Moody's: Aa2
Standard & Poor's: AA
NEW ISSUE—BOOK-ENTRY ONLY **(see "RATINGS" herein)**

In the opinion of Bond Counsel to the Corporation, interest on the 2007 Series A Bonds is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the 2007 Series A 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."

$25,690,000

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Multi-Family Housing Revenue Bonds, 2007 Series A (Federally Taxable)

Dated: Date of delivery **Due: May 1 and November 1, as shown on the inside cover page**

Interest on the Multi-Family Housing Revenue Bonds, 2007 Series A (the "2007 Series A Bonds") of the New York City Housing Development Corporation (the "Corporation") is payable semiannually on May 1 and November 1, commencing November 1, 2007, at the fixed rates set forth on the inside cover page. The 2007 Series A Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof. See "DESCRIPTION OF THE 2007 SERIES A BONDS—General."

The 2007 Series A Bonds will be issued in book-entry form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on and principal of the 2007 Series A Bonds will be payable by the Trustee to Cede & Co., as nominee of DTC, which will, in turn, remit such principal and interest to DTC Direct Participants for subsequent disbursement to the Beneficial Owners. Purchasers of the 2007 Series A Bonds will not receive physical delivery of bond certificates. The 2007 Series A Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. See "DESCRIPTION OF THE 2007 SERIES A BONDS—Book-Entry Only System." The Bank of New York, located in New York, New York, is the Trustee with respect to the 2007 Series A Bonds.

The 2007 Series A Bonds are being issued, when combined with other available monies, to finance a construction and permanent mortgage loan for the construction of a certain development. Payment of the principal or redemption price of and interest on the 2007 Series A Bonds will be secured by the Revenues and assets pledged to such payment, including, without limitation, certain payments to be made under or with respect to certain mortgage loans, and monies and/or cash equivalents held under the Debt Service Reserve Account. The 2007 Series A Bonds are being issued on a parity with and shall be entitled to the same benefit and security as other Bonds issued and to be issued under the General Resolution (other than Subordinate Bonds).

The 2007 Series A Bonds are subject to redemption prior to maturity as set forth herein.

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

The 2007 Series A Bonds are offered when, as and if issued and received by J.P. Morgan Securities Inc., the Underwriter thereof, subject to prior sale, to withdrawal or modification of the offer without notice, and to the unqualified approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters related to the 2007 Series A Bonds will be passed upon for the Corporation by its General Counsel. Certain legal matters related to the 2007 Series A Bonds will be passed upon for the Underwriter by its Co-Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York and Winston & Strawn LLP, New York, New York. It is expected that the 2007 Series A Bonds will be available for delivery in New York, New York on or about March 22, 2007.

Dated: March 14, 2007

JPMorgan

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES

$25,690,000 2007 Series A Bonds

$2,185,000 5.26% Term Bond due May 1, 2017 - Price 100% CUSIP No. *64970MZS5

$5,940,000 5.47% Term Bond due May 1, 2027 - Price 100% CUSIP No. *64970MZT3

$17,565,000 5.52% Term Bond due May 1, 2041 - Price 100% CUSIP No. *64970MZU0

* CUSIP numbers have been assigned by an independent company not affiliated with the Corporation and are included solely for the convenience of the owners of the 2007 Series A Bonds. Neither the State nor the Corporation is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2007 Series A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2007 Series A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2007 Series A 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 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the New York City Housing Development Corporation or by J.P. Morgan Securities Inc., as underwriter for the 2007 Series A Bonds offered to the public as indicated on the inside cover page (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 and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter or by any of such sources as to information from any other source. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the New York City Housing Development Corporation or the other matters described herein since the date hereof.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2007 SERIES A 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 SERIES A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Part I and Part II of this Official Statement, including their respective appendices, are to be read together, and together Part I and Part II, including their respective appendices, constitute this Official Statement.

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PART I

PART II

OFFICIAL STATEMENT PART I

$25,690,000
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Multi-Family Housing Revenue Bonds, 2007 Series A (Federally Taxable)

This Official Statement Part I ("Part I") provides information as of its date (*except* where otherwise expressly stated) concerning the Corporation's 2007 Series A Bonds. It contains only a part of the information to be provided by the Corporation in connection with the issuance and sale of the 2007 Series A Bonds. Additional information concerning Bonds previously issued under the General Resolution, certain sources of payment and security for the Bonds (including the 2007 Series A Bonds), the Corporation, and the mortgage loan program financed with the proceeds of the Bonds is contained in the Official Statement Part II ("Part II") and is subject in all respects to the information contained herein.

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OFFICIAL STATEMENT PART I

$25,690,000
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Multi-Family Housing Revenue Bonds,
2007 Series A (Federally Taxable)

This Official Statement consists of Part I and Part II. The purpose of Part I, which includes the cover page and inside cover page to this Official Statement, and the appendices to this Part I, is to set forth certain information concerning the New York City Housing Development Corporation (the "Corporation") in connection with the sale of $25,690,000 principal amount of its Multi-Family Housing Revenue Bonds, 2007 Series A (the "2007 Series A Bonds"). The 2007 Series A 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 Housing Revenue Bonds Bond Resolution" adopted by the Members of the Corporation on July 27, 1993, as amended from time to time (the "General Resolution"), and a supplemental resolution for the 2007 Series A Bonds entitled "Seventy-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2007 Series A" (the "2007 Series A Supplemental Resolution"), adopted by the Members of the Corporation on September 25, 2006. The General Resolution and the 2007 Series A Supplemental Resolution are referred to herein, collectively, as the "Resolutions." Part II of this Official Statement sets forth additional information concerning the Corporation, the Act, the Program (as such term is defined below) and the Outstanding Bonds.

Pursuant to the General Resolution (except as otherwise expressly provided therein or in a Supplemental Resolution authorizing a series of bonds), all bonds issued thereunder are equally and ratably secured by the Revenues and assets pledged thereunder. All bonds issued or to be issued under the General Resolution, including the 2007 Series A Bonds, are herein referred to as the "Bonds." Under the General Resolution, the Corporation may issue Bonds to finance any corporate purpose for which Bonds may be issued under the Act or any other applicable law hereafter enacted. The activities of the Corporation undertaken pursuant to the General Resolution are hereinafter referred to as the "Program." Under the Program, to date, the Corporation has issued Bonds to finance Mortgage Loans for privately owned multi-family rental housing for low and moderate income tenants. Multi-family housing developments financed by the Corporation under the Program are referred to herein individually as a "Development" or a "Project" and, collectively, as the "Developments" or the "Projects."

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 within the financial reach of families and persons of low income, which include families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, through the provision of low interest mortgage loans.

The 2007 Series A Bonds are special revenue obligations of the Corporation, and payment of the principal or redemption price of and interest on the 2007 Series A Bonds will be secured solely by the

Revenues and assets pledged to such payment including, without limitation, certain payments to be made under or with respect to the Mortgage Loans, and monies and/or Cash Equivalents held under the Debt Service Reserve Account. The 2007 Series A Bonds are being issued on a parity with, and shall be entitled to the same benefit and security of the General Resolution as, all other Bonds Outstanding (other than Subordinate Bonds) issued and to be issued thereunder. As of January 31, 2007, the aggregate principal balance of Bonds Outstanding was $1,830,235,000. The Corporation has contracted to issue and sell an additional $31,900,000 principal amount of fixed rate Bonds for delivery on or about June 28, 2007. None of the Bonds Outstanding are Subordinate Bonds. See "SECURITY FOR THE BONDS" and "BONDS OUTSTANDING UNDER THE PROGRAM" in Part II of this Official Statement.

The Mortgage Loans may, but are not required to, be secured by supplemental security ("Supplemental Security"), including (a) mortgage insurance provided by (i) the Federal Housing Administration ("FHA"), (ii) the New York City Residential Mortgage Insurance Corporation, a subsidiary corporation of the Corporation ("REMIC"), and (iii) the State of New York Mortgage Agency ("SONYMA"), (b) mortgage-backed securities guaranteed by the Government National Mortgage Association ("GNMA"), (c) a credit enhancement instrument provided by Fannie Mae and (d) bank letters of credit ("Long-term LOCs"). In addition, the Developments related to the Mortgage Loans may, but are not required to, be assisted through Federal, state or local subsidy programs ("Subsidy Programs") such as (a) the program (the "Mitchell-Lama Program" or "Mitchell-Lama") authorized by Article 2 of the New York Private Housing Finance Law and the rules and regulations promulgated thereunder (the "Mitchell-Lama Law"), and the related Corporation Mitchell-Lama Restructuring Program (the "ML Restructuring Program"), (b) the interest reduction subsidies authorized by Section 236 of the National Housing Act of 1934, as amended ("Section 236"), pursuant to periodic interest reduction payment contracts ("Section 236 Contracts"), (c) the housing assistance payment program authorized by Section 8 of the United States Housing Act of 1937, as amended ("Section 8"), (d) various subordinate loan programs of the Corporation such as the Affordable Housing Permanent Loan Program ("AHPLP"), the Low-income Affordable Marketplace Program ("LAMP"), the Mitchell-Lama Repair Loan Program ("ML Repair Loan Program") and the New Housing Opportunities Program ("New HOP"), (e) various Federal, State and other local subordinate loan or grant programs such as the Participation Loan Program ("PLP"), the Article 8-A Loan Program ("Article 8-A"), the §421-a Negotiable Certificate Program (the "Certificate Program"), the Mixed Income Rental Program ("MIRP"), General Municipal Law Article 16 ("GML Article 16") programs, Housing Development Grant ("HoDAG") programs and certain programs of the New York State Housing Trust Fund Corporation ("HTF"), and (f) subsidies through the Housing Assistance Corporation ("HAC"). The programs described in clauses (d), (e) and (f) in the immediately preceding sentence are referred to herein, collectively, as the "Subordinate Loan/Grant Programs." See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program" and "Appendix G—Description of Supplemental Security and Subsidy Programs" in Part II of this Official Statement. A Mortgage Loan also may represent the Corporation's participation interest in a mortgage loan or pool of mortgage loans or the cash flow therefrom. A Mortgage Loan, or the mortgage loan underlying a participation interest, is required to be evidenced by a note and secured by a mortgage (but such mortgage need not create a first mortgage lien on the related Development).

The proceeds of the 2007 Series A Bonds are expected to be used to finance a construction and permanent mortgage loan (the "2007 Series A Mortgage Loan") for a new development pursuant to the New HOP program. In addition, proceeds of the 2007 Series A Bonds, together with other available monies of the Corporation, are expected to be used to finance costs of issuance and a deposit to the Debt Service Reserve Account, if any. For a more detailed description of the financing plan and the Mortgage Loan to be funded with the proceeds of the 2007 Series A Bonds, see "PLAN OF FINANCING."

The ability of the Corporation to pay the principal or redemption price of and interest on the Bonds, including the 2007 Series A Bonds, is dependent on the Revenues derived from the assets pledged to secure the Bonds, which consist of all the Mortgage Loans (including the 2007 Series A Mortgage Loan) and all other monies and funds pledged under the Resolution. In instances in which Supplemental Security backs a Mortgage Loan, timely receipt of the proceeds of the Supplemental Security may be material to the Corporation's ability to pay the principal or redemption price of and interest on the Bonds. In cases in which Developments are beneficiaries of Subsidy Programs, full and timely receipt of subsidy payments, or loan or grant proceeds, may be necessary for full payment under the Mortgage Loans made with respect to such Developments. In the case of Mortgage Loans which are not secured by Supplemental Security or whose related Developments are not assisted under a Subsidy Program, the Revenues derived from such Mortgage Loans are entirely dependent on each Mortgagor's ability to make payments under its Mortgage Loan. The Mortgagor's ability to make payments required under its Mortgage Loan is and will be affected by a variety of factors including the maintenance of a sufficient level of occupancy, the level of operating expenses, sound management of a Development, the ability to achieve and maintain rents to cover payments under the Mortgage Loan, operating expenses, taxes, utility rates and maintenance costs, and changes in applicable laws and governmental regulations. In addition, the continued feasibility of a Development may depend in part upon general economic conditions and other factors in the surrounding area of a Development. See "THE PROGRAM—Certain Factors Affecting the Mortgage Loans" in Part II of this Official Statement and under the subheadings "Supplemental Security" and "Subsidy Programs" in Appendix G in Part II of this Official Statement.

Under the General Resolution, the Corporation is authorized to issue Bonds (which may be secured on a parity with, or be subordinate in right of payment to, the Bonds which are not Subordinate Bonds) to finance any of its corporate purposes for which bonds may be issued under the Act, or any other applicable law now or hereafter enacted, including but not limited to financing mortgage loans and/or participation interests therein. No such additional Bonds may be issued under the General Resolution unless certain conditions set forth therein are met, including confirmation of the then existing ratings on the Outstanding Bonds (other than Subordinate Bonds) by each of the Rating Agencies then rating such Bonds.

If Mortgage Loans (including participation interests in mortgage loans) are to be financed by any such additional Bonds and pledged to secure the Bonds, such Mortgage Loans or the mortgage loans underlying a participation interest, need not create a first mortgage lien on such Projects and such Mortgage Loans or the Projects financed thereby may, but are not required to, be subject to Supplemental Security insuring or securing against Mortgage Loan default losses. Such Supplemental Security, if any, may be in the form of, among other things, a mortgage insurance policy, a guaranteed mortgage-backed security, a letter of credit, a surety bond or an escrow deposit, any or all of which may be obtained pursuant to one or more programs of the Federal, State or local government.

The General Resolution does not require that the Corporation pledge its interests in the assets financed with the proceeds of additional Bonds, or the revenues derived therefrom, to secure the Bonds. Moreover, the Corporation may withdraw Mortgage Loans and surplus revenues from the pledge and lien of the General Resolution upon the filing with the Trustee of a Cash Flow Statement, except with respect to certain Mortgage Loans which, pursuant to the applicable Supplemental Resolutions, may be released without the filing of a Cash Flow Statement, as more fully described under the subheading "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates" in Part II of this Official Statement.

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

Descriptions of the Corporation, the 2007 Series A Mortgage Loan, the 2007 Series A Bonds, sources of payment therefor, the Program and the Resolutions are included in Part I and Part II of 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 Series A Bonds are qualified in their entirety by reference to the Resolutions and the provisions with respect thereto included in the aforesaid documents and agreements. The Corporation has covenanted in the General 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 the Trustee and to each Bond owner who shall have filed such owner's name and address with the Corporation for such purposes. The Corporation also has committed to provide certain information on an ongoing basis to certain repositories. For a description of the Corporation's undertaking with respect to ongoing disclosure, see "CONTINUING DISCLOSURE." Summaries of the Supplemental Security and Subsidy Programs are qualified in their entirety by reference to any statutes, regulations or agreements mentioned in such summaries. See Appendix G in Part II of this Official Statement.

PLAN OF FINANCING

General

Upon the issuance of the 2007 Series A Bonds, all of the proceeds of such 2007 Series A Bonds initially will be deposited in the Bond Proceeds Account and invested in Investment Securities. Such proceeds are expected to be used by the Corporation to finance a construction Mortgage Loan (the "2007 Series A Mortgage Loan") for a new development (the "2007 Series A Development"), which loan, upon satisfaction of certain conditions, is expected to be converted to a permanent Mortgage Loan. The principal amount of the 2007 Series A Mortgage Loan is anticipated to be approximately $25,690,000. See "2007 Series A Mortgage Loan" below.

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Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the 2007 Series A Bonds are expected to be approximately as follows:

SOURCES	2007 Series A Bonds
Principal Amount of Bonds	$25,690,000
Other Available Monies of the Corporation	1,128,101
TOTAL SOURCES	$26,818,101
USES	
Net Deposit to Bond Proceeds Account	$25,690,000
Deposit to Debt Service Reserve Account	770,700
Underwriter's compensation	209,181
Cost of Issuance	148,220
TOTAL USES	$26,818,101

Debt Service Reserve Account

Under the terms of the 2007 Series A Supplemental Resolution, the Debt Service Reserve Account Requirement with respect to the 2007 Series A Bonds shall equal, as of any date of calculation, three percent (3%) of the principal amount of the 2007 Series A Bonds Outstanding. The Corporation will fund the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Account Requirement for the 2007 Series A Bonds with amounts already on deposit in the Debt Service Reserve Account and not from proceeds of the 2007 Series A Bonds.

For further information on the Debt Service Reserve Account and the Debt Service Reserve Account Requirement for the Bonds, see "SECURITY FOR THE BONDS—Debt Service Reserve Account" and "Appendix F-1—Certain Investments under the General Resolution" in Part II of this Official Statement.

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2007 Series A Mortgage Loan

2007 Series A Development

It is anticipated that the proceeds of the 2007 Series A Bonds will be used to finance the 2007 Series A Mortgage Loan for the following 2007 Series A Development:

Anticipated Permanent Mortgage Loan Supplemental Security	Subsidy Program	Development Name	Borough	Number of Units	Anticipated 2007 Series A Mortgage Loan Amount
SONYMA†	New HOP††	Williamsburg Edge	Brooklyn	347	$25,690,000

† For a description of SONYMA Insurance, see "Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—SONYMA Insurance Program" in Part II of this Official Statement.

†† For a description of New HOP, see "Appendix G – Description of Supplemental Security and Subsidy Programs – Subsidy Programs – Corporation Programs – New Housing Opportunities Program" in Part II of this Official Statement.

The 2007 Series A Mortgage Loan will be assigned a valuation of 100% under the 2007 Series A Supplemental Resolution. For a discussion of the valuation process, see "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates" in Part II of this Official Statement. It is expected that the bank providing the Construction LOC will service the 2007 Series A Mortgage Loan during construction and the Corporation will service the 2007 Series A Mortgage Loan after construction (see "HDC Commitments; Construction Letters of Credit" below and "THE PROGRAM—Servicing" in Part II of this Official Statement).

Mortgage Terms

The 2007 Series A Mortgage Loan will be evidenced by a mortgage note payable to the Corporation and secured by a first mortgage lien on the 2007 Series A Development. The interest rate for the permanent 2007 Series A Mortgage Loan is anticipated to be 6.20% and the term to maturity for the 2007 Series A Mortgage Loan is anticipated to be approximately 34 years. The 2007 Series A Mortgage Loan is expected to contain provisions prohibiting the Mortgagor of the 2007 Series A Development from making any prepayment prior to approximately ten (10) years after the closing of the 2007 Series A Mortgage Loan. See "DESCRIPTION OF THE 2007 SERIES A BONDS—Redemption Provisions for the 2007 Series A Bonds—Special Redemption from Recoveries of Principal" and "Appendix E-2—Mortgage Loan Prepayment Provisions—Category 7."

HDC Commitment; Construction Letter of Credit

The Mortgagor of the 2007 Series A Mortgage Loan has executed a Commitment with the Corporation (an "HDC Commitment") in which the Corporation agrees to provide a 2007 Series A Mortgage Loan. The HDC Commitment for the 2007 Series A Development will require the Mortgagor to obtain a Construction LOC to be available during construction from a bank acceptable to the Corporation as a condition to the Corporation providing the 2007 Series A Mortgage Loan during construction; said letter of credit need not meet the requirements under the Resolution for a Credit Facility. Such letter of credit will not be pledged to the owners of the 2007 Series A Bonds; however, any payments received by the Corporation from the letter of credit provider pursuant to such letter of credit will be pledged for the benefit of the owners of the 2007 Series A Bonds. It is anticipated that such letter of credit may be drawn upon by the Corporation if the Mortgagor fails to make the required debt service payments on the 2007 Series A Mortgage Loan. The amount drawn on the Construction LOC will be the outstanding principal balance of the construction 2007 Series A Mortgage Loan plus the lesser of (i) accrued interest or (ii) the maximum amount available with respect to accrued interest and the 2007 Series A Mortgage Loan will be immediately assigned to the letter of credit provider and no longer be pledged for the benefit of the owners of the 2007 Series A Bonds.

Following the satisfaction of the conditions of the applicable HDC Commitment which may require, among other things, the provision by the Mortgagor of equity, the satisfactory completion of construction within a certain time schedule from the making of the 2007 Series A Mortgage Loan and within a certain construction budget, the issuance of a certificate of occupancy, the attainment of a specified minimum rental achievement level, and delivery of other required certificates and legal opinions, the Corporation will release the Construction LOC relating to the construction 2007 Series A Mortgage Loan. If said Construction LOC is not released because of a failure by the Mortgagor of the 2007 Series A Development to comply with the conditions enumerated in the HDC Commitment or if said Construction LOC is not extended beyond its maturity until such conditions are satisfied, it is expected that said Construction LOC will be drawn upon by the Corporation and the proceeds from said draw could be used to redeem all of the Outstanding 2007 Series A Bonds. Until such Construction LOC is released, the bank issuing the Construction LOC will service or provide for the servicing of the 2007 Series A Mortgage Loan. Thereafter, it is expected that the Corporation will service the 2007 Series A Mortgage Loan (see "THE PROGRAM—Servicing" in Part II of this Official Statement).

No assurances can be given that such permanent 2007 Series A Mortgage Loan will be made or, if made, funded in the amounts presently contemplated by the Corporation (see "DESCRIPTION OF THE 2007 SERIES A BONDS—Redemption Provisions for the 2007 Series A Bonds"). Additionally, the Corporation may substitute other Developments for the one described in the chart under the subheading "2007 Series A Development" above.

DESCRIPTION OF THE 2007 SERIES A BONDS

General

The 2007 Series A Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The Bank of New York is the Trustee for the Bonds, including the 2007 Series A Bonds.

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

Redemption Provisions for the 2007 Series A Bonds

The 2007 Series A Bonds are subject to special redemption, sinking fund redemption and optional redemption prior to maturity, all as described below.

Special Redemption from Recoveries of Principal

The 2007 Series A Bonds are subject to redemption, in whole or in part, at any time 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 from amounts representing: (a) Recoveries of Principal* with respect to the 2007 Series A Mortgage Loan deposited in the Redemption Account other than as described in the succeeding paragraph and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above. See also "PLAN OF FINANCING—2007 Series A Mortgage Loan."

The 2007 Series A Bonds are subject to redemption, in whole or in part, at any time prior to maturity at a Redemption Price equal to the greater of (i) one hundred percent (100%) of the principal amount of the 2007 Series A Bonds or portions thereof to be so redeemed or (ii) the Make Whole Redemption Price of the 2007 Series A Bonds or portions thereof to be so redeemed, in either case plus accrued interest to the Redemption Date, from amounts representing Recoveries of Principal deposited in the Redemption Account and resulting from amounts representing: (a) proceeds of an optional prepayment of the 2007 Series A Mortgage Loan by the Mortgagor thereof (which optional prepayment may be derived from proceeds of a new series of bonds issued by the Corporation), (b) proceeds of the sale, assignment, endorsement or other disposition of the 2007 Series A Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2007 Series A Mortgage Loan is in default) and (c) any other monies made available under the General Resolution in connection with the redemptions described in clauses (a) and (b) above.

Notwithstanding anything to the contrary contained in the Resolutions, so long as the 2007 Series A Bonds remain Outstanding, (i) the only Series of Bonds that may be redeemed in accordance with the redemption provisions described above in connection with Recoveries of Principal deposited in the Redemption Account derived from or with respect to the 2007 Series A Mortgage Loan or the 2007 Series A Development shall be the 2007 Series A Bonds and (ii) the 2007 Series A Bonds may not be redeemed in accordance with the redemption provisions described above in connection with the Recoveries of Principal deposited in the Redemption Account derived from or with respect to any Mortgage Loans or Developments financed in connection with a Series of Bonds other than the 2007 Series A Bonds.

As provided in the Resolutions, the Recoveries of Principal described under "Redemption Provisions for the 2007 Series A Bonds—Special Redemption from Recoveries of Principal" above shall be deposited in the Redemption Account and applied to the redemption of the 2007 Series A Bonds unless the Corporation files written instructions with the Trustee, accompanied by a Cash Flow Statement, directing that all or any portion of such Recoveries of Principal be deposited in the Bond Proceeds Account or the Revenue Account. See "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates" and "Appendix B—Summary of Certain Provisions of the General Resolution" in Part II of this Official Statement.

See "THE PROGRAM—Certain Factors Affecting the Mortgage Loans" and "Appendix E-2—Mortgage Loan Prepayment Provisions" in Part II of this Official Statement for a description of the prepayment features applicable to the Mortgage Loans.

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* The 2007 Series A Supplemental Resolution, with respect to the 2007 Series A Mortgage Loan, provides that any prepayment premium or penalty shall not constitute a Recovery of Principal. The 2007 Series A Supplemental Resolution provides that, with respect to any Acquired Project, the proceeds of sale of any Acquired Project shall constitute a Recovery of Principal. The 2007 Series A Supplemental Resolution, with respect to the 2007 Series A Mortgage Loan, provides that amounts obtained under a letter of credit or other credit enhancement security for a 2007 Series A Mortgage Loan or under any agreement entered into by the Corporation and the provider of such letter of credit or other credit enhancement in connection with the providing of such letter of credit or credit enhancement in the event of default on such 2007 Series A Mortgage Loan other than with respect to scheduled principal and/or interest payments required by such 2007 Series A Mortgage Loan shall constitute Recoveries of Principal.

Sinking Fund Redemption for the 2007 Series A Bonds

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

2007 SERIES A TERM BONDS
MATURING ON MAY 1, 2017

Redemption Date	Principal Amount	Redemption Date	Principal Amount
Nov. 1, 2011	$160,000	Nov. 1, 2014	$190,000
May 1, 2012	155,000	May 1, 2015	185,000
Nov. 1, 2012	165,000	Nov. 1, 2015	195,000
May 1, 2013	165,000	May 1, 2016	200,000
Nov. 1, 2013	175,000	Nov. 1, 2016	205,000
May 1, 2014	175,000	May 1, 2017†	215,000

† Stated maturity

The 2007 Series A Term Bonds maturing on May 1, 2027 are subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption thereof, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem on May 1 and November 1 of each year the principal amount of such 2007 Series A Bonds specified for each of the Redemption Dates shown below:

2007 SERIES A TERM BONDS
MATURING ON May 1, 2027

Redemption Date	Principal Amount	Redemption Date	Principal Amount
Nov. 1, 2017	$220,000	Nov. 1, 2022	$305,000
May 1, 2018	225,000	May 1, 2023	300,000
Nov. 1, 2018	240,000	Nov. 1, 2023	320,000
May 1, 2019	235,000	May 1, 2024	320,000
Nov. 1, 2019	250,000	Nov. 1, 2024	340,000
May 1, 2020	250,000	May 1, 2025	340,000
Nov. 1, 2020	265,000	Nov. 1, 2025	365,000
May 1, 2021	270,000	May 1, 2026	360,000
Nov. 1, 2021	280,000	Nov. 1, 2026	380,000
May 1, 2022	285,000	May 1, 2027†	390,000

† Stated maturity

The 2007 Series A Term Bonds maturing on May 1, 2041 are subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption thereof, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem on May 1 and November 1 of each year the principal amount of such 2007 Series A Bonds specified for each of the Redemption Dates shown below:

2007 SERIES A TERM BONDS
MATURING ON May 1, 2041

Redemption Date	Principal Amount	Redemption Date	Principal Amount
Nov. 1, 2027	$405,000	Nov. 1, 2034	$625,000
May 1, 2028	410,000	May 1, 2035	630,000
Nov. 1, 2028	430,000	Nov. 1, 2035	665,000
May 1, 2029	440,000	May 1, 2036	670,000
Nov. 1, 2029	460,000	Nov. 1, 2036	710,000
May 1, 2030	460,000	May 1, 2037	710,000
Nov. 1, 2030	490,000	Nov. 1, 2037	755,000
May 1, 2031	490,000	May 1, 2038	755,000
Nov. 1, 2031	520,000	Nov. 1, 2038	805,000
May 1, 2032	525,000	May 1, 2039	800,000
Nov. 1, 2032	555,000	Nov. 1, 2039	850,000
May 1, 2033	555,000	May 1, 2040	855,000
Nov. 1, 2033	590,000	Nov. 1, 2040	905,000
May 1, 2034	590,000	May 1, 2041†	910,000

† Stated maturity

The amounts accumulated for each Sinking Fund Payment may be applied by the Trustee, at the direction of the Corporation, prior to the forty-fifth (45th) day preceding the due date of such Sinking Fund Payment, to the purchase of the 2007 Series A 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; provided, however, that the purchase of such Bonds may, to the extent permitted by law, be at prices exceeding the applicable Redemption Price if the Corporation files a Cash Flow Statement with the Trustee as provided in the General Resolution.

Upon the purchase or redemption of any 2007 Series A 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 A Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 2007 Series A 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 at the time of such purchase or redemption.

Optional Redemption

The 2007 Series A Bonds are also subject to redemption, at the option of the Corporation, in whole or in part, at any time prior to maturity at a Redemption Price equal to the greater of (i) one hundred percent (100%) of the principal amount of the 2007 Series A Bonds or portions thereof to be so redeemed or (ii) the Make Whole Redemption Price of the 2007 Series A Bonds or portions thereof to be so redeemed, plus in either case accrued interest to the Redemption Date.

Make Whole Redemption Price

The Make Whole Redemption Price is equal to the present value of all principal and interest payments on the 2007 Series A Bonds to be redeemed scheduled to become due after the date of such redemption (exclusive of interest accrued to the redemption date), discounted to the redemption date on a semi-annual basis at the "Treasury Rate" plus 20 basis points. The calculation of the Make Whole Redemption Price will be made by the Trustee. The Trustee shall have the right to retain, at the expense of the Mortgagor of the 2007 Series A Development, an independent accounting firm or financial advisor to calculate the Make Whole Redemption Price.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the U.S. Treasury security selected by the Reference Dealer described in clause (i) of the definition of Reference Dealer as having a maturity comparable to the remaining term of the 2007 Series A Bonds to be redeemed that would be utilized, in the sole judgment of such Reference Dealer, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 2007 Series A Bonds.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. quotations for U.S. Government Securities" (or, if such release is no longer published, a successor release specified by the Reference Dealer described in clause (i) of the definition of Reference Dealer) or (ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee is unable to obtain four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Dealer" means (i) J.P. Morgan Securities Inc. or its respective successor; provided, however, that if the foregoing Reference Dealer shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Corporation shall substitute therefor another Primary Treasury Dealer, and (ii) three other Primary Treasury Dealers selected by the Corporation.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Corporation by such Reference Dealer at 5:00 p.m. (New York time) on the third business day preceding such redemption date.

Selection of Bonds to be Redeemed

Subject to the redemption requirements set forth in a Supplemental Resolution authorizing a particular Series of Bonds, in the event of a partial redemption of Bonds in connection with Recoveries of

Principal, the Series, the maturity or maturities, and the amount thereof, to be so redeemed shall be selected as directed by the Corporation in written instructions filed with the Trustee accompanied by a Cash Flow Statement. In the absence of such direction, (i) Bonds of each Series subject to redemption shall be redeemed in connection with Recoveries of Principal derived from or with respect to the Mortgage Loans financed from or allocated to such Bonds and (ii) Bonds of each maturity within each Series of Bonds subject to redemption shall be redeemed in the proportion that the amount Outstanding of each such maturity bears to the total amount of all Outstanding Bonds of such Series. The maturities of 2007 Series A Bonds to be redeemed in accordance with the optional redemption provisions described above shall be selected as directed by the Corporation. In the event of redemption of less than all the Bonds of the same Series and maturity, the Trustee shall select the Bonds by lot, using such method of selection as it shall deem proper in its sole discretion.

Corporation's Right to Purchase Bonds

The Corporation retains the right to purchase any 2007 Series A Bonds, at such times, in such amounts and at such prices as the Corporation shall determine, subject to the provisions of the General Resolution, and, thereby, reduce its obligations, including Sinking Fund Payments, for such 2007 Series A Bonds. See "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates" in Part II of this Official Statement.

Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem 2007 Series A Bonds, or is otherwise required to redeem 2007 Series A Bonds, the Trustee will give notice, in the name of the Corporation, of the redemption of such 2007 Series A Bonds. Such notice will specify the Series and maturities of the 2007 Series A Bonds to be redeemed, the Redemption Date, any conditions precedent to such redemption and the place or places where amounts due upon such redemption will be payable. Not less than thirty (30) days before the Redemption Date for the 2007 Series A Bonds, the Trustee is to mail a copy of such notice to the registered owners of any 2007 Series A Bonds which are to be redeemed at their last addresses appearing upon the registry books. Interest will not be payable on any 2007 Series A Bonds after the Redemption Date if notice has been given and if sufficient monies have been deposited with the Trustee to pay the principal or applicable Redemption Price of and interest on such 2007 Series A Bonds on such date and all conditions precedent, if any, to such redemption shall have been satisfied.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the 2007 Series A Bonds. The 2007 Series A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2007 Series A Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, 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, 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"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of 2007 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 2007 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2007 Series A 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 Series A 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 Series A Bonds, except in the event that use of the book-entry system for the 2007 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2007 Series A 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 2007 Series A 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 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2007 Series A 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. Beneficial Owners of 2007 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2007 Series A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2007 Series A Bond documents. For example, Beneficial Owners of 2007 Series A Bonds may wish to ascertain that the nominee holding the 2007 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the 2007 Series A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2007 Series A 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 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as securities depository with respect to the 2007 Series A 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, such 2007 Series A Bond certificates, as the case may be, 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, 2007 Series A Bond certificates will be printed and delivered.

The above information concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation and the Underwriter believe to be reliable, but neither the Corporation nor the Underwriter take responsibility for the accuracy thereof. The Beneficial Owners should confirm the foregoing information with DTC, the Direct Participants or the Indirect Participants.

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

NONE OF THE CORPORATION, THE UNDERWRITER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2007 SERIES A BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2007 SERIES A BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION

PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2007 SERIES A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2007 SERIES A BONDS; OR (VI) ANY OTHER MATTER.

UNDERWRITING

J.P. Morgan Securities Inc. has agreed, subject to certain conditions, to purchase the 2007 Series A Bonds from the Corporation at a purchase price of $25,690,000 and to make a public offering of the 2007 Series A Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement. J.P. Morgan Securities Inc., as the Underwriter for the 2007 Series A Bonds, will be obligated to purchase all such 2007 Series A Bonds if any are purchased. The 2007 Series A Bonds may be offered and sold to certain dealers (including J.P. Morgan Securities Inc.) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by J.P. Morgan Securities Inc. J.P. Morgan Securities Inc. will receive an underwriting fee for their services in the amount of $209,180.71.

