007 Bonds are being issued to finance a certain mortgage loan (the "Mortgage Loan"), for the purpose of paying, together with other available moneys of the Mortgagor, the costs of acquiring and rehabilitating a certain existing multi-family rental housing development located in the Borough of Brooklyn, in the State of New York (the "Project"), and certain other costs related thereto. See "THE PROJECT AND THE MORTGAGOR" and "ESTIMATED SOURCES AND USES OF FUNDS."

Concurrently with, and as a condition precedent to, the issuance of the 2007 Series A Bonds, the Corporation will cause to be delivered to the Trustee an irrevocable, direct-pay credit enhancement agreement, effective as of the date of issuance of the 2007 Series A Bonds (the "Credit Enhancement Agreement (2007 Series A Bonds)"), executed and delivered by the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Under the Credit Enhancement Agreement (2007 Series A Bonds), Freddie Mac will advance funds to the Trustee with respect to the payment of: (i) the Allocated Portion of the then-outstanding principal amount of the Mortgage Note when due by reason of acceleration, prepayment or maturity and (ii) up to 35 days' interest thereon (computed at the Maximum Rate), which amounts will be applied by the Trustee to pay principal of and interest on the 2007 Series A Bonds, and (iii) a portion of the Corporation's regularly scheduled fee with respect to the 2007 Series A Bonds (the "Series A Fee Component"), if such fee is not paid to the Corporation in a timely manner. Freddie Mac will also advance funds under the Credit Enhancement Agreement (2007 Series A Bonds) to the Trustee up to the principal amount of the 2007 Series A Bonds and interest thereon (computed at the Maximum Rate) for up to 35 days in order to pay the Purchase Price of 2007 Series A Bonds tendered and not remarketed. The Credit Enhancement Agreement (2007 Series A Bonds) will expire on August 6, 2040, unless terminated earlier in accordance with its terms, as described herein. Under certain circumstances, the Corporation or the Mortgagor may replace the Credit Enhancement Agreement (2007 Series A Bonds) with an Alternate Security. See "SECURITY FOR THE BONDS" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" herein.

Concurrently with, and as a condition precedent to, the issuance of the 2007 Series B Bonds, the Corporation will cause to be delivered to the Trustee an irrevocable, direct-pay credit enhancement agreement, effective as of the date of issuance of the 2007 Series B Bonds, executed and delivered by Freddie Mac (the "Credit Enhancement Agreement (2007 Series B Bonds)"). Freddie Mac will advance funds under the Credit Enhancement Agreement (2007 Series B Bonds) to the Trustee with respect to the payment of: (i) the Allocated Portion of the then-outstanding principal amount of the Mortgage Note when due by reason of acceleration, prepayment or maturity and (ii) up to 189 days interest thereon (computed at a rate conforming to the interest rates stated on the inside front cover hereof) during any semi-annual interest payment period preceding any future Interest Payment Date, which amounts will be applied by the Trustee to pay principal of and interest on the 2007 Series B Bonds, and (iii) a portion of the Corporation's regularly scheduled fee with respect to the 2007 Series B Bonds (the "Series B Fee Component"), if such fee is not paid to the Corporation in a timely manner. Freddie Mac will also advance funds under the Credit Enhancement Agreement (2007 Series B Bonds) to the Trustee up to the principal amount of the 2007 Series B Bonds and up to 189 days interest on the 2007 Series B Bonds (computed at the interest rates stated on the inside front cover hereof) during any semi-annual interest payment period preceding any future Interest Payment Date when due on or prior to their stated maturity date, in order to pay the Purchase Price of 2007 Series B Bonds tendered pursuant to a mandatory tender resulting from an Event of Termination. The Credit Enhancement Agreement (2007 Series B Bonds) will expire on June 6, 2025, unless terminated earlier in accordance with its terms, as described herein. See "SECURITY FOR THE BONDS" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" herein.

Each of the Credit Enhancement Agreement (2007 Series A Bonds) and the Credit Enhancement Agreement (2007 Series B Bonds) constitute a "Credit Facility" and the "Initial Credit Facility" with respect to the Related Bonds under the Resolution and Freddie Mac constitutes a "Credit Facility Provider" and the "Initial Credit Facility Provider" under the Resolution.

The Mortgage Loan is to be evidenced by a mortgage note in an initial amount corresponding to the aggregate amount of 2007 Bond proceeds, as the same may be amended, modified or supplemented (the "Mortgage Note"). The Mortgage Loan shall be secured by a first priority mortgage on the Project (as the same may be amended, modified or supplemented, the "Mortgage"). The Mortgage Note and the Mortgage are to be assigned by the Corporation to the Trustee and Freddie Mac, as their interests may appear, subject to the reservation by the Corporation of certain rights. The Trustee will assign the mortgage rights assigned to it to Freddie Mac but will retain the right to receive payments relating to the Principal Reserve Fund deposits subject to Freddie Mac's right to direct the Trustee to assign its entire interest in the Mortgage Loan to Freddie Mac. See "SECURITY FOR THE BONDS."

The 2007 Bonds are special revenue obligations of the Corporation payable solely from payments under the Mortgage Loan and other Revenues pledged therefor under the Resolution, including any investment earnings thereon, all as provided in accordance with the terms of the Resolution. In addition, each of the 2007 Series A Bonds and the 2007 Series B Bonds are payable from advances under the Related Credit Facility. See "SECURITY FOR THE BONDS."

The Mortgagor will enter into a single Reimbursement and Security Agreement (the "Credit Agreement" or the "Reimbursement Agreement") with Freddie Mac pursuant to which the Mortgagor will agree to reimburse Freddie Mac for any payments made by Freddie Mac under either Credit Facility. Pursuant to the Reimbursement Agreement, the Mortgagor is required to forward, or cause to be forwarded, to Freddie Mac a standby letter of credit for each Series of 2007 Bonds (each a "Construction LOC") to be in effect during the period of construction and rental achievement of the Project. The Mortgagor has arranged for Wachovia Bank, National Association (the "Construction Lender") to issue each Construction LOC. *Each Construction LOC is security for Freddie Mac only, not the Bondholders and may not be drawn on by the Trustee*. The Construction Lender and Freddie Mac will enter into a Construction Phase Financing Agreement (the "Construction Phase Financing Agreement") with respect to the administration of the Mortgage Loan while the Construction LOCs are in effect. Upon compliance with certain conditions contained in the Construction Phase Financing Agreement, the Construction LOCs will be returned to the issuer thereof. Failure to meet such conditions by February 1, 2010 (subject to extension by Freddie Mac for up to one six-month period at the request of the Mortgagor and the satisfaction of certain conditions) will be an event of default under the Construction Phase Financing Agreement and the Reimbursement Agreement, and Freddie Mac may thereupon direct the mandatory redemption or, at the direction of the Construction Lender, the mandatory tender of all of the 2007 Bonds. In addition, in order to meet such conditions, the Mortgagor may be required to prepay a portion of the Mortgage Loan (as a condition to returning the Construction LOCs and, under certain circumstances, at a subsequent time), resulting in a redemption of an equal principal amount of the 2007 Series A Bonds. See "THE MORTGAGE LOAN AND OTHER FINANCING" and "DESCRIPTION OF THE SERIES A 2007 SERIES A BONDS–Redemption of 2007 Series A Bonds - Mandatory – Special Redemption from Certain Recoveries of Principal".

Upon other events of default under the Reimbursement Agreement while either Construction LOC is in effect, Freddie Mac, at the direction of the Construction Lender, or in the discretion of Freddie Mac with respect to certain events of defaults, may direct the mandatory tender or mandatory redemption of all of the 2007 Bonds. Upon an event of default under the Reimbursement Agreement after either Construction LOC is terminated, Freddie Mac, at its option, may direct the mandatory tender or mandatory redemption of all or a portion of the 2007 Bonds. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Purchase of the 2007 Series A Bonds – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series A Bonds Upon an Event of Termination" and "– Redemption of 2007 Series A Bonds - Mandatory – Mandatory Redemption Upon a Declaration of Acceleration – Following an Event of Termination" and "DESCRIPTION OF THE 2007 SERIES B BONDS – Purchase of the 2007 Series B Bonds – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series B Bonds Upon an Event of Termination" and "– Redemption of the 2007 Series B Bonds - Mandatory – Mandatory Redemption Upon a Declaration of Acceleration – Following an Event of Termination." See also "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT." The Mortgagor's reimbursement obligations to Freddie Mac will be secured by a second priority mortgage lien on the Project (the "Reimbursement Mortgage"), which shall be subordinate to the Mortgage.

The 2007 Bonds are additionally subject to mandatory and optional redemption at the times, at the prices, upon the conditions and under the circumstances described under the captions "DESCRIPTION OF THE 2007 SERIES A BONDS – Redemption of the 2007 Series A Bonds - Mandatory" and " – Redemption of the 2007 Series A Bonds - Optional," and "DESCRIPTION OF THE

2007 SERIES B BONDS – Redemption of the 2007 Series B Bonds - Mandatory," "– Sinking Fund Redemption for the 2007 Series B Bonds" and " – Redemption of the 2007 Series B Bonds - Optional."

During any period of time in which the 2007 Series A Bonds bear interest at the Weekly Rate (the "Weekly Rate Period"), the 2007 Series A Bonds are subject to purchase at a price equal to one hundred percent (100%) of the principal amount of such 2007 Series A Bonds plus accrued and unpaid interest thereon to the date of purchase (the "Purchase Price"). Such purchase shall be made upon demand of the owner thereof on any Business Day upon at least seven days' prior notice delivered to the Trustee prior to 4:00 p.m., New York City time. The 2007 Series A Bonds are additionally subject to mandatory tender for purchase as set forth in the Resolution and described herein. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Purchase of the 2007 Series A Bonds." Payment of the Purchase Price of tendered 2007 Series A Bonds that are not remarketed shall be paid with amounts provided pursuant to the Credit Enhancement Agreement (2007 Series A Bonds).

As more fully described herein, the loss of exclusion of interest on the 2007 Bonds from gross income for Federal income tax purposes would not, in and of itself, result in a mandatory redemption or a mandatory tender of the 2007 Bonds.

The 2007 Series A Bonds are being issued as variable rate obligations which will bear interest from their date of issue to but not including the Wednesday following said date of issue at a rate per annum set forth in a certificate of the Corporation delivered on the date of issue of the 2007 Series A Bonds. Thereafter, the 2007 Series A Bonds will initially bear interest at the Weekly Rate, to be determined weekly and as otherwise described herein by Banc of America Securities LLC as remarketing agent for the 2007 Series A Bonds (in such capacity, the "Remarketing Agent"). The interest rate established with respect to the 2007 Series A Bonds is subject to conversion to alternate methods of determining interest rates thereon and to conversion to an interest rate fixed to maturity, subject to the prior written consent of Freddie Mac, and otherwise at the times and upon the terms and conditions described herein. The 2007 Series A Bonds are subject to a maximum interest rate of twelve percent (12%) per annum, subject to adjustment in accordance with the Resolution. See "DESCRIPTION OF THE 2007 SERIES A BONDS – General" and " – Interest Rate Periods."

This Official Statement in general describes the 2007 Series A Bonds only while the 2007 Series A Bonds bear interest at a Weekly Rate.

The 2007 Series B Bonds are fixed rate obligations which will bear interest from their dated date, at the rates per annum set forth on the inside cover page of this Official Statement. See "DESCRIPTION OF THE 2007 SERIES B BONDS – General."

The 2007 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 2007 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO EACH OF THE 2007 SERIES A BONDS AND THE 2007 SERIES B BONDS ARE SOLELY AS PROVIDED IN THE RELATED CREDIT FACILITY. THE OBLIGATIONS OF FREDDIE MAC UNDER EITHER CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED AND EXISTING UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE 2007 BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE RELATED CREDIT FACILITY, TO PROVIDE FUNDS TO THE

TRUSTEE TO PAY THE PURCHASE PRICE OF THE 2007 BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE 2007 BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

Descriptions of the 2007 Bonds and sources of payment, the Corporation, Freddie Mac, the Mortgagor, the Project, the Mortgage Loan, the Credit Facilities, the Resolution, the Reimbursement Agreement and certain related agreements are included in this Official Statement. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the 2007 Bonds are qualified in their entirety by reference to the Resolution and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Resolution are available for inspection at the office of the Corporation. The Corporation has covenanted in the Resolution to provide a copy of each annual report of the Corporation (and certain special reports, if any) and any Accountant's Certificate relating thereto to each Bond owner who shall have filed such owner's name and address with the Corporation for such purposes. Other than as so covenanted in the Resolution, the Corporation has not committed to provide any information on an ongoing basis to any repository or other entity or person. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

In connection with the 2007 Series B Bonds, the Mortgagor will provide certain information on an ongoing basis to certain repositories. For a description of the Mortgagor's undertakings with respect to ongoing disclosure, 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 New York City for families and persons of low income, which include families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, or in areas designated as blighted through the provision of low interest mortgage loans. Powers granted the Corporation under the Act include the power to issue bonds, notes and other obligations to obtain funds to carry out its corporate purposes, and to refund the same; to acquire, hold and dispose of real and personal property; to make mortgage loans to specified private entities; to purchase loans from lending institutions; to make loans insured or co-insured by the federal government for new construction and rehabilitation of multiple dwellings; to make and to contract for the making of loans for the purpose of financing the acquisition, construction or rehabilitation of multi-family housing accommodations; to acquire and to contract to acquire any federally-guaranteed security evidencing indebtedness on a mortgage securing a loan; to acquire mortgages from The City of New York (the "City"), obtain federal insurance thereon and either sell such insured mortgages or issue its obligations secured by said insured mortgages and to pay the net proceeds of such sale of mortgages or issuance of obligations to the City; and to do any and all things necessary or convenient to carry out its purposes. The Act further provides that the Corporation and its corporate existence shall continue at least so long as its bonds, including the 2007 Bonds, notes, or other obligations are outstanding.

The sale of the 2007 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 2007 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 D — 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

SHAUN DONOVAN, Chairperson and Member ex-officio. Mr. Donovan was appointed Commissioner of HPD by Mayor Michael R. Bloomberg, effective March 29, 2004. Prior to becoming Commissioner, Mr. Donovan was a Managing Director at Prudential Mortgage Capital Company. Before Prudential, Commissioner Donovan was a visiting scholar at New York University where he studied Federally-assisted and Mitchell-Lama housing in New York City. He has held several positions at the United States Department of Housing and Urban Development including Acting Federal Housing Commissioner and Deputy Assistant Secretary for Multifamily Housing. Mr. Donovan received his Bachelor of Arts degree from Harvard University and has a Master in Public Administration degree from Harvard's John F. Kennedy School of Government and a Master in Architecture degree from Harvard Graduate School of Design.

MATHEW M. WAMBUA, Vice Chairperson and Member, term expires December 31, 2009. Mr. Wambua is the Senior Policy Advisor for the New York City Deputy Mayor of Economic Development. Prior to joining the Mayor's Office, Mr. Wambua 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 has 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 also is an adjunct professor of real estate finance at New York University and previously taught managerial economics at the New School University.

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

MARTHA E. STARK, Member ex-officio. Ms. Stark was appointed New York City Commissioner of Finance by Mayor Michael R. Bloomberg on February 11, 2002. From 1990 to 1993, Ms. Stark held several senior management positions in the Department of Finance, including Acting Director of the Conciliations Bureau and Assistant Commissioner. She served as a White House Fellow in the U.S. Department of State in 1993 to 1994, and later became Director and Deputy Counsel for Policy and Development in the Manhattan Borough President's Office. Ms. Stark consulted on a Brookings Institution report on the District of Columbia's fiscal health and co-authored a study for the New York University School of Law that analyzed the high cost of building and renovating housing in New York City. Prior to her appointment, Ms. Stark was a Portfolio Manager at the Edna McConnell Clark Foundation. She also taught budget and finance courses at Hunter College and business law at Baruch College. Born in the Brownsville section of Brooklyn, Ms. Stark attended Brooklyn Technical High School, earned an A.A.S. degree from New York City Community College, a B.A. degree from New York University, where she captained the varsity basketball team, and a law degree from New York University School of Law.

HARRY E. GOULD, JR., Member, term expires December 31, 2007. Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation, the largest privately owned independent distributor of printing paper in the United States. He was Chairman and President of Cinema Group, Inc., a major independent film financing and production company, from 1982 to May 1986, and is currently Chairman and President of Signature Communications Ltd., a new company that is active in the same field. He is a Life Member of the Executive Branch of the Academy of Motion Picture Arts and Sciences. He was a member of the Board of Directors of Domtar, Inc., the largest Canadian manufacturer of packaging and fine paper from 1995 to 2003. He is a member of the Board of Directors of the USO of Metropolitan New York. 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 Vice Chairman of the President's Export Council, was a member of the Executive Committee and was Chairman of the Export Expansion Subcommittee from 1977 to 1980. He was a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee from 1977 to 1999. He was a member of the Board of United Cerebral Palsy Research and Educational Foundation, and the National Multiple Sclerosis Society of New York from 1972 to 1999. He was a Trustee of the Riverdale Country School from 1990 to 1999.

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

MICHAEL W. KELLY, Member, term expires December 31, 2008. Mr. Kelly is the managing partner of the Flying Point Group LLC which is a structured financial products and asset management company. Prior to that, Mr. Kelly was Managing Director of Ambac Capital Corporation and oversaw all of the non-insurance businesses. Prior to his employment at Ambac Capital Corporation, Mr. Kelly was a Managing Director in charge of the municipal derivatives business at Smith Barney. He began his career in 1979 as an attorney at Seward & Kissel. He received his B.A. from Georgetown University and J.D. from Fordham University Law School.

Principal Officers

SHAUN DONOVAN, Chairperson.

MATHEW M. WAMBUA, Vice Chairperson.

EMILY A. YOUSSOUF, President. Ms. Youssouf was appointed President of the Corporation on November 3, 2003. Prior to joining the Corporation, Ms. Youssouf was the President of Natlis Settlements, LLC, a specialty finance company. Before joining Natlis Settlements, LLC, Ms. Youssouf held various senior positions at Credit Suisse First Boston, Prudential Securities and Merrill Lynch, Pierce, Fenner & Smith, Incorporated. During her tenure at Merrill Lynch, Ms. Youssouf was a Managing Director in the Housing Finance Department responsible for securing and syndicating mortgage-and asset-backed securities. Ms. Youssouf was also Vice President of Tax-Exempt Housing Finance for Standard & Poor's Ratings Services, where she specialized in tax-exempt bond finance in both multi- and single-family housing. She also developed Standard & Poor's rating criteria for Section 8 Housing Bonds and for single-family Mortgage Revenue Bonds. Ms. Youssouf is a graduate of Wagner College and holds an M.A. degree in Urban Affairs and Policy Analysis from the New School for Social Research.

JOHN A. CROTTY, Executive Vice President and Chief of Staff. Mr. Crotty was appointed Executive Vice President and Chief of Staff of the Corporation on April 15, 2004. Prior to joining the Corporation, Mr. Crotty was Director of City Legislative Affairs for the Mayor of New York City where he directed a staff responsible for preparing the Mayor's legislative agenda in the City Council. Prior to joining the Mayor's Office, Mr. Crotty held a variety of telecommunication positions at MCI, Winstar and most recently with Verizon in its Corporate Development Department. Mr. Crotty was also employed by PaineWebber as a member of their short term remarketing desk. Mr. Crotty is a graduate of the University of Rochester and has his M.B.A. from Columbia Business School.

RICHARD M. FROEHLICH, Senior Vice President and General Counsel. Mr. Froehlich, an attorney and member of the New York State Bar, was 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 and public finance with a particular emphasis on 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 practiced law at the New York City office of Skadden, Arps, Slate, Meagher & Flom. Mr. Froehlich received his B.A. degree from Columbia College, Columbia University and his J.D. from Columbia University School of Law. Mr. Froehlich is on the board of directors of New Destiny Housing Corp., a New York non-profit corporation.

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.

RACHEL GROSSMAN, Senior Vice President of Development. Ms. Grossman was appointed Senior Vice President of Development of the Corporation on March 15, 2005. Prior to her appointment she served as the Vice President of Development and, since October of 2004, acting head of the Corporation's development department. In 1998, Ms. Grossman began her career at the Corporation as a project manager structuring financing programs and transactions and was promoted to the position of Assistant Vice President in December 2003. Her previous experience includes work with Neighborhood Housing Services of New York City and the Neighborhood Reinvestment Corporation in Boston, MA. Ms. Grossman holds a B.A. in Political Science/International Studies from Yale University and a Masters degree in Public Policy from Harvard University's John F. Kennedy School of Government.

EILEEN M. O'REILLY, Senior Vice President and Chief Financial Officer. Ms. O'Reilly was appointed Senior Vice President and Chief Financial Officer of the Corporation effective May 2, 2007 and 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.

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

THE MORTGAGE LOAN AND OTHER FINANCING

The Resolution authorizes the Corporation to issue the 2007 Bonds to provide moneys to finance the Mortgage Loan for the purposes of paying a portion of the costs of acquiring and rehabilitating the Project. As a condition to the initial issuance and delivery of the 2007 Bonds, Freddie Mac is to deliver the Initial Credit Facilities to the Trustee. The Corporation and the Mortgagor will enter into a financing agreement (as the same may be amended or supplemented, the "Financing Agreement"), simultaneously with the issuance of the 2007 Bonds. The Mortgage Loan is to be evidenced by the Mortgage Note executed by the Mortgagor in favor of the Corporation and secured by the Mortgage. The Mortgagor is required under the Mortgage Note to make payments sufficient to pay debt service on the Mortgage Loan. Pursuant to the terms of the Resolution, and the Assignment and Intercreditor Agreement, by and among the Corporation, the Trustee and the Initial Credit Facility Provider and acknowledged by the Mortgagor and the Construction Lender (the "Assignment"), the Corporation will assign and deliver to Freddie Mac and the Trustee, as their interests may appear, subject to the reservation of certain rights by the Corporation, all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents. Freddie Mac has the right under the Assignment to direct the Trustee to assign the Mortgage Note and the Mortgage to Freddie Mac upon the occurrence of an "event of default" and in certain other events, pursuant to the Reimbursement Agreement. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT – Events of Default."

Pursuant to the terms and conditions of the Reimbursement Agreement, on or prior to the date of issuance of the 2007 Bonds, the Mortgagor is required to provide to Freddie Mac standby letters of credit for each Series of 2007 Bonds in an amount at least equal to the aggregate amount available to be drawn under the Credit Facilities. The Construction LOCs are to be in effect during the period of construction and rental achievement of the Project. Such Construction LOCs are to provide for the timely reimbursement to Freddie Mac of advances under the Credit Facilities in connection with a redemption or mandatory tender of the 2007 Bonds following an event of default under the Reimbursement Agreement on or before the termination of either Construction LOC. The Mortgagor's obligation to reimburse the Construction Lender for amounts drawn under either Construction LOC will be secured by a subordinated third priority mortgage lien on the Project in favor of the Construction Lender in the amount of the 2007 Bonds plus the interest component and a pro rata portion of the Corporation's Series A Fee Component and Series B Fee Component related thereto (the "Construction Mortgage") and a pledge of the partnership interests of Starrett Oceangate LLC, the managing general partner of the Mortgagor and Coney Island Site 1824 Houses, Inc. (the "Housing Company") a general partner of the Mortgagor and of the Mortgagor's interest in all payments, fees, commissions, developer incentives and monies due or to become due with respect to the Project. The Construction Mortgage shall be subordinate to the Mortgage and the Reimbursement Mortgage. *The Construction LOC's are security for Freddie Mac only, not the Bondholders, and may not be drawn on by the Trustee.*

Upon compliance with certain conditions contained in the Construction Phase Financing Agreement (the "Mortgage Loan Conversion"), each Construction LOC will be returned to the Construction Lender. Such conditions include completion of construction of the Project and the achievement of certain occupancy levels. Completion of construction of the Project depends upon, among other things, the ability of the Mortgagor to obtain various approvals, some of which have not yet been obtained. Failure of the Mortgage Loan Conversion to occur by February 1, 2010 (subject to extension by Freddie Mac for up to one six-month period at the request of the Mortgagor and the satisfaction of certain conditions) will be an event of default under the Reimbursement Agreement and the Construction Phase Financing Agreement, and Freddie Mac may thereupon direct the mandatory redemption or, at the direction of the Construction Lender, the mandatory tender of all of the 2007 Bonds. In addition, upon other events of default under the Reimbursement Agreement while either Construction LOC is in effect, Freddie Mac, at the direction of the Construction Lender, or in the discretion of Freddie Mac with respect to certain events of default, may direct the mandatory tender or mandatory redemption of all of the 2007 Bonds. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Purchase of the 2007 Series A Bonds – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series A Bonds Upon an Event of Termination" and "–Redemption of 2007 Series A Bonds - Mandatory – Mandatory Redemption Upon a Declaration of Acceleration – Following an Event of Termination," and "DESCRIPTION OF THE 2007 SERIES B BONDS – Purchase of the 2007 Series B Bonds – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series B Bonds Upon an Event of Termination" and "–Redemption of 2007 Series B Bonds - Mandatory – Mandatory Redemption Upon a Declaration of Acceleration – Following an Event of Termination" herein. See also "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" herein.