RATINGS

Standard & Poor's Ratings Services and Moody's Investors Service, Inc. have assigned the 2007 Series A Bonds ratings of "AA" and "Aa2," respectively. Such ratings reflect only the respective views of such rating agencies, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that either or both of such ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the 2007 Series A Bonds.

TAX MATTERS

2007 Series A Bonds

In the opinion of Bond Counsel to the Corporation, interest on the 2007 Series A Bonds is included in gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code").

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

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of 2007 Series A Bonds by original purchasers of the 2007 Series A Bonds who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the 2007 Series A Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the 2007 Series A Bonds as a position in a "hedge" or "straddle", or holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, or holders who acquire 2007 Series A Bonds in the secondary market.

Holders of 2007 Series A Bonds should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the 2007 Series A Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption or other disposition (which would include a legal defeasance) of a 2007 Series A Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the 2007 Series A Bond. The Corporation may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the 2007 Series A Bonds to be deemed to be no longer outstanding under the Resolutions (a "defeasance"). (See Appendix B, "Summary of Certain Provisions of the General Resolution" in Part II of this Official Statement). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the 2007 Series A Bonds subsequent to any such defeasance could also be affected.

Backup Withholding and Information Reporting.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest and the proceeds of the sale of a 2007 Series A Bond before maturity within the United States. Backup withholding may apply to holders of 2007 Series A Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service (the "Service").

U.S. Holders.

The term "U.S. Holder" means a beneficial owner of a 2007 Series A Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

IRS Circular 230 Disclosure.

The advice under the caption "2007 Series A Bonds" concerning certain income tax consequences of the acquisition, ownership and disposition of the 2007 Series A Bonds, was written to support the marketing of the 2007 Series A Bonds. To ensure compliance with requirements imposed by the Service, Bond Counsel to the Corporation informs bondholders of 2007 Series A Bonds (the "2007 Series A Bondholders") that (i) any federal tax advice contained in this Official Statement (including any attachments) or in writings furnished by Bond Counsel to the Corporation is not intended to be used, and cannot be used by any 2007 Series A Bondholder, for the purpose of avoiding penalties that may be imposed on a 2007 Series A Bondholder under the Code, and (ii) the 2007 Series A Bondholders should seek advice based on their particular circumstances from an independent tax advisor.

NO LITIGATION

At the time of delivery and payment for the 2007 Series A Bonds, the Corporation will deliver, or cause to be delivered, a certificate of the Corporation substantially to the effect that there is no litigation or other proceeding of any nature now pending or threatened against or adversely affecting the Corporation of which the Corporation has notice or, to the Corporation's knowledge, any basis therefor, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2007 Series A Bonds, or in any way contesting or affecting the validity of the 2007 Series A Bonds, the Resolutions, the Disclosure Agreement (as defined below), any investment agreement related to the 2007 Series A Bonds or any proceedings of the Corporation taken with respect to the issuance or sale of the 2007 Series A Bonds, or the pledge, collection or application of any monies or security provided for the payment of the Bonds (including the 2007 Series A Bonds), or the financing of the 2007 Series A Mortgage Loan, or the existence, powers or operations of the Corporation, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, if any.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the 2007 Series A 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 related to the 2007 Series A Bonds will be passed upon for J.P. Morgan Securities Inc., the Underwriter for the 2007 Series A Bonds, by its Co-Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York and Winston & Strawn LLP, New York, New York. Orrick, Herrington & Sutcliffe LLP has represented one Mortgagor, which Mortgagor has an aggregate outstanding Mortgage Loan of approximately $6,000,000 that was financed with the proceeds of the 2004 Series C Bonds.

FINANCIAL STATEMENTS

The financial statements of the Corporation for the year ended October 31, 2005, which are included as Appendix C to Part II of this Official Statement, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing therein. The information contained in these financial statements, which are provided for informational purposes only, should not be used in any way to modify the description of the security for the Bonds contained herein. The assets of the Corporation, other than those pledged pursuant to the General Resolution including certain instruments of the Corporation with respect to the Debt Service Reserve Account, are not pledged to nor are they available to Bond owners.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the Corporation and the Trustee will enter into a written agreement for the benefit of the holders of the 2007 Series A Bonds (the "Disclosure Agreement") to provide continuing disclosure. The Corporation will undertake to provide to each nationally recognized municipal securities information repository designated by the Securities and Exchange Commission (a "Repository"), and if and when one is established, a state information depository for the State of New York (the "State Information Depository"), on an annual basis on or before 150 days after the end of each fiscal year of the Corporation commencing with the fiscal year ended October 31, 2006, certain financial and operating data, referred to herein as "Corporation Annual Information," including, but not limited to annual financial statements of the Corporation. In addition, the Corporation will undertake in the Disclosure Agreement, for the benefit of the holders of the 2007 Series A Bonds, to provide to each such Repository or to the Municipal Securities Rulemaking Board ("MSRB"), and to the State Information Depository, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below.

The Corporation Annual Information shall consist of the following: (a) annual financial statements of the Corporation prepared in conformity with accounting principles generally accepted in the United States and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States; provided, however, that if 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; (b) a statement setting forth the amount on deposit in the Debt Service Reserve Account; (c) a statement setting forth the valuations of the Mortgage Loans with respect to each Series of Bonds; and (d) financial and operating data of the type set forth in the Part II of this Official Statement under the headings or subheadings "BONDS OUTSTANDING UNDER THE PROGRAM," "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates" (chart only), "SECURITY FOR THE BONDS—Summary of Program Assets and Revenues," "THE PROGRAM—Mortgage Loans" (charts only), "Appendix D—Activities of the Corporation," "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program," "Appendix E-2—Mortgage Loan Prepayment Provisions" (chart only), "Appendix E-3—Permanent Mortgage Loan Physical Inspection Ratings" (chart only), "Appendix E-4—Cross-Call Provisions and Related Information," "Appendix F-1—Certain Investments under the General Resolution" and "Appendix F-2—Interest Rate Cap Agreements;" together with (e) 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 Corporation and in judging the financial information about the Corporation.

Pursuant to the Disclosure Agreement, the Corporation will further undertake to use its best efforts to provide to each Repository and the State Information Depository, on an annual basis on or before 150 days after the end of each fiscal year of any Mortgagor whose payment obligations under its Mortgage Note equals or exceeds twenty percent (20%) of the aggregate payment obligations due under all outstanding Mortgage Notes, certain financial and operating data, referred to herein as "Mortgagor Annual Information," including, but not limited to, annual financial statements of such Mortgagor, prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with generally accepted auditing standards if so required by the applicable Mortgage; provided, however, that if audited financial statements are required but not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to each Repository and to the State Information Depository when they become available. Currently, there are no Mortgagors whose payment obligations equal or exceed the twenty percent (20%) threshold.

The notices required to be provided by Rule 15c2-12, which the Corporation will undertake to provide as described above, include notices of any of the following events with respect to the 2007 Series A Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the 2007 Series A Bonds; (7) modification to the rights of holders of 2007 Series A Bonds; (8) 2007 Series A Bond calls; (9) defeasances of all or a portion of the 2007 Series A Bonds; (10) the release, substitution or sale of property securing repayment of the 2007 Series A Bonds and (11) rating changes; and to each Repository or to the MSRB and to the State Information Depository, in a timely manner, notice of a failure by the Corporation to provide the Corporation Annual Information or the Mortgagor Annual Information required by the Disclosure Agreement.

If any party to the Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to the Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of the 2007 Series A Bonds may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach or default under the Disclosure Agreement to provide the continuing disclosure described above is an action to compel specific performance of the undertakings contained therein, and no person or entity may recover monetary damages thereunder under any circumstances; provided, however, that the rights of any holder of 2007 Series A Bonds to challenge the adequacy of the information provided by the Corporation are conditioned upon the provisions of the General Resolution with respect to the enforcement of remedies of holders of the 2007 Series A Bonds upon the occurrence of an Event of Default described in the General Resolution. A breach or default under the Disclosure Agreement shall not constitute an Event of Default under the General Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Disclosure Agreement, insofar as the provisions of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided. Beneficial Owners of the 2007 Series A Bonds are third-party beneficiaries of the Disclosure Agreement and, as such, are deemed to be holders of the 2007 Series A Bonds of the purposes of exercising remedies.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data. Where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Disclosure Agreement, however, may be amended or modified without the consent of the holders of the 2007 Series A Bonds under certain circumstances set forth in the Disclosure Agreement.

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

With regard to each Series of Bonds issued under the General Resolution to which Rule 15c2-12 applies, the Corporation has entered into agreements substantially identical to the Disclosure Agreement and has complied with the provisions of such agreements. Rule 15c2-12 applies to the 1996 Series A Bonds and each subsequent Series of Bonds issued under the General Resolution.

From time to time the Corporation has entered into other agreements to provide continuing disclosure (each, a "CDA") with regard to bonds that were not issued under the General Resolution. The Corporation has fully complied with such CDAs to date except with respect to one financing. In that instance, the underlying obligor failed to provide certain of the information required by the CDA to the Corporation and the Corporation did not provide notice of such failure as required by the CDA. Subsequently, the Corporation (i) provided notice of the failure of such underlying obligor to provide such information as required by the CDA and (ii) provided such information as required by the CDA promptly upon receipt by 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 Series A Bonds that there has been no change in the affairs of the Corporation from the date hereof. Pursuant to the General 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 General Resolution, and to cause such books to be audited for each fiscal year. The General Resolution requires that such books be open to inspection by the Trustee and the owners of not less than five percent (5%) of the 2007 Series A 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 Series A Bonds.

Additional information, including the annual report of the Corporation, may be obtained from the undersigned at 110 William Street, 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 opinions, 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 Series A Bonds.

This Official Statement is submitted in connection with the sale of the 2007 Series A 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 has been duly authorized and approved by the Corporation, and duly executed and delivered on behalf of the Corporation.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: /s/ Emily A. Youssouf
Emily A. Youssouf
President

Dated: March 14, 2007

APPENDIX 1

PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION

Upon delivery of the 2007 Series A 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 $25,690,000 Multi-Family Housing Revenue Bonds, 2007 Series A (the "2007 Series A Bonds") of the New York City Housing Development Corporation (the "Corporation"), a corporate governmental agency, constituting a public benefit corporation, organized and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the "Act").

The 2007 Series A Bonds are authorized to be issued pursuant to the Act, the Multi-Family Housing Revenue Bonds Bond Resolution of the Corporation, adopted July 27, 1993, as amended (the "General Resolution"), and the Seventy-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2007 Series A of the Corporation, adopted September 25, 2006, (the "Supplemental Resolution"; the General Resolution and the Supplemental Resolution being collectively referred to as the "Resolutions"). The 2007 Series A Bonds are being issued for the purpose of financing the 2007 Series A Mortgage Loan (as defined in the Resolutions).

The 2007 Series A Bonds are dated, mature, are payable, bear interest and are subject to redemption as provided in the Resolutions.

We have not examined nor are we passing upon matters relating to the real and personal property referred to in the mortgages which are to secure the 2007 Series A Bonds.

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

1. The Corporation has been duly created and validly exists as a corporate governmental agency constituting a public benefit corporation, under and pursuant to the laws of the State of New York (including the Act), and has good right and lawful authority, among other things, to finance the 2007 Series A Mortgage Loan, to provide sufficient funds therefor by the adoption of the Resolutions and the issuance and sale of the 2007 Series A Bonds, and to perform its obligations under the terms and conditions of the Resolutions, as covenanted in the Resolutions.

2. The Resolutions have been duly adopted by the Corporation, are in full force and effect, and are valid and binding upon the Corporation and enforceable in accordance with their terms.

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

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

5. The 2007 Series A Bonds are secured by a pledge in the manner and to the extent set forth in the Resolutions. The Resolutions create the valid pledge of and lien on the Revenues (as defined in the Resolutions) and all the Accounts established by the Resolutions and monies and securities therein, which the Resolutions purport to create, subject only to the provisions of the Resolutions permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolutions.

6. The 2007 Series A Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2007 Series A Bonds be payable out of any funds other than those of the Corporation pledged for the payment thereof.

7. Interest on the 2007 Series A Bonds is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended. Under existing statutes, interest on the 2007 Series A 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 Series A Bonds. We render this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exemption from personal income taxes of interest on the 2007 Series A Bonds under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2007 Series A Bonds and the Resolutions 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 in our opinion the form of such Bond and its execution are regular and proper.

Very truly yours

OFFICIAL STATEMENT PART II

relating to

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

MULTI-FAMILY HOUSING REVENUE BONDS

Part II of this Official Statement provides certain information concerning Bonds previously issued under the General Resolution, certain sources of payment and security for the Bonds, the Corporation, and the mortgage loan program financed with the proceeds of Bonds. It contains only a part of the information to be provided by the Corporation in connection with the issuance of its Bonds. The terms of the Series of Bonds being issued, including designation, principal amount, authorized denominations, price, maturity, interest rate and time of payment of interest, redemption provisions, and any other terms or information relating thereto are set forth in Part I of this Official Statement with respect to such Series. Additional information concerning certain sources of payment and security for the Bonds, the Corporation, and the mortgage loans program financed with the proceeds of Bonds is contained in Part I of this Official Statement. The information contained herein may be supplemented or otherwise modified by Part I of this Official Statement and is subject in all respects to the information contained therein.

PART II

relating to

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Multi-Family Housing Revenue Bonds

INTRODUCTION

The purpose of this Part II of this Official Statement is to set forth certain information concerning the Corporation, the Program and the Bonds in connection with the issuance of certain Series of Bonds by the Corporation. Each Series of Bonds is issued pursuant to the Act, the General Resolution, and a related Supplemental Resolution. Certain defined terms used herein are set forth in Part I of this Official Statement or in "Appendix A—Definition of Certain Terms."

THE CORPORATION

Purposes and Powers

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

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

The Corporation's audited financial statements for the fiscal year ended October 31, 2005, including as Schedule 1 supplemental information related to the Program, are contained in Appendix C hereto. In addition, a summary of assets and revenues related to the Program are described, in part, under "SECURITY FOR THE BONDS—Summary of Program Assets and Revenues." 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

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.

MATHEW M. WAMBUA, 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.

Principal Officers

SHAUN DONOVAN, Chairperson.

VACANT, 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.

CATHLEEN BAUMANN, Acting Chief Financial Officer. Ms. Baumann was appointed Acting Chief Financial Officer of the Corporation on October 18, 2006. She has held the position of Deputy CFO since September 2004. Prior to this position Ms. Baumann held the position of Vice President of Internal Audit. Ms. Baumann joined the Corporation in 1988 as an Accountant and has also held the positions of Senior Accountant and Internal Auditor. Ms. Baumann received her bachelor's degree with majors in Accounting and Economics from Queens College of the City University of New York and her MBA in Finance from Baruch College's Zicklin School of Business of the City University of New York.

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BONDS OUTSTANDING UNDER THE PROGRAM

The first Series of Bonds were issued in 1993 and approximately $3,009,525,000 of Bonds have been issued under the Resolution. As of January 31, 2007, the following Series of Bonds were Outstanding under the Program.

Series Designation	Original Par Amount	Outstanding Par Amount	Date of Issue
1995 Series A	$ 49,635,000	145,000	August 3, 1995
1996 Series A	217,310,000	10,910,000	September 10, 1996
1997 Series C	30,000,000	13,940,000	October 15, 1997
1998 Series A	57,800,000	52,800,000	May 21, 1998
1998 Series B	21,380,000	19,665,000	September 24, 1998
1999 Series A-1	49,100,000	31,800,000	March 3, 1999
1999 Series B-2	30,200,000	25,500,000	August 19, 1999
1999 Series C	9,800,000	3,225,000	September 16, 1999
1999 Series E	10,715,000	9,610,000	January 13, 2000
2000 Series B	24,800,000	23,700,000	September 13, 2000
2001 Series A	30,115,000	29,280,000	May 16, 2001
2001 Series C-2	17,770,000	16,675,000	November 6, 2001
2002 Series A	36,370,000	34,175,000	June 20, 2002
2002 Series B	7,150,000	6,665,000	June 20, 2002
2002 Series C	49,500,000	48,180,000	June 20, 2002
2002 Series E-2	19,300,000	18,350,000	December 19, 2002
2002 Series F	4,600,000	4,350,000	December 19, 2002
2003 Series A	81,170,000	17,995,000	March 31, 2003
2003 Series B-1	9,525,000	2,890,000	July 16, 2003
2003 Series B-2	33,175,000	29,445,000	July 16, 2003
2003 Series E-2	28,690,000	28,490,000	December 22, 2003
2004 Series A	147,150,000	140,890,000	June 18, 2004
2004 Series B-1	20,745,000	13,480,000	June 29, 2004
2004 Series B-2	22,625,000	22,410,000	June 29, 2004
2004 Series C-2	47,920,000	47,900,000	June 29, 2004
2004 Series E-1	39,595,000	39,595,000	December 29, 2004
2004 Series E-2	28,700,000	8,980,000	December 29, 2004
2004 Series F	33,970,000	33,970,000	December 29, 2004
2004 Series G	10,680,000	10,535,000	December 29, 2004
2004 Series H	9,395,000	9,320,000	December 29, 2004
2004 Series I-1	325,000	325,000	December 29, 2004
2004 Series I-2	26,320,000	26,015,000	December 29, 2004
2004 Series J	27,900,000	26,420,000	December 29, 2004
2005 Series A-1	9,735,000	9,735,000	May 25, 2005
2005 Series B	51,750,000	48,675,000	May 25, 2005
2005 Series C	17,015,000	17,015,000	June 30, 2005
2005 Series D	13,145,000	13,145,000	June 30, 2005
2005 Series E	3,900,000	3,770,000	September 23, 2005
2005 Series F-1	65,410,000	65,410,000	September 23, 2005
2005 Series F-2	80,935,000	76,120,000	September 23, 2005
2005 Series G	4,840,000	4,620,000	December 28, 2005
2005 Series H	30,100,000	30,100,000	December 28, 2005
2005 Series I	3,445,000	3,420,000	December 28, 2005
2005 Series J-1	20,495,000	20,495,000	December 28, 2005
2005 Series K	12,730,000	12,730,000	December 28, 2005
2005 Series L	37,145,000	37,145,000	December 28, 2005
2006 Series A	306,100,000	273,525,000	April 28, 2006
2006 Series C	81,635,000	81,635,000	June 29, 2006
2006 Series D-1	2,510,000	2,510,000	June 29, 2006
2006 Series D-2	7,495,000	7,465,000	June 29, 2006
2006 Series E	27,685,000	27,685,000	June 29, 2006
2006 Series F	2,655,000	2,655,000	June 29, 2006

Series Designation	Original Par Amount	Outstanding Par Amount	Date of Issue
2006 Series G-1	25,665,000	25,665,000	November 1, 2006
2006 Series G-2	17,725,000	17,725,000	November 1, 2006
2006 Series H-1	25,005,000	25,005,000	December 21, 2006
2006 Series H-2	55,180,000	55,180,000	December 21, 2006
2006 Series I	6,700,000	6,700,000	December 21, 2006
2006 Series J-1	100,000,000	100,000,000	December 21, 2006
2006 Series J-2	54,475,000	54,475,000	December 21, 2006
TOTAL	$2,296,905,000	$1,830,235,000	

None of the Bonds Outstanding are Subordinate Bonds. As of January 31, 2007, approximately $1,574,070,000, or eighty-six percent (86%), of the Bonds Outstanding bear interest at a fixed rate and approximately $256,165,000 or fourteen percent (14%) of the Bonds Outstanding bear interest at a variable rate. The Corporation has also contracted to issue and sell an additional $31,900,000 principal amount of fixed rate Bonds for delivery on or about June 28, 2007. The Corporation has entered into interest rate caps to hedge the variable interest rate exposure associated with its variable interest rate bond program. See "SECURITY FOR THE BONDS – Interest Rate Caps" and "Appendix F-2 —Interest Rate Cap Agreements" herein. See "Appendix E-4—Cross Call Provisions and Related Information" for more information regarding the interest rates and final maturities of the Outstanding Bonds.

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SECURITY FOR THE BONDS

Pledge of the General Resolution

The General Resolution constitutes a contract among the Corporation, the Trustee and the owners of the Bonds issued thereunder and, except as otherwise provided under the General Resolution or in a Supplemental Resolution authorizing a Series of Bonds, its provisions are for the equal benefit, protection and security of the owners of all such Bonds, each of which, regardless of maturity, is to be of equal rank without preference, priority or distinction. The General Resolution authorizes the issuance of Bonds having a charge and lien on the Revenues and other assets pledged under the General Resolution subordinate to the charge and lien of the Bonds (the "Subordinate Bonds"). Prior to the issuance of any Bonds (other than the Subordinate Bonds), the General Resolution requires that the Trustee be provided with confirmation of the then existing ratings on the Bonds (other than the Subordinate Bonds) by each of the Rating Agencies then rating such Bonds. See "Additional Bonds" below.

The Bonds are special revenue obligations of the Corporation payable solely from the Revenues and Accounts described below.

Payment of the principal or Redemption Price of and interest on all Bonds is secured by a pledge of Revenues, which consist of, among other things, unless otherwise provided in a Supplemental Resolution authorizing a Series of Bonds, all payments received by the Corporation from or on account of the Mortgage Loans, including scheduled, delinquent and advance payments of principal of and interest on the Mortgage Loans, proceeds from the sale, assignment, endorsement or other disposition of the Mortgage Loans, amounts received on account of the acceleration of payments due under the Mortgage Loans or other remedial proceedings taken in the event of a default thereon, proceeds of any mortgage insurance or credit enhancement with respect to defaulted Mortgage Loans, proceeds of any hazard insurance or condemnation award, and income derived from the investment of funds held by the Trustee in Accounts established under or pursuant to the General Resolution. Revenues do not, however, include amounts required to be deposited in the Rebate Fund, escrow payments, late charges or administrative, financing, extension, servicing or settlement fees on account of any Mortgage Loan. Payment of the Bonds is also secured by a pledge by the Corporation of its right, title and interest in and to the Mortgage Loans and, except as otherwise provided in any Supplemental Resolution authorizing a particular Series of Bonds, of all Accounts established pursuant to the General Resolution (including the investments thereof, if any). Under the General Resolution, the Corporation is not required to subject to the pledge and lien of the General Resolution assets, including mortgage loans, financed by Bonds issued thereunder. In addition, under the General Resolution the Corporation may pledge Accounts created pursuant to a Supplemental Resolution authorizing a particular Series of Bonds solely to the Bonds of such Series or exclude such Accounts from the pledge of the General Resolution. See "Appendix B—Summary of Certain Provisions of the General Resolution."

The foregoing pledges are also subject to the terms and provisions of the General Resolution requiring transfers of amounts to the Rebate Fund and permitting the application of the Revenues and amounts in such Accounts for certain purposes, including financing Mortgage Loans, funding the Debt Service Reserve Account in order to maintain such Account at its required level, paying certain amounts to the Trustee, the Corporation and Credit Facility Providers, if any, and paying certain investment fees, if any. The Corporation is also authorized under the General Resolution to withdraw surplus revenues and any Mortgage Loans, free and clear of the pledge and lien of the General Resolution upon filing a Cash Flow Statement with the Trustee. See "Cash Flow Statements and Cash Flow Certificates" below and "Appendix B—Summary of Certain Provisions of the General Resolution—Revenue Account."

Mortgage Loans

Under the General Resolution, the Corporation is authorized to issue Bonds to finance any of its corporate purposes for which the Corporation may issue bonds under the Act, or any other applicable law now or hereafter enacted. Such corporate purposes include, but are not limited to, financing one or more Mortgage Loans. The term Mortgage Loan is defined under the General Resolution as a loan for a Project, evidenced by a note, secured by a Mortgage (but such Mortgage need not create a first mortgage lien on such Project) and specified in a Supplemental Resolution as being subject to the lien of the General Resolution. The term Mortgage Loan also includes a participation by the Corporation with another party or parties, public or private, in a loan made to a Mortgagor with respect to a Project, or pool of such loans, and any instrument evidencing an ownership in any such loan or the cash flow therefrom, including, but not limited to, guaranteed mortgage-backed securities. In addition to Mortgage Loans, the Corporation may finance mortgage loans and other assets that are not subject to the pledge of the General Resolution. See "THE PROGRAM—General" and "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program" for a description of the Mortgage Loans financed under the Program to date.

If Mortgage Loans are financed under the General Resolution, such Mortgage Loans may, but are not required to, be subject to Supplemental Security insuring or securing against Mortgage Loan default losses. Such Supplemental Security, if any, is required to be specified in the Supplemental Resolution authorizing the related Series of Bonds and may be in the form of, among other things, a policy of mortgage insurance, a guaranteed mortgage-backed security, a letter of credit, a surety bond or an escrow deposit, any or all of which may be obtained pursuant to one or more programs of the Federal, State or local government.

In the case of most of its programs, the Corporation has not assumed sole responsibility for the underwriting of mortgage loans financed thereunder. For certain Mortgage Loans in the Program, the Corporation relies on the underwriting criteria and expertise of other parties, including HUD, FHA, Fannie Mae, REMIC, SONYMA, credit facility providers and/or HPD. For certain other Mortgage Loans in the Program, the Corporation, in conjunction with conventional lenders, credit facility providers and/or HPD, has underwritten such Mortgage Loans. In the future, the Corporation may determine to undertake such underwriting responsibility by itself. In the General Resolution, the Corporation has covenanted to retain and employ competent personnel for the purposes of carrying out its powers thereunder.

Except as otherwise provided in a Supplemental Resolution authorizing Bonds, the Corporation shall do all acts and things necessary to receive and collect Revenues (including diligent enforcement of the prompt collection of all arrears on Mortgage Loans) and shall 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 Supplemental Security on Mortgage Loans or any Subsidy Programs in connection with the Projects securing the Mortgage Loans or the occupancy thereof and to enforce all terms, covenants and conditions of the Mortgage Loans, including the collection, custody and prompt application of all Escrow Payments for the purposes for which they were made. See "Appendix B—Summary of Certain Provisions of the General Resolution—Covenants with Respect to Mortgage Loans."

Pursuant to the respective Supplemental Resolutions, the Mortgage Loans have been assigned certain valuations. See "Cash Flow Statements and Cash Flow Certificates" below.

Cash Flow Statements and Cash Flow Certificates

The General Resolution provides that the Corporation shall file with the Trustee a current Cash Flow Statement: (i) whenever any Series of Bonds is issued; (ii) upon purchase or redemption of Bonds of a Series in a manner other than (a) as contemplated in the last Cash Flow Statement filed by the Corporation with the Trustee or (b) on a basis whereby the Bonds of each maturity of such Series are purchased or redeemed in the proportion that the amount Outstanding of such maturity bears to the total amount of all Outstanding Bonds of such Series, when such purchases or redemptions are to be made in connection with Recoveries of Principal; (iii) prior to withdrawing monies for payment to the Corporation, pursuant to the General Resolution, free and clear of the pledge and lien of the General Resolution, in an amount in excess of the amounts determined to be available for such purpose in the last Cash Flow Statement filed with the Trustee; (iv) prior to selling Mortgage Loans not in default; (v) prior to the financing of or amending Mortgage Loans to contain terms that would adversely affect the cash flow projections contained in the last Cash Flow Statement filed with the Trustee; (vi) prior to the releasing of any Mortgage Loan from the pledge and lien of the General Resolution; (vii) prior to the application of Recoveries of Principal to any use other than the purchase or redemption of Bonds; (viii) prior to the purchase of Bonds pursuant to certain provisions of the General Resolution at prices in excess of those specified in the General Resolution; or (ix) prior to the application of monies in the Redemption Account resulting from Recoveries of Principal derived from or with respect to any Mortgage Loans to the purchase or redemption of Bonds of a Series other than the Series issued to finance such Mortgage Loans. A Cash Flow Statement is not required in connection with the release of the 2006 Series A Mortgage Loan when no 2006 Series A Bonds are Outstanding or the release of funds in payment of the 2006 HDC Fee (of 1.25% of the outstanding principal amount of the 2006 Series A Bonds). In addition, a Cash Flow Statement is not required in connection with the release of the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest and certain of the second Mortgage Loans originated pursuant to the ML Restructuring Program when the Mitchell-Lama Restructuring Bonds are no longer Outstanding.

In addition, the Corporation shall not take any of the actions described in clauses (ii) through (ix) of the preceding paragraph unless subsequent to such action the amount of monies and Investment Securities held in the Bond Proceeds Account, the Redemption Account, the Revenue Account and the Debt Service Reserve Account (valued at their cost to the Corporation, as adjusted by amortization of the discount or premium paid upon purchase of such obligations ratably to their respective maturities), together with accrued but unpaid interest thereon, and the outstanding principal balance of Mortgage Loans, together with accrued but unpaid interest thereon, and any other assets, valued at their realizable value, pledged for the payment of the Bonds will exceed the aggregate principal amount of and accrued but unpaid interest on Outstanding Bonds; provided, however, that in the event that a Supplemental Resolution authorizing the issuance of a Series of Bonds specifies that, for purposes of the requirements of this paragraph, the Mortgage Loans financed by such Series of Bonds shall be valued at other than their outstanding principal balance, then, with respect to such Mortgage Loans, such other value shall be used in the calculations required by this paragraph. Each Supplemental Resolution assigns or provides for the assignment of a valuation to the Mortgage Loans financed thereunder; each such valuation had been established by the Corporation as a result of discussions with the Rating Agencies during the ratings process for each particular Series of Bonds. Pursuant to the respective Supplemental Resolutions, and for purposes of the requirements of this paragraph, the value of the Mortgage Loans with respect to each Series of Bonds is set forth in "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program." However, with respect to certain Mortgage Loans financed and expected to be financed by a Series of Bonds, the Corporation may increase or decrease the foregoing percentage with respect to any such Mortgage Loan by furnishing to the Trustee (i) a Certificate of an Authorized Officer specifying such higher or lower percentage and (ii) evidence satisfactory to the Trustee that each Rating Agency shall have approved the use of such higher or lower percentage without such use having an adverse effect on its rating on the Bonds.

A Cash Flow Statement consists of a statement of an Authorized Officer of the Corporation giving effect to actions proposed to be taken and demonstrating in the current and each succeeding Bond

Year in which Bonds are scheduled to be Outstanding that amounts then expected to be on deposit in the Accounts in each such Bond Year will be at least equal to all amounts required by the General Resolution to be on deposit in the Accounts for the payment of the principal and Redemption Price of and interest on the Bonds and for the funding of the Debt Service Reserve Account to the Debt Service Reserve Account Requirement. However, a Supplemental Resolution may provide that an Account established in such Supplemental Resolution not be taken into account when preparing the Cash Flow Statement. The Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based, which assumptions are to be based upon the Corporation's reasonable expectations and must not adversely affect any of the Rating Agencies' ratings on the Bonds. In calculating the amount of interest due in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding on Bonds bearing interest at a variable rate, the interest rate used shall be assumed to be the fixed rate, which in the judgment of the remarketing agent for such Bonds, or such other financial consultant selected by the Corporation and experienced in the sale of municipal securities (having due regard to the prevailing market conditions), would be necessary to enable such Bonds to be sold at par in the secondary market on the date of such calculation or such higher or lower rate which does not adversely affect any of the Rating Agencies' ratings on the Bonds. Upon filing a Cash Flow Statement with the Trustee, the Corporation is to perform its obligations under the General Resolution in accordance, in all material respects, with the assumptions set forth in such Cash Flow Statement. Except with respect to actions being taken contemporaneously with the delivery of a Cash Flow Statement, facts reflected in a Cash Flow Statement may be as of a date or reasonably adjusted to a date not more than 180 days prior to the date of delivery of such statement. See "Appendix B—Summary of Certain Provisions of the General Resolution."

In lieu of filing a Cash Flow Statement, a Cash Flow Certificate may be filed in order to take the actions described in (1) clause (iii) of the first paragraph of this subsection or (2) clause (v) of the first paragraph of this subsection relating to amending Mortgage Loans but only if, in the judgment of the Corporation, such amendments do not materially adversely affect the cash flow projections contained in the last Cash Flow Statement. A Cash Flow Certificate shall consist of a statement of an Authorized Officer of the Corporation to the effect of one of the following:

(a) The proposed action is consistent with the assumptions set forth in the latest Cash Flow Statement; or

(b) After giving effect to the proposed action, in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding, amounts expected to be on deposit in the Accounts in each such Bond Year will be at least equal to all amounts required by the General Resolution to be on deposit in such Accounts for the payment of the principal and Redemption Price of and interest on the Bonds, and for the funding of the Debt Service Reserve Account to the Debt Service Reserve Account Requirement, except that to the extent specified in a Supplemental Resolution, an Account established in said Supplemental Resolution shall not be taken into account in connection with such Cash Flow Certificate; or

(c) The proposed action will not in and of itself adversely affect the amounts expected to be on deposit in the Accounts in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding, except that the Cash Flow Certificate shall not consider any Accounts which a Supplemental Resolution specifies shall not be taken into account in connection with the delivery of a Cash Flow Certificate.

Debt Service Reserve Account

The Corporation is required to establish a Debt Service Reserve Account for the Bonds pursuant to the General Resolution. If on any Interest Payment Date or Redemption Date the amount available in the Revenue Account and Redemption Account, as applicable, is insufficient to pay Principal Installments and interest due on any Bonds, the Trustee must apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency.

Under the General Resolution, the Debt Service Reserve Account Requirement is the aggregate of the amounts specified as the Debt Service Reserve Account Requirement for each Series of Bonds in a Supplemental Resolution authorizing the issuance of such Series of Bonds. There is no minimum Debt Service Reserve Account Requirement under the General Resolution. The General Resolution further provides that the Debt Service Reserve Account Requirement for any Series of Bonds may be funded, in whole or in part, through Cash Equivalents if so provided in a Supplemental Resolution authorizing such Series. See "Appendix B—Summary of Certain Provisions of the General Resolution—Debt Service Reserve Account." As of January 31, 2007, the Debt Service Reserve Account had a balance of $74,820,532.98 including a payment obligation of $15,305,000 by the Corporation which constitutes a general obligation of the Corporation; the aggregate Debt Service Reserve Account Requirement for all of the Bonds Outstanding was met as of such date. See "Appendix F-1—Certain Investments under the General Resolution—Debt Service Reserve Account."