The Construction Phase Financing Agreement provides that, as a condition to Mortgage Loan Conversion, the principal amount of the Allocated Portion of the Mortgage Loan with respect to the 2007 Series A Bonds may not be greater than an amount determined based on the occupancy of the Project at such time and the level of net income then generated by the Project (the "Permanent Phase Mortgage Loan Amount"). If the Allocated Portion of the Mortgage Loan with respect to the 2007 Series A Bonds outstanding at such time is greater than the Permanent Phase Mortgage Loan Amount, then the Mortgagor is required to prepay the Mortgage Loan with respect to the 2007 Series A Bonds in an amount equal to such difference (rounded up to the nearest $5,000). In addition, under certain circumstances, if all

Freddie Mac's conditions to conversion are satisfied other than certain occupancy and rent requirements, Mortgage Loan Conversion may be permitted to occur if the Mortgagor provides a letter of credit (the "Earnout LOC") meeting Freddie Mac's requirements for up to two years. *The Earnout LOC, if provided, would be security for Freddie Mac only, not the Bondholders, and the Trustee would not be able to draw on such Earnout LOC.* If the Mortgagor provides an Earnout LOC, then prior to the expiration of such Earnout LOC, the Permanent Phase Mortgage Loan Amount will be recalculated based on then-current occupancy and net income of the Project. At such time, the Mortgagor will be required to prepay the Mortgage Loan with respect to the 2007 Series A Bonds in the amount of any difference (rounded up to the nearest $5,000) between the principal amount of the Mortgage Loan with respect to the 2007 Series A Bonds outstanding at such time and the Permanent Phase Mortgage Loan Amount (as originally calculated or as recalculated, whichever is higher). Any Mortgage Loan prepayments described in this paragraph will be applied to reimburse Freddie Mac for amounts drawn on the Credit Enhancement Agreement (2007 Series A Bonds) to effect the redemption of an equal principal amount of the 2007 Series A Bonds. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Redemption of 2007 Series A Bonds - Mandatory – Special Redemption from Certain Recoveries of Principal." With respect to the Earnout LOC, Freddie Mac, in its discretion, may waive the requirements described above or may agree to amend such requirements. Such waiver or amendment may be effected without the consent of the Corporation, the Trustee or the Bondholders.

The ability of the Mortgagor to make timely payments on the Mortgage Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay all expenses of the Project, including without limitation, debt service on the Mortgage Loan and the Subordinate Loan, as defined below, operating expenses, servicing fees, fees due to Freddie Mac, the Construction Lender, Remarketing Agent fees, Trustee and Tender Agent fees, and fees owed to the Corporation. The ability of the Project to generate sufficient revenues may be affected by a variety of factors including, but not limited to, completion of the rehabilitation with respect to the Project, maintenance of a sufficient level of occupancy, the Project's continued eligibility for mortgage interest reduction payments provided by the United States Department of Housing and Urban Development ("HUD") pursuant to Section 236 of the National Housing Act of 1934, as amended ("Section 236"), continued funding by HUD of enhanced vouchers issued pursuant to Section 8 of the United States Housing Act of 1937, as amended ("Section 8"), full and timely receipt of subsidy payments, the level of rents prevailing in the market, the ability to achieve increases in rents as necessary to cover debt service and operating expenses, interest rate levels, the level of operating expenses, Project management, adverse changes in applicable laws and regulations, and general economic conditions and other factors in the metropolitan area surrounding the Project. Furthermore, the Mortgagor is required to rent a certain percentage of the units in the Project to persons or families of moderate and low income, and the amount of rent that may be charged for such units may be materially less than market rates. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project.

In connection with the issuance of the 2007 Bonds, it is anticipated that the Mortgagor will obtain benefits for the Project from certain interest reduction payments pursuant to the Decoupling IRP Contracts (as defined below) with HUD. See "THE PROJECT AND THE MORTGAGOR – The Project" and "APPENDIX E — DESCRIPTION OF THE SUBSIDY PROGRAMS." There can be no assurance that, upon their expiration or earlier termination, such Decoupling IRP Contracts will be renewed or replaced. Since payments received under the Decoupling IRP Contracts constitute a primary source of revenues for the Project, a material negative adjustment by HUD of the amount of subsidies provided under the Decoupling IRP Contracts or the expiration of the Decoupling IRP Contracts (without renewal or replacement) would have a material adverse impact on the ability of the Project to generate revenues sufficient to pay the principal of and interest on the Mortgage Note. Failure of the Mortgagor to make payments when due under the Mortgage Loan or the Reimbursement Agreement constitutes an event of default under the Mortgage Loan and the Reimbursement Agreement and may, at the option of the Credit Facility Provider (exercised at the direction of the Construction Lender while the Construction LOC is in effect), result in a mandatory tender or redemption, in whole or in part of the 2007 Bonds. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Purchase of the 2007 Series A Bonds—Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series A Bonds Upon an Event of Termination" and "– Redemption of 2007 Series A Bonds - Mandatory – Mandatory Redemption Upon a Declaration of Acceleration – Following an Event of Termination," and "DESCRIPTION OF THE 2007 SERIES B BONDS – Purchase of the 2007 Series B Bonds – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series B Bonds Upon an Event of Termination" and "– Redemption of the 2007 Series B Bonds - Mandatory – Mandatory Redemption Upon a Declaration of Acceleration – Following an Event of Termination." See also, "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT."

Simultaneously with the issuance of the 2007 Bonds, the Corporation will be making a separate loan to the Mortgagor (the "Subordinate Loan"), the proceeds of which will be used to pay a portion of the costs of acquiring the Project. The Subordinate Loan will be secured by a fourth priority mortgage lien on the Project (the "Subordinate Mortgage"). Pursuant to a subordination agreement among the Corporation, the Trustee and Freddie Mac and consented to by the Mortgagor, at all times while any 2007 Bonds and/or any Credit Facility is outstanding, the lien of the Subordinate Mortgage on the Project will be subordinated to the pledge of the Resolution and to the liens of the Mortgage, the Reimbursement Mortgage and the Construction Mortgage.

The Mortgagor will make payments on the Subordinate Loan, in part, from certain tax credit syndication proceeds that will be pledged by the Mortgagor to the Corporation on the date of issuance of the 2007 Bonds plus proceeds of excess cash flow generated by the Project, if any, each after all payments have first been made on debt service on the Mortgage and all operating expenses in connection with the Project have been paid. The Subordinate Loan, which is anticipated to be in an aggregate amount of approximately $56,400,000, will mature subsequent to the maturity of the 2007 Bonds. Subsequent to the issuance of the 2007 Bonds, the Corporation may make, if necessary, a new subordinate loan, which will be secured by a third priority mortgage lien on the Project.

Pursuant to the Reimbursement Agreement, a default by the Mortgagor under the Subordinate Loan constitutes a default under the Reimbursement Agreement and may, at the option of Freddie Mac, result in a mandatory tender or redemption, in whole or in part, of the 2007 Bonds. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Purchase of the 2007 Series A Bonds – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series A Bonds Upon an Event of Termination" and "– Redemption of 2007 Series A Bonds - Mandatory – Mandatory Redemption Following an Event of Termination," and "DESCRIPTION OF THE 2007 SERIES B BONDS – Purchase of the 2007 Series B Bonds – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series B Bonds Upon an Event of Termination" and "– Redemption of the 2007 Series B Bonds - Mandatory – Mandatory Redemption Upon a Declaration of Acceleration – Following an Event of Termination." See also "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT."

Except under certain circumstances, as indicated in the Mortgage Note or the Reimbursement Agreement, the Mortgage Loan is a non-recourse obligation of the Mortgagor with respect to which its partners have no personal liability and as to which its partners have not pledged for the benefit of the Bondholders any of their respective assets, other than the Project and its rents, profits and proceeds.

THE PROJECT AND THE MORTGAGOR

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

The Project

The Mortgage Loan is being made to the Mortgagor for the purposes of financing the acquisition and rehabilitation of the Project, and paying certain other costs related thereto. The Project is a 542-unit multifamily housing rental project located on three non-contiguous sites in close proximity to each other at 2730 West 33rd Street, 2850 West 24th Street, and 2955 West 29th Street, in Brooklyn, New York. The Project consists of three 16-story elevator buildings and three two-story townhouses, comprised of 45 studio, 225 one-bedroom, 180 two-bedroom, 45 three-bedroom and 47 four-bedroom apartment units. Three units are occupied by on-site superintendents. The Project is currently approximately 98% occupied. An accessory outdoor parking lot and laundry facilities are also part of the Project.

Proceeds of the Mortgage Loan will be used in part to rehabilitate the Project on a building-by-building basis over a period of approximately two years. Grenal LLC will be the construction manager for the rehabilitation of the Project.

The Project was completed in 1975 and financed with a loan, secured by a mortgage (the "Section 236 Mortgage") made by the New York State Urban Development Corporation ("UDC", currently known as the "Empire State Development Corporation") with assistance from HUD under Section 236. HUD makes interest reduction payments ("IRP Payments") on behalf of the existing owner pursuant to Section 236 which reduce the effective interest rate on the Section 236 Mortgage. Certain other existing rent subsidy contracts, entered into pursuant to HUD's Rent Supplement Program have not been renewed and will terminate upon transfer of the Project to the Mortgagor. The Project also has a partial real estate tax abatement provided by The City of New York pursuant to Article 2 of the Private Housing Finance Law of the State of New York (the "Mitchell-Lama Program"). See "APPENDIX E – DESCRIPTION OF THE SUBSIDY PROGRAMS – The Mitchell-Lama Program."

The Project has experienced financial difficulties since early in its operations. In June 1985, the existing beneficial owner, which is affiliated with the managing general partner of the Mortgagor, entered into a workout agreement with the New York State Mortgage Loan Enforcement and Administration Corporation ("MLC") as a result of the Mortgagor's inability to make full debt service payments (see "The Mortgagor" below). The workout arrangement was last extended effective July 1, 2002 through a standstill agreement, with an ending date of February 28, 2003, and is now on a month-to-month extension. As of July 1, 2007, the Project had deferred repair needs totaling approximately \$18 to \$20 million, which will be funded from proceeds of the Mortgage Loan. In addition, as of April 30, 2007, the Project's accounts payable and accrued expenses totaled approximately \$2 million.

In conjunction with the issuance of the 2007 Bonds, (a) beneficial ownership of the Project will be sold by the existing beneficial owner to the Mortgagor (subject to an agreement by the Mortgagor to transfer certain excess land and Project rights subsequent to the closing to a party affiliated with the existing beneficial owner); (b) a portion of the Section 236 Mortgage debt will be paid, and the Section 236 Mortgage will be extinguished in exchange for Mortgagor's execution of a subordinate loan, as described above (see "THE MORTGAGE LOAN AND OTHER FINANCING"); (c) HUD will enter into a new agreement for IRP Payments (a "Decoupling IRP Contract") under which the IRP Payments will be made with respect to the Mortgage Loan in accordance with the existing payment schedule for such IRP Payments; and (d) existing tenants at the Project with incomes at or below ninety-five percent (95%) of median area income and who are otherwise eligible for enhanced vouchers authorized by Section 8 of the United States Housing Act of 1937, as amended, may be entitled to receive such vouchers. For more information describing the interest reduction program, see "APPENDIX E – DESCRIPTION OF THE SUBSIDY PROGRAMS – Section 236 Program" and for more information describing the voucher program, see "– Section 8 Tenant Based Voucher Program – Enhanced Vouchers."

The Subordinate Loan obligates the Mortgagor to make payments from a portion of available cash flow and from a portion of certain equity syndication proceeds received after the issuance of the 2007 Bonds. Payments received on the Subordinate Loan, subject to a pledge of certain funds to secure the issuance of the Construction LOC, shall be passed through by the Corporation to UDC pursuant to a participation agreement. See "THE MORTGAGE LOAN AND OTHER FINANCING."

An entity whose managing member is a subsidiary of MMA Financial (the "Tax Credit Investor") will provide approximately $23,554,000 of equity to the Mortgagor in three installments, as more particularly provided for in the amended and restated limited partnership agreement of Oceangate L.P. (the "Amended Limited Partnership Agreement"): the first, in the approximate amount of $7,616,022, will be funded simultaneously with the closing on the construction financing; the second, in the approximate amount of $12,922,353, will be funded upon the latest to occur of (i) January 1, 2009, (ii) the date of the Mortgage Loan Conversion, and (iii) the achievement by the Project of breakeven operations for three consecutive months; and the third, in the approximate amount of $3,015,625, will be funded upon satisfaction of all conditions provided in the Amended Limited Partnership Agreement. The Tax Credit Investor's obligations to provide equity to the Mortgagor are subject to the terms of the Amended Limited Partnership Agreement. The Tax Credit Investor is expected to receive tax credits under the Tax Credit Law. It is anticipated that a portion of the equity investment made by the Tax Credit Investor shall be used to reduce the principal balance of the Mortgage Loan and the Subordinate Loan.

All units are to be rented in accordance with the terms of a regulatory agreement between the Mortgagor and the Corporation and executed in connection with making of the Mortgage Loan (the "Regulatory Agreement"). The Regulatory Agreement requires, among other things, that the Mortgagor comply with Section 42 (the "Tax Credit Law") of the Internal Revenue Code of 1986, as amended (the "Code") with respect to certain identified low-income units, and Section 142 of the Code. In addition, the extended low income housing commitment in the Regulatory Agreement requires that, for a period of fifteen (15) years following the initial fifteen-year compliance period under the Tax Credit Law, the Mortgagor must continue to rent at least seventy-three percent (73%) of the units in the Project to eligible low-income tenants, unless (i) the Project is acquired by foreclosure or deed-in-lieu of foreclosure (unless such acquisition is arranged by the Mortgagor to terminate the extended use period) or (ii) the Corporation is unable, upon request of the Mortgagor, to present a qualified contract for the acquisition of the low-income portion of the Project by a person who will continue to operate such portion as a qualified low-income building.

The Project is also to be rented in accordance with the terms and provisions of (i) a use agreement to be executed by the Mortgagor and HUD in connection with HUD's agreement to continue to make IRP Payments after the Section 236 Mortgage is extinguished and (ii) an agreement for interest reduction payments with HUD, the Corporation and the New York State Division of Housing and Community Renewal ("DHCR"), governing the operation of the Project in accordance with the requirements of Section 236. See "APPENDIX E—DESCRIPTION OF THE SUBSIDY PROGRAMS—Section 236 Program—Certain Mortgagor Covenants."

In addition, until September 2009, the Project is subject to a regulatory agreement (the "HFA Regulatory Agreement") executed by the Housing Company, the New York State Housing Finance Agency and DHCR, which requires that twenty percent (20%) of the units in the Project be occupied by tenants whose incomes do not exceed fifty percent (50%) of the area median income, and contains certain other leasing and management requirements.

DHCR, as the supervising agency for the Project under the Mitchell-Lama Program, sets rents for the Project and exercises regulatory control of the Project's operations. In addition, DHCR will administer the Decoupling IRP Contract.

The Mortgagor will deliver to the Corporation the Mortgage Note evidencing the debt under the Mortgage Loan. The Mortgage Note will be a non-recourse obligation of the Mortgagor, payable only from proceeds generated by or received in connection with the Project and no other assets of the Mortgagor or its partners. The Mortgagor has entered into, and will enter into, certain agreements relating to the Project's operations, which agreements are not for the benefit of third parties, including Bondholders. Neither the Mortgagor nor any of its partners or their respective members, partners, shareholders, owners, officers, or directors has any direct obligation to the Trustee or the Bondholders, and no representation is made that the Mortgagor or its partners will make any funds available for the Project from sources other than the Project.

Due to the inherent uncertainty of future events and conditions, including, without limitation, general interest rate levels, no assurance can be given that revenues generated by the Project will be sufficient to pay debt service on the Mortgage Loan, operating expenses of the Project, Trustee and Tender Agent fees, and fees owed to the Corporation. The ability of the Mortgagor to generate sufficient revenues will be affected by a variety of factors including, but not limited to, the maintenance of a sufficient level of occupancy, the level of rents prevailing in the market, the ability to achieve increases in rents to cover increases in debt service and operating expenses, the level of operating expenses, the management of the Project, adverse changes in applicable laws and regulations, and general economic conditions and other factors in the metropolitan area surrounding the Project. Furthermore, adverse changes may occur from time to time with respect to any of the preceding factors or other factors or events which may have a negative impact on the occupancy level rental income and operating expenses of the Project. Failure of HUD to make payments under any Decoupling IRP Contract or the Section 8 enhanced voucher contracts, may result in the inability of the Mortgagor to make payments under the Mortgage Loan. Failure of the Mortgagor to make payments under the Mortgage Loan due to such failure of HUD to make any such payments, or due to any other reason, will result in an event of default under the Mortgage Loan.

The Mortgagor

The Mortgagor is a newly-created single purpose New York limited partnership, formed for the purposes of acquiring and operating the Project. Because the Mortgagor is newly created and has no historical earnings, financial statements of the Mortgagor and its partners are not included in this Official Statement. The Mortgagor is not engaged in any business operations and has no material assets other than its interest in the Project. Accordingly, it is expected that the Mortgagor will not have any sources of funds to make payments on the Mortgage Loan other than revenues generated by the Project.

Legal title to the Project is held by the Housing Company, a limited dividend housing company organized under the Mitchell-Lama Program and affiliated with the managing general partner of the Mortgagor. At the time of the issuance of the 2007 Bonds (a) Ocean Gate Associates, L.P. (the "Prior Beneficial Owner"), the existing holder of the beneficial ownership interests in the Project, will convey such interests (less and except certain excess undeveloped land and development rights) to the Mortgagor; (b) the Housing Company will continue to hold bare legal title to the entire Project (including such excess undeveloped land and excess development rights), provided that legal title to the excess undeveloped land and excess development rights shall be released from the liens of the Mortgage, the Construction

Mortgage, the Reimbursement Mortgage, the Subordinate Mortgage, the HDC Regulatory Agreement and the additional subordinate loan, if any, made by the Corporation, upon satisfaction of the conditions for release set forth in such mortgages; and (c) the Prior Beneficial Holder will transfer beneficial ownership of such excess undeveloped land and excess development rights to a newly created entity. After closing, the Housing Company will have no ownership interest in the Prior Beneficial Owner. The beneficial ownership in such excess land and development rights will not be conveyed to the Mortgagor and will not be subject to the lien of the Mortgage, the Construction Mortgage, the Reimbursement Mortgage, the Subordinate Mortgage, the HDC Regulatory Agreement or such additional subordinate loan, if any. The Housing Company will be a general partner of the Mortgagor.

Starrett Oceangate LLC, a New York limited liability company, is the Mortgagor's managing general partner (the "Managing Partner"). The Managing Partner is a subsidiary of Starrett Corporation, a New York corporation ("Starrett"). Starrett (formerly Starrett Housing Corporation) has been in the multi-family housing business for over 60 years, during which time it has developed, built and managed a substantial number of residential units in the New York metropolitan area, including both market-rate housing and governmentally assisted affordable housing. At the time of the issuance of the 2007 Bonds, a 99.99 percent ownership interest in the Mortgagor will be acquired by The Tax Credit Investor, in exchange for the Tax Credit Investor's commitment to provide equity to the Mortgagor.

The Project is currently managed, and will continue to be managed, by Grenadier Realty Corp., a wholly-owned affiliate of Starrett.

The Mortgagor's obligation to reimburse the Construction Lender for amounts drawn under the Construction LOCs will be secured by the Construction Mortgage and a pledge of the partnership interests of Starrett Oceangate LLC, the managing general partner of the Mortgagor and the Housing Company, a general partner of the Mortgagor, and of the Mortgagor's interest in all payments, fees, commissions, developers, incentives and monies due or to become due with respect to the Project. The Construction Mortgage shall be subordinate to the Mortgage and the Reimbursement Mortgage. Under certain circumstances, the Construction Lender will have the right to take certain actions with respect to the Project, including causing the managing partner of the Mortgagor to relinquish to the Construction Lender or its designee the right to manage, direct and control the operation of the Mortgagor and the Project.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the 2007 Bonds will be used to fund the Mortgage Loan in the principal amount equal to the principal amount of the 2007 Bonds, which amount will be used to finance a portion of the cost of the acquisition and rehabilitation of the Project and to pay certain costs of issuance of the 2007 Bonds, including the Underwriter's fee in an amount equal to $313,629.26. The remainder of the cost of the acquisition and rehabilitation of the Project and certain other costs related thereto will be derived from the proceeds of the sale of federal low income housing tax credits, and other available moneys of the Mortgagor.

FREDDIE MAC

The information presented under this caption "FREDDIE MAC" has been supplied by Freddie Mac. None of the Corporation, the Trustee, the Mortgagor or the Underwriter has independently verified such information, and none assumes responsibility for the accuracy of such information.

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance

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

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

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") established Freddie Mac's eighteen-member Board of Directors (the "Board"). Thirteen members of the Board are elected by the holders of Freddie Mac's common stock, and the remaining five are appointed by the President of the United States. Freddie Mac is subject to regulation by three agencies of the federal government. The Department of Housing and Urban Development ("HUD") has responsibility for overseeing Freddie Mac's fulfillment of its statutory mission, including facilitating the financing of affordable housing in certain geographic areas and among certain income segments. In addition, the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 created a separate office within HUD, known as the Office of Federal Housing Enterprise Oversight ("OFHEO"), to monitor the adequate capitalization and safe operation of Freddie Mac. The director of OFHEO is appointed by the President of the United States and confirmed by the Senate for a five-year term. Finally, the Secretary of the Treasury must approve the issuance of (including the interest rates of and maturities on) all notes, debentures and substantially identical types of unsecured debt obligations of Freddie Mac, as well as the issuance of types of mortgage-related securities not issued prior to FIRREA.

Freddie Mac prepares an annual Information Statement that describes Freddie Mac, its business and operations, and contains Freddie Mac's audited financial statements. On a quarterly basis, and from time to time, as necessary, Freddie Mac also prepares Information Statement Supplements that include unaudited financial data and other information concerning its business and operations. In addition, Freddie Mac periodically, as necessary, issues press releases regarding its business and operations. Interested persons can obtain the most recent Information Statements and Information Statement Supplements at http://www.freddiemac.com/investors/reports.html, and may obtain the most recent press releases regarding Freddie Mac at http://www.freddiemac.com/investors/news. Freddie Mac makes no representations as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role is limited to discharging its obligations under the Credit Enhancement Agreements.

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

PURSUANT TO THE INITIAL CREDIT FACILITIES, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

DESCRIPTION OF THE 2007 SERIES A BONDS

This Official Statement in general describes the 2007 Series A Bonds only while the 2007 Series A Bonds bear interest at a Weekly Rate.

General

The 2007 Series A Bonds are to be dated and will mature as set forth on the inside cover page of this Official Statement. The 2007 Series A 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"). See "BOOK-ENTRY ONLY SYSTEM." Deutsche Bank Trust Company Americas is the Trustee for the 2007 Series A Bonds.

The 2007 Series A Bonds will bear interest from the date of their delivery until payment of the principal thereof is made or provided for in accordance with the provisions of the Resolution, whether at maturity, upon redemption or otherwise. The 2007 Series A Bonds are being issued as variable rate obligations which will bear interest from their date of issue to, but not including, the Wednesday following such date of issue, at a rate per annum set forth in a certificate of the Corporation delivered on the date of issuance of the 2007 Series A Bonds. Thereafter, the 2007 Series A Bonds will bear interest initially at the Weekly Rate as determined from time to time by the Remarketing Agent. At no time shall the interest rate on the 2007 Series A Bonds exceed the maximum rate of twelve percent (12%) or such higher rate, which shall not exceed fifteen percent (15%), as may be established in accordance with the provisions of the Resolution (the "Maximum Rate"). The 2007 Series A Bonds are subject to conversion to alternate methods of determining interest rates thereon and to conversion to an interest rate fixed to maturity at the times and upon the terms and conditions described herein. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Interest Rate Periods – Interest Rate Changes."

The 2007 Series A Bonds shall be issued solely in fully registered form, without coupons, issuable during a Weekly Rate Period in the denomination of $100,000 or any whole multiple of $5,000 in excess thereof.

Interest on the 2007 Series A Bonds shall be payable on a monthly basis on the first Business Day of each month, commencing September 2007, on any Mandatory Tender Date and on the maturity date of the 2007 Series A Bonds. Interest on the 2007 Series A Bonds shall be computed on the basis of a 365 or 366-day year, for the actual number of days elapsed. If the date for payment of interest on or principal or Redemption Price of the 2007 Series A Bonds is a day other than a Business Day, then payment may be made on the next succeeding Business Day with the same force and effect as if made on the date originally fixed for payment, and in the case of such payment no interest shall accrue for the period from the date originally fixed for payment to such next succeeding Business Day.

Interest Rate Periods

Weekly Rate Period

The 2007 Series A Bonds shall bear interest at the Weekly Rate determined in accordance with the Resolution during the period from the date of initial issuance and delivery of the 2007 Series A Bonds to the earlier of the first Interest Method Change Date or the final maturity or redemption in whole of the 2007 Series A Bonds.

The Weekly Rate shall be the lowest interest rate, not exceeding the Maximum Rate, which, in the determination of the Remarketing Agent as of the date of determination and under prevailing market conditions, would result as nearly as practicable in the market price for the 2007 Series A Bonds on the Weekly Effective Rate Date being one hundred percent (100%) of the principal amount thereof, such interest rate to be determined as follows. The Remarketing Agent will determine the Weekly Rate for the 2007 Series A Bonds not later than 10:00 a.m., New York City time, on the Business Day preceding the Weekly Effective Rate Date for each Weekly Rate Term; provided, however, that the Weekly Rate from the date of initial issuance and delivery of the 2007 Series A Bonds to but not including the Wednesday following said date of issue will be the rate for the 2007 Series A Bonds determined by the Corporation and delivered in writing to the Trustee on the date of such issuance and delivery. The Remarketing Agent will thereafter give notice of the determination of any Weekly Rate to the Corporation, the Mortgagor, the Trustee, the Tender Agent, the Credit Facility Provider and Wachovia Multifamily Capital, Inc. (the "Servicer").

On the Business Day immediately following (i) the issuance and delivery of the 2007 Series A Bonds and (ii) the establishment of any subsequent Weekly Rate Period, the Trustee shall deliver or mail by first-class mail, postage prepaid, to the owner of each 2007 Bond at the address shown on the registration books of the Corporation held by the Trustee, a notice stating the Weekly Rate to be borne by the 2007 Series A Bonds and that from and after the Weekly Effective Rate Date the 2007 Series A Bonds will bear interest at the Weekly Rate for the duration of the applicable Weekly Rate Period. Such notice shall further specify the name, address and telephone number of the person or persons from whom information with respect to the Weekly Rate for each succeeding Weekly Rate Term may be obtained. Unless an Interest Method Change Date occurs, a new Weekly Rate Term shall automatically commence on the day after the termination of the current Weekly Rate Term.

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

Interest Rate Changes

No change in the method of determining the interest rate on the 2007 Series A Bonds will be made unless the Trustee has received, (A) at least thirty (30) days prior to the Change Date, (1) a Certificate of an Authorized Officer of the Mortgagor specifying (i) the date which is to be the Interest Method Change Date, and (ii) the method of determining the interest rate which shall take effect on such date, (2) an opinion of Bond Counsel to the Corporation addressed to the Corporation, the Trustee, and the Credit Facility Provider to the effect that the proposed change in the method of determining the interest rate on the 2007 Series A Bonds is consistent with the provisions of the Resolution and will not adversely affect the exclusion of the interest on the Bonds from gross income for Federal income tax purposes, and (3)(i) permission from Bond Counsel to the Corporation to deliver such opinion to the addressees in connection with the 2007 Series A Bonds, or (ii) an opinion from Bond Counsel to the Corporation as described in the Resolution and to the effect that the interest on the 2007 Series A Bonds is not included in gross income for Federal income tax purposes and, (B) on or before the proposed Interest Method Change Date, a Certificate of an Authorized Officer of the Initial Credit Facility Provider, evidencing consent to such change by the Initial Credit Facility Provider if a Credit Facility is then in effect and, if necessary, an amendment to such Credit Facility conforming such Credit Facility to the requirements of the Resolution applicable to such instrument from and after the Interest Method Change Date, together with various opinions of counsels as set forth in the Resolution, or provision for the issuance of an Alternate Security meeting the requirements of the Resolution, in which case the Interest Method Change Date shall also be a Facility Change Date.

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

Purchase of the 2007 Series A Bonds

Purchase of the 2007 Series A Bonds on Demand of Owner

During the Weekly Rate Period, each owner of a 2007 Series A Bond may, by delivery of a written notice of tender to the Principal Offices of the Tender Agent at Deutsche Bank Trust Company Americas, 60 Wall Street, 27th Floor, MS NYC60-2715, New York, New York 10005, Attention: Trust & Securities Services (or such other address as may be established by the Tender Agent from time to time), and the Remarketing Agent at Banc of America Securities LLC, 9 West 57th Street, New York, New York 10019 (or such other address as may be established by the Remarketing Agent from time to time), not later than 4:00 p.m., New York City time, on any Business Day not less than seven calendar days before the particular Business Day chosen as the purchase date, demand payment of the Purchase Price on and as of such purchase date of all or a portion of such 2007 Series A Bond in any denomination authorized by the Resolution; provided, however, that no portion of a 2007 Series A Bond shall be purchased unless any remaining portion of such 2007 Series A Bond is in a denomination authorized by the Resolution. Each such notice of tender shall be irrevocable and effective upon receipt and shall:

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

(ii) state (A) the aggregate principal amount of the 2007 Series A Bonds to be purchased and the numbers of the 2007 Series A Bonds to be purchased, and (B) the date on which such 2007 Series A Bonds are to be purchased, which date shall be a Business Day not prior to the seventh (7th) day next succeeding the date of delivery of such notice and which date will be prior to any Mandatory Tender Date.

If any 2007 Series A Bonds are to be purchased prior to an Interest Payment Date and after the Record Date in respect thereof, the owner of such 2007 Series A Bond demanding purchase thereof shall deliver to the Tender Agent a due bill, payable to bearer, for interest due on such Interest Payment Date.

Any 2007 Series A Bonds for which a demand for purchase has been made shall be delivered to the Tender Agent at or prior to 10:00 a.m., New York City time, on the date designated for purchase, with an appropriate endorsement for transfer or accompanied by a bond power endorsed in blank.

Any 2007 Series A Bonds not so delivered to the Tender Agent ("Undelivered 2007 Series A Bonds") on or prior to the purchase date for which there has been irrevocably deposited in trust with the

Trustee or the Tender Agent an amount of moneys sufficient to pay the Purchase Price of such Undelivered 2007 Series A Bonds shall be deemed to have been purchased at the Purchase Price. IN THE EVENT OF A FAILURE BY AN OWNER OF 2007 SERIES A BONDS TO DELIVER ITS 2007 SERIES A BONDS ON OR PRIOR TO THE PURCHASE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE PURCHASE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2007 SERIES A BONDS, AND ANY UNDELIVERED 2007 SERIES A BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Notwithstanding the above, in the event that any 2007 Series A Bond whose owner has exercised its demand purchase option is remarketed to such owner, such owner need not deliver such 2007 Bond to the Tender Agent but such 2007 Bond shall be deemed to have been delivered to the Tender Agent and remarketed and redelivered to such owner.

Mandatory Purchase of 2007 Series A Bonds on Interest Method Change Date

The 2007 Series A Bonds shall be subject to mandatory tender for purchase on any Interest Method Change Date at the Purchase Price; provided that no Interest Method Change Date with respect to the 2007 Series A Bonds shall occur if any 2007 Series A Bonds have not been remarketed as of the Interest Method Change Date. The Trustee shall deliver, or mail by first class mail, postage prepaid, to the Remarketing Agent and to the owner of each 2007 Series A Bond, at its address shown on the registration books of the Corporation held by the Trustee, a notice not later than fifteen (15) days prior to the Interest Method Change Date. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. Such notice shall set forth, in substance, the Interest Method Change Date and reason therefor, that such owners of 2007 Series A Bonds shall be deemed to have tendered their 2007 Series A Bonds for purchase on the Interest Method Change Date and the Purchase Price for such 2007 Series A Bonds.

Owners of 2007 Series A Bonds shall be required to tender their 2007 Series A Bonds to the Tender Agent for purchase at the Purchase Price on the Interest Method Change Date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered 2007 Series A Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of such Undelivered 2007 Series A Bonds shall be deemed to have been purchased at the Purchase Price on the Interest Method Change Date. **IN THE EVENT OF A FAILURE BY AN OWNER OF 2007 SERIES A BONDS TO DELIVER ITS 2007 SERIES A BONDS ON OR PRIOR TO THE INTEREST METHOD CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE INTEREST METHOD CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2007 SERIES A BONDS, AND ANY UNDELIVERED 2007 SERIES A BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.**

Mandatory Purchase of 2007 Series A Bonds Upon Replacement of Credit Facility

On any Facility Change Date, the 2007 Series A Bonds are subject to mandatory tender for purchase at the Purchase Price; provided that no Facility Change Date with respect to the 2007 Series A Bonds shall occur if any 2007 Series A Bonds have not been remarketed as of the Facility Change Date. In connection with a purchase on a Facility Change Date, the Trustee shall deliver, or mail by first class mail, postage prepaid, a notice not later than fifteen (15) days prior to the Facility Change Date to the

Remarketing Agent and to the owner of each 2007 Series A Bond at its address shown on the registration books of the Corporation held by the Trustee. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. Such notice shall set forth, in substance, the Facility Change Date and reason therefor, that all owners of 2007 Series A Bonds shall be deemed to have tendered their 2007 Series A Bonds for purchase on the Facility Change Date and the Purchase Price for such 2007 Series A Bonds.

Owners of 2007 Series A Bonds shall be required to tender their 2007 Series A Bonds to the Tender Agent for purchase at the Purchase Price on the Facility Change Date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered 2007 Series A Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered 2007 Series A Bonds shall be deemed to have been purchased at the Purchase Price on the Facility Change Date. **IN THE EVENT OF A FAILURE BY AN OWNER OF 2007 SERIES A BONDS TO DELIVER ITS 2007 SERIES A BONDS ON OR PRIOR TO THE FACILITY CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE FACILITY CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2007 SERIES A BONDS, AND ANY UNDELIVERED 2007 SERIES A BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.**

Mortgagor's Right to Cause a Mandatory Tender for Purchase of
2007 Series A Bonds Upon a Notice of Prepayment of the Mortgage Loan

Pursuant to the Resolution, upon notice to the Trustee from the Corporation of the Mortgagor's election to prepay, in full, the portion of the Mortgage Loan relating to the 2007 Series A Bonds (said notice from the Corporation to the Trustee being defined in the Resolution as a "Notice of Prepayment of the Mortgage Loan"), the Corporation shall specify a Change Date on which the 2007 Series A Bonds shall be subject to mandatory tender for purchase, which Change Date shall be the date specified by the Mortgagor for such prepayment of the Mortgage Loan.

Following receipt by the Trustee of such Notice of Prepayment of the Mortgage Loan, the Trustee shall deliver, or mail by first class mail, postage prepaid, to the Remarketing Agent and to the owner of each 2007 Series A Bond to which such notice relates, at its address shown on the registration books of the Corporation held by the Trustee, a notice not less than fifteen (15) days prior to such Change Date. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice.

Any notice of mandatory tender relating to a Notice of Prepayment of the Mortgage Loan shall set forth, in substance, the Change Date and reason therefor, that all owners of 2007 Series A Bonds shall be deemed to have tendered their 2007 Series A Bonds for purchase on the Change Date and the Purchase Price for the 2007 Bonds. Owners of 2007 Series A Bonds to which a mandatory tender for purchase relates shall be required to tender their 2007 Series A Bonds to the Tender Agent for purchase at the Purchase Price on the Change Date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered Bonds shall be deemed to have been purchased at the Purchase Price on the Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF 2007 SERIES A BONDS TO DELIVER ITS 2007 SERIES A BONDS ON OR PRIOR TO THE CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE

SUBSEQUENT TO THE CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED BONDS, AND ANY SUCH UNDELIVERED BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Upon such prepayment of the Mortgage Loan and payment to the Credit Issuer (other than from the proceeds of the remarketing of the 2007 Series A Bonds so purchased or from moneys on deposit in the Principal Reserve Fund) of all amounts due under the Credit Agreement, all 2007 Series A Bonds tendered or deemed tendered as a result of such prepayment shall be deemed paid and shall be delivered to the Trustee for cancellation.

Credit Facility Provider's Right to Cause a Mandatory Tender
for Purchase of 2007 Series A Bonds Upon an Event of Termination

Pursuant to the Resolution, for so long as any Credit Facility is in effect, upon the receipt by the Trustee of written notice from the Credit Facility Provider that one or more events of default have occurred under the Reimbursement Agreement (defined in the Resolution as an "Event of Termination"), including, but not limited to, a default under the Mortgage Loan or a failure to reimburse the Credit Facility Provider under the Credit Agreement, the Credit Facility Provider may, in lieu of specifying a date on which all or some portion of the 2007 Series A Bonds are to be redeemed, specify a Change Date on which the 2007 Series A Bonds shall be subject to mandatory tender for purchase (a "2007 Series A Mandatory Tender Date"), as a remedy for such Event of Termination under the Resolution, which Change Date shall not be later than eight (8) days following receipt by the Trustee of the Credit Facility Provider's direction to purchase such 2007 Series A Bonds provided however, that if the Credit Facility Provider shall have directed that the mandatory tender for purchase of the 2007 Series A Bonds be for a portion of the 2007 Series A Bonds, only such portion of the 2007 Series A Bonds shall be subject to mandatory tender for purchase by the owners thereof on such Change Date, and the particular 2007 Series A Bonds to be tendered (which shall be in authorized denominations) shall be selected by the Trustee by lot, using such method as it shall determine in its sole discretion, except that the Trustee shall not select any 2007 Series A Bond for tender which would result in any remaining 2007 Series A Bonds not being in an authorized denomination as provided in the Resolution. Upon receipt of such written notice from the Credit Facility Provider, the Trustee shall immediately deliver to the Remarketing Agent and to the owner of each affected 2007 Series A Bond a notice of mandatory tender for purchase by overnight express mail or courier service. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT."

Any notice of mandatory tender of 2007 Series A Bonds relating to an Event of Termination specified by the Credit Facility Provider shall set forth, in substance, the 2007 Series A Mandatory Tender Date and reason therefor, that all owners of affected 2007 Series A Bonds shall be deemed to have tendered their 2007 Series A Bonds for purchase on the 2007 Series A Mandatory Tender Date and the Purchase Price for the affected 2007 Series A Bonds. Owners of affected 2007 Series A Bonds shall be required to tender their 2007 Series A Bonds to the Tender Agent for purchase at the Purchase Price with an appropriate endorsement for transfer to the Tender Agent or accompanied by a bond power endorsed in blank. Any Undelivered 2007 Series A Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered 2007 Series A Bonds shall be deemed to have been purchased at the Purchase Price on the respective 2007 Series A Mandatory Tender Date. IN THE EVENT OF A FAILURE BY AN OWNER OF ANY AFFECTED 2007 SERIES A BONDS TO DELIVER ITS AFFECTED 2007 SERIES A BONDS ON OR PRIOR TO THE 2007 SERIES A MANDATORY TENDER DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE

SUBSEQUENT TO THE 2007 SERIES A MANDATORY TENDER DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2007 SERIES A BONDS, AND ANY UNDELIVERED 2007 SERIES A BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Additional Provisions Regarding Purchased Bonds

Pursuant to the Resolution, 2007 Series A Bonds for which the Purchase Price is funded with moneys provided under the Related Credit Facility and which are not remarketed shall become Purchased Bonds. No Credit Facility shall constitute security or provide liquidity support for Purchased Bonds. Purchased Bonds shall be pledged pursuant to the Pledge Agreement., except as otherwise provided in the Resolution.

Failure to pay interest on Purchased Bonds when due, or failure to pay principal and interest on Purchased Bonds upon any Redemption Date or purchase date or the maturity date of Purchased Bonds, shall not constitute an Event of Default. Upon the maturity date of the 2007 Series A Bonds, or upon any Redemption Date for the redemption in whole of the 2007 Series A Bonds (whether by reason of optional or mandatory redemption) or date of acceleration of the 2007 Series A Bonds, all Purchased Bonds shall be deemed cancelled. Purchased Bonds shall also be cancelled at the direction of the Credit Facility Provider. At such time as a Purchased Bond is remarketed, the Trustee or the Tender Agent, as appropriate, shall (a) remit the proceeds from the remarketing to the Credit Facility Provider, and (b) to the extent that the Related Credit Facility has been reinstated by the amount required as specified in the Resolution, give written notice to the Remarketing Agent, the Mortgagor and the Credit Facility Provider that such Bond is no longer a Purchased Bond.

Provisions Affecting 2007 Series A Bonds if a Change of Method of Determining the Interest Rate Cannot be Effected or if a Credit Facility Cannot be Replaced

In the event of a Facility Change Date or an Interest Method Change Date and following the provision of notice of mandatory purchase of 2007 Series A Bonds, the Trustee receives notice from the Corporation or the Remarketing Agent, as applicable, that a change in the method of determining the interest rate on the 2007 Series A Bonds cannot be effected, or a Credit Facility that was to be replaced cannot be replaced, then;

i. The Trustee shall promptly deliver or mail by first class mail, postage prepaid, a notice to the owners of the 2007 Series A Bonds stating that such change shall not occur and the reasons therefore,

ii. the 2007 Series A Bonds shall be subject to mandatory tender on the proposed Change Date and the holders of 2007 Series A Bonds shall not have the right to retain their 2007 Series A Bonds,

iii. with respect to a proposed Interest Method Change Date, the interest rate shall remain in the Weekly Rate, and

iv. with respect to a proposed Facility Change Date, the Facility Change Date shall be cancelled, unless the prior Related Credit Facility is expiring within sixty (60) days after the Change Date.

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

The Resolution provides that it is subject to amendment and supplement by a Supplemental Resolution, from time to time, to effect a change with respect to the time periods for provision of notice relating to the Mandatory Purchase Provision, Demand Purchase Option or interest rate determination or the time periods for interest rate determination or the procedure for tendering 2007 Series A Bonds in connection with the Mandatory Purchase Provision or Demand Purchase Option, which Supplemental Resolution may be adopted and become effective (i) upon filing of a copy thereof certified by an Authorized Officer of the Corporation with the Trustee, (ii) upon filing with the Trustee and the Corporation of a consent to such Supplemental Resolution executed by the Trustee, and (iii) if such Supplemental Resolution is to effect a change with respect to the time periods for provision of notice relating to the Mandatory Purchase Provision, Demand Purchase Option or interest rate determination or the time periods for interest rate determination or the procedure for tendering 2007 Series A Bonds in connection with the Mandatory Purchase Provision or Demand Purchase Option, after such period of time as the Trustee and the Corporation deem appropriate following notice to the 2007 Series A Bond owners (but not less than thirty (30) days). A copy of any such Supplemental Resolution shall be provided to the owners of the 2007 Series A Bonds.

Delivery of 2007 Series A Bonds in Book-Entry Form

Notwithstanding any other provision of the Resolution to the contrary, so long as any 2007 Series A Bond is held in book-entry form, such 2007 Series A Bond need not be delivered in connection with any optional or mandatory tender of 2007 Series A Bonds described under "DESCRIPTION OF THE 2007 SERIES A BONDS." In such case, payment of the Purchase Price in connection with such tender shall be made to the registered owner of such 2007 Series A Bonds on the date designated for such payment, without further action by the Beneficial Owner, and transfer of beneficial ownership shall be made in accordance with the procedures of DTC. See "BOOK-ENTRY ONLY SYSTEM."

Redemption of the 2007 Series A Bonds - Mandatory

Special Redemption from Certain Recoveries of Principal

The 2007 Series A Bonds are subject to mandatory redemption, in whole or in part, on any Interest Payment Date prior to maturity, in an amount not in excess of any Recoveries of Principal (other than the advance payment in full of all amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor, with respect to that portion of the Mortgage Loan relating to the 2007 Series A Bonds, with moneys other than amounts transferred from the Principal Reserve Fund), at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2007 Series A Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date. Recoveries of Principal include amounts transferred from the Principal Reserve Fund at the option of the Mortgagor as more fully described in "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Principal Reserve Fund" and a partial prepayment of the Mortgage Loan made by or on behalf of the Mortgagor as described under "THE MORTGAGE LOAN AND OTHER FINANCING."

Mandatory Redemption on Bankruptcy of Credit Facility Provider

The 2007 Series A Bonds are subject to mandatory redemption, in whole, at any time prior to maturity, if, within 30 days after an Act of Bankruptcy of the Credit Facility Provider, the Trustee has not received a substitute Credit Facility, at a Redemption Price equal to 100% of the principal amount of the 2007 Series A Bonds to be redeemed, plus accrued interest to the Redemption Date.

Mandatory Redemption Upon a Declaration of Acceleration

Following an Event of Default. The 2007 Series A Bonds are subject to mandatory redemption, in whole, at any time prior to maturity and without notice, upon a declaration of acceleration by the Trustee as a remedy for an Event of Default under the Resolution at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2007 Series A Bonds to be redeemed, plus accrued interest to the Redemption Date, which Redemption Date shall be the date of such declaration of acceleration.

Following an Event of Termination. The 2007 Series A Bonds are subject to mandatory redemption, in whole or in part, at any time prior to maturity and without notice, upon a declaration of acceleration by the Trustee as a remedy for an Event of Termination under the Resolution, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2007 Series A Bonds to be redeemed, plus accrued interest to the Redemption Date, which Redemption Date shall be the date of such declaration of acceleration.

Mandatory Redemption from Principal Reserve Fund

Following a Transfer of Excess Principal Reserve Amounts. The 2007 Series A Bonds are subject to mandatory redemption, in whole or in part, on the first Business Day of February of each year, if and to the extent amounts are transferred from the Principal Reserve Fund to the Redemption Account on the immediately preceding January 10 (or, if such date is not a Business Day, the next succeeding Business Day), as provided in the Resolution. See "SECURITY FOR THE BONDS – Principal Reserve Fund" and "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Principal Reserve Fund." Each such redemption will be at a Redemption Price equal to 100% of the principal amount of such 2007 Series A Bonds to be redeemed plus accrued interest to the Redemption Date.

Redemption of the 2007 Series A Bonds - Optional

The 2007 Series A Bonds are subject to redemption, in whole or in part, at the option of the Corporation on any Interest Payment Date prior to maturity, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2007 Series A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Selection of 2007 Series A Bonds to be Redeemed

In the event of redemption of less than all Outstanding 2007 Series A Bonds, the Trustee shall select the 2007 Series A Bonds to be redeemed in authorized denominations by lot, using such method as it shall determine in its sole discretion. For the purposes of this section, 2007 Series A Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding.

During any period that both 2007 Series A Bonds and 2007 Series B Bonds are Outstanding, amounts derived from Recoveries of Principal or related to Events of Termination shall be applied to the redemption or tender of 2007 Bonds in the following order of priority: first, to the redemption or tender of 2007 Series A Bonds, and second, to the redemption or tender of 2007 Series B Bonds.