Mortgage Loan Reserve Account

In 2005, the Corporation established a Mortgage Loan Reserve Account for the Mortgage Loans that receive credit enhancement from Fannie Mae. Funds in the Mortgage Loan Reserve Account may be used by the Trustee at the direction and discretion of the Corporation to pay a portion of the debt service on the Fannie Mae Credit Enhanced Mortgage Loans. As of January 31, 2007, the Mortgage Loan Reserve Account had a balance of $1,381,000. See "Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—Fannie Mae—Credit Enhancement Instrument."

Interest Rate Caps

In connection with its variable interest rate bond program, the Corporation has entered into agreements to manage its exposure to variable interest rate risk (the "Interest Rate Cap Agreements") under which, in exchange for an upfront payment from the Corporation, the counterparties to such Interest Rate Cap Agreements agree to pay an amount equal to interest on specified amortizing notional amounts calculated using the amount by which a specified index (the "Index") exceeds a specified interest rate (the "Strike Rate"). Under certain Interest Rate Cap Agreements, the counterparty is not obligated to pay the Corporation with respect to such notional amounts, the amount by which the rate exceeds a specified ceiling rate (the "Ceiling Rate"). The Corporation has pledged the payments, if any, received from the counterparties pursuant to the Interest Rate Cap Agreements to the General Resolution for the benefit of the Bond owners.

The table in Appendix F-2 hereto sets forth the following information with respect to each Interest Rate Cap Agreement the Corporation has entered: Series of Bonds, counterparty, Index, Strike Rate, Ceiling Rate, effective date and termination date. See "Appendix F-2 – Interest Rate Cap Agreements."

Additional Bonds

Additional Bonds, subordinate to or on parity with the Bonds then Outstanding, may be issued by the Corporation pursuant to the General Resolution. Prior to the issuance of any such additional Bonds (other than the Subordinate Bonds), the General Resolution requires that the Trustee be provided with, among other things, confirmation of the then existing rating on the Bonds (other than the Subordinate Bonds) by each of the Rating Agencies then rating such Bonds. See "Appendix B—Summary of Certain

Provisions of the General Resolution" for a description of the requirements that must be met under the General Resolution prior to the issuance of additional Bonds.

Bonds Not a Debt of the State or the City

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

Summary of Program Assets and Revenues

Accompanying the audited financial statements of the Corporation for the fiscal year ended October 31, 2005 is supplemental information related to the Program (referred to therein as the "Housing Revenue Bond Program") which is specifically set forth in Schedule 1, all as set forth in Appendix C hereto. Schedule 1 is supplemental information primarily related to the Program for the Corporation's fiscal years ended October 31, 2005 and 2004. Said schedule includes (i) a balance sheet with assets, liabilities and net assets substantially related to the assets pledged under the General Resolution and (ii) a schedule of revenues, expenses and changes in fund net assets substantially related to the revenues pledged under the General Resolution. Said schedule does not include financial information with respect to activities under the General Resolution subsequent to October 31, 2005, including the issuance of Bonds or the making of Mortgage Loans after such date.

Schedule 1 contains a schedule of balance sheet information which reflects net assets of approximately $349,722,000 for the fiscal year ended October 31, 2005, an increase of 22% from the 2004 fiscal year. This schedule also provides information pertaining to revenues, expenses and changes in fund net assets that reflects changes in net assets of approximately $62,619,000 in the fiscal year ended October 31, 2005, an increase from $618,000 in the 2004 fiscal year. This increase resulted from, among other factors, the transfer of loans originated by the Corporation to the General Resolution in a par amount in excess of Bonds sold by the Corporation in association with that transfer.

The Corporation may withdraw assets and surplus revenues from the pledge and lien of the General Resolution upon the filing with the Trustee of a Cash Flow Statement or a Cash Flow Certificate as more fully described in "Cash Flow Statements and Cash Flow Certificates" above. Since the inception of the Program, the Corporation has made withdrawals of surplus revenues. During the fiscal year ended October 31, 2006, the Corporation withdrew $31,248,442 in surplus revenues. Subsequent to October 31, 2006, the Corporation withdrew $15,960,220 in surplus revenues.

Certain Investments

Notwithstanding anything to the contrary contained in the General Resolution, any Investment Securities purchased by the Trustee with funds that are pledged pursuant to the General Resolution must, as of the date of such purchase, be rated by each of the Rating Agencies in a category at least equal to the rating category of the Bonds (other than Subordinate Bonds) (or "A-1+" or "P-1," as applicable, if the Investment Security has a remaining term at the time it is provided not exceeding one (1) year); provided, however, that the Trustee may purchase Investment Securities that are rated lower than that set forth above, so long as the purchase of such Investment Securities does not, as of the date of such purchase, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Bonds (other than Subordinate Bonds) by any of the Rating Agencies. A change in the rating of any Investment Securities purchased by the Trustee, subsequent to the date of purchase, would not require the Trustee to sell such Investment Securities. If a Rating Agency were to downgrade or withdraw the rating on any Investment Securities previously purchased by the Trustee, the rating on the Bonds could be negatively affected. See "RATINGS." Investment earnings on Accounts are to be transferred to the Revenue Account except as otherwise provided by the General Resolution. See "Appendix B—Summary of Certain Provisions of the General Resolution—Deposits and Investments" and "—Revenue Account."

The tables in Appendix F-1 hereto set forth for each Series of Bonds: the type of investment, the investment agreement, the counterparties to the respective investment agreements with the Corporation and the Trustee, the amount of investment (except with respect to the Revenue Account), and the interest rate and the maturity date for such investments, for the Debt Service Reserve Account, the Bond Proceeds Account and certain of the amounts deposited in the Revenue Account.

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THE PROGRAM

General

Under the Program, the Corporation may issue Bonds to finance any corporate purpose for which bonds may be issued under the Act or any other applicable law now or hereafter enacted. The Bonds have been and are being issued to, among other things, finance construction Mortgage Loans (the "Construction Mortgage Loans"), and/or finance permanent Mortgage Loans and/or the acquisition of permanent Mortgage Loans (collectively, the "Permanent Mortgage Loans"), for certain newly constructed or rehabilitated Developments. Construction Mortgage Loans and Permanent Mortgage Loans are referred to herein, collectively, as the "Mortgage Loans."

The General Resolution provides for the issuance of additional Bonds to be used for financing any corporate purpose including the financing of Mortgage Loans and Developments which are neither secured by Supplemental Security nor subsidized pursuant to a Subsidy Program. The General Resolution does not require Mortgage Loans to be secured by first mortgage liens on their respective Developments. A Mortgage Loan also may represent the Corporation's participation interest in a mortgage loan or the cash flow therefrom (see "2004 Participant Interest," "2005 Series F Participant Interest and 2005 Series J Participant Interest," and "2006 Series A Participant Interest," below). Moreover, the Corporation may withdraw Mortgage Loans and surplus revenues from the pledge and lien of the General Resolution upon the filing with the Trustee of a Cash Flow Statement or Cash Flow Certificate or, with respect to certain Mortgage Loans, without the filing of a Cash Flow Statement or a Cash Flow Certificate. See "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates."

The information below is as of July 31, 2006. Subsequent to July 31, 2006, the Corporation issued the 2006 Series G-1 Bonds and the 2006 Series G-2 Bonds on November 1, 2006 to finance \$42,105,000 principal amount of 2006 Series G Mortgage Loans, the 2006 Series H-1 Bonds and the 2006 Series H-2 Bonds on December 21, 2006 to finance \$79,430,000 principal amount of 2006 Series H Mortgage Loans, the 2006 Series I Bonds on December 21, 2006 to finance \$6,495,000 principal amount of the 2006 Series I Mortgage Loan, and the 2006 Series J-1 Bonds and the 2006 Series J-2 Bonds on December 21, 2006 which are expected to finance approximately \$152,840,000 principal amount of 2006 Series J Mortgage Loans. See "BONDS OUTSTANDING UNDER THE PROGRAM" and "Developments and Mortgage Loans Outstanding under the Program Subsequent to July 31, 2006" in Appendix E.

Mortgage Loans

General

The Mortgage Loans financed Developments located throughout the City of New York. Approximately 150 Developments have more than one Mortgage Loan. The following table summarizes all of the Mortgage Loans outstanding under the Program as of July 31, 2006 other than the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest (which are described under "2004 Participant Interest," "2005 Series F Participant Interest and 2005 Series J Participant Interest" below) and the 2004 Series E Second Mortgage Loans, the 2005 Series A Second Mortgage Loans, the 2005 Series E Second Mortgage Loan, the 2005 Series F Second Mortgage Loans, the 2005 Series J Second Mortgage Loans and the 2006 Series D Second Mortgage Loans, (such second Mortgage Loans are collectively referred to as the "ML Restructuring Second Mortgage Loans"), (which are described under "ML Restructuring Mortgage Loans" below).

Summary of All Mortgage Loans

	Number of Mortgage Loans	Outstanding Principal Balance of Mortgage Loans	Percentage of Total Outstanding Principal Balance of Mortgage Loans
Permanent Mortgage Loans	844	$1,747,320,933	88.47%
Construction Mortgage Loans	51	227,632,321	11.53%
TOTAL†	895	$1,974,953,254	100.00%

† May not add due to rounding.

See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program."

Approximately 571 of the Permanent Mortgage Loans relate to the 2006 Series A Participant Interest and are subject to a participation interest (see "2006 Series A Participant Interest" below).

There have been no material monetary defaults on any of the Mortgage Loans (generally loans that are sixty (60) to ninety (90) days delinquent in payment of debt service) other than (i) temporary financial difficulties with respect to certain Developments which have since been cured and (ii) certain of the mortgage loans underlying the 2006 Series A Participant Interest prior to the acquisition by the Corporation of a participation interest with respect to such mortgage loans or the cash flow therefrom, and, currently, with respect to two (2) such mortgage loans with an aggregate outstanding principal balance of $5,979,261 (see "Mortgage Loans with Current Financial Difficulties" below). In addition, the Corporation is currently aware that one (1) Development under the Program with an FHA-insured Mortgage Loan, with an aggregate outstanding principal balance of $936,905 as of July 31, 2006, has received a Notice of Violation/Default of Regulatory Agreement and Housing Assistance Payment Contract from HUD (see "FHA-Insured Mortgage Loans with Low Inspection Ratings" below), one (1) property with a 236 Subsidy Contract, with an aggregate outstanding principal balance of $32,816,876 received a Notice of Default of Interest Reduction Payments Agreement from HUD, and one (1) Development under the Program with a Mortgage Loan with an aggregate outstanding principal balance of $1,716,546 has received notice of a default for failure to timely complete the Project.

The mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest, the ML Restructuring Second Mortgage Loans, certain of the mortgage loans underlying the 2006 Series A Participant Interest and certain of the 2005 Series B Mortgage Loans are secured by second mortgage liens on their respective Developments. Nearly all of the other outstanding Mortgage Loans under the Program are secured by first mortgage liens on their respective Developments. For a description of the valuations assigned to the Mortgage Loans pursuant to the respective Supplemental Resolutions, see "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates." As further security, as of July 31, 2006, approximately ninety-six (96) Permanent Mortgage Loans, with an aggregate outstanding principal balance of approximately $664,314,649, and twenty-six (26) Construction Mortgage Loans, with an aggregate outstanding principal balance of $113,765,220, were subject to Supplemental Security. The balance of the Mortgage Loans was not secured by Supplemental Security. In the event of a default on the Mortgage Loans that are not secured by Supplemental Security, the related mortgage liens would likely be the sole security for repayment (see "Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures" below). The information in this paragraph with respect to Supplemental Security excludes information relating to the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest, the 2005 Series J Participant Interest, and the 2006 Series A Participant Interest.

In addition, Developments related to most of the Mortgage Loans outstanding under the Program are beneficiaries of one or more Subsidy Programs. However, Developments relating to approximately forty-three (43) Permanent Mortgage Loans, with an aggregate outstanding principal balance of approximately $65,857,858 as of July 31, 2006 (38 of which, with an aggregate outstanding principal balance of approximately $57,551,020, are regulated by HPD under the Mitchell-Lama Law), are neither secured by Supplemental Security nor subsidized through Subsidy Programs. Each Supplemental Security program and Subsidy Program is implemented under different Federal, State or local statutes, and is subject to its own rules and guidelines. See Appendix E-1 hereto and "Appendix G—Description of Supplemental Security and Subsidy Programs."

Permanent Mortgage Loans

A majority of the Developments with Permanent Mortgage Loans, as measured by outstanding principal balance, have been in operation since at least 1999. As of July 31, 2006, two hundred eight (208) of the Developments (which Developments represent approximately ninety-two percent (92%) of the aggregate outstanding principal balance of Permanent Mortgage Loans) were at least ninety-five (95%) occupied. Fifteen (15) of the Developments (which Developments represent approximately 6% of the aggregate outstanding principal balance of Permanent Mortgage Loans) were at least ninety (90%) and less than ninety-five (95%) occupied. Six (6) of the Developments (which Developments represent approximately two percent (2%) of the aggregate outstanding principal balance of Permanent Mortgage Loans) were less than ninety (90%) occupied. The information contained in this paragraph excludes information relating to the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest, the 2005 Series J Participant Interest and the 2006 Series A Participant Interest and the related Developments, which are generally seasoned Mortgage Loans with Developments that have been in operation on average for more than fourteen (14) years.

The following table summarizes the Supplemental Security and Subsidy Programs, if any, relating to the completed Developments and Permanent Mortgage Loans (excluding the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest, the ML Restructuring Second Mortgage Loans) outstanding under the Program as of July 31, 2006.

Summary of Permanent Mortgage Loans

Supplemental Security	Subsidy Program	Number of Permanent Mortgage Loans	Outstanding Principal Balance of Permanent Mortgage Loans	Percentage of Total Outstanding Principal Balance of Permanent Mortgage Loans
FHA	Section 8	11	$47,614,564	2.73%
FHA	Subordinate Loan/Grant Program	6	6,871,028	0.39%
FHA	Section 236†	2	5,125,457	0.29%
SONYMA	Subordinate Loan/Grant Program	6	75,083,338	4.30%
SONYMA	None	3	7,509,784	0.43%
REMIC	Subordinate Loan/Grant Program	56	207,825,780	11.89%
GNMA	Subordinate Loan/ Grant Program	1	8,145,502	0.47%
GNMA	None	1	29,420,009	1.68%
GNMA	Section 8	1	141,797,129	8.12%
LOC	Subordinate Loan/ Grant Program	1	1,219,158	0.07%
None	ML Repair Loan	2	12,428,236	0.71%
None	ML Restructuring	21	80,123,882	4.59%
None	ML Restructuring, Section 236	2	45,043,266	2.58%
Fannie Mae	ML Restructuring, Section 236	8	133,702,900	7.65%
None	Section 8	16	5,593,088	0.32%
None	Subordinate Loan/Grant Program†	658	777,203,941	44.48%
None	Section 236††	6	96,756,014	5.54%
None	None††	43	65,857,858	3.77%
TOTAL†††		844	$1,747,320,933	100.00%

† A portion of the Mortgagors of these Mortgage Loans are regulated by HPD pursuant to the Mitchell-Lama Law. See Appendix E-1 and Appendix G hereto.

†† All of the Mortgagors of these Mortgage Loans are regulated by HPD pursuant to the Mitchell-Lama Law. See Appendix E-1 and Appendix G hereto.

††† May not add due to rounding.

See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding under the Program as of July 31, 2006."

Construction Mortgage Loans

The following table summarizes the Supplemental Security and Subsidy Programs, if any, relating to the Developments under construction and Construction Mortgage Loans outstanding under the Program as of July 31, 2006:

Summary of Construction Mortgage Loans

Anticipated Permanent Mortgage Loan Supplemental Security	Subsidy Program	Number of Construction Mortgage Loans	Anticipated Amount of Permanent Mortgage Loans	Amount of Construction Mortgage Loans	Outstanding Principal Balance of Construction Mortgage Loans Advanced
SONYMA	Subordinate Loan/ Grant Program	5	$36,775,000	$66,135,000	$51,885,570
REMIC	Subordinate Loan/ Grant Program	14	52,735,000	127,200,000	29,786,978
FHA	Section 8	1	30,098,700	30,098,700	1,081,805
GNMA†	Section 8/ LAMP	2	22,540,000	22,540,000	16,133,255
None	Subordinate Loan/ Grant Program	25	123,659,924	149,154,924	113,867,101
Long-term LOC	LAMP	4	20,780,000	24,330,000	14,877,612
TOTAL††		51	$286,588,624	$419,458,624	$227,632,321

† GNMA also provides supplemental security for construction loan advances.
†† May not add due to rounding.

All of the Construction Mortgage Loans (other than the ML Repair Mortgage Loans, which have an aggregate outstanding construction mortgage loan amount of approximately $25,000,000) are secured by standby letters of credit; such letters of credit need not meet the requirements under the General Resolution for Credit Facilities. Such letters of credit may be drawn upon by the Corporation if a Mortgagor fails to make the required payments of interest and principal on the related Construction Mortgage Loan. Such letters of credit are not pledged to the owners of the Bonds; however, any payments received by the Corporation from the letter of credit providers pursuant to such letters of credit will be pledged for the benefit of the owners of the Bonds. It is anticipated that upon conversion of the Construction Mortgage Loans secured by letters of credit to Permanent Mortgage Loans, the letters of credit will be released and such Permanent Mortgage Loans (other than those secured by REMIC Insurance, SONYMA Insurance, GNMA or a Long-term LOC) will not be secured by Supplemental Security. See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Construction Mortgage Loans Outstanding under the Program as of July 31, 2006."

2004 Participant Interest

In connection with the issuance of the 2004 Series D Bonds, the Corporation entered into a Participation Agreement (the "2004 Participation Agreement") with the City and purchased a 100% beneficial ownership interest (the "2004 Participant Interest") in all cash flow (with certain exceptions) to be paid to the City as owner of the Class B Certificates (the "Class B Certificates") issued under the NYC Mortgage Loan Trust, Multifamily Mortgage Pass-Through Certificates, Series 1996, created by the REMIC Pooling and Servicing Agreement, dated as of June 1, 1996, among the City, as depositor, the Corporation, as servicer, and State Street Bank and Trust Company, as trustee (collectively, the "Certificates Trust"). The Certificates Trust consists of a trust fund made up primarily of Section 236 Contracts related to 12 permanent second mortgage loans. As of July 31, 2006, such mortgage loans had an aggregate outstanding principal balance of approximately $79,967,951. However, for purposes of the General Resolution, the 2004 Participant Interest constitutes a "Mortgage Loan" and for purposes of valuation under the General Resolution the principal balance of such Mortgage Loan is the amount of the projected cash flow to be paid under the Class B Certificates and not the principal amount of the underlying mortgage loans. As of July 31, 2006, the 2004 Participant Interest was valued at $8,713,206.

The Class B Certificates are subordinate in right of payment to the $22,775,000 principal amount outstanding, as of July 31, 2006, of the Class A-3 NYC Mortgage Loan Trust, Multifamily Mortgage Pass-Through Certificate, Series 1996 (the “Class A Certificates”). The Class A Certificates are secured by an insurance policy issued by AMBAC Indemnity Corporation (the “Class A Certificates Insurance Policy”). Based upon the Class A Certificates Insurance Policy, the Class A Certificates are rated “AAA” by S&P and “Aaa” by Moody’s. There are currently no defaults under the pooling and servicing agreement related to the Class A Certificates or the Class B Certificates.

The Corporation has pledged the 2004 Participant Interest (net of certain amounts to be paid to the Corporation) for the benefit of the Holders of the Bonds; provided that the 2004 Participant Interest will be automatically released from the lien of the General Resolution on the date that no Mitchell-Lama Restructuring Bonds remain Outstanding under the Resolution, and such release shall not require a Cash Flow Statement or a Cash Flow Certificate.

The second mortgage loans deposited with the Certificates Trust contain terms permitting prepayment thereof at the option of the mortgagors at any time. Except as stated below, the portion of such payments distributable under the Certificates Trust after required payments on the Senior Class Certificates (the “Excess Prepayment Distribution”) will be paid as a cash distribution under the 2004 Participant Interest and will constitute a Recovery of Principal under the General Resolution which the Corporation can determine to apply to the redemption of any Series of Mitchell-Lama Restructuring Bonds. The Corporation has offered to each of the mortgagors with mortgage loans deposited with the Certificates Trust the opportunity to receive new mortgage financing under the ML Restructuring Program of the Corporation, which new mortgage financing will cause prepayment of the related mortgages deposited with the Certificates Trust and, to the extent of any Excess Prepayment Distribution, be paid as a cash distribution under the 2004 Participant Interest. Any such cash distributions under the 2004 Participant Interest will not constitute Recoveries of Principal under the General Resolution and the Corporation expects to cause the release of such amounts from the lien of the General Resolution (in accordance with the requirements of the General Resolution) to reimburse it for funds advanced by the Corporation for the restructuring. To the extent that any of such mortgagors with mortgage loans deposited with the Certificates Trust do not participate in the ML Restructuring Program but obtain other sources for prepayment of their mortgage loans, any prepayment of the related mortgages deposited with the Certificates Trust by such mortgagors, to the extent of any Excess Prepayment Distribution and less any amounts owed to the Corporation, will be paid as a cash distribution under the 2004 Participant Interest and will constitute a Recovery of Principal under the General Resolution and may only be used to redeem Mitchell-Lama Restructuring Bonds. See “Appendix E-4—Cross-Call Provisions and Related Information.” Mortgagors of eleven (11) Developments have prepaid their mortgage loans as part of their participation in the ML Restructuring Program. Mortgagors of nine (9) Developments have prepaid their mortgage loans with their own financing. The Mortgagors of three (3) additional applicable Developments have notified the Corporation of their intent to prepay with their own financing. For additional information regarding the 2004 Participant Interest, see “Certain Factors Affecting the Mortgage Loans—Subsequent Prepayments” and “—Prepayment Notifications,” “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—2004 Series D Second Mortgage Loans Held as Assets of the Certificates Trust Underlying the 2004 Participant Interest as of July 31, 2006.”

<u>2005 Series F Participant Interest and the 2005 Series J Participant Interest</u>

In connection with the issuance of the 2005 Series F-2 Bonds, the Corporation entered into a Participation Agreement (the “2005 Series F Participation Agreement”) with the City and purchased a 100% participation interest in twelve (12) second mortgage loans. In connection with the issuance of the 2005 Series J Bonds, the Corporation entered into a Participation Agreement (the “2005 Series J

Participation Agreement") with the City and purchased a 100% participation interest in eleven (11) second mortgage loans. The mortgage notes relating to such mortgage loans are held by the City and secured by second mortgage liens on the applicable Developments (the "2005 Series F Participant Interest Developments" and the "2005 Series J Participant Interest Developments," respectively). Such mortgage loans are not secured by Supplemental Security (see "THE PROGRAM—Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures" and "Appendix B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to the Mortgage Loans"). The City of New York Department of Housing Preservation and Development ("HPD") services all of such mortgage loans. All of the 2005 Series F Participant Interest Developments and 2005 Series J Participant Interest Developments have first mortgage loans that are held and serviced by the Corporation.

The aggregate number of dwelling units in the 2005 Series F Participant Interest Developments is approximately 2,425. The aggregate outstanding principal balance of the second mortgage loans underlying the 2005 Series F Participant Interest is approximately $36,876,856. No principal or interest payments are due on the underlying mortgage loans for approximately twelve years. The current accrued and unpaid interest on the mortgage loans is approximately $33,415,809. An additional approximately $28,234,579 of interest is scheduled to accrue to the commencement date of the payment of debt service on the mortgage loans absent any prepayments and without taking into account certain interest earnings for which the mortgagors receive credit. Debt service payments are scheduled to commence between August 1, 2017 and November 1, 2018. The mortgage loans mature between July 1, 2027 and October 1, 2028 and the weighted average interest rate for the mortgage loans is 4.38%. The aggregate number of dwelling units in the 2005 Series J Participant Interest Developments is approximately 2,431. The aggregate outstanding principal balance of the second mortgage loans underlying the 2005 Series J Participant Interest is approximately $20,927,311. No principal or interest payments are due on the underlying mortgage loans for approximately thirteen years. The current accrued and unpaid interest on the mortgage loans is approximately $12,566,966. An additional approximately $8,934,813 of interest is scheduled to accrue to the commencement date of the payment of debt service on the mortgage loans absent any prepayments and without taking into account certain interest earnings for which the mortgagors receive credit. Debt service payments are scheduled to commence between August 1, 2017 and April 1, 2024. The mortgage loans mature between July 1, 2027 and March 1, 2039 and the weighted average interest rate for the mortgage loans is 3.42%.

All of the mortgage loans underlying the 2005 Series F Participant Interest and the 2005 Series J Participant Interest contain provisions permitting the Mortgagor of the 2005 Series F Participant Interest Development or 2005 Series J Participant Interest Development to prepay the applicable mortgage loan, in whole or in part, at any time (see "Appendix E-2—Mortgage Loan Prepayment Provisions—Category 1"). If any of such mortgagors do not participate in the ML Restructuring Program but obtain other sources of prepayment of their mortgage loans, such payments will be paid as a cash distribution under the 2005 Series F Participant Interest or 2005 Series J Participant Interest, as applicable, and will constitute a Recovery of Principal under the General Resolution which the Corporation can determine to apply to the redemption of Mitchell-Lama Restructuring Bonds. The Corporation has offered to each of the mortgagors of the mortgage loans underlying the 2005 Series F Participant Interest and the 2005 Series J Participant Interest the opportunity to receive new mortgage financing under the ML Restructuring Program of the Corporation, which new mortgage financing will cause prepayment of the related mortgages and be paid as a cash distribution under the 2005 Series F Participant Interest or the 2005 Series J Participant Interest, as applicable. The 2005 Series F-2 Supplemental Resolution and the 2005 Series J-2 Supplemental Resolution each provides that any such cash distributions under the 2005 Series F Participant Interest or the 2005 Series J Participant Interest, as applicable, will not constitute Recoveries of Principal under the General Resolution and the Corporation expects to cause the release of such amounts from the lien of the General Resolution (in accordance with the requirements of the General

Resolution) to reimburse it for funds advanced by the Corporation for the restructuring.

The 2005 Series F Participant Interest and the 2005 Series J Participant Interest shall be automatically released from the lien of the General Resolution when no Mitchell-Lama Restructuring Bonds are Outstanding without the requirement for a filing of any Cash Flow Statement or Cash Flow Certificate.

Pursuant to the 2005 Series F Participation Agreement and the 2005 Series J Participation Agreement, notwithstanding the acquisition of a 100% participation interest by the Corporation, legal title to the mortgage loans underlying the 2005 Series F Participant Interest and the 2005 Series J Participant Interest will remain with the City.

For additional information regarding the 2005 Series F Participant Interest and the 2005 Series J Participant Interest, see "Certain Factors Affecting the Mortgage Loans—Subsequent Prepayments" and "—Prepayment Notifications" and "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Mortgage Loans Underlying the 2005 Series F Participant Interest and the 2005 Series J Participant Interest Outstanding Under the Program as of July 31, 2006."

2006 Series A Participant Interest

In connection with the issuance of the 2006 Series A Bonds, the Corporation refunded the 2002 Series D Bonds and the 2003 Series D Bonds issued by the Corporation under the General Resolution. In connection with the issuance of the 2002 Series D Bonds, the Corporation entered into a Participation Agreement (the "2002 Participation Agreement") with the New York City Mortgage Sale Facilitation Trust 2002-2, a Delaware statutory trust (the "2002 Facilitation Trust"), and purchased a participation interest with the proceeds of the 2002 Series D Bonds. The 2002 Participation Agreement was amended and restated in connection with the issuance of the 2003 Series D Bonds and further amended in connection with the issuance of the 2006 Series A Bonds. In connection with the issuance of the 2003 Series D Bonds, the Corporation entered into a Participation Agreement (the "2003 Participation Agreement") with the New York City Mortgage Sale Facilitation Trust 2003-1, a Delaware statutory trust (the "2003 Facilitation Trust," with the 2002 Facilitation Trust, the "Facilitation Trusts"), and purchased a participation interest with the proceeds of the 2003 Series D Bonds. The 2003 Participation Agreement was amended in connection with the issuance of the 2006 Series A Bonds. The 2002 Participation Agreement and the 2003 Participation Agreement, as so amended, are referred to as the "Participation Agreements."

Such participation interests in the aggregate consist of (i) a 100% participation interest in certain permanent mortgage loans for multi-family housing developments (the "2006 Series A Purchased Mortgage Loans"), (ii) a 100% participation interest in a portion of the cash flow derived from the Class B-1 Sheridan Trust II Multifamily Mortgage Pass-Through Certificate, Series 1996M-1 (the "Class B-1 Sheridan Trust II Certificate"), at a pass-through rate of 3.148%, which certificate evidences a beneficial ownership interest in the Class B Sheridan Trust Multifamily Mortgage Pass-Through Certificate, Series 1995M-1 (the "Class B Sheridan Trust Certificate"), which certificate, in turn, represents a beneficial ownership interest in certain permanent mortgage loans (the "2006 Series A Trust Mortgage Loans") excluding certain voting rights with respect to the Class B-1 Sheridan Trust II Certificate, (iii) all rights, but not the obligations, of the "owner" of the 2006 Series A Purchased Mortgage Loans under the servicing agreements with respect to the 2006 Series A Purchased Mortgage Loans, and (iv) all rights of the Facilitation Trusts under the Purchase and Sale Agreements between the City and each Facilitation Trust (collectively, the "Purchase and Sale Agreements"), pursuant to which the City assigned the 2006 Series A Purchased Mortgage Loans and the Class B-1 Sheridan Trust II Certificate to the applicable Facilitation Trust (such interests, net of certain amounts payable to the Corporation and other servicers for servicing the underlying mortgage loans are referred to collectively as the "2006 Series A Participant Interest").

The Corporation has pledged the 2006 Series A Participant Interest for the benefit of the Holders of the Bonds; provided that such 2006 Series A Participant Interest shall be automatically released from the lien of the General Resolution when no 2006 Series A Bonds are Outstanding and such release shall not require the provision of a Cash Flow Statement or a Cash Flow Certificate. The 2006 Series A Participant Interest constitutes a "Mortgage Loan" under the General Resolution and is referred to herein as the "2006 Series A Mortgage Loan."

Approximately 36.16% of the aggregate outstanding principal balance of the mortgage loans underlying the 2006 Series A Mortgage Loan are secured by a first mortgage lien on the applicable Development and approximately 63.84% of the aggregate outstanding principal balance of the mortgage loans underlying the 2006 Series A Mortgage Loan are secured by a second mortgage lien on the applicable Development. The mortgage loans underlying the 2006 Series A Mortgage Loan are generally seasoned mortgage loans with Developments that have been in operation on average for more than 14 years.

The mortgage loans underlying the 2006 Series A Mortgage Loan were originated and underwritten by parties other than the Corporation.

Pursuant to the Purchase and Sale Agreements, legal title to the 2006 Series A Purchased Mortgage Loans remained with the City. In addition, with respect to the 2006 Series A Purchased Mortgage Loans that are regulated pursuant to the Mitchell-Lama Law, HPD remained the supervising agency. The Corporation, the Facilitation Trusts and HPD have entered into agreements pursuant to which HPD agreed to pursue certain remedies with respect to any defaulted mortgage loan underlying the 2006 Series A Purchased Mortgage Loans as directed by the Corporation. In the event title to any Development related to the 2006 Series A Purchased Mortgage Loans is acquired as a result of proceedings instituted upon a default on a 2006 Series A Purchased Mortgage Loan, such Development shall constitute an "Acquired Project" for purposes of the General Resolution (see "Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures" in Part II of this Official Statement). In addition, if a monetary default on such 2006 Series A Purchased Mortgage Loan was caused by a breach of a representation or warranty given by the City, HPD or Community Preservation Corporation ("CPC") with respect to such 2006 Series A Purchased Mortgage Loan, or, if such breach prevents the Corporation from realizing on the security provided by such 2006 Series A Purchased Mortgage Loan, the City has agreed to correct such breach, repurchase such 2006 Series A Purchased Mortgage Loan or substitute mortgages of equal value.

The Corporation's rights as to the 2006 Series A Trust Mortgage Loans are limited by (i) the terms of the trust related to the Class B Sheridan Trust Certificate and (ii) the fact that voting rights with respect to said trust, including the right to amend or terminate said trust, have been retained by the City and not granted to the Corporation. The City has agreed, however, to consult with the Corporation prior to the exercise of such rights and not to exercise any such rights in a manner that shall have a material adverse effect on the rights of the Corporation to receive payments on the Class B-1 Sheridan Trust II Certificate without the prior written consent of the Corporation.

For additional information regarding the mortgage loans underlying the 2006 Series A Participant Interest, see "Certain Factors Affecting the Mortgage Loans—Subsequent Prepayments" and "—Prepayment Notifications" and "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—2006 Series A Purchased Mortgage Loans and 2006 Series A Trust Mortgage Loans as of July 31, 2006."

ML Restructuring Mortgage Loans

The proceeds of certain of the Mitchell-Lama Restructuring Bonds were used to finance mortgage loans, each of which was evidenced by a mortgage note payable to the Corporation and secured by a first mortgage lien on the applicable Development (the "ML Restructuring First Mortgage Loans"). The term to maturity for most of the ML Restructuring First Mortgage Loans is 30 years. The ML Restructuring First Mortgage Loans contain provisions prohibiting prepayment by the Mortgagor of the applicable Development for approximately fifteen years following the execution of such ML Restructuring First Mortgage Loans.