The foregoing notwithstanding, (i) for so long as any Credit Facility shall be in effect, the first 2007 Series A Bonds to be redeemed shall be Purchased Bonds of such Series and (ii) no 2007 Series A Bond shall be selected for redemption if the portion of such 2007 Series A Bond remaining after such redemption would not be in a denomination authorized by the Resolution.

Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem 2007 Series A Bonds, or is required pursuant to the Resolution to redeem 2007 Series A Bonds, the Trustee is to give notice, in the name of the Corporation, of the redemption of such 2007 Series A Bonds. Such notice is to specify, among other things, the 2007 Series A Bonds to be redeemed, the Redemption Price, the Redemption Date, any conditions precedent to such redemption (which conditions, in the case of a redemption at the election or direction of the Corporation, shall be subject to the approval of the Credit Facility Provider) and the place or places where amounts due upon such redemption will be payable. The Trustee is to mail a copy of such notice postage prepaid to the registered owners of any 2007 Series A Bonds or portions of 2007 Series A Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry book not less than fifteen (15) days before the Redemption Date for such 2007 Series A Bonds. The foregoing provisions of this paragraph do not apply in the case of any redemption of 2007 Series A Bonds of which, pursuant to the Resolution, notice is not required to be given. Interest shall cease to accrue and be payable on the 2007 Series A Bonds after the Redemption Date if notice has been given, or is not required to be given, if the conditions precedent to the redemption, if any, have been satisfied, and if sufficient moneys have been deposited with the Trustee to pay the applicable Redemption Price and interest on the 2007 Series A Bonds on such date. So long as the 2007 Series A Bonds are in book-entry only form, notice of redemption shall only be given to DTC. See "BOOK-ENTRY ONLY SYSTEM."

Corporation's Right to Purchase

The Corporation retains the right to purchase the 2007 Series A Bonds at such times, in such amounts and at such prices less than or equal to par as the Corporation shall determine, subject to the provisions of the Resolution, and thereby reduce its obligations for the 2007 Series A Bonds.

Effect of Loss of Tax Exemption

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2007 Series A Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation is to enter into a Regulatory Agreement with the Mortgagor to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the 2007 Series A Bonds is payable. See "TAX MATTERS." *Pursuant to the Resolution, the loss of such exclusion of interest from gross income would not, in and of itself, result in a mandatory tender or redemption of all or a portion of the 2007 Series A Bonds. However, a default by the Mortgagor under the Regulatory Agreement would give rise to an event of default under the Reimbursement Agreement. In such an event, the Credit Facility Provider would have the right, in its sole and absolute discretion, to cause a mandatory tender or redemption of a portion of the 2007 Series A Bonds up to an amount equal to the Allocated Portion of then-outstanding principal amount of the Mortgage Note. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Purchase of the 2007 Series A Bonds – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series A Bonds Upon an Event of Termination" and "– Redemption of the 2007 Series A Bonds - Mandatory – Mandatory Redemption Upon a Declaration of Acceleration – Following an Event of Termination." In addition, an owner of a 2007 Series A Bond may on any Business Day not less than seven calendar days before the particular Business Day chosen as the purchase date, demand payment of* *the Purchase Price on and as of such purchase date of all or a portion of such 2007 Series A Bond in any denomination authorized by the Resolution. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Purchase of the 2007 Series A Bonds – Purchase of the 2007 Series A Bonds on Demand of Owner."*

DESCRIPTION OF THE 2007 SERIES B BONDS

General

The 2007 Series B Bonds are to be dated and will mature as set forth on the inside cover page of this Official Statement. The 2007 Series B 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"). See "BOOK-ENTRY ONLY SYSTEM." Deutsche Bank Trust Company Americas is the Trustee for the 2007 Series B Bonds.

The 2007 Series B Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof. Interest on the 2007 Series B Bonds will accrue from their dated date and be payable on June 1 and December 1 in each year, commencing December 1, 2007, at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the 2007 Series B Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Redemption of the 2007 Series B Bonds - Mandatory

Special Redemption from Certain Recoveries of Principal

The 2007 Series B Bonds shall be subject to mandatory redemption, in whole or in part, at any time prior to maturity, in an amount not in excess of any Recoveries of Principal (other than the advance payment in full or in part of amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor, with respect to that portion of the Mortgage Loan relating to the 2007 Series B Bonds, or proceeds of the sale, assignment, endorsement or other disposition of the Mortgage Loan, the Mortgage or the Mortgage Note (other than pursuant to a sale, assignment, endorsement or other disposition required pursuant to the Resolution upon the occurrence of an Event of Default under the Resolution, or made when, in the sole judgment of the Corporation, such Mortgage Loan is in default and there is a Wrongful Dishonor of the Credit Enhancement Agreement (2007 Series B Bonds) by Freddie Mac or the Credit Enhancement Agreement (2007 Series B Bonds) is no longer in effect)), at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2007 Series B Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

The 2007 Series B Bonds are subject to mandatory redemption, in whole or in part, on any Interest Payment Date prior to maturity on or after August 1, 2017, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2007 Series B Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing Recoveries of Principal deposited in the Redemption Account and resulting from (a) the advance payment of amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor, with respect to that portion of the Mortgage Loan relating to the 2007 Series B Bonds or (b) proceeds of the sale, assignment, endorsement or other disposition of the Mortgage Loan, the Mortgage or the Mortgage Note (other than pursuant to a sale, assignment, endorsement or other disposition required pursuant to the Resolution upon the occurrence of an Event of Default under the Resolution, or made when, in the sole judgment of the Corporation, the Mortgage Loan is in default and there is a Wrongful Dishonor of the Credit Enhancement Agreement (2007 Series B Bonds) by Freddie Mac or the Credit Enhancement Agreement (2007 Series B Bonds) is no longer in effect).

Mandatory Redemption Upon a Declaration of Acceleration

Following an Event of Default. The 2007 Series B Bonds are subject to mandatory redemption, in whole, without notice, upon a declaration of acceleration by the Trustee as a remedy for an Event of Default under the Resolution, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2007 Series B Bonds to be redeemed, plus accrued interest to the Redemption Date, which Redemption Date shall be the date of such declaration of acceleration.

Following an Event of Termination. The 2007 Series B Bonds are subject to mandatory redemption, in whole or in part, without notice, upon a declaration of acceleration by the Trustee as a remedy for an Event of Termination under the Resolution, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2007 Series B Bonds to be redeemed, plus accrued interest to the Redemption Date, which Redemption Date shall be the date of such declaration of acceleration.

Sinking Fund Redemption for the 2007 Series B Bonds

The 2007 Series B Bonds maturing on June 1, 2017 and the 2007 Series B Bonds maturing on June 1, 2025 are subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the Redemption Date, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem on June 1 and December 1 of each year the principal amount of such 2007 Series B Bonds specified for each of the Redemption Dates shown below:

2007 SERIES B BONDS
MATURING ON JUNE 1, 2017

Redemption Date	**Principal Amount**	**Redemption Date**	**Principal Amount**
Dec. 1, 2007	$ 345,000	Dec. 1, 2012	$ 340,000
June 1, 2008	260,000	June 1, 2013	350,000
Dec. 1, 2008	270,000	Dec. 1, 2013	360,000
June 1, 2009	275,000	June 1, 2014	370,000
Dec. 1, 2009	285,000	Dec. 1, 2014	380,000
June 1, 2010	295,000	June 1, 2015	390,000
Dec. 1, 2010	300,000	Dec. 1, 2015	400,000
June 1, 2011	310,000	June 1, 2016	410,000
Dec. 1, 2011	320,000	Dec. 1, 2016	425,000
June 1, 2012	330,000	June 1, 2017	435,000 †

† Stated maturity

2007 SERIES B BONDS
MATURING ON JUNE 1, 2025

Redemption Date	Principal Amount	Redemption Date	Principal Amount
Dec. 1, 2017	$ 450,000	Dec. 1, 2021	$ 575,000
June 1, 2018	460,000	June 1, 2022	590,000
Dec. 1, 2018	475,000	Dec. 1, 2022	610,000
June 1, 2019	490,000	June 1, 2023	630,000
Dec. 1, 2019	505,000	Dec. 1, 2023	650,000
June 1, 2020	525,000	June 1, 2024	670,000
Dec. 1, 2020	540,000	Dec. 1, 2024	690,000
June 1, 2021	555,000	June 1, 2025	705,000 †

† Stated maturity

The amounts accumulated for each Sinking Fund Payment shall be applied by the Trustee, at the direction of the Corporation, on or prior to the forty-fifth day preceding the due date of such Sinking Fund Payment, to the purchase of the 2007 Series B Bonds to be redeemed from such Sinking Fund Payments, at prices (including any brokerage and other charges) not exceeding the applicable Redemption Price, plus accrued interest to the date of purchase.

Upon the redemption of any 2007 Series B Bonds for which Sinking Fund Payments shall have been established, other than by application of Sinking Fund Payments, an amount equal to the principal amount of the 2007 Series B Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 2007 Series B Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer of the Corporation at the time of such purchase or redemption.

Redemption of the 2007 Series B Bonds - Optional

The 2007 Series B Bonds are subject to redemption, in whole or in part, at the option of the Corporation on any Interest Payment Date prior to maturity on or after August 1, 2017, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2007 Series B Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

Purchase of the 2007 Series B Bonds

Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series B Bonds Upon an Event of Termination

Pursuant to the Resolution, for so long as any Credit Facility is in effect, upon an Event of Termination (including but not limited to a default under the Mortgage Loan or a failure to reimburse the credit Facility Provider under the Credit Agreement), the Credit Facility Provider may, in lieu of specifying a date on which all or some portion of the 2007 Series B Bonds are to be redeemed, specify a Change Date on which the 2007 Series B Bonds shall be subject to mandatory tender for purchase (a "2007 Series B Mandatory Tender Date"), as a remedy for such Event of Termination under the Resolution, which Change Date shall not be later than eight (8) days following receipt by the Trustee of the Credit Facility Provider's direction to purchase such 2007 Series B Bonds provided however, that if the Credit Facility Provider shall have directed that the mandatory tender for purchase of the 2007 Series

B Bonds be for a portion of the 2007 Series B Bonds, only such portion of the 2007 Series B Bonds shall be subject to mandatory tender for purchase by the owners thereof on such Change Date, and the particular 2007 Series B Bonds to be tendered (which shall be in authorized denominations) shall be selected by the Trustee by lot, using such method as it shall determine in its sole discretion, except that the Trustee shall not select any 2007 Series B Bond for tender which would result in any remaining 2007 Series B Bonds not being in an authorized denomination as provided in the Resolution. Upon receipt of such written notice from the Credit Facility Provider, the Trustee shall immediately deliver to the Remarketing Agent and to the owner of each affected 2007 Series B Bond a notice of mandatory tender for purchase by overnight express mail or courier service. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT."

Any notice of mandatory tender of 2007 Series B Bonds relating to an Event of Termination specified by the Credit Facility Provider shall set forth, in substance, the 2007 Series B Mandatory Tender Date and reason therefor, that all owners of affected 2007 Series B Bonds shall be deemed to have tendered their 2007 Series B Bonds for purchase on the 2007 Series B Mandatory Tender Date and the Purchase Price for the affected 2007 Series B Bonds. Owners of affected 2007 Series B Bonds shall be required to tender their 2007 Series B Bonds to the Tender Agent for purchase at the Purchase Price with an appropriate endorsement for transfer to the Tender Agent or accompanied by a bond power endorsed in blank. Any Undelivered Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of such Undelivered Bonds shall be deemed to have been purchased at the Purchase Price on the respective 2007 Series B Mandatory Tender Date. IN THE EVENT OF A FAILURE BY AN OWNER OF ANY AFFECTED 2007 SERIES B BONDS TO DELIVER ITS AFFECTED 2007 SERIES B BONDS ON OR PRIOR TO THE 2007 SERIES B MANDATORY TENDER DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE 2007 SERIES B MANDATORY TENDER DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED BONDS, AND ANY SUCH UNDELIVERED BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR

<u>Additional Provisions Regarding Purchased Bonds</u>

Pursuant to the Resolution, 2007 Series B Bonds for which the Purchase Price is funded with moneys provided under the Credit Enhancement Agreement (2007 Series B Bonds) and which are not remarketed shall become Purchased Bonds. The Credit Enhancement Agreement (2007 Series B Bonds) shall not constitute security or provide liquidity support for Purchased Bonds. Purchased Bonds shall be pledged pursuant to the Pledge Agreement, except as otherwise provided in the Resolution.

Failure to pay interest on Purchased Bonds when due, or failure to pay principal and interest on Purchased Bonds upon any Redemption Date or purchase date or the maturity date of Purchased Bonds, shall not constitute an Event of Default. Upon the maturity date of the 2007 Series B Bonds, or upon any Redemption Date for the redemption in whole of the 2007 Series B Bonds (whether by reason of optional or mandatory redemption) or date of acceleration of the 2007 Series B Bonds, all Purchased Bonds shall be deemed cancelled. Purchased Bonds shall also be cancelled at the direction of the Credit Facility Provider. At such time as a Purchased Bond is remarketed, the Trustee or the Tender Agent, as appropriate, shall (a) remit the proceeds from the remarketing to the Credit Facility Provider, and (b) to the extent that the Related Credit Facility has been reinstated by the amount required as specified in the Resolution, give written notice to the Remarketing Agent, the Mortgagor and the Credit Facility Provider that such Bond is no longer a Purchased Bond.

Selection of 2007 Series B Bonds to be Redeemed

In the event of redemption of less than all Outstanding 2007 Series B Bonds, the Trustee shall select the 2007 Series B Bonds to be redeemed in authorized denominations by lot, using such method as it shall determine in its sole discretion. For the purposes of this section, 2007 Series B Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding.

During any period that both 2007 Series A Bonds and 2007 Series B Bonds are Outstanding, amounts derived from Recoveries of Principal or related to Events of Termination shall be applied to the redemption or tender of 2007 Bonds in the following order of priority: first, to the redemption or tender of 2007 Series A Bonds, and second, to the redemption or tender of 2007 Series B Bonds.

The foregoing notwithstanding, (i) for so long as any Credit Facility shall be in effect, the first 2007 Series B Bonds to be redeemed shall be Purchased Bonds of such Series and (ii) no 2007 Series B Bond shall be selected for redemption if the portion of such 2007 Series B Bond remaining after such redemption would not be in a denomination authorized by this Resolution.

Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem 2007 Series B Bonds, or is required pursuant to the Resolution to redeem 2007 Series B Bonds, the Trustee is to give notice, in the name of the Corporation, of the redemption of such 2007 Series B Bonds. Such notice is to specify, among other things, the 2007 Series B Bonds to be redeemed, the Redemption Price, the Redemption Date, any conditions precedent to such redemption (which conditions, in the case of a redemption at the election or direction of the Corporation, shall be subject to the approval of the Credit Facility Provider) and the place or places where amounts due upon such redemption will be payable. The Trustee is to mail a copy of such notice postage prepaid to the registered owners of any 2007 Series B Bonds or portions of 2007 Series B Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry book not less than thirty (30) days before the Redemption Date for such 2007 Series B Bonds. The foregoing provisions of this paragraph do not apply in the case of any redemption of 2007 Series B Bonds of which, pursuant to the Resolution, notice is not required to be given. Interest shall cease to accrue and be payable on the 2007 Series B Bonds after the Redemption Date if notice has been given, or is not required to be given, if the conditions precedent to the redemption, if any, have been satisfied, and if sufficient moneys have been deposited with the Trustee to pay the applicable Redemption Price and interest on the 2007 Series B Bonds on such date. So long as the 2007 Series B Bonds are in book-entry only form, notice of redemption shall only be given to DTC. See "BOOK - ENTRY ONLY SYSTEM."

Corporation's Right to Purchase

The Corporation retains the right to purchase the 2007 Series B Bonds at such times, in such amounts and at such prices less than or equal to par as the Corporation shall determine, subject to the provisions of the Resolution, and thereby reduce its obligations, including Sinking Fund Payments, if any, for the 2007 Series B Bonds.

Effect of Loss of Tax Exemption

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2007 Series B Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation is to enter into a Regulatory Agreement with the Mortgagor to assure compliance with the

Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the 2007 Series B Bonds is payable. See "TAX MATTERS." *Pursuant to the Resolution, the loss of such exclusion of interest from gross income would not, in and of itself, result in a mandatory tender or redemption of all or a portion of the 2007 Series B Bonds. However, a default by the Mortgagor under the Regulatory Agreement would give rise to an event of default under the Reimbursement Agreement. In such an event, the Credit Facility Provider would have the right, in its sole and absolute discretion, to cause a mandatory tender or redemption of a portion of the 2007 Series B Bonds up to an amount equal to the then-outstanding principal balance of the Allocated Portion of the then-outstanding principal amount of the Mortgage Note. See "DESCRIPTION OF THE 2007 SERIES B BONDS – Purchase of the 2007 Series B Bonds – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series B Bonds Upon an Event of Termination" and " – Redemption of the 2007 Series B Bonds - Mandatory – Mandatory Redemption Upon a Declaration of Acceleration – Following an Event of Termination."*

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as the securities depository for the 2007 Bonds. The 2007 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 2007 Bond certificate will be issued for each maturity of the 2007 Bonds, totaling in the aggregate the principal amount of the 2007 Bonds, 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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation ("NSCC", "FICC" and "EMCC", respectively, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants", and together with Direct Participants, "Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the 2007 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2007 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2007 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2007 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2007 Bonds, except in the event that use of the book-entry system for such 2007 Bonds is discontinued.

To facilitate subsequent transfers, all 2007 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 2007 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2007 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 the 2007 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2007 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2007 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2007 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2007 Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such 2007 Bonds by causing the Direct Participant to transfer the Participant's interest in such 2007 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of the 2007 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2007 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2007 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the 2007 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, the 2007 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). In that event, the 2007 Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Participant acquires an interest in the 2007 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE CORPORATION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE 2007 BONDS.

So long as Cede & Co. is the registered owner of the 2007 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the 2007 Bonds (other than under the caption "TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2007 Bonds.

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

For every transfer and exchange of 2007 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Corporation, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2007 Bonds if the Corporation determines that (i) DTC is unable to discharge its responsibilities with respect to the 2007 Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Corporation or restricted registration is no longer in effect, 2007 Bond certificates will be delivered as described in the Resolution.

SECURITY FOR THE BONDS

Pledge of the Resolution

The Resolution constitutes a contract among the Corporation, the Trustee and the owners of the 2007 Bonds issued thereunder and its provisions are for (i) the equal benefit, protection and security of the owners of all such Bonds, each of which, regardless of the time of issue or maturity, is to be of equal rank without preference, priority or distinction except as provided in the Resolution and (ii) the benefit of the Credit Facility Provider, as provided in the Resolution.

The 2007 Bonds are special revenue obligations of the Corporation payable from the Revenues and amounts on deposit in the Accounts (other than amounts deposited in or to be deposited in the Rebate Fund) as described herein. In addition, the 2007 Bonds, as and to the extent provided in the Related Credit Facility, are payable from amounts obtained under such Related Credit Facility. Payment of the principal or Redemption Price of and interest on all Bonds is secured by a pledge of the Revenues, which consists of all payments received by the Corporation from or on account of the Mortgage Loan, including scheduled, delinquent and advance payments of principal and interest, proceeds from the sale, assignment or other disposition of the Mortgage Loan in the event of a default thereon, proceeds of any insurance or condemnation award, and income derived from the investment of funds held by the Trustee in Accounts established under the Resolution, including earnings and gains received by the Trustee pursuant to any investment agreement. Revenues do not, however, include any administrative or financing fee paid to the Corporation, other escrow deposits or financing, extension, late charges or settlement fees of the Servicer of the Mortgage Loan or the Credit Facility Provider on account of the Mortgage Loan. Payment of the 2007 Bonds is also secured by a pledge by the Corporation of all amounts held in any Accounts (other than amounts deposited in or to be deposited in the Rebate Fund) established pursuant to the Resolution (including the investments of such Accounts, if any). The Credit Facility Provider shall have certain rights with respect to, among other things, extensions, remedies, waivers, amendments and actions unless there is a Wrongful Dishonor of a Credit Facility by the Credit Facility Provider or a Credit Facility is no longer in effect, to the extent and as provided in the Resolution.

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

Pursuant to the Resolution and the Assignment, the Corporation will assign and deliver to Freddie Mac and the Trustee, as their interests may appear, subject to the reservation of certain rights by the Corporation, all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents. The Trustee will assign the Mortgage Rights to Freddie Mac. If a Wrongful Dishonor occurs and is continuing, the Mortgage Rights shall automatically, without any further action on the part of the Trustee or Freddie Mac, revert to the Trustee. The Trustee will hold the Mortgage and the Mortgage Documents for the benefit of the owners of the Bonds and Freddie Mac, subject to Freddie Mac's rights under the Assignment to direct the Trustee to assign the Mortgage Note and the Mortgage to Freddie Mac in certain events. *The Construction LOCs will not be pledged as security for the 2007 Bonds.* See "THE MORTGAGE LOAN AND OTHER FINANCING" for a more complete description.

The Initial Credit Facilities

The Credit Enhancement Agreement (2007 Series A Bonds) and the Credit Enhancement Agreement (2007 Series B Bonds) each constitute an "Initial Credit Facility" and, together with any Alternate Security, the "Credit Facilities" under the Resolution. Freddie Mac constitutes the "Initial Credit Facility Provider" under the Resolution.

Freddie Mac's obligations to make advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of the Related Credit Facility are absolute, unconditional and irrevocable.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO EACH OF THE 2007 SERIES A BONDS AND THE 2007 SERIES B BONDS ARE SOLELY AS PROVIDED IN THE RELATED CREDIT FACILITY. THE OBLIGATIONS OF FREDDIE MAC UNDER EITHER INITIAL CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED AND EXISTING UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE 2007 BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE RELATED CREDIT FACILITY, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE 2007 BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE 2007 BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

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

<u>Credit Enhancement Agreement (2007 Series A Bonds)</u>

Freddie Mac will be required to advance funds under the Credit Enhancement Agreement (2007 Series A Bonds) to the Trustee with respect to the payment of: (i) the Allocated Portion of the then-outstanding principal amount of the Mortgage Note (other than with respect to Purchased Bonds) when due by reason of acceleration, prepayment or maturity and (ii) up to 35 days' interest thereon at the Maximum Rate to pay the interest on the 2007 Series A Bonds (other than Purchased Bonds) when due on or prior to their stated maturity date, and (iii) a portion of the Series A Fee Component, if not paid to the Corporation in a timely manner.

Freddie Mac will also be required to advance funds under the Credit Enhancement Agreement (2007 Series A Bonds) to the Trustee up to the principal amount of the 2007 Series A Bonds and interest thereon at the Maximum Rate for up to 35 days in order to pay the Purchase Price of 2007 Series A Bonds tendered to the Trustee, as Tender Agent, and not remarketed pursuant to the Remarketing Agreement.

Freddie Mac's obligations to make advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of the Credit Enhancement Agreement (2007 Series A Bonds) are absolute, unconditional and irrevocable.

To the extent of advances made under the Credit Enhancement Agreement (2007 Series A Bonds) with respect to the payment of the Allocated Portion of the then-outstanding principal amount of the Mortgage Note, the obligations of Freddie Mac under the Credit Enhancement Agreement (2007 Series A Bonds) to pay principal, interest thereon and a pro rata portion of the Series A Fee Component will be correspondingly reduced, but with respect to advances made under the Credit Enhancement Agreement (2007 Series A Bonds) with respect to the Series A Fee Component and to the payment of interest on the Allocated Portion of the then-outstanding principal amount of the Mortgage Note not made in connection with the payment of principal, the Series A Fee Component and the interest component of the Credit Enhancement Agreement (2007 Series A Bonds) will be automatically reinstated. With respect to advances made under the Credit Enhancement Agreement (2007 Series A Bonds) to pay the Purchase Price of tendered or deemed tendered 2007 Series A Bonds, the Credit Enhancement Agreement (2007 Series A Bonds) will be correspondingly reduced and will be reinstated to the extent such Bonds are subsequently remarketed and Freddie Mac is reimbursed for such advances. Outstanding 2007 Series A Bonds purchased by the Tender Agent with funds provided by such advances will be owned by the Mortgagor and will be pledged for the benefit of Freddie Mac ("Purchased Bonds").

In computing the amount to be advanced under the Credit Enhancement Agreement (2007 Series A Bonds) with respect to the payment of the principal of or interest on the Allocated Portion of the then-outstanding principal amount of the Mortgage Note, the Trustee shall exclude any such amounts in respect of any such Bonds that are Purchased Bonds on the date such payment is due, and amounts advanced to the Trustee under the Credit Enhancement Agreement (2007 Series A Bonds) shall not be applied to the payment of the principal of or interest on any Bonds that are Purchased Bonds on the date such payment is due.

To receive payment under the Credit Enhancement Agreement (2007 Series A Bonds), the Trustee must make a presentation of certain payment documents under the Credit Enhancement Agreement (2007 Series A Bonds) on or prior to the expiration date of the Credit Enhancement Agreement (2007 Series A Bonds) at the appropriate office of Freddie Mac. The Credit Enhancement Agreement (2007 Series A Bonds) will expire at 4:00 p.m. Eastern time on August 6, 2040 (the "Credit Enhancement Agreement (2007 Series A Bonds) Expiration Date", which is five days after the final maturity of the 2007 Series A Bonds). The Credit Enhancement Agreement (2007 Series A Bonds) will automatically terminate on the first to occur of: (a) the Credit Enhancement Agreement (2007 Series A Bonds) Expiration Date; (b) the honoring by Freddie Mac of the final draw available to be made under the Credit Enhancement Agreement (2007 Series A Bonds) such that the principal portion of the amount available will be reduced to zero and will not be subject to reinstatement; or (c) receipt of a written notice signed by the Trustee's duly authorized officer stating that none of the related Bonds are Outstanding under the Resolution (d) the date on which the Trustee, after having received sufficient funds to redeem all of the 2007 Series A Bonds Outstanding in accordance with the terms of the Resolution, shall have released the trust estate encumbered by the Resolution and shall have paid to Freddie Mac all amounts required to be paid under the Resolution, the Allocated Portion of the then-outstanding principal amount of the Mortgage Note, the Reimbursement Agreement or the Credit Enhancement Agreement (2007 Series A Bonds), and (e) the date which is two Business Days after the effective date of any Alternate Security.

Credit Enhancement Agreement (2007 Series B Bonds)

Freddie Mac will be required to advance funds under the Credit Enhancement Agreement (2007 Series B Bonds) to the Trustee with respect to the payment of (i) the Allocated Portion of the then-outstanding principal amount of the Mortgage Note when due by reason of acceleration, prepayment, or maturity and (ii) up to 189 days' interest thereon (other than with respect to the Purchased Bonds) (computed at the interest rates stated on the inside front cover hereof), during any semi-annual interest payment period preceding any future Interest Payment Date to pay the interest on the 2007 Series B Bonds (other than Purchased Bonds) when due on or prior to their stated maturity date, and (iii) a portion of the Series B Fee Component, if not paid to the Corporation in a timely manner.

Freddie Mac will also be required advance funds under the Credit Enhancement Agreement (2007 Series B Bonds) to the Trustee up to the principal amount of the 2007 Series B Bonds and up to 189 days' interest thereon (computed at the interest rates stated on the inside front cover hereof) during any semi-annual interest payment period preceding any future Interest Payment Date when due on or prior to their stated maturity date, in order to pay the Purchase Price of 2007 Series B Bonds tendered pursuant to a mandatory tender of 2007 Series B Bonds resulting from an Event of Termination and not remarketed.

Freddie Mac's obligations to make advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of the Credit Enhancement Agreement (2007 Series B Bonds) are absolute, unconditional and irrevocable.

To the extent of advances made under the Credit Enhancement Agreement (2007 Series B Bonds) with respect to the payment of the principal amount of the Allocated Portion of the then-outstanding principal amount of the Mortgage Note, the obligations of Freddie Mac under the Credit Enhancement Agreement (2007 Series B Bonds) to pay principal, interest thereon and a pro rata portion of the Series B Fee Component will be correspondingly reduced, but with respect to advances made under the Credit Enhancement Agreement (2007 Series B Bonds) with respect to the Series B Fee Component and the payment of interest on the Allocated Portion of the then-outstanding principal amount of the Mortgage Note not made in connection with the payment of principal, the Series B Fee Component and the interest component of the Credit Enhancement Agreement (2007 Series B Bonds) will be automatically reinstated.

To receive payment under the Credit Enhancement Agreement (2007 Series B Bonds), the Trustee must make a presentation of certain payment documents under the Credit Enhancement Agreement (2007 Series B Bonds) on or prior to the expiration date of the Credit Enhancement Agreement (2007 Series B Bonds) at the appropriate office of Freddie Mac. The Credit Enhancement Agreement (2007 Series B Bonds) will expire at 4:00 p.m. Eastern time on June 6, 2025 (the "Credit Enhancement Agreement (2007 Series B Bonds) Expiration Date", which is five days after the final maturity of the 2007 Series B Bonds). The Credit Enhancement Agreement (2007 Series B Bonds) will automatically terminate on the first to occur of: (a) the Credit Enhancement Agreement (2007 Series B Bonds) Expiration Date; (b) the honoring by Freddie Mac of the final draw available to be made under the Credit Enhancement Agreement (2007 Series B Bonds) such that the principal portion of the amount available will be reduced to zero and will not be subject to reinstatement; or (c) receipt of a written notice signed by the Trustee's duly authorized officer stating that none of the related Bonds are Outstanding under the Resolution (d) the date on which the Trustee, after having received sufficient funds to redeem all of the 2007 Series B Bonds Outstanding in accordance with the terms of the Resolution, shall have released the trust estate encumbered by the Resolution and shall have paid to Freddie Mac all amounts required to be paid under the Resolution, the Allocated Portion of the then-outstanding principal amount of the Mortgage Note, the Reimbursement Agreement or the Credit Enhancement Agreement (2007 Series B Bonds), and (e) the date which is two Business Days after the effective date of any Alternate Security.

Alternate Security

So long as no 2007 Series B Bonds are Outstanding, (i) a Credit Facility may be replaced with various other forms of credit enhancement (each an "Alternate Security"), or (ii) upon conversion of the 2007 Series A Bonds to a Fixed Rate, the Corporation may elect to provide no Credit Facility. During any Weekly Rate Period, a Credit Facility must be in effect with respect to the 2007 Series A Bonds.

The Corporation may not exercise its right to make provision for or cause the replacement of any Credit Facility, unless the Corporation has provided the Trustee with (i) certain opinions as to, among other things, the effect of such replacement on the tax status of the 2007 Series A Bonds and the legality, validity and enforceability of the new Credit Facility; (ii) a letter from each rating agency then rating the 2007 Series A Bonds to the effect that such Alternate Security will provide the 2007 Series A Bonds with an investment grade rating; and (iii) moneys sufficient to pay all costs incurred by the Trustee and the Corporation in connection with the provision of such Credit Facility.

Upon replacement of any Credit Facility except as described below, the 2007 Series A Bonds are subject to mandatory tender as described above under the caption "DESCRIPTION OF THE 2007 SERIES A BONDS – Purchase of the 2007 Series A Bonds — Mandatory Purchase of 2007 Series A Bonds Upon Replacement of Credit Facility."

Freddie Mac may provide any other form of credit and liquidity facility in substitution for a Credit Facility. Certain of such substitute facilities will not be considered an "Alternate Security" and such substitution will not result in a "Facility Change Date" or mandatory tender of the 2007 Bonds, so long as, among other things, each Rating Agency confirms that such substitution will not adversely affect such Rating Agency's rating on the 2007 Bonds and the opinions described above are delivered. Such substitute facility provided by Freddie Mac will continue to constitute the "Initial Credit Facility" under the Resolution.

Principal Reserve Fund

The Principal Reserve Fund is established pursuant to the Resolution and is to be held by the Trustee. Pursuant to the Resolution, there is to be deposited into the Principal Reserve Fund all of the monthly payments made by the Mortgagor in accordance with the Principal Reserve Schedule attached to the Reimbursement Agreement, as such Schedule may be amended and any amounts provided by or at the direction of the Mortgagor to replenish withdrawals from the Principal Reserve Fund described in paragraphs (1) and (2) below. *At the request of the Mortgagor (with the written approval of the Credit Facility Provider), the Corporation in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Mortgagor (unless and to the extent such amounts, in the judgment of the Corporation, are needed to be transferred to the Rebate Fund pursuant to the Resolution), (ii) no longer require deposits to the Principal Reserve Fund and/or (iii) consent to a change in the Principal Reserve Schedule. The consent of the Bondholders, the Trustee or the Corporation is not required for such actions. Any amounts so released shall no longer secure the 2007 Bonds.*

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

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

(1) at the written direction of the Credit Facility Provider, to reimburse the Credit Facility Provider for advances under a Credit Facility which were applied to pay interest due on and/or principal of the 2007 Bonds on any Interest Payment Date, Redemption Date, date of acceleration or the maturity date or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such interest and/or principal;

(2) at the written direction of the Credit Facility Provider, to reimburse the Credit Facility Provider for advances made under the Credit Facility which were applied to pay the Purchase Price of tendered 2007 Bonds to the extent that remarketing proceeds, if any, pursuant to the Resolution are insufficient for such purpose or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such Purchase Price;

(3) at the written direction of the Credit Facility Provider with the written consent of the Mortgagor (so long as the Mortgagor is not in default under the Mortgage, Mortgage Note, Financing Agreement, Regulatory Agreement or the Reimbursement Agreement beyond the expiration of any applicable grace or cure period) to make improvements or repairs to the Project; and

(4) at the written direction of the Credit Facility Provider if a default has occurred and is continuing beyond the expiration of any applicable grace or cure period under the Reimbursement Agreement or any other Borrower Document, or if the Mortgagor otherwise consents in writing, to any other use approved in writing, in the Credit Facility Provider's sole and absolute discretion, by an Authorized Officer of the Credit Facility Provider.

All amounts in the Principal Reserve Fund in excess of the Principal Reserve Amount (rounded down to the nearest multiple of $100,000) are required to be transferred to the Redemption Account on January 10 of each year (or, if such day is not a Business Day, the next succeeding Business Day) to be applied to reimburse the Credit Facility Provider for amounts advanced under the Credit Enhancement Agreement (2007 Series A Bonds) to effect the redemption of the 2007 Series A Bonds (or, in the event a Wrongful Dishonor has occurred and is continuing directly to the redemption of the 2007 Series A Bonds) on the first Business Day of February. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Redemption of 2007 Series A Bonds - Mandatory – Mandatory Redemption from Principal Reserve Fund."

Under certain circumstances, the Mortgagor is entitled to direct the Trustee to transfer from the Principal Reserve Fund to the Redemption Account all or a specified portion of the amount on deposit in the Principal Reserve Fund to be applied to reimburse the Credit Facility Provider for amounts advanced under the Credit Enhancement Agreement (2007 Series A Bonds) to effect the redemption of the 2007 Series A Bonds (or, in the event a Wrongful Dishonor has occurred and is continuing directly to the redemption of the 2007 Series A Bonds) as directed by the Mortgagor. Any amounts so transferred shall constitute a prepayment of the Mortgage Loan with respect to the portion of the Mortgage Loan relating to the 2007 Series A Bonds and be a Recovery of Principal. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Redemption of 2007 Series A Bonds - Mandatory – Special Redemption From Certain Recoveries of Principal." Also, under certain circumstances, the Credit Facility Provider can require that amounts on deposit in the Principal Reserve Fund be applied to reimburse the Credit Facility Provider for amounts advanced under the Credit Enhancement Agreement (2007 Series A Bonds) to effect the mandatory tender or mandatory redemption, in whole or in part, of the 2007 Bonds. See "DESCRIPTION OF THE 2007 SERIES A BONDS – Redemption of 2007 Series A Bonds - Mandatory – Mandatory Redemption Upon a Declaration of Acceleration," and "DESCRIPTION OF THE 2007 SERIES A BONDS – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2007 Series A Bonds Upon an Event of Termination" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT."

See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Principal Reserve Fund."

Additional Bonds

Additional Bonds, on parity with the 2007 Bonds then Outstanding, may be issued by the Corporation pursuant to the Resolution, for any one or more of the following purposes: (i) financing increases in the Mortgage Loan, (ii) refunding Bonds, (iii) establishing reserves for such Additional Bonds and (iv) paying the costs of issuance related to such Additional Bonds. For so long as any Credit Facility shall be in effect for the 2007 Bonds, no Additional Bonds which are Variable Rate Bonds shall be issued unless such Additional Bonds are secured by the same Credit Facility in effect for the 2007 Variable Rate Bonds and no Additional Bonds which are Fixed Rate Bonds, shall be issued unless such Additional Bonds are secured by the same Credit Facility in effect for the 2007 Fixed Rate Bonds, in each such case as such Related Credit Facility shall be amended, extended or replaced in connection with the issuance of such Additional Bonds; provided that the Credit Facility shall not secure Purchased Bonds. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Additional Bonds."

Bonds Not a Debt of the State or the City

The 2007 Bonds are not a debt of the State of New York or of The City of New York, and neither the State nor the City shall be liable thereon, nor shall the 2007 Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

AGREEMENT OF THE STATE

Section 657 of the Act provides that the State agrees with the holders of obligations of the Corporation, including owners of the 2007 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 2007 Bonds, or in any way impair the rights and remedies of such owners until the 2007 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 2007 Bonds, are fully met and discharged.

TAX MATTERS

Opinion of Bond Counsel to the Corporation

In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions, (i) interest on the 2007 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any 2007 Bond for any period during which such 2007 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2007 Bonds or a "related person," and (ii) interest on the 2007 Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering such opinion, Bond Counsel to the Corporation has relied on certain representations, certifications of fact and statements of reasonable expectations made by the Corporation, the Mortgagor and others, in connection with the 2007 Bonds, and Bond Counsel to the Corporation has assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2007 Bonds from gross income under Section 103 of the Code.

In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the 2007 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 2007 Bonds. Bond Counsel to the Corporation renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the Corporation expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2007 Bonds, or under state and local tax law.

Summary of Certain Federal Tax Requirements

Under applicable provisions of the Code, the exclusion from gross income of interest on the 2007 Bonds for purposes of Federal income taxation requires that (i) at least 25% of the units in the Project financed by the 2007 Bonds be occupied during the "Qualified Project Period" (defined below) by individuals whose incomes, determined in a manner consistent with Section 8, do not exceed 60% of the median income for the area, as adjusted for family size, and (ii) all of the units of the Project be rented or available for rental on a continuous basis during the Qualified Project Period. "Qualified Project Period" for the Project means a period commencing upon the later of (a) occupancy of 10% of the units in the Project or (b) the date of issue of the 2007 Bonds and running until the later of (i) the date which is 15 years after occupancy of 50% of the units in the Project or (ii) the first date on which no tax-exempt private activity bonds issued with respect to the Project are outstanding or (iii) the date on which any assistance provided with respect to the Project under Section 8 terminates. The Project will meet the continuing low income requirement as long as the income of the individuals occupying the unit does not increase to more than 140% of the applicable limit. Upon an increase over 140% of the applicable limit, the next available unit of comparable or smaller size in the Project must be rented to an individual having an income of 60% or less of the area median income.

In the event of noncompliance with the above requirements arising from events occurring after the issuance of the 2007 Bonds, the Treasury Regulations provide that the exclusion of interest on the 2007 Bonds from gross income for Federal income tax purposes will not be impaired if the Corporation takes appropriate corrective action within a reasonable period of time after such noncompliance is first discovered or should have been discovered by the Corporation.

The Code establishes certain additional requirements which must be met subsequent to the issuance and delivery of the 2007 Bonds in order that interest on the 2007 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of the proceeds of the 2007 Bonds, yield and other limits regarding investment of the proceeds of the 2007 Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the United States.

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2007 Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation is to enter into the Regulatory Agreement with the Mortgagor to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or 2007 Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the 2007 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 2007 Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2007 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 2007 Bonds.

Prospective owners of 2007 Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and certain foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the 2007 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid after March 31, 2007 on tax-exempt obligations, including the 2007 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 unless the recipient is one of a limited class of exempt recipients, including corporations. 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 2007 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 2007 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 and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2007 Bonds under federal or state law and could affect the market price for, or the marketability of, the 2007 Bonds. Currently, litigation in various jurisdictions (including *Davis v. Kentucky Dep't of Revenue of the Finance and Admin. Cabinet*, 197 S.W.3d 557 (2006), which the U.S. Supreme Court has agreed to hear pursuant to a writ of *certiorari* granted on May 21, 2007) has called into question the permissibility under the U.S. Constitution of disparate state tax treatment of interest on bonds issued by a state and its political subdivisions and on obligations issued by other states and their political subdivisions. New York State statutes currently result in such disparate treatment. Prospective purchasers of the 2007 Bonds should consult their own tax advisers regarding the foregoing matters.

NO LITIGATION

The Corporation

At the time of delivery and payment for the 2007 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 or adversely affecting 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 2007 Bonds, or in any way contesting or affecting the validity of the 2007 Bonds, the Resolution or any proceedings of the Corporation taken with respect to the issuance or sale thereof or the financing of the Mortgage Loan or the pledge, collection or application of any moneys or security provided for the payment of the 2007 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 2007 Bonds from gross income for Federal income tax purposes.

The Mortgagor

At the time of delivery and payment for the 2007 Bonds, the Mortgagor will deliver, or cause to be delivered, a certificate of such Mortgagor substantially to the effect that there is no litigation or other proceeding of any nature now pending, or to the knowledge of its partners, members, managers or officers, as applicable, threatened against or adversely affecting the Mortgagor or its partners, members, managers or officer, as applicable, or the Project, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2007 Bonds or the financing of the Mortgage Loan, the acquisition or rehabilitation of the Project, or in any way contesting or affecting the validity or enforceability of the 2007 Bonds, the Mortgage Documents, the letter of representation and indemnity agreement, any proceedings of the Mortgagor taken with respect to the issuance or sale thereof or the financing of the related Mortgage Loan, its existence, powers or operations or the pledge, collection or application of any moneys or security provided for the payment of the 2007 Bonds, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers or authority of the Mortgagor with respect to the 2007 Bond documents to which it is a party or, to the knowledge of the Mortgagor or its partners, without independent inquiry, challenging the exclusion of interest on the 2007 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 2007 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 Freddie Mac by its Office of General Counsel and by its Special Counsel, Nixon Peabody LLP. Certain legal matters will be passed upon for the Mortgagor by its Special Counsel, Bingham McCutchen LLP. Certain legal matters will be passed upon for the Underwriter by its Counsel, Dechert LLP, New York, New York.

LEGALITY OF 2007 BONDS FOR INVESTMENT AND DEPOSIT

Under the provisions of Section 662 of the Act, the 2007 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 2007 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.

UNDERWRITING

Banc of America Securities LLC has agreed, subject to certain conditions, to purchase the 2007 Bonds from the Corporation at an aggregate purchase price of $48,500,000 and to make a public offering of the 2007 Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement. The Underwriter will be obligated to purchase all such 2007 Bonds if any are purchased. The 2007 Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

RATINGS

It is a condition to the purchase of the 2007 Bonds by the Underwriter that Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. shall have assigned to (i) the 2007 Series A Bonds a rating of "AAA/A-1+" and (ii) the 2007 Series B Bonds a rating of "AAA." Such ratings reflect only the view of such organization and an explanation of the significance of such ratings may be obtained from such rating agency. There is no assurance that such ratings will continue for any given period of time or that any such ratings will not be revised downward or withdrawn entirely by such rating agency, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an effect on the market price of the 2007 Series A Bonds or the 2007 Series B Bonds, as the case may be.

CONTINUING DISCLOSURE

In addition, in order to assist the Underwriter in complying with the provisions of Rule 15c2-12, it is anticipated that the Mortgagor and the Trustee will enter into a written agreement for the benefit of the holders of the 2007 Series B Bonds (the "Mortgagor Disclosure Agreement") to provide continuing disclosure. The Mortgagor will undertake to provide to each Repository, and the State Information Depository, on an annual basis on or before 120 days after the end of each fiscal year of the related Project commencing with the fiscal year ended December 31, 2007 certain financial and operating data, referred to herein as "Project Annual Information," including, but not limited to annual financial statements of the related Project.

The Project Annual Information shall consist of the following: (a) annual financial statements of the Project prepared in conformity with accounting principles generally accepted in the United States and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States; provided, however, that if financial statements are not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to each Repository and to the State Information Depository when they become available; and (b) material updates to the information set forth herein under the heading "THE PROJECT AND THE MORTGAGOR"; together with (c) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the Project and the Mortgagor in judging the financial information about the Project and the Mortgagor.

If any party to the Mortgagor Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to the Mortgagor Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of 2007 Series B Bonds may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the Mortgagor Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach or default under the Mortgagor Disclosure Agreement to provide the continuing disclosure described above is an action to compel specific performance of the undertakings contained therein, and no person or entity may recover monetary damages thereunder under any circumstances; provided, however, that the rights of any holder of 2007 Series B Bonds to challenge the adequacy of the information provided by the Mortgagor are conditioned upon the provisions of the Resolution with respect to the enforcement of remedies of holders of 2007 Series B Bonds upon the occurrence of an Event of Default described in the Resolution. A breach or default under the Mortgagor Disclosure Agreement shall not constitute an Event of Default under the Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Mortgagor Disclosure Agreement, insofar as the provisions of Rule 15c2-12 no longer in effect required the provision of such information, may, subject to certain conditions, no longer be required to be provided. Owners of the 2007 Series B Bonds are third-party beneficiaries of the Mortgagor Disclosure Agreements and, as such, are deemed to be holders of 2007 Series B 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 Mortgagor Disclosure Agreement, however, may be amended or modified without the consent of the holders of the 2007 Series B Bonds under certain circumstances set forth in the Mortgagor Disclosure Agreement.

Copies of the Mortgagor Disclosure Agreement, when executed and delivered by the parties thereto on the date of the initial delivery of the 2007 Series B Bonds, will be on file at the office of the Corporation.

FURTHER INFORMATION

The information contained in this Official Statement is subject to change without notice and no implication should be derived therefrom or from the sale of the 2007 Bonds that there has been no change in the affairs of the Corporation from the date hereof. Pursuant to the Resolution, the Corporation has covenanted to keep proper books of record and account in which full, true and correct entries will be made of all its dealings and transactions under the Resolution and to cause such books to be audited for each fiscal year. The Resolution requires that such books be open to inspection by the Trustee and the owners of not less than 5% of the 2007 Bonds issued thereunder during regular business hours of the Corporation and that the Corporation furnish a copy of the auditor's report, when available, upon the request of the owner of any Outstanding 2007 Bond.

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.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such, and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Corporation and the purchasers or owners of any 2007 Bonds.

This Official Statement is submitted in connection with the sale of the 2007 Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Official Statement and the distribution thereof have been duly authorized and approved by the Corporation and the Official Statement has been duly executed and delivered on behalf of the Corporation.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: /s/ Emily A. Youssouf
President

Dated: August 21, 2007

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

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

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

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

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

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

"Additional Bonds" means Bonds, other than the 2007 Bonds, authorized pursuant to the Resolution.

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

"Allocated Portion" means, with respect to the 2007 Series A Bonds, that portion of the Mortgage Note related to the 2007 Series A Bonds and, with respect to the 2007 Series B Bonds, that portion of Mortgage Note related to the 2007 Series B Bonds, as the context may require.

"Alternate Security" means, but only during any period that there are no Fixed Rate Bonds Outstanding, any instrument in effect and purpose similar to the Credit Enhancement Agreement (2007 Series A), including, but not limited to, a letter of credit, guaranty, standby loan commitment, bond or mortgage insurance policy, standby purchase agreement, credit enhancement agreement, collateral agreement or surety bond, mortgage-backed security or other credit or liquidity facility issued by a financial institution, including, without limitation, Freddie Mac, or any combination thereof, (i) approved by the Corporation and delivered to the Trustee for the benefit of the owners of the Bonds (except that a mortgage insurance policy may be delivered to the Corporation), (ii) replacing any existing Credit Facility, (iii) dated as of a date not later than the expiration date of the Credit Facility for which the same is to be substituted, if a Credit Facility is then in effect, (iv) which shall expire not earlier than a date which is fifteen (15) days after an Interest Payment Date for the Bonds (other than the maturity date of the Bonds), and (v) issued on substantially similar terms and conditions with respect to the rights of the owners of the Bonds (including, but not limited to, the Mandatory Purchase Provision) as the then existing Credit Facility, provided that (a) the stated amount of the Alternate Security shall equal the sum of (x) the aggregate principal amount of Bonds at the time Outstanding, plus (y) the Interest Requirement, and (b) if said Alternate Security is to be in effect during a Weekly Rate Period, it must provide for payment of the Purchase Price upon the exercise by any Bond owner of the applicable Demand Purchase Option. Notwithstanding the foregoing, a direct pay letter of credit provided by the Construction Lender in accordance with the provisions of Section 3.1 of the Construction Phase Financing Agreement shall also constitute an Alternate Security.