The proceeds of certain of the Mitchell-Lama Restructuring Bonds were also used to finance mortgage loans to the Mortgagors of the ML Restructuring First Mortgage Loans each of which was evidenced by a mortgage note payable to the Corporation and secured by a second mortgage lien on the applicable Development (the "ML Restructuring Second Mortgage Loans"). The interest rate for each ML Restructuring Second Mortgage Loan is 0% and the term to maturity for most of the ML Restructuring Mortgage Loans is 30 years. The ML Restructuring Second Mortgage Loans do not amortize and the balloon payment on each of the ML Restructuring Second Mortgage Loans is due within 90 days after maturity of the related ML Restructuring First Mortgage Loan. Most of the ML Restructuring Second Mortgage Loans contain provisions prohibiting prepayment by the Mortgagor of the applicable Development, for approximately fifteen years following the execution of such ML Restructuring First Mortgage Loans. The ML Restructuring Second Mortgage Loans were assigned a 0% valuation. See "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates." The Corporation sold to the City a residual right to ownership of the ML Restructuring Mortgage Loans, which will be transferred to the City on the date when no Mitchell-Lama Restructuring Bonds remain Outstanding under the General Resolution. Such transfer of the ML Restructuring Second Mortgage Loans on such date will be made automatically and without the requirement for a filing of any Cash Flow Statement or Cash Flow Certificate.

Prepayments of the ML Restructuring First Mortgage Loans and prepayments of the ML Restructuring Second Mortgage Loans may be used to redeem only Mitchell-Lama Restructuring Bonds. See "Appendix E-4—Cross-Call Provisions and Related Information." For additional information regarding the ML Restructuring Second Mortgage Loans, see "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program— ML Restructuring Second Mortgage Loans Outstanding under the Program as of July 31, 2006."

Servicing

All of the Mortgage Loans are serviced by the Corporation except for (i) the Mortgage Loans financed through the acquisition of GNMA Securities which are serviced by the applicable Mortgage Banker, (ii) certain mortgage loans underlying the 2006 Series A Participant Interest which are serviced by private third-party servicers as described below and (iii) certain Construction Mortgage Loans which are serviced by the bank issuing the letter of credit during construction. The mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest are also serviced by the Corporation. Servicing by the Corporation includes the collection of mortgage payments from the Mortgagors of the applicable Developments.

With respect to Mortgage Loans serviced by the Corporation and not regulated by HPD, an escrow account for the payment of taxes, hazard insurance and mortgage insurance, if any, is maintained by the Corporation for each Development and is funded from the monthly revenues of each such Development. FHA and GNMA regulations impose similar obligations on the Mortgage Banker in connection with the Mortgage Loans financed through the acquisition of GNMA Securities. However, with respect to Mortgage Loans regulated by HPD pursuant to the Mitchell-Lama Law and not insured by FHA, there is no such escrow requirement. With respect to Mortgage Loans serviced by the Corporation and not regulated by HPD, each Mortgagor is also required to maintain a reserve fund for replacements with the Corporation. These reserve funds for replacements are funded from the monthly revenues of their respective Development. With respect to Mortgage Loans regulated by HPD pursuant to the Mitchell-Lama Law and not insured by FHA, each Mortgagor is required to maintain a reserve fund for replacements. In general, the applicable escrows and reserves for the Developments serviced by the Corporation were funded at the required levels. The Corporation requires financial statements for each Development serviced by the Corporation to be furnished to the Corporation annually.

The Corporation conducts an annual site review of each Development with a Permanent Mortgage Loan serviced by the Corporation to monitor its physical condition; however, Developments with FHA-insured Mortgage Loans having a superior inspection rating need only be inspected by the Corporation every three (3) years and the Corporation generally does not inspect Developments for which the Corporation holds only a subordinate lien mortgage. During this review, the Corporation undertakes various procedures to monitor the exterior and interior physical condition of the Developments. See "Appendix E-3—Permanent Mortgage Loan Physical Inspection Ratings."

The Corporation's inspection ratings for the Developments, which incorporate HUD's inspection ratings for FHA-insured mortgage loans, include four rating levels: superior (HUD score: 90-100), satisfactory (HUD score: 60-89), below average (HUD score: 46-59) and unsatisfactory (HUD score: 0-45). Developments with FHA-insured mortgage loans with a physical condition that is below average or unsatisfactory may be subject to certain actions by HUD (see "FHA-Insured Mortgage Loans with Low Inspection Ratings" below). As of July 31, 2006, the physical condition of the inspected Developments (other than those related to the 2006 Series A Participant Interest), based upon the aggregate outstanding principal balance of Permanent Mortgage Loans, was approximately 21.2% superior, 69.3% satisfactory, 3.7% below average and 5.8% unsatisfactory. The foregoing information excludes information with respect to the Developments related to the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest. As of July 31, 2006, the physical condition of the inspected Developments related to the 2006 Series A Participant Interest, based upon the aggregate outstanding principal balance of the mortgage loans underlying the 2006 Series A Participant Interest, was approximately 38.62% superior, 41.27% satisfactory, 5.19% below average and 2.88% unsatisfactory. Developments subject to approximately 12.04% in outstanding principal balance of mortgage loans underlying the 2006 Series A Participant Interest have not been inspected recently. See "THE PROGRAM --Servicing" in Part II of this Official Statement.

As a result of certain recently-instituted procedures by HUD, properties with FHA-insured mortgage loans which score under 60 according to HUD's inspection ratings may be subject to foreclosure by HUD. See "FHA-Insured Mortgage Loans with Low Inspection Ratings" below and Appendix E-1 hereto.

Any Development subsidized through the Section 8 program which receives an unsatisfactory physical condition rating may have its subsidy payments reduced, suspended or terminated. In addition, HUD may reduce the Section 236 subsidy in certain cases if a unit or units in a Development subsidized through the Section 236 program become not habitable for any reason. In the event such payments were reduced, suspended or terminated in respect of a Permanent Mortgage Loan subsidized by a HAP Contract or a Section 236 Contract, such reduced, suspended or terminated payments would not be available to pay debt service on such Mortgage Loan, which could result in a default on such Mortgage Loan.

The Corporation's inspection reviews include recommendations for curing deficiencies. The Corporation monitors those Developments which receive below average and unsatisfactory ratings in order to determine whether (i) required reports have been made and/or (ii) curative work has been undertaken and completed within a prescribed time frame. In order to cure deficiencies and thus improve the ratings of such Developments, the Corporation may advise the Mortgagor to request a drawdown on its respective reserve fund for replacements. If the reserves are not sufficient to cover the work required to improve a Development's rating or if the Corporation has determined that the low rating is due to Mortgagor neglect, the Corporation will meet with the Mortgagor to discuss corrective actions in all review reporting areas which include management practices, financial operations, and vouchering procedures, as well as physical condition. For additional information concerning the Permanent Mortgage Loans and the related Developments, their respective physical inspection ratings, and the Corporation's inspection procedures and rating categories, see "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding under the Program as of July 31, 2006" and "Appendix E-3—Permanent Mortgage Loan Physical Inspection Ratings." In addition, the Corporation conducts an annual review of (i) the inspected Developments to monitor their financial condition and (ii) the Developments subsidized through the Section 8 program to monitor their financial management controls.

In addition to the Corporation, CPC and Wachovia Multifamily Capital Inc. ("Wachovia"), both of which are experienced mortgage loan servicers, service the mortgage loans underlying the 2006 Series A Participant Interest. Approximately 221 of the mortgage loans underlying the 2006 Series A Participant Interest (representing $321,864,559 of the outstanding principal balance) are serviced by CPC, approximately 44 of the mortgage loans underlying the 2006 Series A Participant Interest (representing $89,991,591 of the outstanding principal balance) are serviced by Wachovia and the remainder of the mortgage loans underlying the 2006 Series A Participant Interest are serviced by the Corporation. In addition to collecting mortgage payments, required escrows and reserves from the Mortgagors of the applicable Developments, CPC and Wachovia currently conduct annual physical inspections of the Developments that are subject to the mortgage loans underlying the 2006 Series A Participant Interest that they service. The Corporation currently conducts annual inspections of the Developments that it services that are subject to first mortgage liens.

In addition to insurance coverage required by FHA, the Corporation requires property, liability, boiler and machinery, and fidelity insurance for the Mortgage Loans that it services (see "Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—FHA Insurance Program—General"). Property insurance must cover at least the outstanding Mortgage Loan amount and lost rental value of at least one year's rental income at the Development. As of July 31, 2006, all such Developments were in compliance with the Corporation's insurance requirements. With respect to the mortgage loans underlying the 2006 Series A Participant Interest serviced by CPC, CPC has agreed to monitor, pursuant to servicing agreements, compliance by the applicable Mortgagor with the insurance requirements set forth in the loan documents related to such mortgage loans underlying the 2006 Series A Participant Interest.

Certain Factors Affecting the Mortgage Loans

Scheduled Payments of Principal and Interest

The ability of the Corporation to pay the principal or redemption price of and interest on the Bonds is dependent on the Revenues derived from the assets pledged to secure the Bonds, including the Mortgage Loans, and with respect to such Mortgage Loans, the proceeds under the applicable Supplemental Security program, if any, in the event of a default on a Mortgage Loan, and the full and timely receipt of subsidy payments under the applicable Subsidy Program, if any. The ability of each

Mortgagor to make the required payments under its Mortgage Loan is and will be affected by a variety of factors, including the maintenance of a sufficient level of occupancy, the maintenance of the physical condition of its Development, the level of operating expenses, sound management of its Development, timely receipt of subsidy payments, as applicable, the ability to achieve and maintain rents sufficient to cover payments under such Mortgage Loan and operating expenses (including taxes, utility rates and maintenance costs), any changes in the amount of subsidy payments, if any, changes in applicable laws and governmental regulations, and the financial condition of the Mortgagor. In addition, the continued feasibility of a Development may depend in part upon general economic conditions and other factors in the surrounding area of a Development.

Accordingly, in the event of the occurrence of substantial increases in operating costs without corresponding increases in rent levels on a timely basis, substantial reductions in occupancy or a reduction, loss or termination of subsidy payments, there may be a default with regard to one or more of the Mortgage Loans. In the event of any such default, the Corporation is required to apply for payment of proceeds under the applicable Supplemental Security program, if any, due with regard to any such Mortgage Loan. In the event of any such default where such Mortgage Loan is not secured by Supplemental Security, such mortgage lien would likely be the sole security for repayment of such Mortgage Loan (see "New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures" below and "Appendix B—Summary of Certain Provisions of the General Resolution—Covenants with Respect to Mortgage Loans"). Such proceeds, when received, together with other monies available under or pursuant to the General Resolution may be applied to redeem an allocable portion of certain Bonds. For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see "Appendix E-4—Cross-Call Provisions and Related Information." For a discussion of Supplemental Security and Subsidy Programs, see Appendix G hereto.

Prepayments of Principal

General. The Corporation may receive amounts relating to the principal of the Mortgage Loans financed with the proceeds of the Bonds prior to the scheduled due date of such principal. As of July 31, 2006, (i) principal prepayments, at the option of the applicable Mortgagor, are permitted with respect to approximately 563 Mortgage Loans with an aggregate outstanding principal balance of approximately $751,243,160 (the "Unrestricted Prepayment Mortgage Loans") and the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest and (ii) principal prepayments, at the option of the applicable Mortgagor, are (A) not permitted at all or only after a prescribed time period, or (B) permitted only with the approval of FHA and/or the Corporation and, under certain circumstances, only after a prescribed time period, with respect to approximately 332 Mortgage Loans with an aggregate outstanding principal balance of approximately $1,223,710,095 (the "Restricted Prepayment Mortgage Loans") and the ML Restructuring Second Mortgage Loans. All of the Mortgage Loans and the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest are subject to prepayment of principal in whole or in part from proceeds of insurance or condemnation. Prepayments of principal may be subject to other terms and conditions, including the payment of penalties and premiums. There may be certain other restrictions outside the Mortgage Loan documents that limit the ability of the applicable Mortgagor to prepay. Any such prepayment could result in the special redemption from Recoveries of Principal of certain Bonds at any time. For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see "Appendix E-4—Cross-Call Provisions and Related Information."

For a more detailed discussion of the prepayment terms and conditions for all of the outstanding Mortgage Loans under the Program, see "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program" which identifies the applicable categories of prepayment provisions for each Mortgage Loan and Appendix E-2 hereto which sets forth each of the Mortgage Loan prepayment categories. In general, prepayments are subject to the payment of certain fees and expenses, and any prepayment premium or penalty does not constitute a Pledged Receipt or Recovery of Principal unless otherwise specified in a Supplemental Resolution. In addition, prior written notice of any optional prepayment to the Corporation or the Mortgage Banker, as applicable, generally is required.

Under the General Resolution, advance payments of amounts to become due pursuant to a Mortgage Loan, including those made at the option of a Mortgagor, shall be deposited in the Redemption Account. Unless specifically directed otherwise by written instructions of an Authorized Officer of the Corporation and accompanied by a Cash Flow Statement, any monies in the Redemption Account resulting from such Recoveries of Principal shall be applied to the purchase or redemption of Bonds of the Series issued to finance the Mortgage Loans which gave rise to the Recoveries of Principal. See "THE PROGRAM – 2004 Participant Interest" and "– 2005 Series F Participant Interest and the 2005 Series J Participant Interest" for a discussion of the application of prepayments of the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest, respectively.

Notwithstanding the preceding paragraph, if the Corporation files a Cash Flow Statement with the Trustee, it may deposit such Recoveries of Principal in the Bond Proceeds Account or the Revenue Account in lieu of applying such monies to purchase or redeem Bonds. See "Appendix B—Summary of Certain Provisions of the General Resolution—Bond Proceeds Account" and "—Revenue Account" with respect to the right of the Corporation to apply prepayments of the Mortgage Loans for purposes other than the purchase or redemption of Bonds, and the right of the Corporation to withdraw surplus revenues in the Revenue Account from the pledge and lien of the General Resolution. See the description of the redemption provisions for the applicable series of Bonds in Part I of the Official Statement. For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see "Appendix E-4—Cross-Call Provisions and Related Information."

Subsequent Prepayments. Subsequent to July 31, 2006, one (1) Restricted Prepayment Mortgage Loan, relating to Washington Plaza, with an aggregate outstanding principal balance of $4,301,178 was prepaid. A portion of such prepayment was used to redeem Bonds. See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding under the Program as of July 31, 2006." For a discussion of redemption provisions of the Bonds in the event of a prepayment and the application of prepayments, see "General" above.

Subsequent to July 31, 2006, two (2) mortgage loans underlying the 2005 Series F Participant Interest, with an aggregate outstanding principal balance of approximately $1,273,942, and one (1) mortgage loan underlying the 2005 Series J Participant Interest, with an aggregate outstanding principal balance of approximately $1,700,115, have been prepaid.

Subsequent to July 31, 2006, nineteen (19) mortgage loans underlying the 2006 Series A Participant Interest, with an aggregate outstanding principal balance of approximately $19,483,994 have been prepaid. Two (2) of these loans with an aggregate balance of $736,057 prepaid before October 1, 2006 and the funds were used to redeem the Corporation's 2006 Series A Bonds. The remaining seventeen (17) loans with an aggregate balance of $18,747,937 prepaid after September 30, 2006. The Corporation expects to use a substantial portion of this money to redeem or defease Outstanding Bonds on the next semiannual interest payment date.

Prepayment Notifications. With respect to two (2) Developments with Restricted Prepayment Mortgage Loans, 243-249 13th Street and 1037-39 Bergen Street, the Corporation has been notified in writing of the respective Mortgagors' intent to prepay their Mortgage Loans. Additionally, with respect to two (2) Developments with Restricted Prepayment Mortgage Loans, President Arms and Woodycrest Courts II, the Corporation has been notified that the respective Mortgagors are in the process of restructuring their Mortgage Loans; such restructurings may include the possible prepayment of such Mortgage Loans. Such Restricted Prepayment Mortgage Loans had an aggregate outstanding principal balance of $4,718,688 as of July 31, 2006. There can be no assurance as to whether such prepayments and/or restructuring will occur. See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding under the Program as of July 31, 2006." For a description of redemption provisions of the Bonds in the event of a prepayment, see "General" above.

The Corporation expects that there will be significant prepayments of the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest, the 2005 Series J Participant Interest and the 2006 Series A Participant Interest. Subsequent to July 31, 2006, the Corporation has received three (3) prepayment notifications with respect to mortgage loans underlying the 2004 Participant Interest with an aggregate outstanding principal balance of $10,007,536, one (1) prepayment notification with respect to mortgage loans underlying the 2005 Series F Participant Interest with an aggregate outstanding principal balance of $3,856,300 and three (3) prepayment notifications with respect to mortgage loans underlying the 2006 Series A Participant Interest with an aggregate outstanding principal balance of $1,597,262.

From time to time the Corporation has received inquiries or expressions of interest from Mortgagors regarding the possible prepayment, refinancing or restructuring of their respective Mortgage Loans. There can be no assurance as to whether any such prepayment, refinancing or restructuring will occur.

New York Foreclosure Procedures and Bankruptcy

Below are descriptions of current foreclosure procedures in New York State and current bankruptcy provisions for mortgage loans generally. Such descriptions are relevant for Mortgage Loans under the Program not fully secured by Supplemental Security.

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

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

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

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

Most of the Mortgage Loans under the Program are non-recourse to the Mortgagor. Therefore, the Corporation may only have limited rights to pursue the enforcement of an action on the debt. Consequently, with respect to such Mortgage Loans, the above provisions relating to an action on the mortgage debt, as opposed to a foreclosure action, are not applicable.

The Section 236 Contracts for the Development subsidized under the Section 236 program at Linden Plaza provide that the Secretary may terminate the periodic interest reduction payments made by HUD (the "HUD Payments") under the Section 236 Contract if an action of foreclosure is instituted by the Corporation unless the foreclosure proceeding is instituted by the Corporation subject to the continuing lien of the respective Mortgage, and such Development is acquired by a purchaser eligible to be an owner under Section 236. The Section 236 Contract for the Knickerbocker Plaza Development provide that HUD Payments under the Section 236 Contract shall terminate if the related Development is acquired by the Corporation or by any ineligible owner, and also provide that the Secretary may terminate HUD Payments if an action of foreclosure is instituted, unless the Secretary approves a plan providing for continuity of eligibility of the related Development for receiving HUD Payments. It may not be possible, under New York foreclosure procedures to complete a foreclosure sale subject to the continuing lien of the mortgage being foreclosed. Under Pub. L. 98-473, enacted in 1984, contract authority which would otherwise be subject to recapture by HUD at the time of termination of a contract for Section 236 interest reduction payments as a result of a foreclosure of the mortgage loan on a development shall remain available for such development for the balance of the contract term, and the Secretary is directed to offer to execute new Section 236 Contracts with the new owners of such projects, subject to satisfaction of statutory eligibility requirements. On this basis the Corporation believes that, notwithstanding the language of the Section 236 Contracts, in the event of a foreclosure of a Mortgage Loan secured by a Section 236 Contract not subject to FHA Insurance (which also would include 2006 Series A Trust Mortgage Loans with Section 236 Contracts), the Secretary would enter into a contract for Section 236 interest reduction payments with the new owner, subject to the satisfaction of statutory eligibility requirements, the availability of appropriations and the willingness of the mortgagee to enter into a new contract for interest reduction payments.

With respect to the 2006 Series A Purchased Mortgage Loans, the Corporation entered into a special servicing agreement with HPD and the Facilitation Trusts which sets forth procedures to be followed with regard to any 2006 Series A Purchased Mortgage Loan subject to foreclosure.

For a description of provisions regarding enforcement and foreclosure of the Mortgage Loans under the General Resolution, see "Appendix B—Summary of Certain Provisions of the General Resolution—Covenants with Respect to Mortgage Loans."

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

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

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

Mortgage Loans with Current Financial Difficulties

As of January 31, 2007, one (1) 2006 Series A Purchased Mortgage Loan was in default. The mortgage loan has been foreclosed on and the related Development sold. The Corporation recently received $212,030 in repayment of the outstanding mortgage loan balance and all accrued interest and accumulated late fees. In addition, the mortgagor of one 2006 Series A Purchased Mortgage Loan, which is secured by a second mortgage lien, with an outstanding principal balance of $5,779,050, has failed to make full payments since July 2006. The borrower has submitted a proposed work-out plan. The proposal is currently under review by the Corporation, CPC, which holds the first mortgage lien, and HPD, the named mortgagee.

FHA-Insured Mortgage Loans with Low Inspection Ratings

On January 16, 2003, HUD sent out a memorandum revising the administrative procedures for physical inspections of FHA-insured properties that score less than 60 total points. Properties scoring 30 and under are automatically referred to HUD's Departmental Enforcement Center ("DEC"). Those scoring between 31 and 59 are electively referred to DEC by the local field office. The Multifamily HUB Director may delay or recall a property referral for good cause. A justification for the referral must be approved by the Director, Headquarters Office of Asset Management. Once referred to DEC, DEC issues a Notice of Violation/Default of Regulatory Agreement and Housing Assistance Payment Contract. The property owner has sixty (60) days to certify that all repairs have been completed. HUD will then re-inspect the property. If the property scores above 60 (a satisfactory rating and above), normal monitoring resumes. If the score is below 60 (a below average or unsatisfactory rating), HUD may consider the owner in default and may pursue available remedies. Available remedies may include termination of subsidy payments under the affected Housing Assistance Payment Contract or requiring that the mortgagee accelerate and assign the FHA-insured mortgage loan to HUD as a result of the default under the Project's Regulatory Agreement in exchange for FHA Insurance benefits. See "Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—FHA Insurance Program," and "—Subsidy Programs—Section 236 Program" and "—Section 8 Program."

The Corporation is currently aware that one (1) Development (other than those that relate to the 2006 Series A Mortgage Loan) with an FHA-insured Mortgage Loan, with an aggregate outstanding Mortgage Loan balance of $936,905 as of July 31, 2006, has received a Notice of Violation/Default of Regulatory Agreement and Housing Assistance Payment Contract from HUD. This Development is required to maintain certain reserves for replacements for capital improvements; such reserves, with HUD's consent, could be applied to rectify the Notice of Violation/Default of Regulatory Agreement and Housing Assistance Payment Contract. However, the Corporation can give no assurance as to whether such reserves will, in fact, be used by the Mortgagor in such manner or whether the amount of such reserves will be sufficient to correct all violations. If this Mortgage Loan is accelerated, the Corporation anticipates receiving the full principal amount of the outstanding Mortgage Loan from FHA and utilizing such amount to proportionally redeem a portion of the 2003 Series A Bonds. The Corporation can give no assurance as to whether such restructuring (including the prepayment of this Mortgage Loan) will occur and, if such restructuring and prepayment occurs, when such restructuring will occur or when such prepayment will be made. See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding under the Program as of July 31, 2006." For information or procedures upon default, see "Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—FHA Insurance Program" and "—Subsidy Programs—Section 8 Program."

AGREEMENT OF THE STATE

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

LEGALITY OF THE BONDS FOR INVESTMENT AND DEPOSIT

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

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APPENDIX A

DEFINITIONS OF CERTAIN TERMS

Set forth below are certain defined terms used in this Official Statement and in the Resolutions.

In some instances, the General Resolution permits the modification of certain of its provisions by a Supplemental Resolution relating to a specific Series of Bonds. Certain modifications to the General Resolution, which have been made with respect to the 2006 Series A Bonds by the provisions of the Sixty-Ninth Supplemental Resolution adopted by the Members of the Corporation on April 12, 2006 (the "2006 Series A Supplemental Resolution") are reflected in the defined terms set forth below. These have been included because the outstanding principal balance of the mortgage loans underlying the 2006 Series A Mortgage Loan (most of which are not secured by Supplemental Security and, in some cases, the related Developments are not subsidized under any Subsidy Program), exceeds 10% of the aggregate outstanding principal balance of all Mortgage Loans financed under the General Resolution. Other Supplemental Resolutions authorizing other Series of Bonds have also modified certain provisions of the General Resolution with respect to the Series of Bonds authorized thereunder and such modifications are not reflected in the defined terms set forth below because the foregoing test has not been met. This Appendix A does not purport to be comprehensive or definitive and is qualified by reference to the Resolutions and the Supplemental Resolutions relating to each Series of Bonds, copies of which may be obtained from the Corporation.

The following terms shall have the following meanings in this Official Statement and in the Resolutions 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 General Resolution or a Supplemental Resolution.

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

"Acquired Project" means a Project financed by a Mortgage Loan, title to or the right to possession of which has been acquired by or on behalf of the Corporation or, in the case of a Project financed by a 2006 Series A Purchased Mortgage Loan, another entity, through protection and enforcement of rights conferred by law or the Mortgage upon such Project.

"Acquired Project Expenses" means all costs and expenses arising from the acquisition, ownership, possession, operation or maintenance of an Acquired Project, including reasonable operating, repair and replacement reserves therefor.

"Acquired Project Gross Operating Income" means all monies received in connection with the acquisition, ownership, possession, operation or maintenance of an Acquired Project.

"Acquired Project Net Operating Income" means Acquired Project Gross Operating Income less Acquired Project Expenses.

"AHPLP" means the Corporation's Affordable Housing Permanent Loan Program.

“Article 8-A” means the Article 8-A Loan Program.

“Authorized Officer” means the Chairperson, Vice-Chairperson, President, First Senior Vice President or any other 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.

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

“Bond Counsel’s Opinion” means an opinion signed by 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 and satisfactory to the Trustee.

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

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

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

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

“Cap” means any financial arrangement entered into by the Corporation with an entity which is a cap, floor or collar, or any similar transaction or combination thereof or any option with respect thereto executed by the Corporation for the purpose of limiting its exposure with respect to interest rate fluctuations which has been designated in writing to the Trustee by an Authorized Officer of the Corporation as a Cap with respect to the variable interest rate Bonds listed in “Appendix F-2 – Interest Rate Cap Agreements.” “Cap” shall also include any such financial arrangement described above entered into by the Corporation with an entity, as a replacement of a Cap that has been terminated and which has been so designated in writing to the Trustee by an Authorized Officer of the Corporation with respect to the variable interest rate Bonds listed in “Appendix F-2 – Interest Rate Cap Agreements.”

“Cap Receipts” means any amount actually received by the Corporation or the Trustee under a Cap.

“Cash Equivalent” means a Letter of Credit, Insurance Policy, Surety, Guaranty or other Security Arrangement (each as defined and provided for in a Supplemental Resolution providing for the issuance of Bonds rated by the Rating Agencies or in another Supplemental Resolution), provided by an institution which has received a rating of its claims paying ability from the Rating Agencies at least equal to the then existing rating on the Bonds (other than Subordinate Bonds) or whose unsecured long-term debt securities are rated at least the then existing rating on the Bonds (other than Subordinate Bonds) (or “A-1+” or “P 1,” as applicable, if the Cash Equivalent has a remaining term at the time of acquisition not exceeding one year) by the Rating Agencies; provided, however, that a Cash Equivalent may be provided by an institution which has received a rating of its claims paying ability which is lower than that set forth above or whose unsecured long-term (or short-term) debt securities are rated lower than that set forth above, so long as the providing of such Cash Equivalent does not, as of the date it is provided, in and of itself, result in the reduction or withdrawal of the then existing rating assigned to the Bonds (other than Subordinate Bonds) by any of the Rating Agencies.

"Cash Flow Certificate" means a Cash Flow Certificate conforming to the requirements of the General Resolution.

"Cash Flow Statement" means a Cash Flow Statement conforming to the requirements of the General Resolution.

"Certificate" means (i) 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 (ii) the report of an accountant as to audit or other procedures called for by the Resolution.

"Certificate Program" means the §421-a Negotiable Certificate Program.

"Certificates Trust" means the NYC Mortgage Loan Trust created pursuant to the REMIC Pooling and Servicing Agreement dated as of June 1, 1996 among the City of New York, as Depositor, the Corporation, as servicer, and State Street Bank and Trust Company, as trustee.

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

"Class B Certificates" means the Class B-I Certificate, the Class B-II Certificate, the Class B-III Certificate, the Class B-IV Certificate and the Class B-V Certificate issued under the Certificates Trust.

"Code" means the Internal Revenue Code of 1954 or 1986, each as amended from time to time, and as applicable to the Bonds pursuant to Section 1313 of the Tax Reform Act of 1986, as amended.

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

"Corporation Corporate Purposes" means any purpose for which the Corporation may issue bonds pursuant to the Act or other applicable law.

"Costs of Issuance" means all items of expense, directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, 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, and any other cost, charge or fee in connection with the original issuance of Bonds.

"Credit Facility" means (i) an unconditional and irrevocable letter of credit in form and drawn on a bank or banks acceptable to the Corporation (which bank or banks must be rated by each of the Rating Agencies in a category at least equal to the rating category of the Bonds (other than Subordinate Bonds) (or "A-1+" or "P-1," as applicable, if the Credit Facility has a remaining term at the time it is provided not exceeding one year); provided, however, that such letter of credit may be provided by a bank or banks whose rating is lower than that set forth above, so long as the providing of such letter of credit does not, as of the date it is provided, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Bonds (other than Subordinate Bonds) by any of the Rating Agencies, (ii) cash, (iii) a certified or bank check, (iv) Investment Securities, or (v) any other credit facility similar to the above in purpose and effect, including, but not limited to, a guaranty, standby loan or purchase commitment, insurance policy, surety bond or financial security bond or any combination thereof, which is approved by each of the Rating Agencies.

"Credit Facility Provider" means the issuer of or obligor under a Credit Facility.

"Debt Service" means, with respect to any particular Bond Year, an amount equal to the sum of (i) all interest payable on Outstanding Bonds during such Bond Year, plus (ii) any Principal Installments of such Bonds during such Bond Year.

"Debt Service Reserve Account" means the Debt Service Reserve Account established pursuant to the General Resolution.

"Debt Service Reserve Account Requirement" means as of any date of calculation, the aggregate of the amounts specified as the Debt Service Reserve Account Requirement for each Series of Bonds in the Supplemental Resolution authorizing the issuance of a Series of Bonds; provided, however, that a Supplemental Resolution may provide that the Debt Service Reserve Account Requirement for the Series of Bonds authorized thereunder may be funded, in whole or in part, through Cash Equivalents and such method of funding shall be deemed to satisfy all provisions of the General Resolution with respect to the Debt Service Reserve Account Requirement and the amounts required to be on deposit in the Debt Service Reserve Account.

"Escrow Payments" means and includes all amounts whether paid directly to the Corporation or to the servicer of any Mortgage Loan representing payments to obtain or maintain mortgage insurance or any subsidy with respect to a Mortgage Loan or the mortgaged premises or payments in connection with real estate taxes, assessments, water charges, sewer rents, ground 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 General Resolution as an Event of Default.

"Federal Housing Commissioner" means the Secretary of the United States Department of Housing and Urban Development (or successor thereof) or the Federal Housing Commissioner of FHA (or successor thereof) or a duly authorized agent thereof.

"FHA" means the Federal Housing Administration.

"FHA Insurance" means the Federal mortgage insurance authorized pursuant to Section 220, 221(d)(3), 221(d)(4) or 223(f) of the National Housing Act of 1934, as amended.

"General Resolution" means the Multi-Family Housing Revenue Bonds Bond Resolution adopted by the Corporation on July 27, 1993, and any amendments thereof or supplements thereto made in accordance with its terms.

"GML Article 16" means General Municipal Law Article 16.

"GNMA" means the Government National Mortgage Association.

"GNMA Security" means a mortgage-backed security guaranteed by GNMA as to payments of principal and interest.

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

"HAC" means the Housing Assistance Corporation.

"HoDAG" means the Housing Development Grant.

"HTF" means the New York State Housing Trust Fund Corporation.

"HUD" means the United States Department of Housing and Urban Development, or any successor thereof.

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

"Interest Rate Cap" means a Cap.

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

1) Government Obligations;

2) any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Farm Credit System Banks, Federal Home Loan Banks, Tennessee Valley Authority and Export-Import Bank of the United States;

3) any bond, debenture, note, participation certificate or other similar obligation issued by Fannie Mae to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by any other Federal agency and backed by the full faith and credit of the United States of America;

4) any other obligation of the United States of America or any Federal agencies guaranteed by the full faith and credit of the United States of America which may then be purchased with funds belonging to the Corporation;

5) deposits in interest-bearing time or demand deposits, or certificates of deposit, secured by any of the obligations described above or fully insured by the Federal Deposit Insurance Corporation or its successor;

6) any participation certificate of the Federal Home Loan Mortgage Corporation (Freddie Mac) guaranteeing timely payment of principal and any mortgage-backed securities of Fannie Mae; and

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

"LAMP" means the Corporation's Low-Income Affordable Marketplace Program.

"MIRP" means the Mixed Income Rental Program.

"Mitchell-Lama Restructuring Bonds" means Bonds, including the 2004 Series D Bonds, the 2004 Series E-1 Bonds, the 2004 Series E-2 Bonds, the 2005 Series A-1 Bonds, the 2005 Series A-2 Bonds, the 2005 Series E Bonds, the 2005 Series F-1 Bonds, the 2005 Series F-2 Bonds, the 2005 Series J-1 Bonds, the 2005 Series J-2 Bonds, the 2006 Series D-1 Bonds and the 2006 Series D-2 Bonds issued under the Corporation's Mitchell-Lama Restructuring Program, including all Bonds issued to refund any of such Bonds.

"ML Repair Loan Program" means the Corporation's Mitchell-Lama Repair Loan Program.

"ML Restructuring Program" means the Corporation's Mitchell-Lama Restructuring Program.

"Mortgage" means a mortgage or other instrument securing a Mortgage Loan.

"Mortgage Banker" means the mortgagee of record of a mortgage loan that backs a GNMA Security.

"Mortgage Loan" means a loan, evidenced by a note, for a Project, secured by a Mortgage and specified in a Supplemental Resolution as being subject to the lien of the General Resolution; provided, that Mortgage Loan shall also mean a participation by the Corporation with another party or parties, public or private, in a loan made to a Mortgagor with respect to a Project; provided, further, that Mortgage Loan shall also mean an instrument evidencing an ownership in such loans, including, but not limited to, a mortgage-backed security guaranteed by the Government National Mortgage Association, Fannie Mae or the Federal Home Loan Mortgage Corporation (Freddie Mac).

"Mortgage Note" means the note evidencing a Mortgage Loan.

"Mortgagor" means a mortgagor with respect to any Mortgage Loan.