"Assignment" means the Assignment and Intercreditor Agreement, with respect to, among other things, the Mortgage Loan, by the Corporation to the Trustee and the Credit Facility Provider, and acknowledged and agreed to by the Mortgagor, as the same may be amended or supplemented from time to time.

"Authorized Officer" means (a) when used with respect to the Corporation, the Chairperson, Vice Chairperson, President, Executive Vice President or any Senior Vice President of the Corporation and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Corporation then authorized to perform such act or discharge such duty; (b) when used with respect to the Mortgagor, any partner of the Mortgagor then authorized to act for the Mortgagor and, in the case of any act to be performed or duty to be discharged, any officer or employee of the Mortgagor then authorized to perform such act or discharge such duty; (c) when used with respect to the Trustee, any 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; and (d) when used with respect to the Credit Facility Provider, any officer or employee of the Credit Facility Provider then authorized to perform such act or discharge such duty.

"Available Moneys" means, during the term of any Credit Facility, (i) moneys provided under such Credit Facility, or (ii) moneys deposited into the Accounts established under the Resolution or moneys deposited directly by the Mortgagor with the Trustee, which moneys, in either case, have been on deposit with the Trustee for at least 365 days during and prior to which no Act of Bankruptcy with respect to the Mortgagor, any partner of the Mortgagor or the Corporation shall have occurred; provided, however, that if the Trustee shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Trustee to the effect that payments made to Bond owners with moneys on deposit with the Trustee for a number of days less than that set forth above during which no Act of Bankruptcy with respect to the Mortgagor, any partner of the Mortgagor or the Corporation shall have occurred would not constitute an avoidable preference under Section 547 of the Bankruptcy Reform Act of 1978, as amended, then the number of days specified in such opinion shall be substituted for the 365 days in this definition, or (iii) the proceeds from investment of moneys qualifying as Available Moneys under clause (i) or (ii) above, or (iv) the proceeds of Additional Bonds; provided, however, that with respect to the proceeds of Additional Bonds, the Trustee shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Trustee to the effect that payments made to Bond owners with such proceeds would not constitute an avoidable preference under Section 547 of the Bankruptcy Reform Act of 1978, as amended, in the event of an Act of Bankruptcy of the Mortgagor, any partner of the Mortgagor or the Corporation. Notwithstanding the foregoing, (a) when used with respect to amounts due in respect of Purchased Bonds, the term "Available Moneys" shall mean any amounts held by the Trustee and the proceeds of the investment thereof, except for moneys provided under a Credit Facility and (b) during any period in which no Credit Facility is in effect, "Available Moneys" shall mean any moneys.

"Beneficial Owner" means, whenever used with respect to a 2007 Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant or such person's subrogee.

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

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

"Bond Counsel's Opinion" means an opinion signed by Bond Counsel to the Corporation.

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

"Bond Proceeds Account" means the Bond Proceeds Account established pursuant to the Resolution.

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

"Borrower Document" means any mortgage document or bond document relating to the Project.

"Business Day" means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York (or other agent acting as the Credit Facility Provider's fiscal agent identified to the Trustee) is authorized or obligated by law or executive order to remain closed, (d) a day on which the permanent home office of the Credit Facility Provider is closed, (e) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Trustee, the Tender Agent or the Remarketing Agent is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is authorized or obligated by law or executive order to be closed, or (f) a day on which DTC is closed.

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

"Change Date" means, with respect to the 2007 Series A Bonds, (i) an Interest Method Change Date or (ii) a Facility Change Date or (iii) a date specified by the Credit Facility Provider pursuant to the Resolution for carrying out a purchase of 2007 Series A Bonds upon an Event of Termination or (iv) a date specified by the Corporation pursuant to the Resolution for carrying out a purchase of 2007 Series A Bonds in connection with a Mortgagor's Notice of Prepayment of the Mortgage Loan and, with respect to the 2007 Series B Bonds, a date specified by the Credit Facility Provider pursuant to the Resolution for carrying out a purchase of 2007 Series B Bonds upon an Event of Termination.

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

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" means the Financing Commitment and Agreement, dated August 7, 2007, between the Corporation and the Mortgagor, as the same may be amended or supplemented from time to time.

"Construction Lender" means Wachovia Bank, National Association, a national banking association, and its successors in such capacity pursuant to the Construction Phase Financing Agreement.

"Construction Loan Administrator" means the party performing the functions of construction loan administrator pursuant to the Construction Phase Financing Agreement.

"Construction LOC" or "Construction LOCs" means the standby letters of credit, dated the date of initial issuance of the 2007 Bonds, issued by the Construction Lender to Freddie Mac, including confirmation thereof or replacement therefore.

"Construction Phase Credit Documents" shall have the meaning set forth in the Credit Agreement.

"Construction Phase Credit Facility" shall have the meaning set forth in the Credit Agreement.

"Construction Phase Financing Agreement" means the Construction Phase Financing Agreement dated as of August 1, 2007 by and between Freddie Mac and the Construction Lender.

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

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

"Credit Agreement" means, with respect to each Initial Credit Facility, the Reimbursement and Security Agreement, dated as of August 1, 2007, between the Initial Credit Facility Provider and the Mortgagor, as the same may be amended or supplemented from time to time, and with respect to any Alternate Security, the agreement between the Mortgagor and the Credit Facility Provider issuing such Alternate Security providing for the issuance of such Alternate Security.

"Credit Enhancement Agreement (2007 Series A Bonds)" means the Credit Enhancement Agreement (2007 Series A Bonds), dated as of August 1, 2007, between the Initial Credit Facility Provider and the Trustee, as the same may be amended, modified or supplemented from time to time.

"Credit Enhancement Agreement (2007 Series B Bonds)" means the Credit Enhancement Agreement (2007 Series B Bonds), dated as of August 1, 2007, between the Initial Credit Facility Provider and the Trustee, as the same may be amended, modified or supplemented from time to time.

"Credit Facility" means, as the context requires, (i) the Credit Enhancement Agreement (2007 Series A Bonds) and/or (ii) the Credit Enhancement Agreement (2007 Series B Bonds), and/or (iii) with respect to the 2007 Series A Bonds, an Alternate Security, in each case representing the obligation of the Credit Facility Provider to provide for the timely payment of the principal of and interest on and Purchase Price, if applicable, of the 2007 Bonds.

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

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

"Credit Facility Provider" means, so long as either Initial Credit Facility is in effect, the Initial Credit Facility Provider, and, so long as an Alternate Security is in effect, the issuer of or obligor under such Alternate Security. In all cases hereunder, the Credit Facility Provider for both of the Credit Facilities related to the 2007 Bonds shall be one and the same provider.

"DHCR" means the New York State Division of Housing and Community Renewal.

"Demand Purchase Option" means the provision of the 2007 Series A Bonds for purchase of any 2007 Series A Bond upon the demand of the owner thereof as described in the Resolution.

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

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

"Event of Termination" means any of the events specified in the Resolution as an Event of Termination.

"Facility Change Date" means (i) any date, but only during the period that no Fixed Rate Bonds are Outstanding, on which a new Credit Facility replaces the prior Credit Facility or (ii) any date on which the Credit Facility terminates or expires and is not extended or replaced by a new Credit Facility.

"FHA" means the Federal Housing Administration of HUD, and its successors and assigns.

"Financing Agreement" means the Financing Agreement, dated as of the date of initial issuance of the 2007 Bonds, by and between the Corporation and the Mortgagor, with respect to the Mortgage Loan, as the same may be amended or supplemented from time to time.

"Fixed Rate" means the rate or rates of interest on (i) any Fixed Rate Bonds, and (ii) any Bonds on and after a related Interest Method Change Date as described in the Resolution.

"Fixed Rate Bonds" means (i) with respect to the 2007 Bonds, the 2007 Series B Bonds, and (ii) with respect to Bonds other than the 2007 Bonds, Bonds so designated in a Supplemental Resolution as to which the interest rate thereon is not adjustable at any time after the date of issuance thereof.

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

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

"HUD" means the United States Department of Housing and Urban Development, its successors and assigns.

"Initial Credit Facility" means each of the Credit Enhancement Agreement (2007 Series A Bonds) and Credit Enhancement Agreement (2007 Series B Bonds), executed and delivered by the Initial Credit Facility Provider and the Trustee, as the same may be amended, modified or supplemented from time to time.

"Initial Credit Facility Provider" means Freddie Mac.

"Interest Method Change Date" means any date on which the method of determining the interest rate on the 2007 Series A Bonds changes, as established by the Resolution; provided that an Interest Method Change Date may only occur on an Interest Payment Date during any Weekly Rate Period, or if such day is not a Business Day, the next succeeding Business Day.

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

"Interest Requirement" means (a) 35 days' interest on the Variable Rate Bonds at the Maximum Rate on the basis of a 365 or 366-day year for the actual number of days elapsed, or (b) 189 days' interest on the Fixed Rate Bonds on the basis of a 360-day year of twelve 30-day months, or such other number of days as may be permitted or required by the Rating Agency.

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

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

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

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

(c) senior debt obligations of Freddie Mac;

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

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

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

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

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

(a) Government Obligations;

(b) any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Farm Credit System Banks Consolidated Obligations, Banks for Cooperatives, Tennessee Valley Authority, Washington Metropolitan Area Transportation Authority, United States Postal Service, Farmers' Home Administration and Export-Import Bank of the United States;

(c) any bond, debenture, note, participation certificate or other similar obligation issued by any Federal agency and backed by the full faith and credit of the United States of America;

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

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

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

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

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

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

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

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

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

"Letter of Representations" means the Blanket Issuer Letter of Representations, dated April 26, 1996, from the Corporation to DTC, applicable to the 2007 Bonds.

"Mandatory Purchase Provision" means (i) the purchase provision of the 2007 Series A Bonds for the purchase of some or all 2007 Series A Bonds pursuant to the Resolution or (ii) the purchase provision of the 2007 Series B Bonds for the purchase of some or all 2007 Series B Bonds pursuant to the Resolution.

"Mandatory Tender Date" means a date specified by the Credit Facility Provider for carrying out a purchase of 2007 Bonds pursuant to the Resolution.

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

"Mitchell-Lama Law" means Article II of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of the State of New York), as amended.

"Mitchell-Lama Program" means the program of partial real estate tax abatement provided by the City of New York pursuant to the Mitchell-Lama Law.

"MLC" means the New York State Mortgage Loan Enforcement and Administration Corporation.

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

"Mortgage" means the Multifamily Mortgage, Assignment of Rents and Security Agreement (together with all riders) securing the Mortgage Note, dated as of the date of initial issuance of the 2007 Bonds, executed by the Mortgagor and the Housing Company, with respect to the Project in favor of the Corporation, and assigned by the Corporation to the Trustee and the Initial Credit Facility Provider, as their interests may appear, as the same may be amended, modified or supplemented from time to time.

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

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

"Mortgage Loan Conversion" means compliance with certain conditions contained in the Construction Phase Financing Agreement, including satisfactory completion of construction of the Project and the satisfaction of certain financial conditions.

"Mortgage Note" means that certain Multifamily Note, evidencing the Mortgage Loan, dated as of the date of initial issuance of the 2007 Bonds, executed by the Mortgagor in favor of the Corporation with respect to the Project, as the same may be amended, modified or supplemented from time to time.

"Mortgage Rights" means, with respect to the Mortgage Loan, without limitation, all of the rights under the Mortgage Note, the Mortgage and the other Mortgage Documents to direct actions, grant consents, grant extensions, grant waivers, grant requests, give approvals, give directions, give releases, make appointments, take actions and do all other things under the Mortgage Note, the Mortgage and the other Mortgage Documents, including, without limitation, the right, power and authority to assign or delegate the right, power and authority to enter into ancillary agreements, documents and instruments otherwise relating to the Mortgage Loan, including agreements with respect to the servicing of the Mortgage Loan, and to vest in its assignee such rights, powers and authority as may be necessary to implement any of the foregoing.

"Mortgagor" means Oceangate L.P., a limited partnership organized and existing under and by virtue of the laws of the State of New York, which is the mortgagor with respect to the Mortgage Loan and its successors and permitted transferees as beneficial owner of the Project.

"Notice of Prepayment of the Mortgage Loan" means the notice delivered to the Trustee by the Corporation pursuant to the Resolution with respect to the Mortgagor's election to prepay, in full, the portion of the Mortgage Loan relating to the 2007 Series A Bonds.

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

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

(2) any Fixed Rate Bond (or portion of a Fixed Rate Bond) for the payment or redemption of which there have been separately set aside and held in a redemption account thereunder either:

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

(b) obligations, as described in the Resolution, in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond together with accrued interest on such Bond to the payment date or Redemption Date, which payment date or Redemption Date shall be specified in irrevocable instructions to the Trustee to apply such moneys to such payment or redemption on the date so specified; or

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

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

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

"Participants" means those broker-dealers, banks and other financial institutions for which DTC holds the 2007 Bonds as securities depository.

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

"Pledge Agreement" means with respect to the Initial Credit Facility Provider and the Initial Credit Facility, the Pledge, Security and Custody Agreement, dated as of August 1, 2007, among the Mortgagor and the Trustee, as custodian and collateral agent for the Initial Credit Facility Provider and with respect to any other Credit Facility Provider providing an Alternate Security and such Alternate Security, any agreement between the Mortgagor and the Credit Facility Provider or the Trustee pursuant to which the Mortgagor agrees to pledge 2007 Bonds to the Credit Facility Provider in connection with the provision of moneys under such Alternate Security, in each case, as the same may be amended, modified or supplemented from time to time.

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

"Post-Conversion Loan Equalization Payment" shall have the meaning set forth in the Credit Agreement.

"Pre-Conversion Loan Equalization Payment" shall have the meaning set forth in the Credit Agreement.

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

"Principal Office", when used with respect to the Trustee shall mean Deutsche Bank Trust Company Americas, 60 Wall Street, 27th Floor, MS NYC60-2715, New York, New York 10005, Attention: Trust & Securities Services, when used with respect to the Tender Agent shall mean the same address as that of the Trustee or the address of any successor Tender Agent appointed in accordance with the terms of the Resolution, and when used with respect to the Remarketing Agent shall mean Banc of America Securities LLC, 9 West 57th Street, New York, New York 10019, and when used with respect to the Credit Facility Provider means Federal Home Loan Mortgage Corporation, 8100 Jones Branch Drive, McLean, Virginia 22102, or such other offices designated to the Corporation in writing by the Trustee, Tender Agent, Remarketing Agent or Credit Facility Provider as the case may be.

"Principal Reserve Amount" means twenty percent (20%) of the original principal amount of the 2007 Series A Bonds (or such other amount as shall be specified in writing by the Credit Facility Provider and filed with the Corporation and the Trustee) less the amount on deposit in any collateral or sinking fund held by the Trustee or certified by the Mortgagor as being held as security for, or to pay, the obligations of the Mortgagor relating to debt service on the Allocated Portion of the Mortgage Loan with respect to the 2007 Series A Bonds; provided that such other amount shall only constitute the Principal Reserve Amount if there shall also be filed with the Corporation and the Trustee a Bond Counsel's Opinion to the effect that such change in the Principal Reserve Amount hereunder will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on any Bonds to which the relevant covenants of the Resolution apply.

"Principal Reserve Fund" means the Principal Reserve Fund established pursuant to the Resolution.

"Project" means the multi-family rental housing development located at 2730 West 33rd Street, 2850 West 24th Street and 2955 West 29th Street in the Borough of Brooklyn, County of Kings, City and State of New York, as more fully described under the caption "THE PROJECT AND THE MORTGAGOR – The Project" herein.

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

"Purchased Bond" means any 2007 Bond during the period from and including the date of its purchase by the Trustee, on behalf of and as agent for the Mortgagor with amounts provided by the Credit Facility Provider under the Credit Facility, to, but excluding, the date on which such 2007 Bond is remarketed to any person other than the Credit Facility Provider, the Mortgagor, any partner of the Mortgagor or the Corporation.

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

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

"Rebate Fund" means the Rebate Fund established pursuant to the Resolution.

"Record Date" means (i) for any 2007 Series A Bond, the Business Day immediately preceding any Interest Payment Date, and (ii) for any 2007 Series B Bonds, that day which is the fifteenth (15th) day of the calendar month preceding any Interest Payment Date.

"Recoveries of Principal" means all amounts received by the Corporation or the Trustee as or representing a recovery of the principal amount disbursed by the Trustee in connection with the Mortgage Loan, including any premium or penalty with respect thereto, on account of (i) the advance payment of amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor; (ii) the sale, assignment, endorsement or other disposition of the Mortgage Loan, the Mortgage or the Mortgage Note other than any assignment pursuant to the Assignment; (iii) the acceleration of payments due under the Mortgage Loan or the remedial proceedings taken in the event of default on the Mortgage Loan or Mortgage; (iv) proceeds of any insurance award resulting from the damage or destruction of the Project which are to be applied to payment of the Mortgage Note pursuant to the Mortgage; (v) proceeds of any condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, the Project or any portion thereof, which proceeds are to be applied to payment of the Mortgage Note pursuant to the Mortgage; (vi) a Pre-Conversion Loan Equalization Payment; or (vii) a Post- Conversion Loan Equalization Payment.

"Redemption Account" means the Redemption Account established pursuant to the Resolution.

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

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

"Regulatory Agreement" means the Regulatory Agreement, dated as of the date of initial issuance of the 2007 Bonds, by and between the Corporation and the Mortgagor, as the same may be amended or supplemented from time to time.

"Reimbursement Agreement" means the Reimbursement and Security Agreement, dated as of August 1, 2007, between the Credit Facility Provider and the Mortgagor, as the same may be amended or supplemented from time to time.

"Related Bonds" means, with respect to a Credit Facility, the 2007 Bonds which are subject to payment of the principal thereof and interest thereon, and, if applicable, the Purchase Price thereof, from the proceeds of such Credit Facility.

"Related Credit Facility" means (i) with respect to the 2007 Series A Bonds, the Credit Enhancement Agreement (2007 Series A Bonds), and (ii) with respect to the 2007 Series B Bonds, the Credit Enhancement Agreement (2007 Series B Bonds).

"Remarketing Agent" means Banc of America Securities LLC, or any of its successors appointed in accordance with the terms of the Resolution.

"Remarketing Agreement" means the Remarketing Agreement, dated as of the date of initial issuance of the 2007 Bonds, by and among the Mortgagor, the Corporation and the Remarketing Agent, as the same may be amended or supplemented from time to time, or any replacement thereof.

"Resolution" means the Multi-Family Mortgage Revenue Bonds (Ocean Gate Development) Bond Resolution adopted by the Corporation on November 9, 2006 and any amendments or supplements made in accordance with its terms.

"Revenue Account" means the Revenue Account established pursuant to the Resolution.

"Revenues" means the Pledged Receipts and Recoveries of Principal.

"Section 236" means Section 236 of the National Housing Act of 1934 (12 U.S.C. Section 1701 et seq.) , as amended.

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

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

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

"State" means the State of New York.

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

"Tax Credit Investor" means MMA Oceangate, LLC, a subsidiary of MMA Financial.

"Tender Agent" means Deutsche Bank Trust Company Americas, a New York State banking corporation, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party, or any successor Tender Agent appointed in accordance with the terms of the Resolution.

"Tender Agent Agreement" means the agreement among the Trustee, as Trustee and Tender Agent, the Corporation, the Mortgagor and the Remarketing Agent, dated as of the date of initial issuance of the 2007 Bonds, as the same may be amended or supplemented from time to time, or any replacement thereof.

"Tender Date" means any Change Date or any other date on which Bondowners are permitted or required under the Resolution to tender their Bonds for purchase.

"Term Rate" means the rate of interest on the 2007 Series A Bonds described in Resolution.

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

"2007 Bonds" means the Bonds of such name authorized to be issued pursuant to the Resolution and designated the "2007 Series A Bonds" and the "2007 Series B Bonds".

"2007 Series A Bonds" means the Corporation's Multi-Family Rental Housing Revenue Bonds (Ocean Gate Development), 2007 Series A, authorized pursuant to the Act and the Resolution.

"2007 Series A Credit Enhancement Expiration Date" means the date the obligation of Freddie Mac to make advances under the Credit Enhancement Agreement (2007 Series A Bonds) expires, if not earlier terminated.

"2007 Series A Credit Enhancement Termination Date" means the date on which the obligation of Freddie Mac to make advances under the Credit Enhancement Agreement (2007 Series A Bonds) terminates, subject to certain provisions therein.

"2007 Series A Mandatory Tender Date" means the date specified by the Credit Facility Provider for carrying out the purchase of all 2007 Series A Bonds, pursuant to the Resolution and the related Reimbursement Agreement.

"2007 Series B Bonds" means the Corporation's Multi-Family Rental Housing Revenue Bonds (Ocean Gate Development), 2007 Series B, authorized pursuant to the Act and the Resolution.

"2007 Series B Mandatory Tender Date" means a date specified by the Credit Facility Provider for carrying out the purchase of all, or an Allocated Portion of, 2007 Series B Bonds, pursuant to the Resolution and the related Reimbursement Agreement.

"UDC" means the New York State Urban Development Corporation and its successors.

"Undelivered Bonds" means, (i) with respect to the Mandatory Purchase Provision, any 2007 Bonds which have not been delivered to the Tender Agent for purchase on or prior to the applicable Change Date or (ii) with respect to the Demand Purchase Option, any 2007 Series A Bonds not delivered to the Tender Agent for purchase after notice of tender within the time period prescribed by the Resolution.

"Variable Rate Bonds" means, (i) with respect to the 2007 Bonds, the 2007 Series A Bonds, and (ii) with respect to Bonds other than the 2007 Bonds, Bonds so designated in a Supplemental Resolution as to which the interest rates thereon are adjustable at a Weekly Rate or Term Rate, in the same manner as set forth for the 2007 Series A Bonds in <u>Appendix A</u> of the Resolution.

"Weekly Effective Rate Date" means, (i) with respect to any Weekly Rate Term in effect immediately following the issuance of and delivery of the 2007 Series A Bonds, the date of such issuance and delivery, (ii) with respect to any Weekly Rate Term following another Weekly Rate Term, Wednesday of any week and (iii) with respect to a Weekly Rate Term that does not follow another Weekly Rate Term, the Interest Method Change Date with respect thereto.

“Weekly Rate” means the rate of interest on the 2007 Series A Bonds, as described in “DESCRIPTION OF THE 2007 SERIES A BONDS – Interest Rate Periods ? Weekly Rate Period.”

“Weekly Rate Period” means any period of time during which the 2007 Series A Bonds bear interest at the Weekly Rate.

“Weekly Rate Term” means with respect to any particular 2007 Series A Bond, the period commencing on a Weekly Effective Rate Date and terminating on the earlier of the last calendar day prior to the Weekly Effective Rate Date of the following Weekly Rate Term, or the last calendar day prior to a Change Date.

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

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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

Contract With Bond Owners – Security for Bonds – Limited Obligation

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

Credit Facility

For so long as more than one Series of 2007 Bonds shall be Outstanding, all Series of the 2007 Bonds must be secured by a Credit Facility or Credit Facilities provided by one Credit Facility Provider.

Provisions for Issuance of Bonds

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

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

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

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

(d) with respect to the 2007 Bonds, each Initial Credit Facility, or if required with respect to any Additional Bonds, the Related Credit Facility;

(e) with respect to the 2007 Bonds, executed copies of the Assignment, the Financing Agreement, the Regulatory Agreements, the Remarketing Agreement, the Pledge Agreement, the Tender Agent Agreement, the Mortgages, the Mortgage Note, the Construction Phase Financing Agreement and the Credit Agreement, and with respect to Additional Bonds, such documents as are specified in the Supplemental Resolution authorizing the same; and

(f) such further documents and moneys as are required by the provisions of the Resolution or any Supplemental Resolution.