"New HOP" means the Corporation's New Housing Opportunities Program.

"Outstanding," when used with reference to Bonds, means, as of any date, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, all Bonds theretofore or thereupon being authenticated and delivered under the General Resolution except:

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

2) any Bond (or portion of a Bond) for the payment or redemption of which there have been separately set aside and held in a Redemption Account under the General Resolution either:

a. monies 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 monies to such payment or redemption on the date so specified; or

b. Government Obligations, as described in the Section of the General Resolution entitled "Defeasance," in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide monies 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 monies 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 General Resolution; and

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

"Permitted Encumbrances" means such liens, encumbrances, reservations, easements, rights of way and other clouds on title as do not impair the use or value of the premises or such other liens, encumbrances, reservations, easements, rights of way and other clouds on title as are specified in a Supplemental Resolution with respect to a Mortgage Loan.

"Pledged Receipts" means, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, (i) the scheduled or other payments required by any Mortgage Loan and paid to or to be paid to the Corporation from any source, including, but not limited to, interest, rent or other subsidy payments, and including both timely and delinquent payments,* (ii) accrued

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* The 2007 Series A Supplemental Resolution, with respect to the 2007 Series A Mortgage Loan, provides that any prepayment premium or penalty shall not constitute a Pledged Receipt. The 2006 Series A Supplemental Resolution, with respect to the underlying mortgage loans securing the 2006 Series A Mortgage Loan, provides that any prepayment premium or penalty shall constitute a Pledged Receipt. The 2006 Series A Supplemental Resolution and the 2007 Series A Supplemental Resolution each provides that, with respect to any Acquired Project, Acquired Project Net Operating Income shall constitute a Pledged Receipt. The 2006 Series A Supplemental Resolution, with respect to the mortgage loans underlying the 2006 Series A Mortgage Loan subsidized through Section 8, provides that, with respect to Section 8 housing assistance payments, only those payments duly and properly paid and actually received by the holder of such mortgage loan and thereafter passed through to the holder of the 2006 Series A Participant Interest shall constitute Pledged Receipts. The 2006 Series A Supplemental Resolution, with respect to the 2006 Series A Bonds, provides that any Cap Receipts paid to the Corporation or the Trustee under a Cap shall constitute a Pledged Receipt but shall not constitute a payment related to the 2006 Series A Mortgage Loan and therefore will not be credited to reduce the amount of 2006 Series A net debt service for purposes of the calculation of the amount of 2006 Series A Bonds to be redeemed pursuant to Special Mandatory Redemption. The 2006 Series A Supplemental Resolution and the 2007 Series A Supplemental Resolution, each provides that, with respect to any Acquired Project, the proceeds of sale of any Acquired Project shall constitute a Pledged Receipt. The 2006 Series A Supplemental Resolution, with respect to the 2006 Series A Purchased Mortgage Loans, provides that any amounts required to be passed through the 2006 Series A Purchased Mortgage Loans as a result of (i) the advance payment of principal amounts to become due with respect to any 2006 Series A Purchased Mortgage Loan insured by FHA, at the option or direction of FHA, (ii) proceeds from the acceleration of payments due under any 2006 Series A Purchased Mortgage Loan or other remedial proceedings taken in the event of a default thereon, including proceeds of the sale of any Acquired Project, (iii) proceeds of insurance awards resulting from damage or destruction of a Development financed by any 2006 Series A Purchased Mortgage Loan, which proceeds are applied to payment of the applicable underlying mortgage note whether or not required to be so applied pursuant to the applicable underlying mortgage, (iv) proceeds of a condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Development financed by any 2006 Series A Purchased Mortgage Loan or any portion thereof, which proceeds are applied to payment of the applicable underlying mortgage note

interest received at the sale of Bonds and (iii) all income earned or gain realized in excess of losses suffered on any investment or deposit of monies in the Accounts established and maintained pursuant to the General Resolution or a Supplemental Resolution, or monies provided by the Corporation and held in trust for the benefit of the Bond owners pursuant to the General Resolution, but shall not mean or include amounts required to be deposited into the Rebate Fund, Recoveries of Principal, any payments with respect to any Mortgage Loan received prior to the date that Revenues therefrom are pledged under the General Resolution, Escrow Payments, late charges, administrative fees, if any, of the Corporation or any amount retained by the servicer (which may include the Corporation) of any Mortgage Loan, as financing, servicing, extension or settlement fees.

"PLP" means the Participation Loan Program.

"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 General Resolution of Sinking Fund Payments payable before such future date plus (ii) the unsatisfied balance, determined as provided in the General 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.

"Project" means any multi-family housing development or other facility financeable by the Corporation under the Act or other applicable law and approved by the Corporation.

"Rating Agencies" means, collectively, (i) Standard & Poor's Corporation or any successor thereto ("S&P") when the Bonds are rated by S&P and (ii) Moody's Investors Service Inc. or any successor thereto ("Moody's") when the Bonds are rated by Moody's or, if neither S&P nor Moody's is maintaining a rating on the Bonds, then any other nationally recognized rating agency when the Bonds are rated by such agency, pursuant to a request for a rating by the Corporation.

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

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

"Recoveries of Principal" means, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, all amounts received by the Corporation as a recovery of the principal amount disbursed by the Corporation in connection with any Mortgage Loan, including any premium or penalty with respect thereto, on account of (i) the advance payment of amounts to become due pursuant to such Mortgage Loan, at the option of the Mortgagor, (ii) the sale, assignment, endorsement or other disposition thereof, (iii) the acceleration of payments due thereunder or other remedial proceedings taken in the event of the default thereon, (iv) proceeds of any insurance award resulting from the damage or destruction of a Project which are required to be applied to payment of a Mortgage Note pursuant to a 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

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whether or not required to be so applied pursuant to the applicable underlying mortgage or (v) proceeds of the sale, assignment, endorsement or other disposition of any 2006 Series A Purchased Mortgage Loan including proceeds of FHA Insurance, if any, with respect to any 2006 Series A Purchased Mortgage Loan insured by FHA, shall constitute Pledged Receipts.

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, a Project or any portion thereof, which proceeds are required to be applied to payment of a Mortgage Note pursuant to a Mortgage or (vi) proceeds of any mortgage insurance or credit enhancement with respect to a Mortgage Loan which is in default.

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

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

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

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

"REMIC Insurance" means the partial mortgage insurance for multi-family rental housing Developments issued by REMIC.

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

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

"Series" means any Series of Bonds issued pursuant to the General Resolution.

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

"SONYMA" means the State of New York Mortgage Agency, a corporate governmental agency of the State of New York constituting a political subdivision and public benefit corporation established under the SONYMA Act.

"SONYMA Act" means the State of New York Mortgage Agency Act, constituting Chapter 612 of the Laws of New York, 1970, as amended.

"SONYMA Insurance" means the mortgage insurance for multi-family rental housing developments authorized pursuant to the SONYMA Act.

"State" means the State of New York.

"Subordinate Bonds" means any Bonds which, pursuant to the Supplemental Resolution authorizing such Bonds, are secured by a subordinate charge and lien on the Revenues and assets pledged under the General Resolution.

"Subordinate Loan/Grant Programs" means the AHPLP, LAMP, ML Repair Loan Program, New HOP, PLP, Article 8-A, Certificate Program, MIRP, GML Article 16, HoDAG, HTF and HAC programs.

"Subsidy Programs" means (a) the Mitchell-Lama program authorized by Article 2 of the New York Private Housing Finance Law and the rules and regulations promulgated thereunder, and the related ML Restructuring Program, (b) the interest reduction subsidies authorized by Section 236 of the National Housing Act of 1934, as amended, (c) the housing assistance payment program authorized by Section 8 of the United States Housing Act of 1937, as amended, (d) various subordinate loan programs of the Corporation such as AHPLP, LAMP, ML Repair Loan Program, and New HOP, (e) various Federal, State and other local subordinate grant or loan programs such as PLP, Article 8-A, the Certificate Program, MIRP, GML Article 16 programs, HoDAG programs and certain programs of HTF, and (f) subsidies through the Housing Assistance Corporation.

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

"Supplemental Security" means (a) mortgage insurance provided by (i) FHA, (ii) REMIC and (iii) SONYMA, and (b) mortgage-backed securities guaranteed by GNMA.

"Transfer Date" means the date when no Mitchell-Lama Restructuring Bonds are outstanding under the General Resolution.

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

"2004 Participant Interest" means the Participant Interest in the Participated Assets purchased with the proceeds of the 2004 Series D Bonds (all as defined in the 2004 Participation Agreement).

"2004 Participation Agreement" means the Participation Agreement by and between the Corporation and the City, dated the date of issuance of the 2004 Series D Bonds.

"2006 Series A Mortgage Loan" or "2006 Series A Participant Interest" means collectively (net of certain amounts payable to the Corporation and other servicers for servicing the underlying mortgage loans) (i) a 100% participation interest of the Corporation in certain permanent mortgage loans for multi-family housing developments (the "2006 Series A Purchased Mortgage Loans"), (ii) a 100% participation interest of the Corporation in a portion of the cash flow derived from the Class B-1 Sheridan Trust II Multifamily Mortgage Pass-Through Certificate, Series 1996M-1 (the "Class B-1 Sheridan Trust II Certificate"), at a pass-through rate of 3.144%, which certificate evidences a beneficial ownership interest in the Class B Sheridan Trust Multifamily Mortgage Pass-Through Certificate, Series 1995M-1, which certificate, in turn, represents a beneficial ownership interest in certain permanent mortgage loans (the "2006 Series A Trust Mortgage Loans") excluding certain voting rights with respect to the Class B-1 Sheridan Trust II Certificate, (iii) all rights, but not the obligations, of the "owner" of the 2006 Series A Purchased Mortgage Loans under the servicing agreements with respect to the 2006 Series A Purchased Mortgage Loans, and (iv) all rights of the Facilitation Trusts under the Purchase and Sale Agreements between the City and each Facilitation Trust, pursuant to which the City assigned the 2006 Series A Purchased Mortgage Loans and the Class B-1 Sheridan Trust II Certificate to the applicable Facilitation Trust.

"2006 Series A Purchased Mortgage Loans" has the meaning ascribed thereto in the definition of the "2006 Series A Mortgage Loan."

"2006 Series A Trust Mortgage Loans" has the meaning ascribed thereto in the definition of the "2006 Series A Mortgage Loan."

"2007 Series A Mortgage Loan" means the mortgage loan for the development financed in connection with the 2007 Series A Bonds.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

Set forth below are abridged or summarized excerpts of certain sections of the General Resolution. In some instances, the General Resolution permits the modification of certain of its provisions by a Supplemental Resolution relating to a specific Series of Bonds. Certain modifications to the General Resolution, which have been made with respect to the 2006 Series A Bonds by the provisions of the 2006 Series A Supplemental Resolution, have also been summarized below. These have been included because the outstanding principal balance of the mortgage loans underlying the 2006 Series A Mortgage Loan (most of which are not secured by Supplemental Security and, in some cases, the related Developments are not subsidized under any Subsidy Program), exceeds 10% of the aggregate outstanding principal balance of all Mortgage Loans financed under the General Resolution. Other Supplemental Resolutions authorizing other Series of Bonds have also modified certain provisions of the General Resolution with respect to the Series of Bonds authorized thereunder and such modifications have not been summarized below because the foregoing test has not been met. The excerpts set forth below do not purport to be complete or to cover all sections of the General Resolution. Reference is made to the General Resolution and the Supplemental Resolutions relating to each Series of Bonds, 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 General Resolution shall be deemed to be and shall constitute a contract among the Corporation, the Trustee and the owners from time to time of such Bonds. The pledges and assignments made in the General Resolution and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Corporation shall be for the 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 General Resolution or a Supplemental Resolution authorizing a Series of Bonds. The Corporation pledges the Revenues and all amounts held in any Account established under the General Resolution to the payment of the principal or Redemption Price of and interest on the Bonds, subject to provisions permitting the use and application of such amounts for stated purposes, as provided in the General Resolution; provided, however, that notwithstanding anything to the contrary contained in the General Resolution, the Corporation may, pursuant to a Supplemental Resolution authorizing the issuance of a Series of Bonds, also pledge such Revenues and amounts to one or more Credit Facility Providers who have provided Credit Facilities to secure such Series of Bonds and such further pledge may be either on a parity with or subordinate to the pledge set forth in this paragraph to secure the payment of the Bonds, all as set forth in such Supplemental Resolution; and provided further, however, that the Corporation may, pursuant to a Supplemental Resolution, provide that amounts in an Account established pursuant to such Supplemental Resolution be excluded from the pledge set forth in this paragraph to secure the payment of the Bonds or otherwise limit such pledge with respect to such Account. The foregoing pledge does not include amounts on deposit in or required to be deposited in the Rebate Fund. The Bonds shall be special revenue obligations of the Corporation payable solely from the revenues and assets pledged therefor pursuant to the General Resolution.

Provisions for Issuance of Bonds

In order to provide sufficient funds for financing the Corporation Corporate Purposes, 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 to the Corporation or upon its order, but only upon the receipt by the Trustee of, among other things:

(a) a Bond Counsel's Opinion to the effect that (i) the General Resolution and the Supplemental Resolution 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 General Resolution and such Supplemental Resolution create the valid pledge and lien which they purport to create of and on the Revenues and all the Accounts established under the General Resolution and such Supplemental Resolution and monies 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 General 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 General Resolution and such Supplemental Resolution;

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

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

(d) a Cash Flow Statement conforming to the requirements of the General Resolution; and

(e) except with respect to the initial Series of Bonds issued under the General Resolution, confirmation of the then existing rating on the Bonds (other than Subordinate Bonds) by each of the Rating Agencies.

Refunding Bonds

Refunding Bonds of the Corporation may be issued under and secured by the General Resolution, subject to the conditions provided in the General Resolution, from time to time, for the purpose of providing funds, with any other available funds, for (i) redeeming (or purchasing in lieu of redemption) prior to their maturity or maturities, or retiring at their maturity or maturities, all or any part of the Outstanding Bonds of any Series, including the payment of any redemption premium thereon (or premium, to the extent permitted by law, included in the purchase price, if purchased in lieu of redemption), (ii) making any required deposits to the Debt Service Reserve Account, (iii) if deemed necessary by the Corporation, paying the interest to accrue on the refunding Bonds or refunded Bonds to the date fixed for their redemption (or purchase) and (iv) paying any expenses in connection with such refunding. Before such Bonds shall be issued, the Corporation shall adopt a Supplemental Resolution authorizing the issuance and sale of such Bonds, fixing the amount and the details thereof, describing the Bonds to be redeemed and setting forth determinations required by the General Resolution.

Except as otherwise provided in the Supplemental Resolution authorizing a Series of refunding Bonds, refunding Bonds shall be on a parity with and shall be entitled to the same benefit and security of the General Resolution as all other Bonds (other than Subordinate Bonds) issued under the General Resolution, provided, however, a Supplemental Resolution may provide for differences in the maturities thereof or the Interest Payment Dates or the rate or rates of interest or the provisions for redemption.

Before any Series of refunding Bonds shall be authenticated and delivered by the Trustee, there shall be on file with the Trustee, among other things, the following:

(a) the documents specified under the heading "Provisions for Issuance of Bonds";

(b) a certificate of an Authorized Officer stating that the proceeds (excluding accrued interest but including any premium) of such refunding Bonds, together with any monies which have been made available to the Trustee for the purpose of paying Debt Service, or the principal of and the interest on the investment of such proceeds or any such monies, will be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded and the interest which will become due and payable on or prior to the date of their payment or redemption and the expenses in connection with such refunding and to make any required deposits to the Debt Service Reserve Account; and

(c) if all or part of the refunded Bonds are to be redeemed prior to maturity, irrevocable instructions from an Authorized Officer to the Trustee to redeem the applicable Bonds.

The proceeds of such refunding Bonds and the investment income therefrom shall, to the extent practicable, be invested and reinvested by the Trustee, with the approval of the Corporation in Investment Securities, and the monies so invested shall be available for use when required.

Application and Disbursement of Bond Proceeds

Unless otherwise provided in the applicable Supplemental Resolution, the proceeds of sale of a Series of Bonds, shall, as soon as practicable upon the delivery of such Bonds by the Trustee, be applied as follows:

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

(2) with respect to any Series issued for the purpose of refunding Bonds or any other bonds, notes or other obligations of the Corporation or other entity, 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 or any other bonds, notes or other obligations of the Corporation or other entity, 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) the amount, if any, necessary to cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement immediately following

the time of such delivery shall be deposited in the Debt Service Reserve Account together with such additional amount, if any, as may be specified in the Supplemental Resolution authorizing such Bonds; and

(5) the balance remaining after such deposits have been made shall be deposited in the Bond Proceeds Account.

Except as otherwise provided in the applicable Supplemental Resolution, amounts in the Bond Proceeds Account shall not be disbursed for financing a Mortgage Loan, including either advances during construction or permanent financing thereof, unless, among other things, (1) the instrument evidencing such Mortgage Loan and the Mortgage and any other document securing such Mortgage Loan shall have been duly executed and delivered and, in the opinion of counsel, who may be counsel to the Mortgagor, constitute valid and binding agreements between the parties thereto enforceable in accordance with their terms, except as such enforcement may be limited by operation of bankruptcy, insolvency or similar laws affecting the rights and remedies of creditors; (2) there shall have been filed with the Trustee, an opinion of counsel, who may be counsel to the Corporation, to the effect that such Mortgage Loan complies with all provisions of the Act or otherwise applicable law and the General Resolution; (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 in favor of the Corporation, a mortgage lien (which need not be a first mortgage lien, if so provided in the applicable Supplemental Resolution), subject only to Permitted Encumbrances, on the real property securing the Mortgage Loan; and (4) the Project is insured against loss by fire and other hazards as required by the Corporation.

Deposits and Investments

Any amounts that are pledged pursuant to the General Resolution and held by the Trustee in any Accounts under or pursuant to the General Resolution may be invested in Investment Securities. In computing the amount in any Account, obligations purchased as an investment of monies 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 General Resolution or any Supplemental Resolution for any other coin or currency of the United States of America or Investment Securities of like amount.

Notwithstanding anything to the contrary contained in the General Resolution, any Investment Securities purchased by the Trustee with funds that are pledged pursuant to the General Resolution must, as of the date of such purchase, be rated by each of the Rating Agencies in a category at least equal to the rating category of the Bonds (other than Subordinate Bonds) (or "A-1+" or "P-1," as applicable if the Investment Security has a remaining term at the time it is provided not exceeding one year); provided, however, that the Trustee may purchase Investment Securities that are rated lower than that set forth above, so long as the purchase of such Investment Securities does not, as of the date of such purchase, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Bonds (other than Subordinate Bonds) by any of the Rating Agencies.

Establishment of Accounts

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

(1) Bond Proceeds Account;

(2) Revenue Account;

(3) Redemption Account; and

(4) Debt Service Reserve Account.

<u>Bond Proceeds Account</u>

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 General Resolution and any Supplemental Resolution and any other amounts determined by the Corporation to be deposited therein from time to time. Upon the issuance, sale and delivery of any Series of Bonds pursuant to the General Resolution, the Corporation shall establish on the books of the Corporation a separate sub-account designated "_____ Series _____ Bond Proceeds Sub-Account" (inserting therein the appropriate series and other necessary designation). Upon payment of any amounts from the Bond Proceeds Account, such payments shall be charged to the appropriate Bond Proceeds Sub-Account on the books of the Corporation.

Amounts in the Bond Proceeds Account shall be expended only (i) to finance one or more of the Corporation Corporate Purposes, including but not limited to, the financing of Mortgage Loans, in accordance with the General Resolution, which may include making Mortgage Loans, acquiring Mortgage Loans or refinancing Mortgage Loans; (ii) to pay Costs of Issuance; (iii) to pay principal of and interest on the Bonds when due, in accordance with the General Resolution, to the extent amounts in the Revenue Account are insufficient for such purpose; (iv) to purchase or redeem Bonds in accordance with the General Resolution; (v) to pay, purchase or redeem bonds, notes or other obligations of the Corporation or any other entity in accordance with the General Resolution; and (vi) if so provided in a Supplemental Resolution, to reimburse a Credit Facility Provider for amounts obtained under a Credit Facility for the purposes described in clauses (iii), (iv) or (v) of this paragraph.

At least one day prior to each Interest Payment Date the Corporation shall deliver to the Trustee a Certificate of an Authorized Officer setting forth the amounts necessary and available to pay the principal of and interest on the Bonds from the amount on deposit in the Bond Proceeds Account, after giving effect to the actual and expected application of amounts therein to the financing of the Corporation Corporate Purposes as of the date of such Certificate, the amount on deposit for such use in the Revenue Account, and any other amount available for such use pursuant to a Supplemental Resolution. On each Interest Payment Date the Trustee shall transfer the amounts so stated to the Revenue Account.

If so provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, the Corporation may direct the Trustee in writing to transfer amounts in the Bond Proceeds Account to fund the payment, purchase or redemption of bonds, notes or other obligations, which may include interest thereon, theretofore issued by the Corporation or any other entity upon receipt by the Trustee of a written requisition setting forth (i) the issue of bonds, notes or other obligations with respect to which the transfer is to be made, and (ii) the amount of the transfer.

<u>Revenue Account</u>

The Corporation shall cause all Pledged Receipts 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 General Resolution and any Supplemental Resolution. Earnings on all Accounts established under the General Resolution not required to be deposited in the Rebate Fund shall be deposited, as realized, in the Revenue Account.

The Trustee shall pay out of the Revenue Account (i) on or before each Interest Payment Date, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date, and (ii) on or before the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Outstanding Bonds to be redeemed or purchased on such date unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by the Trustee to such payments; provided, however, that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to make the payments referred to in this paragraph, then amounts in the Revenue Account which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

Any amount accumulated in the Revenue Account up to the unsatisfied balance of each Sinking Fund Payment may, and if so directed in writing by the Corporation shall, be applied (together with amounts accumulated in the Revenue Account with respect to interest on the Bonds for which such Sinking Fund Payment was established) by the Trustee prior to the forty-fifth day preceding the due date of 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, or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above; provided, however, that the purchase of such Bonds may be at prices exceeding that set forth in clause (i) of this paragraph if the Corporation shall have filed with the Trustee a Cash Flow Statement pursuant to the General Resolution, and provided further, however, that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to make the purchases referred to in this paragraph, then amounts in the Revenue Account which would have otherwise been used to make such purchases may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

Except as otherwise provided in an applicable Supplemental Resolution, 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 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 of the maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of a principal amount of 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 monies 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 (i) first, to the Debt Service Reserve Account, an amount equal to the amount necessary to be transferred to such Account in order that the amount on deposit therein be equal to the Debt Service Reserve Account Requirement (or such lesser amount as may be available), (ii) second, to the Bond Proceeds Account, such amount as the Corporation determines is required to finance Corporation Corporate Purposes, as evidenced by a Certificate of an Authorized Officer, (iii) third, if so directed by the Corporation, to the

Trustee, an amount equal to the Trustee's unpaid fees and expenses, (iv) fourth, if so directed by the Corporation, to any Credit Facility Providers, an amount equal to any fees due and owing to such Credit Facility Providers, (v) fifth, to the Corporation, an amount equal to the administrative fee, if any, of the Corporation, to the extent unpaid and (vi) sixth, to the entities providing Investment Securities with respect to the Accounts or any arrangements or agreements with respect thereto, amounts equal to the fees due and payable on or before the next succeeding Interest Payment Date to such entities, as designated in a Certificate of an Authorized Officer. At any time after the transfers described in (i), (ii), (iii), (iv), (v) and (vi) above have been made, except as otherwise provided in a Supplemental Resolution, the Corporation may, upon the written request of an Authorized Officer and upon filing with the Trustee of a Cash Flow Statement or a Cash Flow Certificate pursuant to the General Resolution, withdraw free and clear of the lien of the General Resolution any amount remaining in the Revenue Account.

Notwithstanding any other provision under this heading, the Trustee may at any time make transfers from the Revenue Account, upon the written direction of an Authorized Officer, to the Redemption Account for the purposes of such Account. No such transfer shall be made, however, unless there is on deposit in the Revenue Account after such transfer an amount equal to the Debt Service accrued on all Outstanding Bonds as of the date of such transfer.

Notwithstanding any other provision under this heading, no payments shall be required to be made into the Revenue Account so long as the amount on deposit therein shall be sufficient to pay all Outstanding Bonds (including the Sinking Fund Payments for the retirement thereof) in accordance with their terms, and any Revenues thereafter received by the Corporation may be applied to any corporate purpose of the Corporation free and clear of the pledge and lien of the General Resolution.

<u>Redemption Account</u>

There shall be deposited in the Redemption Account all amounts which are required to be deposited therein pursuant to the General Resolution and any Supplemental Resolution and any other amounts available therefor and determined by the Corporation to be deposited therein. Subject to the provisions of the General Resolution or of any Supplemental Resolution authorizing the issuance of a Series of Bonds, requiring the application thereof to the payment, purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Redemption Account to the purchase or redemption of Bonds at the times and in the manner provided in the General Resolution.

Notwithstanding anything to the contrary contained in the General Resolution, if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to purchase or redeem Bonds, then amounts in the Redemption Account which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

<u>Debt Service Reserve Account</u>

There shall be deposited in the Debt Service Reserve Account all amounts required to be deposited therein pursuant to the General Resolution and any Supplemental Resolution and any other amounts received and determined to be deposited therein by the Corporation.

Amounts on deposit in the Debt Service Reserve Account shall be applied, to the extent other funds are not available therefor pursuant to the General Resolution and the applicable Supplemental Resolution, to pay the Principal Installments of and interest on the Outstanding Bonds when due, whether by call for redemption or otherwise.

Whenever the amount in the Debt Service Reserve Account exceeds the Debt Service Reserve Account Requirement, the amount of such excess, upon the direction of the Corporation, shall be transferred to the Revenue Account.

Monies in the Debt Service Reserve Account may, and at the direction of the Corporation shall, be withdrawn by the Trustee and deposited in the Redemption Account for the purchase or redemption of Bonds at any time, provided that subsequent to such purchase or redemption the amount in the Debt Service Reserve Account will not be less than the Debt Service Reserve Account Requirement.

If on any Interest Payment Date or Redemption Date for the Bonds the amount in the Revenue Account and the Redemption Account, as applicable, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency.

Notwithstanding anything to the contrary contained in the General Resolution, if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to pay the Principal Installments of and interest on Bonds, then amounts in the Debt Service Reserve Account which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

The 2006 Series A Supplemental Resolution, with respect to the 2006 Series A Bonds, provides that, notwithstanding anything to the contrary contained in the General Resolution, the Corporation may, at any time, provide to the Trustee one or more Cash Equivalents for deposit in the Debt Service Reserve Account with respect to such Bonds. The 2007 Series A Supplemental Resolution, with respect to the 2007 Series A Bonds, provides that, notwithstanding anything to the contrary contained in the General Resolution, the Corporation may, at any time, provide to the Trustee one or more Cash Equivalents for deposit in the Debt Service Reserve Account with respect to the 2007 Series A Bonds. In the event any such Cash Equivalents are so provided (other than in connection with the initial issuance of the 2007 Series A Bonds or to replenish the Debt Service Reserve Account) in replacement of funds on deposit in the Debt Service Reserve Account, the Trustee shall make such deposit and transfer funds in an equivalent amount from the Debt Service Reserve Account to the Revenue Account.

Rebate Fund

The General Resolution also establishes the Rebate Fund as a special trust account to be held and maintained by the Trustee. Except as otherwise provided in a Supplemental Resolution with respect to an Account established thereunder which is not pledged to the payment of the Bonds or to any Credit Facility Provider in connection with a Credit Facility securing one or more Series of Bonds, earnings on all Accounts required to be deposited into the Rebate Fund shall be deposited, at least as frequently as the end of each fifth Bond Year and at the time that the last Bond that is part of the Series for which a Rebate Amount is required is discharged, into 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 General Resolution.

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Officer, shall deposit in the Rebate Fund at least as frequently as the end of each fifth Bond Year and at the time that the last Bond that is part of the Series for which a Rebate Amount is required is discharged, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such time of calculation. The amount deposited in the Rebate Fund pursuant to the previous sentence shall be deposited from amounts withdrawn from the Revenue Account, and to the extent such amounts are not available in the Revenue Account, directly from earnings on the Accounts.

Amounts on deposit in the Rebate Fund shall be invested in the same manner as amounts on deposit in the Accounts, except as otherwise specified by an Authorized Officer to the extent necessary to comply with the covenant set forth in the General 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, 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, 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 General Resolution, not later than sixty (60) days after the date on which all Bonds of a Series for which a Rebate Amount is required have been paid in full, 100% of the Rebate Amount as of the date of payment.

Payment of Bonds

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

Tax Covenants

The following covenants are made solely for the benefit of the owners of, and shall be applicable solely to, any 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 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 or 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.

Except as otherwise permitted in a Supplemental Resolution authorizing the issuance of a Series of Bonds the Corporation shall not permit any person or "related person" (as defined in the Code) to purchase Bonds in an amount related to the Mortgage Loan to be acquired by the Corporation from such person or "related person."

Pursuant to the provisions of supplemental resolutions for Bonds the interest on which is included in gross income for Federal income tax purposes, the Corporation has provided that the provisions under this heading do not apply to such Bonds.

Covenants with Respect to Mortgage Loans

The Corporation pledges for the benefit of the Bond owners all of its right, title and interest in and to the Mortgage Loans, which pledge shall be valid and binding from and after the date of adoption of the General Resolution. Such Mortgage Loans shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation, irrespective of whether such parties have notice thereof. Notwithstanding anything to the contrary contained in the General Resolution, the Corporation may, pursuant to a Supplemental Resolution authorizing a Series of Bonds, (i) also pledge one or more Mortgage Loans for the benefit of one or more Credit Facility Providers who have provided Credit Facilities to secure such Series of Bonds and such further pledge may be either on a parity with or subordinate to the pledge set forth in this paragraph to secure the payment of the Bonds, all as set forth in such Supplemental Resolution or (ii) provide that any or all of the mortgage loans financed by the Series of Bonds authorized pursuant to such Supplemental Resolution be excluded from the pledge set forth in this paragraph to secure the payment of the Bonds or otherwise limit such pledge with respect to such mortgage loans. In addition, notwithstanding the foregoing, any Mortgage Loan pledged under the General Resolution may, at the written direction of the Corporation, be released from such pledge upon the filing with the Trustee of a Cash Flow Statement pursuant to the General Resolution. Upon the happening of an event of default specified under the heading "Events of Default," the written request of the Trustee or the owners of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds (other than Subordinate Bonds), the Corporation shall effectuate the assignment and deliver the Mortgage Loans to the Trustee. If, however, the Trustee and the Bond owners are restored to their positions in accordance with the General Resolution, the Trustee shall assign such Mortgage Loans with respect thereto back to the Corporation.

Notwithstanding the foregoing, pursuant to the 2006 Series A Supplemental Resolution, at such time as no 2006 Series A Bonds are Outstanding, the 2006 Series A Mortgage Loan shall be released from the pledge set forth in the foregoing paragraph without the filing of a Cash Flow Statement or a Cash Flow Certificate. Notwithstanding the foregoing, pursuant to the Supplemental Resolutions authorizing the issuance of Outstanding Mitchell-Lama Restructuring Bonds, at such time as no Mitchell-Lama Restructuring Bonds are Outstanding, the 2004 Participant Interest, the 2004 Series E Second Mortgage Loans, the 2005 Series A Second Mortgage Loans, the 2005 Series E Second Mortgage Loans, the 2005 Series F Second Mortgage Loans, the 2005 Series J Second Mortgage Loans, the 2005 Series F Participant Interest, the 2005 Series J Participant Interest and the 2006 Series D Second Mortgage Loans shall be released from the pledge set forth in the foregoing paragraph without the filing of a Cash Flow Statement or a Cash Flow Certificate.

In order to pay the Principal Installments of and interest on the Bonds when due, the Corporation shall, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, any other applicable law, the provisions of the General 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 General Resolution, to finance the Corporation Corporate Purposes pursuant to the Act, any other applicable law and the General Resolution and any applicable Supplemental Resolution, (ii) do all such acts and things as shall be necessary to receive and collect Revenues (including diligent enforcement of the prompt collection of all arrears on Mortgage Loans), (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 Mortgage Loans or any subsidy payments in connection with the Projects securing the Mortgage Loans or the occupancy thereof and to enforce all terms, covenants and conditions of the Mortgage Loans, including the collection, custody and prompt application of all Escrow Payments for the purposes for which they were made.

Pursuant to the 2006 Series A Supplemental Resolution, with respect to the 2006 Series A Purchased Mortgage Loans and pursuant to the 2007 Series A Supplemental Resolution with respect to the 2007 Series A Mortgage Loan, the following additional provisions shall apply:

(1) The Corporation shall take all steps, actions and proceedings reasonably necessary, in the judgment of the Corporation, to protect its rights with respect to the Mortgages securing such 2006 Series A Purchased Mortgage Loan and 2007 Series A Mortgage Loan.

(2) Whenever, in the Corporation's judgment, it shall be necessary in order to protect and enforce the rights of the Corporation under a Mortgage securing a 2006 Series A Purchased Mortgage Loan or a 2007 Series A Mortgage Loan, as the case may be, and to protect and enforce the rights and interests of Bondholders, the Corporation may, in its discretion, commence foreclosure proceedings against each Mortgagor in default under the provisions of such mortgage and/or, in protection and enforcement of its rights under such Mortgage, the Corporation may, in its discretion, acquire and take possession of the Project covered by such Mortgage by bidding for and purchasing such Project at the foreclosure sale thereof, by deed in lieu of foreclosure or otherwise.

(3) Upon acquisition by the Corporation of a Project securing a 2006 Series A Purchased Mortgage Loan or a 2007 Series A Mortgage Loan, as the case may be, by foreclosure, deed in lieu of foreclosure or otherwise, the Corporation shall have title thereto or be in possession thereof, the Corporation shall, as the case may be, operate and administer such Project in the place and stead of the Mortgagor and in the manner required of such Mortgagor by the terms and provisions of such Mortgage. The Corporation shall pay the Acquired Project Net Operating Income derived from such Acquired Project to the Trustee for deposit into the Revenue Account.