Additional Bonds

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

For so long as a Credit Facility shall be in effect for the 2007 Bonds, no Additional Bonds which are Variable Rate Bonds shall be issued unless such Bonds are secured by the same Credit Facility in effect for the 2007 Variable Rate Bonds, and no Additional Bonds which are Fixed Rate Bonds shall be issued unless such Bonds are secured by the same Credit Facility, in effect for the 2007 Fixed Rate Bonds, in each such case as such Related Credit Facility shall be amended, extended or replaced in connection with the issuance of such Additional Bonds; provided that the Credit Facility shall not secure Purchased Bonds.

Application and Disbursements of Bond Proceeds

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

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

(2) with respect to any Series issued for the purpose of refunding Bonds, the amount, if any, required to pay Costs of Issuance, as designated by an Authorized Officer of the Corporation, shall be deposited in the Bond Proceeds Account;

(3) with respect to any Series issued for the purpose of refunding Bonds, the balance remaining after such deposits have been made as specified in (1) and (2) above shall be applied as specified in the Supplemental Resolution authorizing such Series;

(4) with respect to the 2007 Bonds, the balance remaining after such deposits have been made as specified in (1) above shall be deposited in the Bond Proceeds Account; and

(5) with respect to any Series (other than the 2007 Bonds) issued for a purpose other than refunding Bonds, the balance remaining after such deposits have been made shall be deposited in the Bond Proceeds Account.

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

Deposits and Investments

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

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

Any other provisions of the Resolution notwithstanding, amounts on deposit in the Credit Facility Payments Sub-Account, pending application, may only be invested in Government Obligations maturing or being redeemable at the option of the holder thereof in the lesser of thirty

(30) days or the times at which such amounts are needed to be expended; provided that so long as the Initial Credit Facility is in effect, such Government Obligations shall consist of only direct and general obligations of the United States of America or obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America.

Any other provisions of the Resolution notwithstanding, amounts on deposit in the Remarketing Proceeds Purchase Account, or any other funds held by or at the direction of the Tender Agent pursuant to the Resolution, pending application, shall (i) so long as any Credit Facility is in effect, be held uninvested, and (ii) at all other times, be invested as otherwise provided in the Resolution or the Remarketing Agreement, as the case may be.

Establishment of Accounts

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

(1) Bond Proceeds Account;

(2) Revenue Account (including the Credit Facility Payments Sub-Account therein); and

(3) Redemption Account; and

(4) Principal Reserve Fund

In the event provision is made for an Alternate Security with respect to the 2007 Series A Bonds, the Trustee may establish a special trust account with an appropriate designation, and the provisions of the Resolution applicable to the Credit Facility Payments Sub-Account shall be applicable to the newly created trust account in all respects as if the newly created trust account replaced the Credit Facility Payments Sub-Account

Bond Proceeds Account

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

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

Revenue Account

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

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

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

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

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

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

(5) fifth, from any other moneys held by the Trustee under the Resolution and available for such purpose, including but not limited to, moneys on deposit in the Principal Reserve Fund.

After payment of the Principal Installments, if any, and interest due on the Outstanding Bonds has been made, and to the extent payments on the Bonds are made from the source described in subparagraph (1) above, the amounts available from the sources described in subparagraphs (2) through (5) above, in the order of priority indicated, shall be used immediately to reimburse the Credit Facility Provider for amounts obtained under the Credit Facility and so applied; provided, however, that during any Weekly Rate Period, such reimbursement shall be made only if the Credit Facility Provider or the Construction Lender on its behalf or the Servicer has notified the Trustee, in writing, that the Credit Facility Provider has not been reimbursed for said amounts obtained under the Related Credit Facility.

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

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

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

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

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

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

Redemption Account

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

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

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

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

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

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

(5) fifth, from any other moneys held by the Trustee under the Resolution and available for such purpose, including, but not limited to, moneys on deposit in the Principal Reserve Fund.

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

Rebate Fund

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

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

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

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

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

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

Principal Reserve Fund

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

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

(1) to reimburse the Credit Facility Provider for advances made under the Credit Facility which were applied to pay interest due on and/or principal of the 2007 Bonds on any Interest Payment Date, Redemption Date, date of acceleration or the maturity date or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such interest on and/or principal of the 2007 Bonds;

(2) to reimburse the Credit Facility Provider for advances made under the Credit Facility which were used to pay the Purchase Price of tendered 2007 Bonds to the extent that remarketing proceeds, if any, are insufficient for such purpose or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such Purchase Price;

(3) with the written consent of the Mortgagor (so long as the Mortgagor is not in default under the Mortgage, Mortgage Note, Financing Agreement, Regulatory Agreement or the Credit Agreement beyond the expiration of any applicable notice or cure period) to make improvements or repairs to the Project; and

(4) if a default has occurred and is continuing beyond the expiration of any applicable notice or cure period under the Credit Agreement, or if the Mortgagor otherwise consents in writing, to any other use approved in writing in the Credit Facility Provider's sole and absolute discretion, by an Authorized Officer of the Credit Facility Provider.

On each January 10 (or, if such date is not a Business Day, the next succeeding Business Day), after providing for all payments and transfers required to be made pursuant to the Resolution, all amounts in the Principal Reserve Fund in excess of the Principal Reserve Amount (rounded down to the nearest multiple of $100,000) shall be transferred by the Trustee to the Redemption Account to be applied to the reimbursement of the Credit Facility Provider in connection with the redemption of 2007 Series A Bonds (or, in the event a Wrongful Dishonor has occurred and is continuing, directly to the redemption of 2007 Series A Bonds) on the first Business Day of each February.

The Credit Facility Provider shall be entitled as may be permitted by the Resolution to direct the Trustee to transfer from the Principal Reserve Fund to the Redemption Account all or a specified portion of the amount on deposit in the Principal Reserve Fund to be applied to the reimbursement of the Credit Facility Provider in connection with the redemption of 2007 Series A Bonds (or, in the event (i) a Wrongful Dishonor has occurred and is continuing, or (ii) that the Corporation elects to provide no Credit Facility during the Fixed Rate Period pursuant to the provisions of the Resolution, directly to the redemption of 2007 Series A Bonds). Any amounts so transferred shall constitute a prepayment of the Mortgage Loan at the option of the Mortgagor and shall be a Recovery of

Principal; provided however, that such right of the Credit Facility Provider to direct such transfers may be exercised only at the times, and subject to any conditions, set forth in the Financing Agreement with respect to optional prepayments of the Mortgage Loan by the Mortgagor.

Moneys on deposit in the Principal Reserve Fund shall be invested (i) so long as the Initial Credit Facility is in effect, in Investment Securities described in the definition of "Investment Securities" in the Resolution, and (ii) at all other times, in Government Obligations or, to the extent otherwise permitted by the Resolution, (a) other short-term variable rate instruments rated by S&P in a category equivalent to the rating then in effect for the 2007 Bonds or (b) as otherwise permitted by the Credit Facility Provider, in its sole discretion.

At the request of the Mortgagor (with the written approval of the Credit Facility Provider), the Corporation in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Mortgagor (in which case the Trustee shall release such amounts to the Mortgagor, provided that if, in the judgment of an Authorized Officer of the Corporation, the amount on deposit in the Rebate Fund at such time is less than the Rebate Amount as of such time, then prior to any such release to the Mortgagor, any amounts on deposit in the Principal Reserve Fund (up to the amount of such deficiency) shall be transferred to the Rebate Fund) and/or (ii) no longer require deposits to the Principal Reserve Fund, and/or (iii) consent to a change in the Principal Reserve Schedule. Any amounts so transferred or released shall no longer secure the 2007 Bonds.

<u>Payment of Bonds</u>

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

<u>Tax Covenants</u>

The following covenants are made solely for the benefit of the owners of, and shall be applicable solely to, the 2007 Bonds and any Additional Bonds, as designated in a Supplemental Resolution, to which the Corporation intends that the following covenants shall apply:

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

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

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

Covenants with Respect to the Mortgage Loan

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

Issuance of Additional Obligations

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

Accounts and Reports

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

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

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

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

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

No Disposition of Credit Facility

The Trustee shall not, without the prior written consent of the owners of all of the Bonds then Outstanding, transfer, assign or release a Credit Facility except (i) to a successor Trustee, or (ii) to the Credit Facility Provider either (1) upon receipt of an Alternate Security, or (2) upon expiration or other termination of the Credit Facility in accordance with its terms, including termination on its stated expiration date or upon payment thereunder of the full amount payable thereunder. Except as aforesaid, the Trustee shall not transfer, assign or release the Credit Facility until the principal of and interest on the Bonds shall have been paid or duly provided for in accordance with the terms of the Resolution.

Supplemental Resolutions

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

The Corporation may adopt, without the consent of any owners of the Bonds, Supplemental Resolutions to, among other things, provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on the issuance of other evidences of indebtedness; add to the covenants and agreements of or limitations and restrictions on, the Corporation's other covenants and agreements or limitations and restrictions which are not contrary to or inconsistent with the Resolution; surrender any right, power or privilege of the Corporation under the Resolution but only if such surrender is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; confirm any pledge under the Resolution, of the Revenues or of any other revenues or assets; modify any of the provisions of the Resolution in any respect whatsoever (but no such modification shall be effective until all Bonds theretofore issued are no longer Outstanding); provide for the issuance of Bonds in coupon form payable to bearer; authorize the issuance of Additional Bonds and prescribe the terms and conditions thereof; provide that specified provisions of the Resolution that relate to the 2007 Bonds shall also apply to a Series of Additional Bonds; provide for such changes as are deemed necessary or desirable by the Corporation in connection with either providing a book-entry system with respect to a Series of Bonds or discontinuing a book-entry system with respect to a Series of Bonds; provide for such changes as are deemed necessary or desirable by the Corporation to take effect on a Change Date on which 100% of the Bonds are subject to mandatory tender; cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Resolution (provided that the Trustee shall consent thereto); comply with the Code; provide for such changes as are deemed necessary by the Corporation upon delivery of an Alternate Security; make any additions, deletions or modifications to the Resolution which, in the opinion of the Trustee, are not materially adverse to the interests of the Bond owners (provided that the Trustee shall consent thereto); or during any period that all the Bonds bear interest at a Weekly Rate, to provide such changes (other than any changes that adversely affect the exclusion from gross income for Federal income tax purposes of interest on the 2007 Bonds) as are deemed necessary or desirable by the Corporation, if, not less than thirty days before the effective date of such changes, the Trustee sends notice of the proposed changes to the Bondholders and the Bondholders have the right to tender their Bonds for purchase before such effective date.

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

Amendments, Changes and Modifications to the Credit Facility.

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

Events of Default and Termination

Each of the following events set forth in clauses (1) through (3) below constitutes an "Event of Default" and each of the following events set forth in clause (4) below constitutes an "Event of Termination" with respect to the Bonds: (1) payment of the principal or Redemption Price, if any, of or interest on any Bond (other than Purchased Bonds) when and as the same shall become due, whether at maturity or upon call for redemption or otherwise, shall not be made when and as the same shall become due; (2) payment of the Purchase Price of any 2007 Bond (other than Purchased Bonds) tendered in accordance with the Resolution shall not be made when and as the same shall become due; (3) the Corporation shall fail or refuse to comply with the provisions of the Resolution or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Resolution or in any applicable Supplemental Resolution or the Bonds (other than any such default resulting in an Event of Default described in clause (1) or (2) above), and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the owners of not less than 5% in principal amount of the Outstanding Bonds; or (4) receipt by the Trustee of written notice from the Credit Facility Provider that an "Event of Default" has occurred under the Credit Agreement, together with a written direction from the Credit Facility Provider to the Trustee to exercise the remedy set forth in clause (5) of the following paragraph or the remedy set forth in clause (8) of the following paragraph as provided in such direction.

Remedies

Upon the happening and continuance of an Event of Termination specified in the Resolution, the Trustee shall proceed, in its own name pursuant to the direction of the Credit Facility Provider as described in clause (4) of the preceding paragraph, to protect and enforce the remedies of the Bond owners and the Credit Facility Provider by the remedies set forth in either clause (5) or (8) below; provided, however, that anything in the Resolution to the contrary notwithstanding the Trustee shall enforce the remedy set forth in clause (5) and clause (8) below within the time limits provided therein. Upon the happening and continuance of any Event of Default specified in clause (1) or (2) of the preceding paragraph, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in clause (3) of the preceding paragraph, the Trustee may proceed and, upon the written request of the owners of not less than 25% in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject, in each such case, to the provisions of the Resolution and the receipt of the written consent of the Credit Facility Provider, to protect and enforce the rights of the Bond owners by the remedies specified below for particular Events of Default, and such other of the remedies set forth in clauses (1) through (7) below, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bond owners, including the right to require the Corporation to receive and collect Revenues adequate to carry out the covenants and agreements as to the Mortgage Loan (subject to the provisions of the Assignment) and to require the Corporation to carry out any other covenants or agreements with such Bond owners, and to perform its duties under the Act; (2) by bringing suit upon the Bonds; (3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds; (4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; (5) with the written consent of the Credit Facility Provider in the case of an Event of Default or upon the direction described in clause (4) of the preceding paragraph in the case of an Event of Termination by immediately declaring all Bonds, or with respect to an Event of Termination, a portion of the 2007 Bonds in the principal amount specified by the Credit Facility Provider, due and payable whereupon, with respect to any affected 2007 Bonds, such Bonds shall be immediately redeemed, without premium, pursuant to the Resolution, provided that upon the happening and continuance of an Event of Default specified in clause (1) or (2) of the preceding paragraph, the Trustee shall declare all Bonds due and payable; (6) in the event that all Outstanding Bonds are declared due and payable, by selling the Mortgage Loan (subject to the provisions of the Assignment) and any Investment Securities securing such Bonds; (7) by taking such action with respect to or in connection with the Credit Facility as the Trustee deems necessary to protect the interests of the owners of the 2007 Bonds; or (8) upon the happening and continuance of an Event of Termination and upon receipt of written direction from the Credit Facility Provider, by carrying out a purchase of all of the 2007 Bonds, or if so designated by the Credit Facility Provider, a portion of the 2007 Bonds (on a date specified by the Credit Facility Provider, which date shall not be later than eight (8) days following receipt by the Trustee of such direction).

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

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

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

<u>Priority of Payments After Event of Default or Event of Termination</u>

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

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

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

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

Rights of the Credit Facility Provider

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

Resignation of Trustee

A Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than sixty (60) days' written notice to the Corporation, the Servicer and the Credit Facility Provider and mailing notice thereof specifying the date when such resignation shall take effect, to each of the registered owners, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, in which event such resignation shall take effect immediately on the appointment of such successor; provided, however, no such resignation shall take effect until a successor Trustee has been appointed.

Removal of Trustee

A Trustee shall be removed by the Corporation (i) if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation and signed by the owners of a majority in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation and such request is approved by the Credit Facility Provider, or (ii) if at any time so requested in writing by the Credit Facility Provider and such request is approved by the Corporation (which approval shall not be unreasonably withheld); provided, however, no such removal shall take effect until a successor Trustee has been appointed. The Corporation may remove the Trustee with the consent of the Credit Facility Provider (which consent shall not be unreasonably withheld) at any time, except during the existence of an Event of Default or an Event of Termination, for such cause as shall be determined in the sole discretion of the Corporation by filing with the Trustee an instrument signed by an Authorized Officer of the Corporation; provided, however, no such removal shall take effect until a successor Trustee has been appointed.

Appointment of Successor Trustee

In case at any time a Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of a Trustee, or of its property or affairs, the Corporation covenants and agrees that it will thereupon (with the written consent of the Credit Facility Provider, such consent not to be unreasonably withheld or delayed) appoint a successor Trustee. The Corporation shall, in whichever manner it deems most economical, either (i) publish notice of any such appointment made by it in Authorized Newspapers, such publication to be made within twenty days after such appointment, or (ii) mail notice of any such appointment made by it to the registered owners of the Bonds, at their last addresses, if any, appearing upon the registry books.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions within forty-five days after the Trustee shall have given to the Corporation written notice, as provided in the Resolution, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed in succession to the Trustee shall be a trust company or commercial bank having the powers of a trust company within or, if there shall be a Tender Agent resident in the State, outside the State, having capital, surplus and undivided profits aggregating at least $100,000,000 if there be such a trust company or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

Payments Due on Days Not Business Days

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

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The following statements are a brief summary of certain provisions of the Reimbursement Agreement. This summary does not purport to be complete, and reference is made to the Reimbursement Agreement, copies of which are on file with the Trustee, for a full and complete statement of the provisions thereof.

The obligations of the Mortgagor to Freddie Mac to repay advances made by Freddie Mac under the Credit Enhancement Agreement (2007 Series A Bonds) and the Credit Enhancement Agreement (2007 Series B Bonds) are evidenced by the Reimbursement Agreement. Under the Reimbursement Agreement, the Mortgagor has promised to repay Freddie Mac all sums of money Freddie Mac has advanced to the Trustee under either Initial Credit Facility. The Reimbursement Agreement also provides that the Mortgagor will pay to Freddie Mac the credit enhancement fee, the servicing fee and other fees and expenses as provided therein.

Events of Default

Under the provisions of the Reimbursement Agreement, Freddie Mac may declare an Event of Default if:

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

(b) the Mortgagor fails to perform its obligations under the Reimbursement Agreement to deliver a Subsequent Hedge (as defined in the Reimbursement Agreement) or to provide the notice or evidence relating to hedges required by the Reimbursement Agreement;

(c) the Mortgagor fails to observe or perform any of the covenants, conditions or agreements set forth in the Reimbursement Agreement or in any of the other Owner Documents (as defined in the Reimbursement Agreement) after any applicable grace period;

(d) an Event of Default occurs under the Reimbursement Mortgage or any of the other Owner Documents referred to in the Reimbursement Agreement;

(e) any representation or warranty made by or on behalf of the Mortgagor under the Reimbursement Agreement or any of the other Owner Documents or in any certificate delivered by the Mortgagor to Freddie Mac or the Servicer pursuant to the Reimbursement Agreement or any other Owner Documents referred to in the Reimbursement Agreement was or becomes inaccurate or incorrect in any material respect;

(f) Purchased Bonds have not been remarketed as of the ninetieth day following purchase by the Trustee on behalf of the Mortgagor and the Mortgagor has not reimbursed Freddie Mac for the amount advanced to purchase the Purchased Bonds, together with any fees due under the Reimbursement Agreement;

(g) a period during which the 2007 Series A Bonds bear interest at a Term Rate expires and the Mortgagor has not either (a) received the prior written consent of Freddie Mac to a change in interest mode or the maintenance of the existing mode or (b) delivered an Alternate Security in accordance with the terms of the Bond Documents;

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

(i) prior to the Conversion Date, Freddie Mac is given a direction to draw on the Construction LOCs by the Construction Lender; or

(j) the occurrence of a Borrower Default, Letter of Credit Default or Construction Lender Default under the Construction Phase Financing Agreement.

Remedies

Upon an Event of Default, Freddie Mac may declare all the obligations of the Mortgagor under the Reimbursement Agreement to be immediately due and payable, in which case all such obligations shall become due and payable, without presentment, demand, protest or notice of any kind, including notice of default, notice of intent to accelerate or notice of acceleration. In addition to the foregoing, Freddie Mac may take any other action at law or equity to protect its rights against the Mortgagor in the Project, including foreclosing against the Project subject to the Mortgage. The rights of Freddie Mac include, without limitation, the right to give written notice to the Trustee stating that an Event of Default has occurred and is continuing under the Reimbursement Agreement and directing the Trustee to cause the mandatory tender or redemption of all or a portion of the 2007 Bonds.

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

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

APPENDIX D

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 "General Resolution") are described below in "Section B – Housing Revenue Bond Program." As of January 31, 2007, the Corporation had bonds outstanding in the aggregate principal amount of approximately $5,604,942,678. All of the bonds are separately secured, except for the bonds issued under the General Resolution which are equally and ratably secured by the assets pledged under the General Resolution. None of the bonds under the bond programs described in "Section A–Multi-Family Program," "Section C–Liberty Bond Program," and "Section D–Section 223(f) Refinancing Program" provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

A. *Multi-Family Program*. The Corporation established its Multi-Family Program to develop privately-owned multi-family rental housing, all or a portion of which is reserved for low income tenants. 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) Rental Projects; FHA-Insured Mortgage Loan: The Corporation has issued bonds to finance a number of mixed income projects with mortgages insured by the Federal Housing Administration ("FHA").

(4) Hospital Staff Housing; Credit Enhanced: The Corporation has issued bonds to provide financing for residential facilities for hospital staff, which bonds are secured by bond insurance or letters of credit issued by investment-grade rated institutions.

(5) Cooperative Housing; SONYMA-Insured Mortgage Loan: The Corporation has issued tax-exempt obligations in order to fund underlying mortgage loans to cooperative housing developments. Each mortgage loan in this program is insured by the State of New York Mortgage Agency ("SONYMA").

(6) Rental Project; REMIC-Insured Mortgage Loan: The Corporation has issued tax-exempt bonds to finance a mortgage loan for a residential facility, which mortgage loan is

insured by the New York City Residential Mortgage Insurance Corporation ("REMIC"), which is a subsidiary of the Corporation.

(7) 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.

B. *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. As of January 31, 2007, eighty-one (81) series of bonds have been issued under the Housing Revenue Bond Program.

C. *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."

D. *Section 223(f) Refinancing Program*. Under this program, the Corporation acquires mortgages originally made by The City of New York (the "City"), obtains federal insurance thereon and either sells such insured mortgages or issues its obligations secured by said insured mortgages and pays the net proceeds of the sale of such mortgages or issuance of obligations to the City. Each series of bonds issued under this program is secured by a mortgage loan insured by FHA pursuant to Section 223(f) of Title II of the National Housing Act of 1934, as amended (the "National Housing Act"). Debt service on each series of bonds is paid only from monies received on account of the applicable mortgage loan securing such series, including, with respect to certain projects, interest reduction subsidy payments received by the Corporation pursuant to Section 236 of the National Housing Act.