(4) Notwithstanding the provisions of paragraph (3) above, upon acquisition by the Corporation of a Project securing a 2006 Series A Purchased Mortgage Loan or a 2007 Series A Mortgage Loan, as the case may be, whether by foreclosure, deed in lieu of foreclosure or otherwise:

(a) The Corporation may at any time thereafter sell such Project to another qualified entity and make a Mortgage Loan with respect thereto as if such entity were the original Mortgagor, provided that (i) the Mortgage securing such a Mortgage Loan shall contain the terms, conditions, provisions and limitations substantially similar to the mortgage of such Project which had previously secured the related 2006 Series A Purchased Mortgage Loan or 2007 Series A Mortgage Loan, as the case may be, (ii) said new mortgage loan shall automatically become subject to the lien of the General Resolution and (iii) the Corporation shall file with the Trustee a Certificate of an Authorized Officer describing said replacement mortgage loan and specifying which

2006 Series A Purchased Mortgage Loan or 2007 Series A Mortgage Loan, as the case may be, has been so replaced; or

(b) The Corporation may at any time thereafter sell such Project provided that the proceeds of such sale shall be treated as a Recovery of Principal.

(5) In addition, and as an alternative to the rights of the Corporation described above, following a default under a 2006 Series A Purchased Mortgage Loan or a 2007 Series A Mortgage Loan, as the case may be, the Corporation may, in its discretion, cause or consent to the sale of a Project to another qualified entity and, in connection with any such sale (a) allow the purchaser to assume the related Mortgage, or (b) make a Mortgage Loan with respect thereto as if such entity were the original mortgagor, if such sale shall occur after the original mortgage shall have been discharged, provided, however, that (i) the Mortgage securing such a Mortgage Loan shall contain the terms, conditions, provisions and limitations substantially similar to the Mortgage of such Project which had previously secured the related 2006 Series A Purchased Mortgage Loan or 2007 Series A Mortgage Loan, as the case may be, (ii) said new Mortgage Loan shall automatically become subject to the lien of the General Resolution and (iii) the Corporation shall file with the Trustee a Certificate of an Authorized Officer describing said replacement Mortgage Loan and specifying which underlying 2006 Series A Purchased Mortgage Loan or 2007 Series A Mortgage Loan, as the case may be, has been so replaced.

(6) To the extent permitted by law, any rights of the Corporation set forth in (1)–(5) above may be exercised by a subsidiary of the Corporation established pursuant to Section 654-a of the Act.

Issuance of Additional Obligations

The Corporation shall not hereafter create or permit the creation of or issue any obligations or create any indebtedness which will be secured by a superior charge and lien on the Revenues and assets pledged under or pursuant to the General Resolution for the payment of the Bonds (other than Subordinate Bonds). In addition, the Corporation shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Bonds and except as expressly permitted by the General Resolution with respect to pledges made for the benefit of Credit Facility Providers) which will be secured by an equal charge and lien on the Revenues and assets pledged under or pursuant to the General Resolution. The Corporation expressly reserves the right (i) to issue one or more Series of Subordinate Bonds pursuant to Supplemental Resolutions and (ii) to issue one or more series of bonds, notes or other obligations pursuant to other resolutions which will be secured by a subordinate charge and lien on the Revenues and assets pledged under the General Resolution.

Sale of Mortgage Loans

The Corporation is authorized to sell, assign or otherwise dispose of a Mortgage Loan, in addition to a sale, assignment or disposition required pursuant to the General Resolution or any applicable Supplemental Resolution, provided the proceeds of such sale, assignment or disposition shall be treated as Recoveries of Principal for purposes of the General Resolution and provided, further, that, with respect to any Mortgage Loan not in default, a Cash Flow Statement is filed with the Trustee. Notwithstanding the above to the contrary, the 2006 Series A Supplemental Resolution provides that the Corporation is not authorized to sell, assign or otherwise dispose of the 2006 Series A Mortgage Loan or any mortgage loan underlying the 2006 Series A Mortgage Loan prior to May 1, 2016 other than a mortgage loan in default.

Disposition of Recoveries of Principal

All Recoveries of Principal shall be deposited in the Redemption Account and applied to the redemption of Bonds as soon as practically possible; provided, however, that, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, in lieu of such deposit, the Corporation may, upon filing a Cash Flow Statement, direct the Trustee to deposit all or a portion of any such Recoveries of Principal in the Bond Proceeds Account or the Revenue Account.

Powers of Amendment

Any modification of or amendment to the provisions of the General 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 General 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 in addition to the foregoing and notwithstanding anything to the contrary contained in the General Resolution, any modification of or amendment to a Supplemental Resolution authorizing the issuance of a Series of Bonds and of the rights and obligations of the Corporation and of the owners of the Bonds of such Series thereunder, in any particular, may, if no Bonds other than the Bonds of such Series are affected by the modification or amendment, be made by a Supplemental Resolution, but only, in the event such Supplemental Resolution shall require the consent of Bond owners, with the written consent given as provided in the General Resolution, of at least two-thirds in principal amount of the Bonds of such Series Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified Series and maturity remain Outstanding however, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee 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 General Resolution on the issuance of other evidences of indebtedness; add to the covenants and agreements of limitations and restrictions on, the Corporation’s other covenants and agreements or limitations and restrictions which are not contrary to or inconsistent with the General Resolution; surrender any right, power or privilege of the Corporation under the General Resolution, but only if the surrender is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the General Resolution; confirm any pledge under the General Resolution of the Revenues or of any other revenues or assets; modify any of the provisions of the General Resolution in any respect whatever (but no such modification shall be effective until all Bonds theretofore issued are no longer Outstanding); provide for the issuance of Bonds in coupon form payable to bearer; authorize the issuance of a Series of Bonds and prescribe the terms and conditions thereof; cure any ambiguity or correct any defect or inconsistent provision in the General Resolution (provided that the Trustee shall consent thereto); comply with the Code; pledge under the General Resolution any additional collateral as further security for the Bonds or specific Series of Bonds, including, but not limited to, additional Mortgage Loans or other assets or revenues; appoint a trustee (other than the Trustee) with respect to any Subordinate Bonds; or make any additions, deletions or modifications to the General Resolution which, in the opinion of the Trustee, are not materially adverse to the interests of the Bond owners.

Events of Default

Each of the following events shall constitute an "Event of Default" with respect to the Bonds: (1) payment of the principal or Redemption Price, if any, of or interest on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise, shall not be made when and as the same shall become due; or (2) the Corporation shall fail or refuse to comply with the provisions of the General Resolution or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in any applicable Supplemental Resolution or the Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the owners of not less than 5% in principal amount of the Outstanding Bonds (other than Subordinate Bonds).

Remedies

Upon the happening and continuance of any Event of Default specified in clause (1) of the preceding paragraph, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in clause (2) 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 (other than Subordinate Bonds), shall proceed, in its own name, subject to the provisions of the General Resolution, to protect and enforce the rights of the Bond owners by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the 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 Loans and to require the Corporation to carry out any other covenants or agreements with such Bond owners, including the assignment of the Mortgage Loans, 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) by declaring all Outstanding Bonds due and payable (provided that with respect to an Event of Default specified in clause (2) of the preceding paragraph, no such declaration shall be made without the consent of the owners of 100% in principal amount of the Outstanding Bonds (other than Subordinate Bonds)), and if all defaults shall be cured, then, with the written consent of the owners of not less than 25% in principal amount of the Outstanding Bonds (other than Subordinate Bonds), by annulling such declaration and its consequences; or (6) in the event that all Outstanding Bonds are declared due and payable, by selling Mortgage Loans and any Investment Securities securing such Bonds.

In the enforcement of any rights and remedies under the General Resolution, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from the Corporation for principal, Redemption Price, interest or otherwise, under any provisions of the General Resolution or a Supplemental Resolution or of the Bonds with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bond owners, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses (including without limitation pre-trial, trial and appellate attorneys' fees), and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

Anything in the General Resolution to the contrary notwithstanding, the owners of the majority in principal amount of the Bonds then Outstanding (other than Subordinate Bonds) 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 General Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions of the General 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.

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 General Resolution, or for the protection or enforcement of any right under the General Resolution unless such owner shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than 25% in principal amount of the Bonds then Outstanding (other than Subordinate Bonds) 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 in the General Resolution granted 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 costs, expenses (including legal fees and 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 General 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 issued under the General Resolution 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 General Resolution known to the Trustee within ninety (90) days after actual knowledge by the Trustee of the occurrence thereof. However, except in the case of default in the payment of the principal or Redemption Price, if any, of or interest on any of the Bonds, or in the making of any payment required to be made into the Bond Proceeds Account, the Trustee may withhold such notice if it determines that the withholding of such notice is in the interest of the Bond owners.

<u>Priority of Payments After Default</u>

In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of the principal or Redemption Price, if any, of and interest then due on the Bonds affected, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other amounts received or collected by the Trustee acting pursuant to the Act and the General 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 charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under the General Resolution, shall be applied as follows:

(1) Unless the principal of all of such Bonds shall have become or have been declared due and payable:

(a) To the payment to the persons entitled thereto of all installments of interest then due (other than with respect to Subordinate Bonds) 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,

(b) To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any such Bonds (other than Subordinate 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 (other than Subordinate 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,

(c) To the payment to the persons entitled thereto of all installments of interest then due with respect to Subordinate Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, and

(d) To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Subordinate 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 Subordinate Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all such Bonds shall have become or have been declared due and payable, first to the payment of the principal and interest then due and unpaid upon such Bonds (other than Subordinate 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 (other than Subordinate Bonds) over any other such Bond (other than Subordinate Bonds), 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 (other than Subordinate Bonds), and second, to the payment of the principal and interest then due and unpaid upon the Subordinate 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 Subordinate Bond over any other such Subordinate 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 Subordinate Bonds.

Defeasance

If the Corporation shall pay or cause to be paid to the owners of all Bonds then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the General Resolution, then the pledge of any Revenues and other monies, securities, funds and property pledged by the General Resolution and all other rights granted by the General Resolution shall be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which monies shall have been set aside and shall be held in trust by the Trustee (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. Except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, all Outstanding Bonds of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the above paragraph if: (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to give as provided in the General Resolution notice of redemption on said date of such Bonds, (ii) there shall have been set aside and shall be held in trust by the Trustee (through deposit by the Corporation of funds for such payment or redemption or otherwise) either (a) monies in an amount which shall be sufficient, or (b) Government Obligations or (c) obligations (1) validly issued by or on behalf of a state or political subdivision thereof, (2) the interest on which is excluded from gross income for Federal income taxation purposes pursuant to Section 103(a) of the Code and (3) fully secured by a first lien on Government Obligations, the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to give by mail, as soon as practicable, notice to the owners of such Bonds that the deposit required by this subsection has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the General Resolution and stating such maturity or Redemption Date upon which monies are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. To the extent required for the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds, neither monies deposited with the Trustee pursuant to the General Resolution nor principal or interest payments on any such Government Obligations or obligations described in clause (c) above and deposited with the Trustee pursuant to the General Resolution shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations or obligations described in clause (c) above and deposited with the Trustee pursuant to the General Resolution, if not then needed for such purpose, shall, to the extent practicable, be reinvested in obligations described in clauses (b) or (c) above maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, of and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and, if not required for the payment of such Bonds, any monies deposited with the Trustee pursuant to the General Resolution and principal and interest payments on the obligations described in clauses (b) or (c) above shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge. The Trustee may sell, transfer or otherwise dispose of the obligations described in clauses (b) and (c) above deposited with the Trustee pursuant to the General Resolution; provided that the amounts received upon any such sale, transfer or other disposition, or a portion of such amounts, shall be applied to the purchase of other obligations described in clauses (b) and (c) above, the principal of and the interest on which when due will provide monies which, together with the monies on deposit with the Trustee, shall be sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, in accordance with the General Resolution.

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

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CORPORATION FOR FISCAL YEAR ENDED OCTOBER 31, 2005 INCLUDING AS SCHEDULE 1 SUPPLEMENTAL INFORMATION RELATED TO THE HOUSING REVENUE BOND PROGRAM

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Combined Financial Statements and Other Information

New York City Housing Development Corporation

October 31, 2005

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

New York City Housing Development Corporation

Combined Financial Statements and Additional Information

Year Ended October 31, 2005

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ERNST & YOUNG

Ernst & Young LLP
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Report of Independent Auditors

To the Members of the
New York City Housing Development Corporation

We have audited the accompanying combined balance sheet of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2005, and the related combined statements of revenues, expenses and changes in fund net assets, and cash flows for the year then ended. These combined financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2004 financial statements and, in our report dated January 27, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 2005, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst + Young LLP

January 31, 2006

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Management's Discussion and Analysis
Year Ended October 31, 2005

INTRODUCTION

The New York City Housing Development Corporation ("HDC" or the "Corporation") is a State public benefit corporation that finances affordable housing in New York City. HDC issues tax-exempt and taxable debt and uses the proceeds to make loans for residential new construction and rehabilitation. HDC, which is financially self-supporting, also lends its own internally-generated funds for these purposes. In furtherance of its affordable housing mission, HDC also services construction and permanent loans on behalf of New York City's Department of Housing Preservation and Development ("HPD"). All of these activities are reported in the financial statements under the heading "Housing Development Corporation."

HDC has three subsidiaries that are discretely presented as component units in the financial statements, two of which are currently active. The Residential Mortgage Insurance Corporation ("REMIC") insures residential mortgages in New York City. The Housing Assistance Corporation ("HAC") made mortgage loans for affordable housing in the 1980s and provides rental subsidy assistance to a small number of residential developments. Prior to November 3, 2003, HDC had an additional active subsidiary, the Housing New York Corporation ("HNYC"). On that date, all obligations of HNYC were retired and HNYC became inactive. It is presented this year as a component unit to provide comparative data to the prior fiscal years. In 2004, HDC created a fourth subsidiary, NYC HDC Real Estate Owned Corporation, to facilitate the transfer of distressed properties to not-for-profit owners to maintain and enhance affordable housing. Activities of this subsidiary have been limited to intraday title possession and it is presented as a blended component unit of HDC.

The Corporation's annual financial report consists of two parts: *management's discussion and analysis* (this section) and the basic *financial statements.*

This section of the Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the fiscal year that ended on October 31, 2005. This period is also referred to as Fiscal Year 2005. Data is presented on a combined basis including the primary governmental entity, HDC, and HDC's three discretely presented component units: REMIC, HAC and HNYC. Figures have been rounded to facilitate reading.

FINANCIAL HIGHLIGHTS

- Significant growth in assets and liabilities due to ongoing financing activities and acquisition of loan assets.
- Forty-four bond series sold, totaling $1.4 billion, to create and preserve affordable housing. Of the total issued, $958.7 million was new money and $436.0 million was refinancing.
- Total assets of $6.75 billion, an increase of $1.40 billion or 26.3% from 2004
  - Cash and investments of $1.65 billion.
  - Mortgages, notes and loan participation interests receivable and purpose investments of $4.98 billion.
  - Other assets totaling $120.6 million.
- Total liabilities of $5.90 billion, an increase of $1.36 billion or 29.9% from 2004
  - Bonds payable of $4.60 billion.
  - Other liabilities of $1.30 billion.
- Total net assets of $850.0 million, an increase of $45.7 million or 5.7%.
- Change in net assets of $45.7 million, an increase of $19.2 million from 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Corporation is a self-supporting entity and follows enterprise fund reporting. An enterprise fund reports activity that is financed with debt that is secured solely by a pledge of the net revenue from that activity as well as activity that is not supported by taxes or similar revenues. HDC's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting matches revenues and expenses to the time period in which they are earned or attributable, respectively, which may differ from the period in which the associated cash is received or expended.

Enterprise fund statements offer short-term and long-term financial information about the Corporation's activities. While detailed sub-fund information is not presented in the Corporation's financial statements, separate accounts are maintained for each bond issue and component unit, as well as the Corporation's general operating fund, known as the Corporate Services Fund. These sub-funds permit HDC to control and manage money for particular purposes and to demonstrate that the Corporation is properly using specific resources.

A one-time HNYC transaction that spanned the end of Fiscal Year 2003 and beginning of Fiscal Year 2004 affected consolidated revenues and expenses in both years. The transaction caused revenues to be higher than otherwise in 2003 and expenses to be higher than otherwise in 2004. This transaction had no effect on HDC's Fiscal Year 2005 results but does affect year-to-year comparisons of income and expense.

HDC's Assets and Liabilities

The Combined Balance Sheet in the financial statements presents the Corporation's assets, liabilities, and net assets as of October 31, 2005. The following table represents the changes in combined net assets between October 31, 2004 and 2005 and should be read in conjunction with the financial schedules. Dollars are in thousands.

	2005	2004	Change	Percent Change	2003
Assets					
Cash and Investments	$1,649,873	1,324,756	325,117	24.5%	1,417,309
Mortgage Loans	4,492,620	3,693,808	798,812	21.6%	3,484,504
Notes Receivable	61,376	47,545	13,831	29.1%	-
Loan Participation Interests Receivable	233,054	-	233,054	100.0%	-
Purpose Investments	196,284	189,672	6,612	3.5%	43,204
Other	120,682	93,285	27,397	29.4%	92,228
Total Assets	6,753,889	5,349,066	1,404,823	26.3%	5,037,245
Liabilities					
Bonds Payable (net)	4,607,370	3,806,116	801,254	21.1%	3,557,147
Payable to Mortgagors	231,310	200,792	30,518	15.2%	188,207
Payable to New York City	921,928	422,726	499,202	118.1%	414,183
Deferred Income	92,307	74,509	17,798	23.9%	63,104
Other	51,115	40,810	10,305	25.2%	37,052
Total Liabilities	5,904,030	4,544,953	1,359,077	29.9%	4,259,693
Net Assets					
Restricted	420,095	367,534	52,561	14.3%	390,761
Unrestricted	429,764	436,579	(6,815)	(1.6%)	386,791
Total Net Assets	$ 849,859	804,113	45,746	5.7%	777,552

Assets of the Corporation consist largely of mortgage loans; participation interests in cash flows from pools of mortgage loans; housing-related notes receivable and purpose investments; and cash and investments, including bond proceeds, debt service and other reserves, funds designated for various housing programs, and working capital. Total assets grew 26.3% or $1.4 billion from 2004. In the prior fiscal year, total assets increased $311.8 million or 6.2% mainly due to the Corporation's ongoing debt issuance and lending activities.

The growth in total assets in 2005 was due primarily to the Corporation's ongoing debt issuance and lending activities. When HDC sells bonds, the bond proceeds are an investment asset until lent and then a loan asset. The asset value is generally offset by the related bond liability. The second significant source of Fiscal Year 2005 growth in assets, also arising from HDC's ongoing housing activities, was the origination or purchase of various loan interests that will transfer to New York City at a future date when the related HDC bonds are retired. These loan interests include a loan participation interest acquired in a prior period but not recognized as an asset of HDC until fiscal year 2005 due to its particular financial characteristics. Because the City holds a residual interest in these various loan interests, the asset value in excess of the related bonds is generally offset by a corresponding Payable to New York City liability.

Liabilities of the Corporation can be grouped in to three main categories. By far the largest is HDC bonds outstanding, which totaled \$4.6 billion at October 31, 2005. The second largest category is payables. This includes funds which are held and administered by HDC but are the property of others, such as escrows held by HDC in the course of its loan servicing functions, and construction loan funds administered on behalf of HPD. Payables also include other assets which will ultimately revert to HPD or The City of New York under various loan participation and other agreements, including loan assets which are currently held by HDC and pledged to pay HDC bonds, but transfer to New York City when the related bonds are retired. A third major type of liability is deferred income: HDC receives certain mortgage- and bond-related fee income as cash but using the accrual method of accounting, only recognizes the income when earned over the appropriate time period. The unrecognized income is shown as a liability.

Total liabilities of the Corporation and its component units were \$5.9 billion at October 31, 2005. Liabilities grew 29.9% or \$1.36 billion from the prior year, principally as a result of HDC issuing 44 new bond series during Fiscal Year 2005, net of bond redemptions and retirements. The increase in Payable to New York City was also significant, accounting for \$921.9 million of the total growth in liabilities in Fiscal Year 2005. The growth in this payable in 2005 is primarily due to the aforementioned origination or purchase of various loan interests that will transfer to New York City when related HDC bonds are retired. The Payable to New York City liability increased \$8.5 million or 2.1% from 2003 to 2004.

Net assets of the Corporation are the excess of assets over liabilities, and totaled \$850.0 million for the Corporation and its component units as of October 31, 2005. This represents an increase of \$45.7 million or 5.7% over the prior year. In 2004 total net assets increased \$26.6 million or 3.4%. This lower increase reflects the one-time HNYC transaction in 2003/2004. Growth in net assets results from revenues in excess of expenses and is discussed below.

Net assets are classified as restricted or unrestricted, with restricted assets being committed by law or contract to specific purposes. HDC's most significant restricted assets include debt service reserves for HDC bond issues; undisbursed bond proceeds held prior to construction advances; and REMIC insurance premium reserves. Unrestricted assets may be classified as designated or undesignated. Designated assets are those allocated by HDC Board action or policy for specific purposes, such as rating agency reserves (to support the Corporation's general obligation rating), specific housing loan programs to which the Corporation has committed resources under the Mayor's New Housing Marketplace Program, and working capital. Virtually all of the Corporation's net assets are either restricted or designated.

HDC's Revenues and Expenses

The Combined Statement of Revenues, Expenses and Changes in Fund Net Assets in the financial statements presents revenues recognized in and expenditures attributed to the period November 1, 2004 to October 31, 2005. The table below summarizes the Corporation's revenues and expenditures and presents comparative data. It should be read in conjunction with the financial statements. All amounts are in thousands of dollars.

	2005	2004	Change	Percent Change	2003
Revenues					
Interest on Loans and Participation Interests	$152,583	123,074	29,509	24.0%	124,507
Investment Earnings	43,389	25,875	17,514	67.7%	20,874
Fees and Charges	28,160	28,003	157	0.6%	20,164
Other Revenues and Transfers In	172	25	147	588.0%	30,942
Total Revenues	224,304	176,977	47,327	26.7%	196,487
Expenses					
Bond Interest	144,171	84,785	59,386	70.0%	108,792
Operating Expense	26,849	40,077	(13,228)	(33.0%)	20,739
Other Expenses and Transfers Out	7,538	1,423	6,115	429.7%	2,426
Total Expenses	178,558	126,285	52,273	41.4%	131,957
Extinguishment of Debt	-	(24,131)	24,131	-	-
Change in Net Assets	$ 45,746	26,561	19,185	72.2%	64,530

Revenues of the Corporation are classified as operating and non-operating. Interest income from mortgage and other loan-related interests represents the Corporation's major source of operating revenue, which also includes various loan and bond program fees such as commitment, financing, and mortgage insurance and servicing fees. The Corporation's non-operating revenues consist mostly of earnings on investments including purpose investments. Investment income accrues to the benefit of the program for which the underlying sources of funds are utilized.

HDC's expenses are also classified as operating and non-operating. Operating expenses are led by interest on bonds, which accounted for 87.0% of operating expense in Fiscal Year 2005. Other operating expenses include corporate operating expenses (salaries, overhead, and depreciation) and fees. Non-operating expenses are relatively minor and consist largely of amortization of the capitalized value of a purchased cash flow.

HDC's net income for Fiscal Year 2005 was positively or negatively affected as described below:

- Interest on loans rose $29.5 million or 24.0% due to higher variable interest rates and loan balances. In 2004, interest on loans declined slightly by $1.4 million or 1.15% from the previous year, as some higher interest mortgage loans were prepaid.
- Earnings on investments grew by $17.5 million or 67.7% from Fiscal Year 2004 to Fiscal Year 2005 due to higher invested balances and higher short-term rates. In 2004, earnings on investments increased $5.0 million or 23.9% from the previous year for similar reasons.
- Interest expense grew from $104.6 million to $148.6 million between Fiscal Year 2004 and Fiscal Year 2005 mainly due to rising variable interest rates and HDC bond issuance. In 2004, interest expense dropped by $7.4 million or 6.6% from the previous year principally due to the 2003/2004 HNYC transaction.
- Other operating expenses increased $2.2 million due to higher operating costs related to the growth in HDC's volume of business. In 2004, other operating expenses increased $2.8 million or 15.8% from the previous year due to higher operating costs and accelerated depreciation of outdated computer software and hardware.
- Net non-operating expense rose by $6.1 million or 429.7% due to a write-off of a portion of the capitalized value of purchased loan spreads. This loan spread was foregone as part of a major housing preservation initiative.

As a result of these factors, the Corporation's combined increase in net assets in Fiscal Year 2005 was $45.7 million, an increase of $19.2 million from Fiscal Year 2004. This is consistent with HDC's five year average as shown in the table below. The swing in net income in 2003 and 2004 relates to the one-time HNYC transaction. Dollars are in thousands.

Fiscal Year	2005	2004	2003	2002	2001	Average
Change in Net Assets	$45,746	26,561	64,530	45,410	58,747	48,199

DEBT ADMINISTRATION

At year-end, the Corporation and its subsidiaries had $4.6 billion of bond principal outstanding, net of deferred bond refunding costs, discount and premium, an increase of 20.4% over the prior year. The following table summarizes the changes in bonds payable between October 31, 2004 and October 31, 2005, with October 31, 2003 data presented for additional comparison. Dollars in thousands.

	2005	2004	2003	Percentage Increase FY 2004 to 2005
Bonds Payable	$4,604,436	3,823,329	3,595,975	20.4%

NEW BUSINESS

During Fiscal Year 2005, the Corporation issued 44 new taxable and tax-exempt bond series totaling $1.4 billion. Included in this total were seventeen series of Housing Revenue Bond Program bonds totaling $443.6 million, twenty three series of Multi-Family Mortgage Revenue Bonds Rental Projects Program bonds amounting to $450.9 million, one series of Capital Fund Program Revenue bonds for New York City Housing Authority Program ("NYCHA") $281.6 million and three series of Liberty Bonds totaling $218.6 million. All of these funds are being used to provide mortgage and loan financing. In further support of its affordable housing mission, the Corporation also made low interest loans from its net assets. Between the end of Fiscal Year 2005 and December 31, 2005, HDC issued 21 additional series of bonds in the aggregate amount of $527.3 million.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the resources at its disposal. If you have questions about this report or need additional financial information, contact the Public Information Officer, New York City Housing Development Corporation, 110 William Street, New York, NY 10038. The Corporation also maintains information at www.nychdc.com.

Combined Balance Sheet

At October 31, 2005 (with comparative summarized financial information as of October 31, 2004) (in thousands)

	Housing Development Corporation	Housing Assistance Corporation (Discretely Presented Component Units)	Housing New York Corporation (Discretely Presented Component Units)	Residential Mortgage Insurance Corporation (Discretely Presented Component Units)	Total 2005	Total 2004
Assets						
Current Assets:						
Cash and cash equivalents	$ 242,950	-	-	-	242,950	188,060
Investments	95,520	-	-	-	95,520	90,820
Receivables:						
Mortgage loans	67,606	-	-	-	67,606	108,041
Accrued interest	16,563	13	-	-	16,576	12,290
Other	1,299	-	-	12	1,311	1,145
Total Receivables	85,468	13	-	12	85,493	121,476
Other assets	270	-	-	14	284	391
Total Current Assets	**424,208**	**13**	**-**	**26**	**424,247**	**400,747**
Noncurrent Assets:						
Restricted cash and cash equivalents	325,054	2,308	-	3,193	330,555	261,452
Restricted investments	914,697	22,435	-	43,716	980,848	784,424
GNMA securities held as purpose investment	196,284	-	-	-	196,284	189,672
Restricted receivables:						
Mortgage loans	4,382,695	42,319	-	-	4,425,014	3,585,767
Accrued interest	35,174	2,472	-	-	37,646	2,321
Loan participation interests	233,054	-	-	-	233,054	-
Notes	61,376	-	-	-	61,376	47,545
Total restricted receivables	4,712,299	44,791	-	-	4,757,090	3,635,633
Other	8,100	-	-	-	8,100	14,908
Total Receivables	4,720,399	44,791	-	-	4,765,190	3,650,541
Unamortized issuance costs	32,835	-	-	-	32,835	24,321
Primary government/component unit receivable (payable)	498	(547)	-	49	-	-
Capital assets	2,136	-	-	-	2,136	3,372
Other assets	21,794	-	-	-	21,794	34,537
Total Noncurrent Assets	**6,213,697**	**68,987**	**-**	**46,958**	**6,329,642**	**4,948,319**
Total Assets	**$ 6,637,905**	**69,000**	**-**	**46,984**	**6,753,889**	**5,349,066**

See accompanying notes to the basic financial statements.

Combined Balance Sheet (continued)

At October 31, 2005 (with comparative summarized financial information as of October 31, 2004) (in thousands)

	Housing Development Corporation	Housing Assistance Corporation	Housing New York Corporation	Residential Mortgage Insurance Corporation	Total 2005	Total 2004
		Discretely Presented Component Units				
Liabilities and Net Assets						
Current Liabilities:						
Bonds payable (net)	$ 55,352	-	-	-	55,352	108,730
Accrued interest payable	42,070	-	-	-	42,070	28,339
Payable to The City of New York	2,403	-	-	-	2,403	1,057
Payable to mortgagors	55,027	-	-	-	55,027	63,491
Restricted earnings on investments	2,163	-	-	-	2,163	2,167
Accounts and other payables	3,528	-	-	-	3,528	2,689
Deferred fee and mortgage income	1,031	-	-	-	1,031	4,554
Due to the United States Government	2,675	-	-	-	2,675	6,804
Total Current Liabilities	**164,249**	-	-	-	**164,249**	**217,831**
Noncurrent Liabilities:						
Bonds payable (net)	4,552,018	-	-	-	4,552,018	3,697,386
Payable to The City of New York	851,936	67,589	-	-	919,525	421,669
Payable to mortgagors	176,140	143	-	-	176,283	137,301
Deferred fee and mortgage income	91,276	-	-	-	91,276	69,955
Due to the United States Government	679	-	-	-	679	811
Total Noncurrent Liabilities	**5,672,049**	**67,732**	-	-	**5,739,781**	**4,327,122**
Total Liabilities	**5,836,298**	**67,732**	-	-	**5,904,030**	**4,544,953**
Net Assets:						
Restricted	388,148	1,268	-	30,679	420,095	367,534
Unrestricted	413,459	-	-	16,305	429,764	436,579
Total Net Assets	**801,607**	**1,268**	-	**46,984**	**849,859**	**804,113**
Commitments and Contingencies	-	-	-	-	-	-
Total Liabilities and Net Assets	**$ 6,637,905**	**69,000**	-	**46,984**	**6,753,889**	**5,349,066**

See accompanying notes to the basic financial statements.

Combined Statement of Revenues, Expenses and Changes in Fund Net Assets

Year ended October 31, 2005 (with comparative summarized financial information for the year ended October 31, 2004) (in thousands)

	Housing Development Corporation	Discretely Presented Component Units: Housing Assistance Corporation	Housing New York Corporation	Residential Mortgage Insurance Corporation	Total 2005	Total 2004
Operating Revenues						
Interest on loans	$ 148,421	-	-	-	148,421	123,074
Fees and charges	27,361	-	-	799	28,160	28,003
Income on loan participation interests	4,162	-	-	-	4,162	-
Other	172	-	-	-	172	25
Total Operating Revenues	**180,116**	-	-	**799**	**180,915**	**151,102**
Operating Expenses						
Interest and amortization of bond premium and discount	144,171	-	-	-	144,171	84,785
Salaries and related expenses	11,958	-	-	-	11,958	10,395
Trustees' and other fees	1,725	-	-	22	1,747	1,526
Amortization of debt issuance costs	7,293	-	-	-	7,293	22,605
Corporate operating expenses	5,851	-	-	-	5,851	5,551
Total Operating Expenses	**170,998**	-	-	**22**	**171,020**	**124,862**
Operating Income (Loss)	**9,118**	-	-	**777**	**9,895**	**26,240**
Non-operating Revenues (Expenses)						
Earnings on investments	42,639	(1,295)	-	2,045	43,389	25,875
Non-operating expenses, net	(7,538)	-	-	-	(7,538)	(1,423)
Total Non-operating Revenues (Expenses)	**35,101**	**(1,295)**	-	**2,045**	**35,851**	**24,452**
Income (Loss) before Transfers and Special Item	**44,219**	**(1,295)**	-	**2,822**	**45,746**	**50,692**
Operating transfers to Corporate Services Fund	150	-	-	(150)	-	-
Capital transfers	99	-	(99)	-	-	-
Extinguishment of Debt	-	-	-	-	-	(24,131)
Change in Net Assets	**44,468**	**(1,295)**	**(99)**	**2,672**	**45,746**	**26,561**
Total net assets - beginning of year	757,139	2,563	99	44,312	804,113	777,552
Total Net Assets - End of Year	**$ 801,607**	**1,268**	-	**46,984**	**849,859**	**804,113**

See accompanying notes to the basic financial statements.

Combined Statement of Cash Flows

Year ended October 31, 2005 (with comparative summarized financial information for the year ended October 31, 2004) (in thousands)

	Housing Development Corporation	Discretely Presented Component Units: Housing Assistance Corporation	Housing New York Corporation	Residential Mortgage Insurance Corporation	Total 2005	Total 2004
Cash Flows From Operating Activities						
Mortgage loan repayments	$ 626,596	143	-	-	626,739	649,482
Receipts from fees and charges	10,222	-	-	758	10,980	10,974
Mortgage escrow receipts	53,273	-	-	-	53,273	63,533
Reserve for replacement receipts	50,485	-	-	-	50,485	30,346
Mortgage loan advances	(969,460)	-	-	-	(969,460)	(752,152)
Escrow disbursements	(59,177)	-	-	-	(59,177)	(58,637)
Reserve for replacement disbursements	(38,280)	-	-	-	(38,280)	(31,454)
Payments to employees	(11,896)	-	-	-	(11,896)	(10,332)
Payments to suppliers for corporate operating expenses	(4,242)	-	-	-	(4,242)	(4,225)
Project contributions and funds received from NYC	127,993	-	-	-	127,993	161,128
Advances and other payments for NYC	(143,318)	(5,041)	-	-	(148,359)	(117,007)
Bond cost of issuance	(5,705)	-	-	-	(5,705)	(370)
Other receipts (payments)	(21,074)	-	-	-	(21,074)	(43,163)
Net Cash Provided by (Used in) Operating Activities	**(384,583)**	**(4,898)**	-	**758**	**(388,723)**	**(101,877)**
Cash Flows From Non Capital Financing Activities						
Proceeds from sale of bonds	1,413,103	-	-	-	1,413,103	1,147,015
Retirement of bonds	(613,608)	-	-	-	(613,608)	(919,661)
Interest paid	(129,053)	-	-	-	(129,053)	(109,623)
Net cash transfers between programs	(801)	1,500	(624)	(75)	-	-
Net Cash Provided by (Used in) Non Capital Financing Activities	**669,641**	**1,500**	**(624)**	**(75)**	**670,442**	**117,731**
Cash Flows From Capital and Related Financing Activities						
Purchase of capital assets	(282)	-	-	-	(282)	(609)
Net Cash (Used in) Capital and Related Financing Activities	**(282)**	-	-	-	**(282)**	**(609)**
Cash Flows From Investing Activities						
Sale of investments	22,192,882	56,358	12,890	89,196	22,351,326	13,736,895
Purchase of investments	(22,397,894)	(53,839)	(12,890)	(91,091)	(22,555,714)	(13,895,798)
Interest and dividend collected	43,993	87	17	2,847	46,944	33,746
Net Cash Provided by (Used in) Investing Activities	**(161,019)**	**2,606**	**17**	**952**	**(157,444)**	**(125,157)**
Increase (decrease) in cash and cash equivalents	123,757	(792)	(607)	1,635	123,993	(109,912)
Cash and cash equivalents at beginning of year	444,247	3,100	607	1,558	449,512	559,424
Cash and cash equivalents at End of Year	**$ 568,004**	**2,308**	-	**3,193**	**573,505**	**449,512**

See accompanying notes to the basic financial statements.

Combined Statement of Cash Flows (continued)

Year ended October 31, 2005 (with comparative summarized financial information for the year ended October 31, 2004) (in thousands)

	Housing Development Corporation	Discretely Presented Component Units: Housing Assistance Corporation	Housing New York Corporation	Residential Mortgage Insurance Corporation	Total 2005	Total 2004
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating Income (Loss)	$ 9,118	-	-	777	9,895	26,240
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation expenses	1,518	-	-	-	1,518	1,500
Amortization of bond discount and premium	(521)	-	-	-	(521)	337
Amortization of deferred bond refunding costs	4,106	-	-	-	4,106	837
Amortization of bond issuance costs	2,654	-	-	-	2,654	2,627
Net cash provided by nonoperating activities	129,053	-	-	-	129,053	109,623
Changes in Assets & Liabilities:						
Mortgage loans	(980,652)	-	-	-	(980,652)	(209,167)
Accrued interest receivable	(39,488)	(152)	-	-	(39,640)	(995)
Sale of mortgages receivable	-	-	-	-	-	105
Other receivables	(241,607)	-	-	(12)	(241,619)	(61,842)
Bond issuance costs	(13,062)	-	-	-	(13,062)	(7,465)
Primary government/component unit receivable (payable)	251,766	-	-	(4)	251,762	16,664
Other assets	2,061	-	-	(3)	2,058	3,451
Payable to The City of New York	476,085	(4,746)	-	-	471,339	8,731
Payable to mortgagors	(14,126)	-	-	-	(14,126)	11,743
Accounts and other payables	428	-	-	-	428	4,171
Due to the United States Government	(196)	-	-	-	(196)	(596)
Restricted earnings on investments	(1,575)	-	-	-	(1,575)	(2,852)
Deferred fee and mortgage income	16,124	-	-	-	16,124	(2,397)
Accrued interest payable	13,731	-	-	-	13,731	(2,592)
Net Cash Provided by (Used in) Operating Activities	**$ (384,583)**	**(4,898)**	-	**758**	**(388,723)**	**(101,877)**
Non Cash Investing Activities:						
Increase (decrease) in fair value of investments	$ (888)	(1,295)	-	(534)	(2,717)	(3,499)

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation
Notes to the Combined Financial Statements
October 31, 2005

Note 1: Organization

The New York City Housing Development Corporation (the "Corporation" or "HDC") 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 is also a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Code"). The Corporation was established in 1971 under the provisions of Article XII of the Private Housing Finance Law (the "Act") of the State and is to continue in existence for at least as long as bonds, notes or other obligations of the Corporation are outstanding.

The Corporation was created to encourage the investment of private capital through low-interest mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives, the Corporation is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi-family residential housing. The Corporation participates in the federal government's housing assistance programs, principally those established by Section 236 of the National Housing Act of 1934 (the "National Housing Act"), as amended, and Section 8 of the United States Housing Act of 1937, as amended. The Corporation finances significant amounts of its activities through the issuance of bonds and notes. The bonds and notes of the Corporation are not debts of either the State or The City of New York (the "City").

Pursuant to Governmental Accounting Standards Board Statement ("GASB") No. 14, "The Financial Reporting Entity," the Corporation's combined financial statements are included in the City's financial statements as a component unit for financial reporting purposes.

<u>Primary Reporting Entity</u>

The Corporation is the primary government entity. Financial activity in HDC's bond and loan programs and in its Corporate Services Fund are aggregated and reported in the combined financial statements under Housing Development Corporation. The Corporation sells bonds, administers bond proceeds and manages bond revenues and repayments in accordance with bond resolutions adopted by its Members (see Note 9: "Bonds Payable"). Bond proceeds are used to make loans and provide for related costs and reserves, and loan repayments are applied to pay principal and interest on the related bonds (see Note 4: "Mortgage Loans"; Note 5: "Notes Receivable"; and Note 6: "Loan Participation Interests Receivable"). Corporation resources that are not pledged under or governed by a bond resolution are managed in the Corporate Services Fund. This fund accounts for (1) fees and earnings transferred from the bond and loan programs; (2) Section 8 administrative fees; (3) fees earned on loans serviced for HDC and for the City; (4) income from Corporate Services Fund investments; (5) payment of the Corporation's operating expenses; and (6) loan assets made with corporate funds.

The Corporation has several subsidiaries that are reported as Discretely Presented Component Units in the combined financial statements (see below). In addition, on September 20, 2004, the NYC HDC Real Estate Owned Corporation ("REO Subsidiary Corporation"), was established under Section 654-a of the Act. The REO Subsidiary Corporation has the power to hold property whenever, in the sole discretion of the Corporation, it has become necessary to acquire a project in the case of sale under foreclosure or in lieu of foreclosure to effectuate the purposes of the Act. Activity of this subsidiary has been limited to intraday title possession of several properties and has not given rise to any reportable financial events. It is treated as a blended component of HDC.

Discretely Presented Component Units

The Housing Assistance Corporation ("HAC"), the Housing New York Corporation ("HNYC") and the New York City Residential Mortgage Insurance Corporation ("REMIC") have been included in the Corporation's combined reporting entity as discretely presented component units of HDC. As of November 3, 2003, HNYC became an inactive subsidiary of the Corporation (see *(B)* below).

(A) Housing Assistance Corporation

The Housing Assistance Corporation is a public benefit corporation established pursuant to Section 654-b of the Act as a subsidiary of the Corporation.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City or the State, for the purpose of assisting rental developments to maintain rentals affordable to low and moderate-income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge or assign these monies to any rental development or assist the Corporation in financing such developments. As a subsidiary of HDC, HAC's functions are administered by the Corporation and its Members substantially overlap with HDC's Members, so it is reported as a discretely presented component unit in HDC's financial statements.

(B) Housing New York Corporation

The Housing New York Corporation is a public benefit corporation established pursuant to Section 654-c of the Act as a subsidiary of the Corporation. Authorization for the funding of the Housing New York Program ended on July 1, 1995. Consequently, HNYC can no longer issue bonds or notes to fund the Housing New York Program.

HNYC was established in 1986 and first issued bonds in 1987, backed by revenues derived from Battery Park City Authority ("BPCA") assets. The proceeds of the HNYC bonds were used to finance affordable housing projects outside of Battery Park City, under the supervision of various New York City government agencies. In October 2003, in connection with a refinancing performed by BPCA and the prepayment by BPCA of its liability to HNYC, funds were made available to provide for the retirement of all of the outstanding HNYC bonds on November 3, 2003. Upon repayment of the obligations, HNYC became an inactive subsidiary of the Corporation and its remaining funds were transferred out of HNYC. After October 31, 2005, HNYC will no longer be reported in the Corporation's combined financial statements. However, HNYC is not expected to be dissolved.

(C) New York City Residential Mortgage Insurance Corporation

The New York City Residential Mortgage Insurance Corporation is a public benefit corporation established pursuant to Section 654-d of the Act as a subsidiary of HDC. REMIC is the successor entity to the New York City Rehabilitation Mortgage Insurance Corporation ("Old REMIC"), which was dissolved on January 27, 1993. REMIC has the authority to insure residential mortgage loans throughout the City in order to promote the preservation of neighborhoods which are blighted, are becoming blighted or may become blighted, to discourage divestment and encourage the investment of mortgage capital in such neighborhoods and to provide safe, sanitary and affordable housing accommodations to persons and families for whom the ordinary operations of private enterprise cannot supply such accommodations.

REMIC is required to maintain three reserves. The Housing Insurance Fund can be used as a revolving fund solely for the payment of liabilities arising from housing insurance contracts issued by REMIC. The Housing Insurance Fund requirement as of any particular date is established by statute and must be in an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to housing insurance contracts, plus (ii) twenty percent of the insured amounts under housing insurance contracts other than insured amounts which are due and payable pursuant to (i) above, plus (iii) twenty percent of the amounts to be insured under REMIC's commitments to insure. The Housing Insurance Fund requirement at October 31, 2005 is $28,062,000.

REMIC must also maintain a Mortgage Insurance Fund which shall be used solely for the payment of liabilities arising from mortgage insurance contracts of the Old REMIC. The Mortgage Insurance Fund requirement at October 31, 2005 is $1,561,000, which constitutes one hundred percent of Old REMIC's insured mortgage loans.

Any income or interest earned on these two reserves in excess of their respective requirements is transferred at least annually to the Premium Reserve Fund. The Premium Reserve Fund must also be maintained to provide for the payment of REMIC's liabilities arising from its operations, including liabilities arising from housing and mortgage insurance contracts. The balance of this fund at October 31, 2005 is $11,122,000. As a subsidiary of HDC, REMIC's functions are administered by the Corporation and its Members substantially overlap with HDC's Members, so it is reported as a discretely presented component unit in HDC's financial statements.

Note 2: Summary of Significant Accounting Policies

The Corporation follows the principles of fund accounting, with a sub-fund for each bond series, for the Corporate Services Fund, and for each component unit. Each fund's assets, liabilities and net assets are accounted for as separate entities and follow enterprise fund reporting. Certain individual funds are aggregated into larger categories for the purpose of financial reporting. The accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred.

In its accounting and financial reporting, the Corporation follows the pronouncements of GASB. In addition, the Corporation follows the pronouncements of all applicable Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.
Other significant accounting policies are:

A. Revenue and Expense Recognition

The Corporation's operating revenue consists of earnings on loans and loan participation interests, fees and charges associated with both financing and servicing mortgages and loans, and other revenues that are received to cover the costs of raising capital. All other revenue, which is primarily investment income, is considered non-operating. Revenues are recognized when earned; commitment and financing fees are recognized over the life of the related mortgage.

Operating expenses include bonding costs, expenses for administering the various bond resolutions, personnel expenses, corporate operating expenses, amortization of capitalized issuance and financing costs, and depreciation expense. The Corporation reports all other expenses, including distributions of first mortgage earnings to New York City in connection with loan participations and the expenditure if necessary of loan principal payments on bond interest payments, as non-operating expense. Expenses are recognized as incurred.

B. Cash Equivalents and Investments

Short-term bank deposits and investments with stated maturities of 90 days or less are reported as Cash and Cash Equivalents and recorded at cost. All investments with maturities longer than 90 days are reported as investments and are carried at fair value, except for investment agreements and for Government National Mortgage Association ("GNMA") securities. The Corporation's GNMA securities are acquired program obligations as defined by U.S. Treasury regulations, and secure housing loans made by the Corporation. GNMAs and investment agreements, which can take the form of open time deposits or fixed repurchase agreements, are reported at an amount equal to principal and accrued interest.

Generally Accepted Accounting Principles ("GAAP") generally requires that restricted assets be reported as non-current assets. In the case of cash equivalents and investments, this treatment generally causes restricted investments with maturities less than one year to be reported as non-current. However, to more accurately report the alignment of HDC's current liability for payment of bond principal and interest with funds available to satisfy these liabilities, HDC has included in Current Assets the cash, cash equivalents and investments held as of October 31, 2005 for payment of bond principal and interest due in the following year.

C. Earnings on Investments

Earnings on investments include interest income and changes in fair value. Investment earnings on monies held for the City, project reserves for replacement and certain other project escrows are not reported as revenues; rather, they are reported as payable to the City or payable to mortgagors, respectively.

D. Debt Issuance Costs, Bond Discount and Other Bond Related Costs

Debt issuance costs and bond discount and premium are amortized over the life of the related bond issues using the effective interest method. Premiums paid in connection with interest rate cap agreements are amortized and reported as interest expense over the life of the respective agreements. Deferred Bond Refunding Costs are amortized to expenses over the shorter of the life of the refunding bonds or the refunded bonds.

E. Operating Transfers

Operating transfers are the reimbursement to the Corporation for REMIC operating expenses.

F. Allowance for Credit Losses

HDC's loans are underwritten according to standards the Corporation believes prudent and are closely monitored for payment and for management of the associated housing development. In addition, many of the Corporation's mortgages have credit enhancements through letters of credit, mortgage insurance and other supports. As such, HDC believes that the likelihood of experiencing material credit losses relating to its bonded mortgage programs is unlikely. Management has determined that current charges against income are not required.

G. Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

H. Summarized Financial Information

The financial statements include summarized comparative information for the year ended October 31, 2004 in total but not by reporting unit. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended October 31, 2004.

I. Reclassifications

Certain fiscal year 2004 balances have been reclassified in order to conform to the current year presentation.

Note 3: Investments and Deposits

The Corporation and its subsidiaries are authorized to engage in investment activity pursuant to the Act and the Corporation's respective bond resolutions. Investment policies are set for the Corporation and its subsidiaries by the Members of the Corporation on an annual basis, through the annual adoption of written Investment Guidelines. Investments are reviewed on a periodic basis by the Corporation's Audit Committee. Day-to-day investment decisions are made by the Corporation's Investment Committee, whose members include the Chief Financial Officer, the Deputy Chief Financial Officer, the Controller, and the Vice President for Cash Management. The Corporation and its subsidiaries principally invest in securities of the United States and its agencies, highly rated commercial paper, open time deposits ("OTDs") in the form of investment agreements, demand accounts, and repurchase agreements. Neither HDC, HAC, nor REMIC entered into any reverse repurchase agreements during the year ended October 31, 2005. According to management, the Corporation and its subsidiaries are not in violation of any provisions of the foregoing policies.

All securities, other than securities held by the respective trustees for the benefit of the bondholders, are held by the Corporation or its agents in the Corporation's name. Bond program investments are held by the trustee of the applicable program. All investment transactions are recorded on a delivery basis. As of October 31, 2005 and October 31, 2004, the Corporation and its subsidiaries had the following investments. Investment maturities are shown for October 31, 2005 only.

	Fair Value		Investment Maturities at October 31, 2005 in Years			
Investment Type	2005	2004	Less than 1	1-5	6-10	More than 10
(in thousands)						
Open Time Deposits	$ 715,688	533,231	85,189	573,541	17,629	39,329
U.S. Treasury	256,394	134,655	252,532	—	—	3,862
Fixed Repurchase Agreements	222,431	214,142	222,431	—	—	—
GNMA	196,284	189,672	—	1,218	8,621	186,445
Demand Accounts	128,808	83,871	128,808	—	—	—
FHLB	118,017	145,525	—	97,684	11,349	8,984
Commercial Paper	80,000	30,000	80,000	—	—	—
Term Repurchase Agreements	39,336	50,796	—	—	37,236	2,100
FHLMC	37,727	22,632	20,087	—	15,199	2,441
FNMA	21,999	84,093	—	4,965	13,184	3,850
U.S. Treasury Strips	15,845	18,616	2,027	9,768	3,633	417
Federal Farm Credit Notes	4,758	—	—	—	4,758	—
RFCO Strips	3,780	3,780	1,260	1,260	1,260	—
AID-ISRAEL Bonds	1,960	1,960	—	—	1,960	—
Total	$1,843,027	1,512,973	792,334	688,436	114,829	247,428

In addition to the investments identified above, as of October 31, 2005 the Corporation held $3,130,000 uninvested as cash in various trust and escrow accounts. As of October 31, 2004, this amounted to $1,455,000.

As part of its financing activities, HDC has made six housing development loans that are secured by GNMA certificates rather than mortgages on the properties. The GNMA certificates provide payments at such times and in such amounts as to fully repay the respective HDC loans, and are the only source of repayment for these loans. As such, the GNMA certificates are treated under U.S. Treasury regulations as acquired program obligations. The GNMA certificates are classified in the financial statements as purpose investments and identified separately from other investments and restricted investments in the combined financial statements. However, interest earned on the GNMA certificate is included in investment income.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation's Investment Guidelines charge the Investment Committee with "...determining appropriate investment instruments...based on...length of time funds are available for investment purposes..." among other factors. Thus, maturities are matched to the Corporation's liquidity needs.

Credit Risk: The Corporation's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished through ratings, collateral, and diversification requirements that vary according to the type of investment. As of October 31, 2005, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae"), Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") and Federal Home Loan Bank ("FHLB") were rated in the highest long-term or short-term ratings category (as applicable) by Standard & Poor's and/or Moody's Investors Service. These ratings were AAA and A-1+ by Standard & Poor's and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively. The majority of these investments were not rated by Fitch Ratings, but those that were carried its highest long-term or short-term ratings of AAA or F1+, respectively. Investments in commercial paper were rated in the highest short-term category by at least two major rating agencies (A-1+ by Standard & Poor's, P-1 by Moody's, and/or F1+ by Fitch Ratings). Demand accounts, OTDs and Repurchase Agreements in the form of OTDs are not rated. Investments in RFCO and AID-ISRAEL Bonds are guaranteed by the U. S. Treasury.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Corporation, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Corporation.

The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation. At October 31, 2005, OTDs in the amount of $424,517,000 and demand accounts in the amount of

$2,675,000 were uninsured and uncollateralized.

HDC bank deposits are Federal Deposit Insurance Corporation ("FDIC") insured in an amount up to $100,000 per each component unit. Uninsured cash deposits in demand accounts amounted to $2,716,000 at year end.

Concentration Credit Risk: The Corporation reviews its credit concentration monthly and under current policy limits exposure to any one commercial paper provider to $10 million. HDC does not place a formal limit on the amount that it may invest in any one issuer. At October 31, 2005, 6.4% percent of the Corporation's investments were in FHLB.

Note 4: Mortgage Loans

The Corporation has outstanding, under various loan programs, mortgage loans of $4,492,620,000 and $3,693,808,000 as of October 31, 2005 and 2004, respectively. These amounts represent the portion of mortgage loans for which the Corporation has advanced monies. The portion of mortgage loans that has not yet been advanced is recorded in investments. See also Note 14: "Commitments".

Changes in Mortgage Loans

The changes in Mortgage Loans are as follows:

Mortgage loans outstanding at October 31, 2003	$3,484,504,000
Mortgage Advances	897,353,000
Principal Collections	(688,411,000)
Discount/Premium Amortized	362,000
Mortgage loans outstanding at October 31, 2004	3,693,808,000
Mortgage Advances	1,545,096,000
Principal Collections	(748,188,000)
Discount/Premium Amortized	1,904,000
Mortgage loans outstanding at October 31, 2005	$4,492,620,000

(A) New York City Housing Development Corporation

The HDC mortgage loans listed above were originally repayable over terms of 4 to 49 years and bear interest at rates from 1% to 10.36% per annum. Almost all mortgage loans receivable are collateralized by first or second mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors. The table above does not include loans which are not secured by mortgages, which include a military housing loan and a loan to the New York City Housing Authority ("NYCHA"), each secured by notes (see Note 5: "Notes Receivable") and loans secured by GNMA certificates (see Note 3: "Investments and Deposits"). Of the total HDC mortgages held as of October 31, 2005, 79% are first mortgages and 21% are subordinate loans.

(B) Housing Assistance Corporation

The Housing Assistance Corporation financed construction and capitalized interest costs for eight affordable housing projects during the period of 1986 to 1990. These loans, funded by New York City, accrue interest at the rate of 0-1% per annum, and in most cases the interest is deferred until approximately twenty years after origination. None of the loans are amortizing. All funds received by HAC are applied to its corporate purpose.

Note 5: Notes Receivable

HDC has made two significant loans that are secured by notes and pledged revenues. Military Housing Notes Receivable of $47,545,000 were received in connection with the 2004 Series A Class I & II Military Housing Revenue Bond (Fort Hamilton LLC Project) issuance. The notes are secured by pledged revenues of the development under a Master Trust Indenture.

In addition, notes receivable in an amount of $13,831,000 represent advances as of October 31, 2005 to the New York City Housing Authority ("NYCHA") in connection with the Corporation's 2005 Series A Capital Fund Program Revenue Bond issuance. This note is secured under a Master Trust Indenture by NYCHA's pledge of HUD's annual appropriation of public housing capital funds to NYCHA.

Note 6: Loan Participation Interests Receivable

The Corporation has acquired interests in two real estate mortgage investment trusts in connection with its housing activities.

First, in each of fiscal years 2002 and 2003, HDC used bond proceeds to purchase a subordinate position 100% participation interest in a portion of the cash flows from a pool of mortgage loans the City had previously securitized in 1996. This pool is known as the Sheridan Trust II and HDC's purchased asset as the Class B Certificate. Upon completion of the 2003 transaction, HDC's participation interest covered all the cash flows of the Sheridan Trust II, subject to the prior lien of the senior interest holder. Because HDC's ownership interest in the asset was subordinate to that of another owner, with no rights to revenues from the asset until the senior holder was retired, the related loan asset was not recorded when purchased. In September, 2005 the senior lien interests were satisfied and HDC became the primary beneficiary of the Trust. At that time, therefore, the loan asset was added to HDC's balance sheet and is valued at its principal amount. At October 31, 2005, this principal amount is $220,791,000.

Second, in fiscal year 2005, HDC used bond proceeds to acquire from New York City a 100% participation interest in the cash flows payable to the City as owner of the Class B Certificate of the NYC Mortgage Loan Trust, also created by the City in 1996. Class A Certificates of this trust remain outstanding and HDC's interest is subordinate to scheduled and make-whole payments to the Class A Certificate holders, but it does receive unscheduled revenue from this participation interest. The Class B

Certificate does not have a stated principal amount and is valued at its purchase price, as adjusted for the return of capital. At October 31, 2005, this amount is $12,263,000.

In each case, the loan participation interests are pledged to the associated bonds but revert to New York City when such bonds are retired. See Note 11: "Payable to The City of New York".

Note 7: Other Receivables

Other Receivables of $9,411,000 represent unamortized commitment and financing fees, servicing fees receivable, Reserve for Replacement loans and Corporate Services Fund loans not secured by mortgages on the properties, and interest receivable on HPD loans serviced (but not owned) by HDC.

Note 8: Other Current and Non-Current Assets

Other current assets are prepaid fees and totaled $284,000 at October 31, 2005.

Other non-current assets totaled $21,794,000 at October 31, 2005, and consisted of (a) various interest rate caps purchased by the Corporation in connection with certain bond issuances; and (b) the value of purchased cash flows related to the 223(f) Program and the 2001 Series B Multi-Family Housing Revenue Bonds.

Three interest rate caps were purchased from the New York City Transitional Finance Authority ("TFA") in connection with the Corporation's issuance of its Multi-Family Housing Revenue Bonds, Series 2002C and 2002D. The caps are carried at the amortized value, which totaled $16,219,000 at October 31, 2005. These interest rate caps were terminated December 2, 2005 upon delivery by TFA of three new interest rate caps with substantially the same terms from Goldman Sachs Mitsui Marine Derivative Products. See Note 17: "Subsequent Events".

On May 25, 2005, two interest rate caps were purchased from Goldman Sachs Mitsui Marine Derivative Products in connection with the Corporation's issuance of its Multi-Family Housing Revenue Bonds, 2005 Series A-2 and 2005 Series B. As of October 31, 2005, the asset amounts were $31,000 and $249,000, respectively.

The purchased cash flows are revenue streams consisting of (a) the excess of mortgagors' payments over bond debt service payments, trustee fees and servicing fees to the Corporation and (b) the earnings on certain restricted funds (which earnings are excluded from the Combined Statement of Revenues and Expenses). These cash flows were purchased by the Corporation in fiscal year 1996. The purchase price amounts, representing the discounted value of the future cash flows, were recorded as an asset and have been amortized over the remaining program life using the yield method. Amortization for fiscal year 2005 amounted to $11,184,000 and is reported as a non-operating expense. Of this amount, $3,032,000 is attributable to regular amortization and owner prepayments and $8,152,000 resulted from the refinancing of the underlying loans pursuant to Corporation housing programs. The unamortized value of these purchased cash flows is $5,295,000 at October 31, 2005.

Note 9: Bonds Payable

The Corporation's authority to issue bonds and notes for any corporate purpose is limited by the Act to the extent that (i) the aggregate principal amount outstanding may not exceed $5.65 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not exceed $30 million. No bonds are currently subject to the Capital Reserve Fund requirement. These limits may be changed from time to time through State legislation. During the year ended October 31, 2005, the limit on aggregate principal amount outstanding was raised from $4.85 billion to $5.65 billion.

Bond Programs

The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the bond programs described below. As of October 31, 2005, the Corporation had bonds outstanding in the aggregate principal amount of $4,604,436,000. 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 (see "*B. Housing Revenue Bond Program*" below). None of the bonds under the bond programs described in "*A. Multi-Family Bond Program*", "*C. Liberty Bond Program*", and "*D. Section 223(f) Refinancing Bond Program*" provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

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

(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.

(8) Military Housing Revenue Bond Program: The Corporation has issued taxable bonds to fund a loan for the development of housing for military personnel at a federal military base.

(9) Capital Fund Revenue Bond Program; FGIC-Insured Bonds: The Corporation has issued tax-exempt obligations in order to fund a loan to NYCHA to provide funds for modernization and to make improvements to numerous public housing projects owned by NYCHA. Scheduled payment of bond principal and interest is guaranteed by a municipal bond insurance policy issued by Financial Guaranty Insurance Company ("FGIC").

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 its General Resolution, adopted in 1993 and, as amended and supplemented, used for the ongoing issuance of bonds. Assets pledged to bondholders under the General Resolution include a pool of mortgage loans, some of which are construction loans (which pool contains FHA-insured mortgage loans, REMIC-insured mortgage loans, 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.

C. Liberty Bond Program. In accordance with Section 301 of the Job Creation and Worker Assistance Act of 2002, as amended, 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 Bond Program. Under this program, the Corporation acquired mortgages originally made by the City, obtained Federal insurance thereon and either sold such insured mortgages or issued its obligations secured by said insured mortgages and paid 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. 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. A number of these bonds were retired during the year, and additional mortgage loans were refinanced in December 2005 for which the related bonds will be retired in February 2006 (see Note 17: "Subsequent Events").

Bonds Payable

Changes in HDC bonds payable for the year ended October 31, 2005 were as follows:

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands)					
(variable rates cover fiscal year 2005)					
MULTI-FAMILY BOND PROGRAM:					
Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced					
1997 Series A Related-Columbus Green Project—1.40% to 3.02% Variable Rate Bonds due upon demand through 2019	$13,775	—	(13,775)	—	—
1997 Series A Related-Carnegie Park Project—1.40% to 3.02% Variable Rate Bonds due upon demand through 2019	66,800	—	—	66,800	—
1997 Series A Related-Monterey Project—1.40% to 3.02% Variable Rate Bonds due upon demand through 2019	104,600	—	—	104,600	—
1997 Series A Related-Tribeca Tower Project—1.43% to 3.07% Variable Rate Bonds due upon demand through 2019	55,000	—	—	55,000	—
1998 Series A & B Jane Street Development—1.42% to 3.01% Variable Rate Bonds due upon demand through 2028	16,575	—	(125)	16,450	—
1998 Series A Parkgate Development Project—1.38% to 2.94% Variable Rate Bonds due upon demand through 2028	36,500	—	—	36,500	—
1998 Series A & B One Columbus Place Project—1.43% to 3.01% Variable Rate Bonds due upon demand through 2028	142,500	—	(200)	142,300	—

Description of Bonds as Issued *(in thousands)* *(variable rates cover fiscal year 2005)*	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
1999 Series A & B West 43rd Street Project—1.42% to 3.97% Variable Rate Bonds due upon demand through 2029	53,320	—	(600)	52,720	600
1999 Series A Brittany Development Project—1.45% to 3.01% Variable Rate Bonds due upon demand through 2029	57,000	—	—	57,000	—
2000 Series A Related West 89th Street Development—1.43% to 3.07% Variable Rate Bonds due upon demand through 2029	53,000	—	—	53,000	—
2000 Series A Westmont Apartments —1.41% to 2.97% Variable Rate Bonds due upon demand through 2030	24,200	—	—	24,200	—
2001 Series A Queenswood Refunding—1.38% to 2.94% Variable Rate Bonds due upon demand through 2031	10,800	—	—	10,800	—
2001 Series A & 2001 Series B (Federally Taxable) Related Lyric Development—1.43% to 3.97% Variable Rate Bonds due upon demand through 2031	90,400	—	(400)	90,000	400
2002 Series A James Tower Development—1.38% to 2.95% Variable Rate Bonds due upon demand through 2032	21,895	—	(180)	21,715	195
2002 Series A & 2002 Series B (Federally Taxable) The Foundry—1.42% to 3.97% Variable Rate Bonds due upon demand through 2032	59,600	—	(2,600)	57,000	500
2003 Series A Related-Sierra Development—1.43% to 3.01% Variable Rate Bonds due upon demand through 2033	56,000	—	—	56,000	—
2004 Series A West End Towers—1.45% to 3.01% Variable Rate Bonds due upon demand through 2034	135,000	—	—	135,000	—

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands) *(variable rates cover fiscal year 2005)*					
2004 Series A & 2004 Series B (Federally Taxable) Related-Westport Development—1.55% to 3.97% Variable Rate Bonds due upon demand through 2034	124,000	—	—	124,000	—
Multi-Family Mortgage Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced					
1995 Series A Columbus Apartments Development—1.40% to 3.02% Variable Rate Bonds maturing in varying installments through 2025	21,870	—	—	21,870	—
2001 Series A West 48th Street— 1.42% to 3.01% Variable Rate Bonds due upon demand through 2034	20,000	—	—	20,000	—
2002 Series A First Ave Development —1.42% to 3.01% Variable Rate Bonds due upon demand through 2035	44,000	—	—	44,000	—
2004 Series A State Renaissance Court — 1.45% to 3.00% Variable Rate Bonds due upon demand through 2037	—	35,200	—	35,200	—
Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced					
2001 Series A Fountains at Spring Creek Project— 1.43% to 1.78% Variable Rate Bonds due upon demand through 2033	7,500	—	(7,500)	—	—
2001 Series A The Lafayette Project — 1.43% to 1.94% Variable Rate Bonds due upon demand through 2033	3,700	—	(3,700)	—	—
2002 Series A & 2002 Series B (Federally Taxable) 400 West 55th Street Development—1.51% to 4.12% Variable Rate Bonds due upon demand through 2035	65,000	—	—	65,000	—

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands) *(variable rates cover fiscal year 2005)*					
2003 Series A Atlantic Court Apartments—1.43% to 3.02% Variable Rate Bonds due upon demand through 2036	92,700	—	—	92,700	—
2003 Series A (AMT) & 2003 Series B (Federally Taxable) 92nd & First Residential Tower—1.50% to 4.05% Variable Rate Bonds due upon demand through 2036	57,300	—	—	57,300	—
2003 Series A (AMT) & 2003 Series B (Federally Taxable) Related-Upper East—1.47% to 4.00% Variable Rate Bonds due upon demand through 2036	70,000	—	—	70,000	—
2004 Series A Manhattan Court Development—1.49% to 3.00% Variable Rate Bonds due upon demand through 2036	17,500	—	—	17,500	—
2004 Series A East 165th Street Development —1.49% to 3.00% Variable Rate Bonds due upon demand through 2036	13,800	—	—	13,800	—
2004 Series A Aldus Street Apartments—1.50% to 3.03% Variable Rate Bonds due upon demand through 2037	14,200	—	—	14,200	—
2004 Series A 941 Hoe Avenue Apartments —1.50% to 3.03% Variable Rate Bonds due upon demand through 2037	11,900	—	—	11,900	—
2004 Series A Peter Cintron Apartments —1.50% to 3.03% Variable Rate Bonds due upon demand through 2037	14,400	—	—	14,400	—
2004 Series A Parkview Apartments —1.50% to 3.03% Variable Rate Bonds due upon demand through 2036	—	12,605	—	12,605	—
2004 Series A Louis Nine Boulevard Apartments —1.50% to 3.03% Variable Rate Bonds due upon demand through 2037	—	9,500	—	9,500	—
2004 Series A Courtlandt Avenue Apartments —1.52% to 3.03% Variable Rate Bonds due upon demand through 2037	—	15,000	—	15,000	—