The following table summarizes bonds outstanding under these bond programs as of January 31, 2007:

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
MULTI-FAMILY PROGRAM				
Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced				
Related-Carnegie Park	461	$66,800,000	$66,800,000	1997
Related-Monterey	522	$104,600,000	$104,600,000	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 43rd Street Development	375	$55,820,000	$51,900,000	1999
Related-West 89th 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	$21,520,000	2002
The Foundry	222	$60,400,000	$56,500,000	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	$124,000,000	2004
Atlantic Court Apartments	321	$104,500,000	$104,000,000	2005
Progress of Peoples Developments	1,008	$83,400,000	$83,040,000	2005
Royal Charter Properties East, Inc. Project	615	$98,775,000	$96,875,000	2005
The Nicole	149	$65,000,000	$64,700,000	2005
Rivereast Apartments	196	$56,800,000	$56,800,000	2006
Seaview Towers	462	$32,000,000	$32,000,000	2006
Multi-Family Mortgage Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced				
Columbus Apartments Project	166	$23,570,000	$21,870,000	1995
West 48th 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
89 Murray Street Development	232	$49,800,000	$49,800,000	2005
Linden Boulevard Apartments	300	$14,000,000	$14,000,000	2006
Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced				
Related-Upper East	262	$70,000,000	$70,000,000	2003
Aldus Street Apartments	164	$14,200,000	$8,100,000	2004
Brookhaven Apartments	95	$9,100,000	$9,100,000	2004
Courtlandt Avenue Apartments	167	$15,000,000	$15,000,000	2004
East 165th Street Development	136	$13,800,000	$7,665,000	2004
Hoe Avenue Apartments	136	$11,900,000	$6,660,000	2004
Louis Nine Boulevard Apartments	95	$9,500,000	$9,500,000	2004
Manhattan Court Development	123	$17,500,000	$17,500,000	2004
Marseilles Apartments	135	$13,625,000	$13,325,000	2004
Nagle Courtyard Apartments	100	$9,000,000	$9,000,000	2004

Odgen Avenue Apartments	130	$10,500,000	$10,500,000	2004
Parkview Apartments	110	$12,605,000	$12,605,000	2004
Peter Cintron Apartments	165	$14,400,000	$7,840,000	2004
Thessalonica Court Apartments	191	$19,500,000	$19,500,000	2004
West 61st Street Apartments	211	$54,000,000	$54,000,000	2004
15 East Clarke Place Apartments	102	$11,600,000	$11,600,000	2005
33 West Tremont Avenue Apartments	84	$8,450,000	$8,450,000	2005
155 West 21st Street Development	109	$42,700,000	$42,700,000	2005
270 East Burnside Avenue Apartments	114	$13,000,000	$13,000,000	2005
1090 Franklin Avenue Apartments	60	$6,200,000	$6,200,000	2005
1904 Vyse Avenue Apartments	96	$9,650,000	$9,650,000	2005
2007 La Fontaine Avenue Apartments	88	$8,500,000	$8,500,000	2005
Grace Towers Apartments	168	$11,300,000	$11,300,000	2005
Highbridge Apartments	296	$32,500,000	$32,500,000	2005
La Casa del Sol	114	$12,800,000	$12,800,000	2005
Morris Avenue Apartments	210	$22,700,000	$22,700,000	2005
Ogden Avenue Apartments II	59	$5,300,000	$5,300,000	2005
Parkview II Apartments	88	$10,900,000	$10,900,000	2005
The Schermerhorn Development	217	$30,000,000	$30,000,000	2005
Urban Horizons II Development	128	$19,600,000	$19,600,000	2005
White Plains Courtyard Apartments	100	$9,900,000	$9,900,000	2005
500 East 165th Street Apartments	128	$17,810,000	$17,810,000	2006
1405 Fifth Avenue Apartments	80	$14,190,000	$14,190,000	2006
Bathgate Avenue Apartments	89	$12,500,000	$12,500,000	2006
Beacon Mews Development	125	$23,500,000	$23,500,000	2006
Granite Terrace Apartments	77	$9,300,000	$9,300,000	2006
Granville Payne Apartments	103	$12,250,000	$12,250,000	2006
Intervale Gardens Apartments	66	$8,100,000	$8,100,000	2006
Markham Gardens Apartments	240	$25,000,000	$25,000,000	2006
Pitt Street Residence	263	$31,000,000	$31,000,000	2006
Reverend Ruben Diaz Gardens Apartments	111	$13,300,000	$13,300,000	2006
Spring Creek Apartments I and II	582	$24,000,000	$24,000,000	2006

Target V Apartments	83	$7,200,000	$7,200,000	2006
Villa Avenue Apartments	111	$13,700,000	$13,700,000	2006
Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced				
Chelsea Centro	356	$86,900,000	$81,000,000	2002
Residential Revenue Bonds – Hospital Staff Housing; Letter of Credit Enhanced				
Montefiore Medical Center Project	116	$8,400,000	$8,000,000	1993
The Anima l Medical Center	42	$10,140,000	$10,140,000	2003
Mortgage Revenue Bonds – Cooperative Housing; SONYMA-Insured Mortgage Loan				
Maple Court Cooperative	134	$12,330,000	$10,615,000	1994
Maple Plaza Cooperative	154	$16,750,000	$15,050,000	1996
Multi-Family Mortgage Revenue Bonds –Rental Project; REMIC-Insured Mortgage Loan				
Barclay Avenue Development	66	$5,620,000	$5,135,000	1996
Multi-Family Mortgage Revenue Bonds – Senior Housing; Letter of Credit Enhanced				
55 Pierrepont Development	189	$6,100,000	$4,600,000	2000
MILITARY HOUSING REVENUE BONDS Fort Hamilton Housing	228	$47,545,000	$47,545,000	2004
HOUSING REVENUE BOND PROGRAM				
Multi-Family Housing Revenue Bonds[1]	87,860	$2,296,905,000	$1,830,235,000	1993-2007
Multi-Family Secured Mortgage Revenue Bonds	313	$6,185,000	$6,165,000	2005
LIBERTY BOND PROGRAM				
Multi-Family Mortgage Revenue Bonds				
90 Washington Street[2]	398	$74,800,000	$74,800,000	2005
The Crest[3]	476	$143,800,000	$143,700,000	2005
2 Gold Street	650	$217,000,000	$216,700,000	2006
20 Exchange Place	366	$210,000,000	$210,000,000	2006

1 Aggregate information for all eighty-one (81) series of bonds that the Corporation has issued under its Housing Revenue Bond Program from 1993 through 2007 as described in Section B above.

2 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.

3 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.

90 West Street[2]	410	$112,000,000	$112,000,000	2006
201 Pearl Street Development[2]	189	$90,000,000	$90,000,000	2006
SECTION 223(f) REFINANCING PROGRAM				
Multifamily Housing Limited Obligations Bonds	2,110	$79,998,100	$24,417,120	1977
FHA-Insured Mortgage Loans	3,342	$299,886,700	$45,018,306	1978
CAPITAL FUND PROGRAM REVENUE BONDS				
New York City Housing Authority Program	N/A	$281,610,000	$274,795,000	2005
TOTAL	**113,456**	**$6,456,589,800**	**$5,604,942,678**	

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 has 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 Low-income Affordable Marketplace Program ("LAMP") finances the creation of predominately low-income housing using tax-exempt bonds and as of right 4% tax credits with 10% to 30% of the project reserved for formerly homeless households. LAMP allows the direct infusion of subsidy from the Corporation's reserves. The funds are advanced during construction and remain in the project through the term of the permanent mortgage loan. During construction, the funds bear interest at 1%. While in the permanent phase, the funds must at least bear interest at 1%, but may provide for amortization, depending on the particular project.

C. *Mixed Income*. Under the Mixed-Income Program, HDC combines the use of credit-enhanced variable rate, tax-exempt private activity bonds with subordinate loans funded from the Corporation's reserves to finance mixed-income multi-family rental housing. 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.

D. *New Housing Opportunities Program*. The Corporation has established a New Housing Opportunities Program ("New HOP") to make construction and permanent mortgage loans for developments intended to house low and moderate income tenants. The developments also receive subordinate loans from the Corporation. The first mortgage loans under New HOP have been, or are expected to be, financed by the proceeds of obligations issued under the Housing Revenue Bond Program. See "Section B—Housing Revenue Bond Program" in PART I—BOND PROGRAMS above.

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, two 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 1,390 mortgage loans with an approximate aggregate face amount of $8.7 billion.

A. *Portfolio Servicing.* The Corporation acts as loan servicer in connection with the permanent mortgage loans made to approximately 596 developments under its bond, mortgage loan and other loan programs (including its Housing Revenue Bond Program) in the approximate aggregate face amount of $4.2 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 January 31, 2007, the Corporation was servicing construction and permanent loans made to approximately 593 developments in the approximate aggregate face amount of $2 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 201 mortgage loans made under the Corporation's various bond, mortgage loan and other loan programs in the approximate aggregate face amount of $2.5 billion.

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APPENDIX E

DESCRIPTION OF THE SUBSIDY PROGRAMS

Section 236 Program

General. Pursuant to Section 236 of the National Housing Act ("Section 236"), the Secretary of HUD ("HUD" or the "Secretary") enters into contracts (each a "Section 236 Contract") with eligible Section 236 mortgagees to make periodic interest reduction payments to such Section 236 mortgagees, on behalf of mortgagors. HUD's interest reduction subsidy payment share is in an amount equal to the difference between the monthly payment for principal, interest and mortgage servicing fees or mortgage insurance premiums, as appropriate, which the mortgagor of a project is obligated to pay under its mortgage loan and the monthly payment for principal and interest a mortgagor would be obligated to pay if its mortgage loan were to bear interest at the rate of one per centum (1%) per annum. Under Section 236, interest reduction payments with respect to a project (the "IRP Payments") shall be made only during the period that such project is operated as a rental or cooperative housing project.

Decoupling Program. In 1999, Congress passed the "Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act" (the "1999 Act"). The 1999 Act permits mortgagors of Section 236 projects to retain the Section 236 subsidy notwithstanding the refinancing of the existing Section 236-assisted mortgage. HUD generally refers to its program implementing this provision of the 1999 Act as its Section 236 decoupling program (the "Decoupling Program").

The original Section 236 Contracts among the Mortgagor, the New York State Urban Development Corporation and HUD are scheduled to expire in May 2025. HUD has approved the Mortgagor's proposal to continue IRP Payments under the Decoupling Program after the Mortgagor acquires the Project and the existing mortgage is prepaid. It is anticipated that the Mortgagor will receive IRP Payments under a new Interest Reduction Payments Contract among the Mortgagor, HUD, the Corporation, Freddie Mac, and the State of New York Division of Housing and Community Renewal ("DHCR") (the "New Section 236 Contract") in the aggregate annual amount of $1,468,243 for a period of 17 years, 10 months. The right, title and interest of the Corporation, as mortgagee, in and to the New Section 236 Contract will be assigned to the Trustee and Freddie Mac, as their interests may appear.

Termination of IRP Payments. The New Section 236 Contract provides that HUD shall terminate the IRP Payments thereunder if (a) the Mortgage Loan is extinguished; (b) the Project ceases to be owned by an eligible owner under Section 236 or Freddie Mac; (c) the Trustee, Freddie Mac or its permitted assignees is no longer mortgagee of record and HUD has not approved the Corporation's successor as mortgagee of record; or (d) the Corporation does not meet its obligation to monitor the operation and condition of the Project pursuant to Section 236 or does not certify, in a manner satisfactory to HUD, that it is satisfying this requirement. In addition, the New Section 236 Contract provides that HUD has the discretion to terminate IRP Payments (x) upon default by the Mortgagor or the Corporation under any provision thereof or (y) if an action of foreclosure is instituted by the Corporation, unless, the Corporation notifies HUD in advance of its intention to institute such foreclosure action and submits a plan acceptable to HUD, providing for the continued eligibility of the Project for receiving the benefits of Section 236. If IRP Payments are terminated, the Secretary may reinstate them at his or her discretion pursuant to such additional requirements as the Secretary may prescribe. The New Section 236 Contract may be terminated at the option of, and upon written notice from, the Secretary after the expiration of one year from the date of the termination of IRP Payments, unless such payments have been reinstated. **In the event HUD were to terminate IRP Payments in respect of the Project, such terminated IRP Payments would not be available to pay debt service on the Mortgage Loan, which could result in a default on the Mortgage Loan.**

Limitations on Transfer of Project and Assignment of Mortgage Loan or Contract. Under the New Section 236 Contract the Mortgagor will covenant to transfer the Project only to an eligible mortgagor approved by the Secretary, the Corporation and Freddie Mac. The New Section 236 Contract provides that the Corporation will not, without the prior written approval of HUD, assign the Mortgage Loan, except that it may assign or pledge the Mortgage Loan and the New Section 236 Contract, and the proceeds of payments under such New Section 236 Contract and its rights thereunder to the Trustee and Freddie Mac, so long as the Trustee or Freddie Mac remains the record holder of the Mortgage Loan.

Rents. Pursuant to the New Section 236 Contract, the Mortgagor is permitted to charge (i) a basic or subsidized rental charge for each subsidized dwelling unit in the Project (the "basic rent"), determined on the basis of the actual operating costs of the Project (including the permitted return on equity), assuming the payment of principal and interest on a mortgage note bearing interest at the rate of 1% per annum for the amortization period stated therein, and (ii) a fair market rental charge for each such unit, determined on the basis of the actual operating costs of the project (including the permitted return on equity), assuming payment of principal and interest at the mortgage rate stated in the Mortgage Note (the "market rent"). The rent charged for each subsidized unit (the "tenant rent") is generally the greater of the basic rent or thirty per centum (30%) of the tenant's adjusted monthly income, but in no event may the Mortgagor charge an amount in excess of the market rent (not including permitted surcharges). Under the New Section 236 Contract, DHCR and HUD must approve all rent increases.

It is expected that the initial rents approved under the New Section 236 Contract will go into effect sixty (60) days following the prepayment of the existing mortgage. At the time of closing DHCR is expected to issue Section 8 housing choice vouchers to eligible tenants; the Section 8 housing choice vouchers will be replaced by Section 8 enhanced vouchers at the time that the initial rents approved under the New Section 236 Contract go into effect. (See "Section 8 Tenant Based Voucher Programs - Enhanced Vouchers).

Excess Income. The New Section 236 Contract provides that, except to the extent that HUD has specifically authorized the Mortgagor to retain such amounts and use them for any project purposes, the Mortgagor shall pay monthly to HUD all rental charges collected in excess of the basic rental charges for all occupied units ("Excess Income Payments"). Under current HUD policy, such project purposes include, but are not limited to, project operating shortfalls, including repair costs; increasing deposits to the reserve fund for replacements; payment of service coordinators; enhanced supportive services for residents; and neighborhood networks (i.e., computer facilities) located at the project for project residents. HUD previously authorized the prior owner of the Project to retain Excess Income Payments through September 30, 2007, and it is anticipated that HUD will continue to permit such Excess Income Payments to be retained by the Mortgagor provided the Mortgagor complies with HUD's requirements and there is no substantial change in HUD's policies in this regard. No assurance can be given as to the impact of a revision in the law or HUD's policies regarding the ability of an owner to retain Excess Income Payments on the ability of the Mortgagor to cover operating expenses and debt service on the Mortgage Loan.

Payment Procedure. Each month the servicer of the Mortgage Loan, as appointed by Freddie Mac (the "Servicer"), shall execute and submit to HUD a completed Certification and Application for IRP Payments directing that the payment under the New Section 236 Contract for the immediately succeeding month be paid directly to the Servicer. On the first day of each month, commencing on September 1, 2007 and continuing to and including May 1, 2025, the Servicer will be entitled to receive IRP Payments. The Servicer will send all such payments received to Freddie Mac in order to reimburse Freddie Mac for advances made to the Trustee, under the Credit Enhancement Agreement (2007 Series B Bonds), to pay principal and interest on the 2007 Series B Bonds.

Role of DHCR. DHCR has agreed to act as the "public agency" under the New Section 236 Contract, and as such will monitor compliance by the Mortgagor with certain covenants under the New Section 236 Contract and, along with HUD, approve any changes in the rent levels for the Project.

Certain Mortgagor Covenants. The Mortgagor will covenant in the New Section 236 Contract to limit admission to the subsidized dwelling units in the Project to those families whose incomes do not exceed the lower of the applicable limits approved by the Corporation or the Secretary. The New Section 236 Contract contains other covenants relating to compliance with applicable civil rights laws prohibiting discrimination in housing, the maintenance of information and records concerning tenants and tenant income in a form required under HUD regulations, the availability for inspection of such information and records, prohibitions against denying occupancy due to number of children in the family and the number of subsidized units which may be rented to any one tenant at any one time, and other matters. The Mortgagor has covenanted to maintain habitability of the Project units. Under the terms of the New Section 236 Contract, HUD may adjust subsidy payments in the event a subsidized unit is destroyed or otherwise rendered not habitable for any reason unless such unit is restored or rehabilitated within a reasonable time.

Use Agreement. HUD and the Mortgagor will also enter into a Section 236(e)(2) Use Agreement pursuant to which the Mortgagor will covenant to maintain rent restrictions applicable to the Project under the Section 236 Decoupling Program for a period of five years beyond the expiration of the New Section 236 Contract.

Set-Off Rights of the United States. Payments under the New Section 236 Contract duly and properly paid and actually received by or on behalf of the Corporation have been pledged to the Trustee as part of the security for the 2007 Bonds, and the Corporation is obligated to deliver to the Trustee all such payments upon receipt. Under Federal law, the United States Government has the right to set-off liabilities to the United States against the amounts payable under the New Section 236 Contract. The Corporation does not believe it has any liabilities to the United States which would result in any set-off against such payments for the Project. The set-off right of the United States described above applies only to payments under a Section 236 Contract which have not actually been paid by HUD. Once payments under a Section 236 Contract are received by the Section 236 mortgagee and delivered to a trustee, they cannot be subjected to repayment to the United States by such trustee. However, in the case of excessive payments under a Section 236 Contract, the Section 236 mortgagee would remain obligated to refund to the Secretary the amount which was overpaid, and such liabilities could be offset against future payments under such Section 236 Contract.

Supervision. The Project was constructed and is operated as a limited-profit housing project in accordance with the Mitchell-Lama Law. For more information on the Mitchell-Lama Law, see "Mitchell-Lama Program".

Section 8 Tenant Based Voucher Program - Enhanced Vouchers

Pursuant to Section 8 of the United States Housing Act of 1937, as amended ("Section 8"), HUD provides a broad program of tenant-based subsidies administered primarily by state and local housing agencies acting as public housing agencies (PHAs). Under the tenant - based housing voucher program (often called "housing choice vouchers"), eligible families, generally those whose incomes do not exceed 50% of area median income, receive a subsidy equal to the difference between 30% of the eligible family's "adjusted income" and a PHA's payment standard for rent levels for the applicable area, each as calculated according to HUD rules. Vouchers are issued to the family rather than being tied to a particular housing project as is the case with project-based Section 8 contracts.

HUD offers a variant of its tenant-based housing voucher program for "preservation projects," which include projects with subsidized mortgages insured or assisted under Section 236, that are being prepaid. This program enables tenants to receive a voucher ("Enhanced Voucher") that reflects a payment standard set at the rent levels that the administering agency determines does not exceed the market rent for comparable, unassisted projects in the area. Under the Decoupling Program, the market-comparable rent level typically is deemed to be the "basic" rent at the project. These approved rents are often higher than the payment standard that would normally apply to housing choice vouchers, but may be used only at the particular project with respect to which the Enhanced Voucher was issued. If the tenant moves from that project, the voucher converts to a housing choice voucher and the amount of the subsidy is changed to reflect the payment standard for the housing choice voucher program in the area.

Tenants who are in occupancy at the time of the decoupling or other prepayment of a mortgage, and who have incomes (in the case of projects located in low-vacancy areas, including New York) at or below 95 percent of the median area income, are generally eligible to receive Enhanced Vouchers. As these tenants vacate their apartments, they take their Enhanced Vouchers with them, and new tenants are not eligible to receive Enhanced Vouchers (although new tenants may have housing choice vouchers). Enhanced Vouchers call for a minimum payment from the family equal to the greater of: (i) the rent the family is paying at the time the HUD-insured mortgage is prepaid, and (ii) 30% of the family's adjusted income as determined by HUD; with provision for adjustment if the family's income declines to a significant extent.

The Enhanced Voucher program was enacted as part of the HUD appropriations acts beginning in 1997, and became a permanent program under the 2000 Appropriations Act (Section 538 of Public Law 106-74). The program is now codified as Section 8 (t) of the United States Housing Act of 1937 (42 USC 1437f (t)). The availability of funding for both housing choice vouchers and Enhanced Vouchers is subject to appropriations.

Mitchell-Lama Program

General. The Mitchell-Lama program was created to facilitate the construction and continued operation of affordable moderate and middle income rental and cooperative housing in the State of New York. The Project was constructed and is operated as a limited-profit housing project in accordance with Article 2 of the New York Private Housing Finance Law and the rules and regulations promulgated thereunder (the "Mitchell-Lama Law").

DHCR Supervision. DHCR has supervisory authority over the Project's Mitchell-Lama program. DHCR carries out all its supervisory functions with limited resources, which may affect the priority or completion time frames for its various supervisory activities.

DHCR regulates the Project's rental procedures and tenant income limits. DHCR oversees the renting of vacant units including the establishment of waiting lists and the advertising process relating thereto. DHCR approves the admission of new tenants as well as the transfer of existing tenants to other units in the Project. DHCR also verifies initial and annual tenant income certifications submitted by tenants to ensure that the tenant income requirements of the Mitchell-Lama program are maintained. Tenants with incomes in excess of the certain income requirements are required to pay rent surcharges to the Mortgagor.

DHCR conducts a periodic physical inspection of the common areas of the Project in order to assess property maintenance levels. DHCR has power to audit the books of the Project and conducts a periodic site administrative review to review service contracts, insurance coverage and the Project's record keeping systems.

DHCR approves all rent increase applications after holding a public hearing and reviewing a financial analysis prepared by DHCR and the Mortgagor, provided, however, such rental increases are also subject to the approval of HUD, pursuant to the Project's Section 236 Contract. DHCR has the right to remove any or all of the existing directors of an ownership entity and to appoint individuals that DHCR deems advisable in the event of a violation of a provision of the owner's certificate of incorporation, any applicable law, the loan or mortgage contract or DHCR's rules and regulations.

Corporation Rent Increase Authority. DHCR may (whenever it shall find that the maximum rentals charged at the Project, in whole or in part, shall not be sufficient together with all other income of the Mortgagor to meet within reasonable limits all necessary payments to be made by the Mortgagor of all expenses, including fixed charges, sinking funds, reserves and dividends) request the Mortgagor to make application to vary such rentals so as to secure sufficient income, and upon the Mortgagor's failure to do so within thirty (30) days after the receipt of written request from the Corporation, to request DHCR to take action upon DHCR's own motion so to vary such rental rate, and upon failure of DHCR either upon application by the Mortgagor or upon its own motion so to vary such rental rate within sixty (60) days after receipt of written request from the Corporation to do so, to vary such rental rate by action of the Corporation. Any such rental increases are also subject to the approval of HUD, pursuant to the Project's Section 236 Contract.

Tax Exemption. The Mitchell-Lama Law provides that with the consent of the local legislative body, the real property, both land and improvements, of a project shall be exempt from local and municipal taxes, other than assessments for local improvements, to the extent of all or part of the value of the property included in such project which represents an increase over the assessed valuation of such real property at the time of its acquisition for the project by the company, provided however, that the real property in a project acquired for purposes of rehabilitation shall be exempt to the extent of all or part of the value of the property included in such rehabilitation and provided further that the minimum tax to be paid shall not be less than ten per centum (10%) of the annual shelter rent of such project. This tax exemption continues so long as the mortgage loan made to the owner remains outstanding. Pursuant to the Act, the property of the Corporation is exempt from State and local taxes. In the event the Corporation shall become the owner of the Project, it would be exempt from the payment of real estate taxes.

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APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION

Upon delivery of the 2007 Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, proposes to issue its approving opinion in substantially the following form:

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $32,530,000 Multi-Family Rental Housing Revenue Bonds (Ocean Gate Development), 2007 Series A (the "2007 Series A Bonds") and $15,970,000 Multi-Family Rental Housing Revenue Bonds (Ocean Gate Development), 2007 Series B (the "2007 Series B Bonds" and, together with the 2007 Series A Bonds, the "2007 Bonds") of the New York City Housing Development Corporation (the "Corporation"), a corporate governmental agency, constituting a public benefit corporation, created and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the "Act").

The 2007 Bonds are authorized to be issued pursuant to the Act and the Multi-Family Rental Housing Revenue Bonds (Ocean Gate Development) Bond Resolution of the Corporation, adopted November 9, 2006 (herein called the "Resolution"). The 2007 Bonds are being issued for the purpose of financing the Mortgage Loan (as defined in the Resolution).

The 2007 Bonds are dated, mature, are payable, bear interest and are subject to redemption and tender as provided in the Resolution.

The Corporation is authorized to issue other Bonds (as defined in the Resolution), in addition to the 2007 Bonds, for the purposes and upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall, with the 2007 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

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

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

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

the 2007 Bonds, and to perform its obligations under the terms and conditions of the Resolution, including financing the Mortgage Loan, as covenanted in the Resolution.

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

3. The 2007 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolution and the laws of the State of New York (the "State"), including the Act.

4. The 2007 Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution, are enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

5. The Bonds, including the 2007 Bonds, are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Revenues (as defined in the Resolution) and all the Accounts (other than the Rebate Fund) established by the Resolution and moneys and securities therein, which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

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

7. The 2007 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2007 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 2007 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2007 Bond for any period during which such 2007 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2007 Bonds or a "related person," and (ii) interest on the 2007 Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagor (as defined in the Resolution) and others, in connection with the 2007 Bonds, and we have assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2007 Bonds from gross income under Section 103 of the Code. In addition, under existing statutes, interest on the 2007 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 2007 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 2007 Bonds, or the exemption of interest on the 2007 Bonds from personal income taxes 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 2007 Bonds and the Resolution may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed 2007 Series A Bond and an executed 2007 Series B Bond and in our opinion the forms of said Bonds and their execution are regular and proper.

Very truly yours,

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