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands) *(variable rates cover fiscal year 2005)*					
2004 Series A Ogden Avenue Apartments — 1.51% to 3.03% Variable Rate Bonds due upon demand through 2037	—	10,500	—	10,500	—
2004 Series A Nagle Courtyard Apartments — 1.51% to 3.03% Variable Rate Bonds due upon demand through 2037	—	9,000	—	9,000	—
2004 Series A Thessalonica Court Apartments —1.47% to 3.04% Variable Rate Bonds due upon demand through 2036	—	19,500	—	19,500	—
2004 Series A Brookhaven Apartments — 1.47% to 3.04% Variable Rate Bonds due upon demand through 2036	—	9,100	—	9,100	—
2004 Series A Marseilles Apartments —1.42% to 2.99% Variable Rate Bonds due upon demand through 2034	—	13,625	(100)	13,525	200
2004 Series A West 61st Street Apartments — 1.50% to 3.03% Variable Rate Bonds due upon demand through 2038	—	54,000	—	54,000	—
2005 Series A Morris Avenue Apartments — 1.91% to 3.00% Variable Rate Bonds due upon demand through 2038	—	22,700	—	22,700	—
2005 Series A Vyse Avenue Apartments — 1.91% to 3.00% Variable Rate Bonds due upon demand through 2038	—	9,650	—	9,650	—
2005 Series A 33 West Tremont Avenue Apartments —1.91% to 3.00% Variable Rate Bonds due upon demand through 2038	—	8,450	—	8,450	—
2005 Series A (AMT) & 2005 Series B (Federally Taxable) 155 West 21 Street Apartments —2.05% to 3.95% Variable Rate Bonds due upon demand through 2038	—	42,700	—	42,700	—
2005 Series A 2007 LaFontaine Avenue Apartments —1.91% to 2.76% Variable Rate Bonds due upon demand through 2037	—	8,500	—	8,500	—

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands) *(variable rates cover fiscal year 2005)*					
2005 Series A La Casa del Sol Apartments — 1.95% to 2.76% Variable Rate Bonds due upon demand through 2037	—	12,800	—	12,800	—
2005 Series A 15 East Clarke Place Apartments —1.99% to 2.81% Variable Rate Bonds due upon demand through 2037	—	11,600	—	11,600	—
2005 Series A Ogden Avenue Apartments II — 2.40% to 2.76% Variable Rate Bonds due upon demand through 2038	—	5,300	—	5,300	—
2005 Series A White Plains Courtyard Apartments —2.40% to 2.76% Variable Rate Bonds due upon demand through 2038	—	9,900	—	9,900	—
2005 Series A Highbridge Apartments — 2.70% Variable Rate Bonds due upon demand through 2039	—	32,500	—	32,500	—
Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced					
2002 Series A (Federally Taxable) Chelsea Centro—1.88% to 3.95% Variable Rate Bonds due upon demand through 2033	84,200	—	(1,400)	82,800	—
MBIA Insured Residential Revenue Refunding Bonds – Hospital Staff Housing					
1998 Series 1 MBIA Insured Residential Revenue Refunding Bonds—1.20% to 2.65% Periodic Auction Reset Securities maturing in varying installments through 2017	89,200	—	(89,200)	—	—
Residential Revenue Bonds – Hospital Staff Housing; Letter of Credit Enhanced					
1993 Series A East 17th Street Properties— 1.04% to 3.03% Variable Rate Bonds maturing in varying installments through 2023	30,900	—	(900)	30,000	1,000

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands) *(variable rates cover fiscal year 2005)*					
1993 Series A Montefiore Medical Center— 1.38% to 3.00% Variable Rate Term Bonds maturing in varying installments through 2030...	8,200	—	(100)	8,100	100
2003 Series A The Animal Medical Center— 4.25% to 5.50% Serial and Term Bonds maturing in varying installments through 2033...	10,140	—	—	10,140	—
2005 Series A & 2005 Series B (Federally Taxable) Royal Charter Properties—2.15% to 3.95% Serial and Term Bonds maturing in varying installments through 2035................	—	98,775	(500)	98,275	—
Mortgage Revenue Bonds – Cooperative Housing; SONYMA-Insured Mortgage Loan					
1994 Series A Maple Court Cooperative— 6.22% Term Bonds maturing in varying installments through 2027..........................	11,170	—	(210)	10,960	225
1996 Series A Maple Plaza Cooperative— 6.08% Term Bonds maturing in varying installments through 2029..........................	15,745	—	(265)	15,480	285
Multi-Family Mortgage Revenue Bonds – Rental Project; REMIC-Insured Mortgage Loan					
1996 Series A Barclay Avenue Development— 5.75% to 6.60% Term Bonds maturing in varying installments through 2033................	5,275	—	(70)	5,205	70
Multi-Family Mortgage Revenue Bonds – Senior Housing; Letter of Credit Enhanced					
2000 Series A 55 Pierrepont Development 1.42% to 3.00% Variable Rate Bonds due upon demand through 2031..............................	5,400	—	(100)	5,300	—
Sub-Total Multi-Family Bond Program	1,835,065	450,905	(121,925)	2,164,045	3,575

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands)					
(variable rates cover fiscal year 2005)					
MILITARY HOUSING REVENUE BOND PROGRAM					
2004 Series A Class I & II Fort Hamilton Housing LLC Project—5.60% to 6.72% Term Bonds maturing in varying installments through 2049	47,545	—	—	47,545	—
Total Multi-Family Bond Program	1,882,610	450,905	(121,925)	2,211,590	3,575
HOUSING REVENUE BOND PROGRAM:					
Multi-Family Housing Revenue Bonds					
1994 Series A PLP Bond Program—8.40% and 8.95% Term Bonds maturing in varying installments through 2025	4,305	—	(4,305)	—	—
1995 Series A Multi-Family Housing Revenue Bond Program—3.50% to 5.60% Serial Bonds maturing in varying installments through 2007	2,630	—	(2,085)	545	280
1996 Series A Multi-Family Housing Revenue Bond Program—3.60% to 5.625% Serial and Term Bonds maturing in varying installments through 2012	28,620	—	(15,250)	13,370	1,615
1997 Series A & B Multi-Family Housing Revenue Bond Program—3.70% to 5.875% Serial and Term Bonds maturing in varying installments through 2018	18,700	—	(18,700)	—	—
1997 Series C (Federally Taxable) Multi-Family Housing Revenue Bond Program—6.73% Term Bonds maturing in varying installments through 2011	20,065	—	(2,330)	17,735	2,485
1998 Series A (Federally Taxable) Multi-Family Housing Revenue Bond Program—6.84% Term Bonds maturing in varying installments through 2030	55,200	—	(900)	54,300	1,000

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands) *(variable rates cover fiscal year 2005)*					
1998 Series B Multi-Family Housing Revenue Bond Program—3.75% to 5.25% Serial and Term Bonds maturing in varying installments through 2031	20,560	—	(345)	20,215	365
1999 Series A-1 & A-2 (Federally Taxable) Multi-Family Housing Revenue Bond Program—5.83% to 6.06% Term Bonds maturing in varying installments through 2022 and 2.369% to 3.89% Variable Rate Bonds due upon demand through 2037	56,300	—	(2,700)	53,600	2,800
1999 Series B-1 & B-2 (Federally Taxable) Multi-Family Housing Revenue Bond Program—6.83% to 7.32% Term Bonds maturing in varying installments through 2022 and 2.369% to 3.89% Variable Rate Bonds due upon demand through 2031	37,900	—	(900)	37,000	1,000
1999 Series C Multi-Family Housing Revenue Bond Program—4.40% to 5.70% Serial and Term Bonds maturing in varying installments through 2031	5,485	—	(2,075)	3,410	90
1999 Series D Multi-Family Housing Revenue Bond Program—3.75% to 5.50% Serial and Term Bonds maturing in varying installments through 2019	7,065	—	(290)	6,775	305
1999 Series E Multi-Family Housing Revenue Bond Program—4.40% to 6.25% Serial and Term Bonds maturing in varying installments through 2036	9,925	—	(100)	9,825	105
2000 Series A & B (Federally Taxable) Multi-Family Housing Revenue Bond Program—4.65% to 7.79% Serial and Term Bonds maturing in varying installments through 2032	31,170	—	(6,970)	24,200	300
2001 Series A Multi-Family Housing Revenue Bond Program—3.70% to 5.60% Serial and Term Bonds maturing in varying installments through 2042	29,890	—	(235)	29,655	245

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands) *(variable rates cover fiscal year 2005)*					
2001 Series B Multi-Family Housing Revenue Bond Program—3.05% to 5.25% Serial Bonds maturing in varying installments through 2016...	74,610	—	(69,680)	4,930	2,280
2001 Series C-2 Multi-Family Housing Revenue Bond Program—2.85% to 5.40% Serial and Term Bonds maturing in varying installments through 2033..	17,515	—	(275)	17,240	275
2002 Series A (AMT) Multi-Family Housing Revenue Bond Program—2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2034..........................	35,845	—	(540)	35,305	560
2002 Series B (AMT) Multi-Family Housing Revenue Bond Program—2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2032..........................	7,040	—	(125)	6,915	125
2002 Series C (Federally Taxable) Multi-Family Housing Revenue Bond Program—2.369% to 3.890% Variable Rate Term Bonds maturing in varying installments through 2034................	49,285	—	(470)	48,815	500
2002 Series D (Federally Taxable) Multi-Family Housing Revenue Bond Program—2.369% to 3.89% Variable Rate Term Bonds maturing in varying installments through 2032...	237,100	—	(15,700)	221,400	4,600
2002 Series E-1 & E-2 (AMT) Multi-Family Housing Revenue Bond Program—2% to 5.20% Serial and Term Bonds maturing in varying installments through 2034 and 1.91% to 3.42% Variable Rate Term Bonds maturing in 2006...	20,300	—	(1,310)	18,990	315
2002 Series F (AMT) Multi-Family Housing Revenue Bond Program—2% to 5.20% Serial and Term Bonds maturing in varying installments through 2032..........................	4,600	—	(80)	4,520	85
2003 Series A (Auction Rate) Multi-Family Housing Revenue Bond Program—1.60% to 2.99% Variable Rate Term Bonds maturing in varying installments through 2025................	51,570	—	(16,725)	34,845	925

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands) *(variable rates cover fiscal year 2005)*					
2003 Series B-1 & B-2 (AMT) Multi-Family Housing Revenue Bond Program—2% to 4.6% Serial and Term Bonds maturing in varying installments through 2036..........................	36,500	—	(3,475)	33,025	340
2003 Series C (Non-AMT) Multi-Family Housing Revenue Bond Program—1.10% to 4% Serial and Term Bonds maturing in varying installments through 2016..........................	4,655	—	(320)	4,335	320
2003 Series D (Federally Taxable) Multi-Family Housing Revenue Bond Program—2.369% to 3.89% Variable Rate Term Bonds maturing in varying installments through 2033...	50,900	—	(8,400)	42,500	1,100
2003 Series E-1 & E-2 (AMT) Multi-Family Housing Revenue Bond Program—2.25% to 5.05% Serial and Term Bonds maturing in varying installments through 2036................	45,530	—	—	45,530	—
2004 Series A Multi-Family Housing Revenue Bond Program—1.85% to 5.25% Serial and Term Bonds maturing in varying installments through 2030..	147,150	—	(1,530)	145,620	3,130
2004 Series B-1 & B-2 (AMT) Multi-Family Housing Revenue Bond Program—2% to 5.30% Serial and Term Bonds maturing in varying installments through 2036................	43,370	—	(50)	43,320	110
2004 Series C-1 & C-2 (Federally Taxable) Multi-Family Housing Revenue Bond Program—3.90% to 6.34% Serial and Term Bonds maturing in varying installments through 2036..	62,320	—	—	62,320	10
2004 Series D (Federally Taxable) Multi-Family Housing Revenue Bond Program—5.55% Term Bonds maturing in 2020............	—	18,000	—	18,000	—
2004 Series E-1 (Non-AMT) Multi-Family Housing Revenue Bond Program—4.95% Term Bonds maturing in 2033...........................	—	39,595	—	39,595	—

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands) *(variable rates cover fiscal year 2005)*					
2004 Series E-2 (Federally Taxable) Multi-Family Housing Revenue Bond Program—5.75% Term Bonds maturing in 2024…………	—	28,700	—	28,700	—
2004 Series F (Federally Taxable) Multi-Family Housing Revenue Bond Program—3.68% to 5.70% Serial and Term Bonds maturing in varying installments through 2035……………..	—	33,970	—	33,970	—
2004 Series G (Federally Taxable) Multi-Family Housing Revenue Bond Program —5.63% Term Bonds maturing in 2029…………	—	10,680	(70)	10,610	50
2004 Series H (AMT) Multi-Family Housing Revenue Bond Program—2.70% to 5.25% Serial and Term Bonds maturing in varying installments through 2046………………………	—	9,395	—	9,395	35
2004 Series I-1 & I-2 (AMT) Multi-Family Housing Revenue Bond Program-2.50% to 5.20% Serial and Term Bonds maturing in varying installments through 2038……………..	—	26,645	—	26,645	205
2004 Series J (Federally Taxable) Multi-Family Housing Revenue Bond Program—2.95% to 5.70% Serial and Term Bonds maturing in varying installments through 2038……………..	—	27,900	(240)	27,660	765
2005 Series A-1 (Non-AMT) Multi-Family Housing Revenue Bond Program—4.50% to 4.60% Term Bonds maturing in 2027 and 2035, respectively……………………………………..	—	9,735	—	9,735	—
2005 Series A-2 (Federally Taxable) (Auction Rate) Multi-Family Housing Revenue Bond Program—3.05% to 3.78% Variable Rate Bonds due upon demand through 2034………..	—	6,825	(675)	6,150	75
2005 Series B (Federally Taxable) (Auction Rate) Multi-Family Housing Revenue Bond Program—3.05% to 3.78% Variable Rate Bonds due upon demand through 2037………..	—	51,750	(500)	51,250	150

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands) *(variable rates cover fiscal year 2005)*					
2005 Series C & D (AMT) Multi-Family Housing Revenue Bond Program—3.10% to 4.80% Serial and Term Bonds maturing in varying installments through 2047	—	30,160	—	30,160	—
2005 Series E (AMT) Multi-Family Housing Revenue Bond Program—2.90% to 4.75% Serial and Term Bonds maturing in varying installments through 2035	—	3,900	—	3,900	—
2005 Series F-1 (Non-AMT) Multi-Family Housing Revenue Bond Program—4.65% to 4.75% Term Bonds maturing in 2025 and 2035, respectively	—	65,410	—	65,410	—
2005 Series F-2 (Federally Taxable) Multi-Family Housing Revenue Bond Program—4.66% to 5.43% Term Bonds maturing in 2010 and 2017, respectively	—	80,935	—	80,935	2,205
Total Housing Revenue Bond Program	1,216,105	443,600	(177,350)	1,482,355	28,750
LIBERTY BOND PROGRAM:					
Multi-Family Mortgage Revenue Bonds					
2003 Series A & B (Federally Taxable) 90 Washington Street—1.46% to 2.47% Variable Rate Bonds due upon demand through 2035	82,000	—	(82,000)	—	—
2003 Series A & B (Federally Taxable) 2 Gold Street—1.45% to 3.95% Variable Rate Bonds due upon demand through 2037	178,500	—	—	178,500	—
2003 Series A & B (Federally Taxable) 63 Wall Street—1.39% to 3.31% Variable Rate Bonds due upon demand through 2036	143,800	—	(143,800)	—	—
2004 Series A & B (Federally Taxable) 90 West Street—1.45% to 3.95% Variable Rate Bonds due upon demand through 2036	106,500	—	—	106,500	—

Description of Bonds as Issued	Balance at Oct. 31, 2004	Issued	Retired	Balance at Oct. 31, 2005	Amount Due Within 1 Year
(in thousands)					
(variable rates cover fiscal year 2005)					
2005 Series A 90 Washington Street—1.72% to 3.05% Variable Rate Bonds due upon demand through 2035	—	74,800	—	74,800	—
2005 Series A & B (Federally Taxable) The Crest —2.25% to 3.97% Variable Rate Bonds due upon demand through 2036	—	143,800	—	143,800	—
Total Liberty Bond Program	510,800	218,600	(225,800)	503,600	—
SECTION 223(f) REFINANCING BOND PROGRAM:					
Multi-Family Housing Bond Program—6.50% to 7.25% Bonds maturing in varying installments through 2019	213,814	—	(88,533)	125,281	16,212
Total Section 223(f) Refinancing Bond Program	213,814	—	(88,533)	125,281	16,212
CAPITAL FUND PROGRAM REVENUE BOND					
2005 Series A NYCHA—3.00% to 5.00% Serial and Term Bonds maturing in varying installments through 2025	—	281,610	—	281,610	6,815
Total Capital Fund Program Revenue Bonds	—	281,610	—	281,610	6,815
Total Bonds Payable Prior to Net Premium (Discount) on Bonds Payable and Deferred Bond Refunding Costs	$ 3,823,329	1,394,715	(613,608)	4,604,436	55,352
Net Premium (Discount) on Bonds Payable	(231)	—	—	17,636	—
Deferred Bond Refunding Costs	(16,982)	—	—	(14,702)	—
Total Bonds Payable (Net)	$3,806,116	1,394,715	(613,608)	4,607,370	55,352

Bonds issued in Fiscal Year 2005

(A) New York City Housing Development Corporation

On December 7, 2004, the variable rate 2004 Series A Multi-Family Mortgage Revenue Bonds (State Renaissance Court Apartments) were issued in the amount of $35,200,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring, constructing and equipping a multi-family rental housing facility to be located at 65-71 Hoyt Street (also known as 200 Schermerhorn Street) in the Borough of Brooklyn, New York, and certain other related costs.

On December 8, 2004, the variable rate 2004 Series A Multi-Family Mortgage Revenue Bonds (Parkview Apartments) were issued in the amount of $12,605,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring, constructing and equipping a multi-family rental housing facility to be located at Elton Avenue and East 161st Street in the Borough of the Bronx, New York, and certain other related costs.

On December 10, 2004, the variable rate 2004 Series A Multi-Family Mortgage Revenue Bonds (Louis Nine Boulevard Apartments) were issued in the amount of $9,500,000 in order to finance a mortgage loan and pay a portion of the costs of acquiring, constructing and equipping a multi-family rental housing facility to be located at 1490 Boston Road between Louis Nine Boulevard and Stebbins Avenue in the Borough of the Bronx, New York and certain other related costs.

On December 10, 2004, the variable rate 2004 Series A Multi-Family Mortgage Revenue Bonds (Courtlandt Avenue Apartments) were issued in the amount of $15,000,000 in order to finance a mortgage loan and pay a portion of the costs of acquiring, constructing and equipping a multi-family rental housing facility to be located at 303 East 158th and 320 East 159th Streets between Courtlandt and Park Avenues in the Borough of the Bronx, New York, and certain other related costs.

On December 21, 2004, the variable rate 2004 Series A Multi-Family Mortgage Revenue Bonds (Marseilles Apartments) were issued in the amount of $13,625,000 for the purposes of paying the cost of acquiring a multi-family rental housing facility located at 230 West 103rd Street in the Borough of Manhattan, New York, and certain other related costs.

On December 22, 2004, two separate issues of 2004 Series A Multi-Family Mortgage Revenue Bonds were issued. The variable rate 2004 Series A (Ogden Avenue Apartments) bonds and 2004 Series A (Nagle Courtyard Apartments bonds) were issued in the amounts of $10,500,000 and $9,000,000, respectively. Each issue of the 2004 Bonds relates to a project located in The Borough of the Bronx, New York, and is being issued to finance a mortgage loan to the respective mortgagor in order to finance the project and pay certain other related costs. The developments are located at 1434 Ogden Avenue and 228-238 Nagle Avenue, respectively.

On December 23, 2004, the variable rate 2004 Series A Multi-Family Mortgage Revenue Bonds (West 61st Street Apartments) were issued in the amount of $54,000,000 in order to finance a mortgage loan and pay a portion of the costs of acquiring, constructing and equipping a multi-family rental housing facility to be located at West 61st Street between West End Avenue and the West Side Highway in the Borough of Manhattan, New York, and certain other related costs.

On December 29, 2004, three Multi-Family Housing Revenue Bonds series were issued in an amount totaling $86,295,000. The 2004 Series D (Federally Taxable) bonds in the amount of $18,000,000, 2004 Series E-1 (Non-AMT) bonds in the amount of $39,595,000 and the 2004 Series E-2 (Federally Taxable) bonds in the amount of $28,700,000 were issued (i) to finance the acquisition by the Corporation of a participation interest in the cash flows from a real estate mortgage investment trust including cash flow from certain federal subsidy contracts related to permanent mortgage loans for certain existing developments (see Note 6: "Loan Participation Interests Receivable"), and (ii) to refinance and restructure permanent mortgage loans for certain existing developments.

On December 29, 2004, six Multi-Family Housing Revenue Bonds series were issued in an amount totaling $108,590,000. The 2004 Series F bonds in the amount of $33,970,000, the 2004 Series G bonds in the amount of $10,680,000 and the 2004 Series J bonds in the amount of $27,900,000 were all Federally Taxable. The 2004 Series H bonds in the amount of $9,395,000, the 2004 Series I-1 bonds in the amount of $325,000 and the 2004 Series I-2 bonds in the amount of $26,320,000 were AMT bonds. The 2004 Series F/G/H/I/J bonds are being issued to acquire or finance construction and/or permanent mortgage loans for certain newly constructed, rehabilitated or existing developments.

On December 30, 2004, the variable rate 2004 Series A Multi-Family Mortgage Revenue Bonds (Thessalonica Court Apartments) were issued in the amount of $19,500,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring and renovating a multi-family rental housing facility located at 350 St. Ann's Avenue in the Borough of the Bronx, New York, and certain other related costs.

On December 30, 2004, the variable rate 2004 Series A Multi-Family Mortgage Revenue Bonds (Brookhaven Apartments) were issued in the amount of $9,100,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring and renovating a multi-family rental housing facility located at 198-204 Brown Place and 205-211 Brook Avenue in the Borough of the Bronx, New York, and certain other related costs.

On January 31, 2005, the variable rate 2005 Series A Multi-Family Rental Housing Revenue Bonds (90 Washington Street) were issued in the amount of $74,800,000 to finance a mortgage loan to the mortgagor in order to refinance the project that was originally financed with bonds issued by the Corporation and to pay certain other related costs.

On March 30, 2005, the variable rate 2005 Series A & B (Federally Taxable) Multi-Family Rental Housing Revenue Bonds (Royal Charter Properties – East, Inc. Project) were issued in the amount of $98,775,000 to finance a mortgage loan to the mortgagor in order to refinance the project that was originally financed with bonds issued by the Corporation and to pay certain other related costs.

On April 22, 2005, two separate issues of 2005 Series A Multi-Family Mortgage Revenue Bonds were issued. The variable rate 2005 Series A (Morris Avenue Apartments) bonds and the 2005 Series A (Vyse Avenue Apartments) bonds were issued in the amounts of $22,700,000 and $9,650,000, respectively. Each issue of the 2005 Bonds relates to a project located in the Borough of the Bronx, New York and is being issued to finance a mortgage loan to the respective mortgagor in order to finance the project owned by such mortgagor and pay certain other related costs. The developments are located at 675 Morris Avenue and 1904 Vyse Avenue, respectively.

On May 5, 2005, the variable rate 2005 Series A Multi-Family Mortgage Revenue Bonds (33 West Tremont Avenue Apartments) were issued in the amount of $8,450,000 to finance a mortgage loan to the mortgagor for the purposes of paying a portion of the costs of constructing and equipping a multi-family rental housing development to be located at 33 West Tremont Avenue, between Harrison and Grand Avenues in the Borough of the Bronx, New York, and certain other related costs.

On May 10, 2005, the 2005 Series A Capital Fund Program Revenue Bonds were issued in the amount of $281,610,000. The proceeds of the 2005 Series A Bonds will be used to finance a loan by the Corporation to the New York City Housing Authority ("NYCHA"). NYCHA is to utilize such funds for modernization and to make certain improvements to numerous various existing public housing projects in The City of New York.

On May 24, 2005, the variable rate 2005 Series A (AMT) & B (Federally Taxable) Multi-Family Mortgage Revenue Bonds (155 West 21st Street Development) were issued in the amount of $42,700,000 to finance a mortgage loan to the mortgagor for the purposes of paying a portion of the costs of acquiring, constructing and equipping a multi-family rental housing facility to be located at 155 West 21st Street in the Borough of Manhattan, New York, and certain other related costs.

On May 25, 2005, three Multi-Family Housing Revenue Bonds series were issued in the amount totaling $68,310,000. The 2005 Series A-1 (Non-AMT) bonds in the amount of $9,735,000 and the 2005 Series A-2 (Federally Taxable, Auction Rate) bonds in the amount of $6,825,000 were issued to refinance and restructure permanent mortgage loans for certain existing developments. The 2005 Series B (Federally Taxable, Auction Rate) bonds in the amount of $51,750,000 were issued to acquire permanent mortgage loans previously made by the Corporation from corporate funds for certain existing developments.

On June 3, 2005, the variable rate 2005 Series A Multi-Family Mortgage Revenue Bonds (2007 LaFontaine Avenue Apartments) were issued in the amount of $8,500,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring, constructing and equipping a multi-family rental housing development to be located at 2007 LaFontaine Avenue between East 178th Street and East 179th Street in the Borough of the Bronx, New York, and certain other related costs.

On June 23, 2005, the variable rate 2005 Series A Multi-Family Mortgage Revenue Bonds (La Casa del Sol Apartments) were issued in the amount of $12,800,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring, constructing and equipping a multi-family rental housing development to be located at Third Avenue and East 167th Street in the Borough of the Bronx, New

York, and certain other related costs.

On June 29, 2005, the variable rate 2005 Series A Multi-Family Mortgage Revenue Bonds (15 East Clarke Place Apartments) were issued in the amount of $11,600,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring, constructing and equipping a multi-family rental housing facility to be located at 15 East Clarke Place between Jerome Avenue and Walton Avenue in the Borough of the Bronx, New York, and certain other related costs.

On June 30, 2005, two Multi-Family Housing Revenue Bonds series were issued in the amount totaling $30,160,000. The 2005 Series C (AMT) bonds in the amount of $17,015,000 and the 2005 Series D (AMT) bonds in the amount of $13,145,000 were issued to acquire or finance construction and/or permanent mortgage loans for certain newly constructed developments.

On July 12, 2005, the variable rate 2005 Series A & B (Federally Taxable) Multi-Family Mortgage Revenue Bonds (The Crest) were issued in the amount of $143,800,000 to finance a mortgage loan to the mortgagor in order to refinance the project that was originally financed with bonds issued by the Corporation and to pay certain other related costs.

On August 26, 2005, two separate issues of 2005 Series A Multi-Family Mortgage Revenue Bonds were issued. The variable rate 2005 Series A (Ogden Avenue Apartments II) bonds and 2005 Series A (White Plains Courtyard Apartments) bonds were issued in the amounts of $5,300,000 and $9,900,000, respectively. Each issue of the 2005 Bonds relates to a project located in The City of New York and is being issued to finance a mortgage loan to the respective mortgagor in order to finance the project owned by such mortgagor and pay certain other related costs.

On September 23, 2005, three Multi-Family Housing Revenue Bonds series were issued in the amount totaling $150,245,000. The 2005 Series E (Non-AMT) bonds in the amount of $3,900,000, the 2005 Series F-1 (Non-AMT) bonds in the amount of $65,410,000 and the 2005 Series F-2 bonds in the amount of $80,935,000 were issued to refinance and restructure permanent mortgage loans for certain existing developments. The 2005 Series F-2 bonds are also being issued to finance the acquisition by the Corporation of a participation interest in certain permanent mortgage loans for certain existing developments.

On October 26, 2005, the variable rate 2005 Series A Multi-Family Mortgage Revenue Bonds (Highbridge Apartments) were issued in the amount of $32,500,000 to finance a mortgage loan for the purpose of paying a portion of the costs of constructing and equipping a multi-family rental housing development to be located at 1345 Shakespeare Avenue and 1401, 1404 and 1450 Jesup Avenue in the Borough of the Bronx, New York and pay certain other related costs.

All the bonds of the programs listed above are subject to redemption. Certain issues are also subject to special redemption provisions. The parameters under which the redemptions may occur are set forth in the respective bond resolutions.

In addition to bonds issued in fiscal year 2005, the Corporation sold several series of bonds for future delivery. These bonds are not legally issued until the delivery date. The $6,185,000 Multi-Family Secured Mortgage Revenue Bonds, 2005 Series A-1, were contracted to be delivered on December 1, 2005 and were so delivered. The $4,505,000 Multi-Family Secured Mortgage Revenue Bonds, 2005 Series A-2, are contracted to be delivered on August 1, 2007 and the $3,465,000 Multi-Family Secured Mortgage Revenue Bonds, 2005 Series B, are contracted to be delivered on January 14, 2008. Under certain limited circumstances, if the Corporation fails to make such deliveries, financial penalties may be incurred.

Future Debt Service

Required debt payments by the Corporation for the next five years and thereafter are as follows:

Year Ending October 31, *(in thousands)*	Principal	Interest	Total
2006..........................	$ 55,352	168,478	223,830
2007..........................	83,446	167,700	251,146
2008..........................	65,918	164,102	230,020
2009..........................	72,560	161,264	233,824
2010..........................	55,384	158,021	213,405
2011 – 2015..............	338,108	742,544	1,080,652
2016 – 2020..............	634,333	641,303	1,275,636
2021 – 2025..............	456,750	515,097	971,847
2026 – 2030..............	656,615	408,866	1,065,481
2031 – 2035..............	772,205	276,430	1,048,635
2036 – 2040..............	1,382,135	59,044	1,441,179
2041 – 2045..............	18,905	6,884	25,789
2046 – 2050..............	12,725	1,791	14,516
Total	$ 4,604,436	3,471,524	8,075,960

Note 10: Consultant's Fees

The fees paid by the Corporation for legal and consulting services in fiscal year 2005 for HDC include $35,724 to Hawkins, Delafield & Wood LLP and $44 to the Law Offices of Epstein, Becker & Green, PC for legal services. Auditing fees of $145,000 were paid to Ernst & Young LLP. The Corporation paid consulting fees in the amount of $76,470 to Ramesh Sreedhar; $64,007 to Hessel and Aluise; $51,321 to Michelle Antao; $42,250 to R.D. Geronimo; $30,360 to Raju Thomas; $27,274 to Carlton Architecture PC; $27,000 to KellyCo Marketing; $26,760 to Irene Yau; $25,000 to Cristo Rey New York High School; $24,570 to City Lights Technologies Inc.; $23,220 to Steve Yu; $16,000 to Leitner Group; $14,150 to Hillman Environmental Group; $13,725 to Joan Tally; $10,080 to Quest America Inc.; $9,587 to Larry Raccioppo; $8,739 to Kenneth Mertz; $8,500 to Insurance Advisors, LLC; $6,750 to KTR Newmark Real Estate; $5,500 to Nancy Goldstein Projects, Inc.; $3,000 to Pearson Realty; $3,000 to 170 Systems, Inc.; $2,900 to Strategy Studio; $2,500 to Metropolitan Valuation Services; $850 to Petroleum Tank Cleaners; $822 to Accurint; $650 to Padilla Speer Beardsley, Inc. and $50 to Manhattan Surveying.

In addition, the Corporation paid legal and consulting fees for services provided in connection with bond financings of $1,862,641 to Hawkins Delafield & Wood LLP; $59,500 to Emmet, Marvin & Martin LLP; $36,000 to Ernst & Young LLP and $8,000 to LeBoeuf, Lamb, Greene & Macrae. The Corporation has been reimbursed for these expenses either from bond proceeds or from project developers.

Note 11: Payable to The City of New York

(A) New York City Housing Development Corporation

In fiscal years 2002, 2003 and 2005, the Corporation entered into various agreements with the City whereby HDC sold bonds and used the bond proceeds to purchase from the City interests in various mortgage loans and pools of mortgage loans, and, in fiscal year 2005, to originate second mortgage loans in which it sold a residual interest to the City. Cash flow derived from these loan interests is pledged to the repayment of the related HDC bonds. At such time as these HDC bonds are retired, ownership of the associated loan interests transfers to the City. Therefore, to the extent to which such interests exceed the amount of the related bonds, the excess is reported as payable to New York City.

In fiscal years 2002 and 2003, Corporation issued its 2002 Series D Multi-Family Mortgage Revenue Bonds and 2003 Series D Multi-Family Mortgage Revenue Bonds, respectively. In each case, HDC used the bond proceeds to purchase from the City a 100% participation interest in the cash flow of a portfolio of mortgage loans and a 100% participation interest in the cash flows of a loan pool securitized by the City in 1996 and known as the Sheridan Trust II. The Sheridan Trust II asset was initially recorded in Fiscal Year 2005. See Note 6: "Loan Participation Interests Receivable". At October 31, 2005, the Corporation's payable to the City under these two bond programs was $390,023,000 and $63,640,000, respectively. The Sheridan Trust II portion of this payable totals $220,791,000, with the payable allocated between the two bond programs at $217,578,000 and $3,213,000 respectively.

In fiscal year 2005, the Corporation completed numerous transactions as part of its Mitchell-Lama Restructuring Program, an affordable housing preservation program. Through its issuance of Multi-Family Housing Revenue Bonds, 2004 Series D, 2004 Series E-1, 2004 Series E-2, 2005 Series A-1, 2005 Series A-2, 2005 Series F-1 and 2005 Series F-2 (collectively, "Mitchell-Lama Restructuring Bonds"), HDC funded, in addition to various new first and second mortgage loans, the acquisition of participation interests in City-owned second mortgages and associated cash flows. As long as any Mitchell-Lama Restructuring Bonds are outstanding, all cash flows from the purchased interests must be applied to debt service on such bonds. Once all such bonds are retired, HDC's participation interests revert to New York City. HDC also sold to the City a residual interest in the second mortgage loans the Corporation originated. These loans also transfer to the City when the bonds are retired. At October 31, 2005, the Corporation's payable to New York City under the Mitchell-Lama Restructuring Bonds program was $282,374,000.

The City's Department of Housing Preservation and Development ("HPD") acts as the regulatory agency for the 1996 Series A Housing Revenue Bond Program mortgages, and as such, receives servicing fees from HDC. At October 31, 2005, the 1996 Series A Housing Revenue Bond Program servicing fees payable to HPD were $28,000.

The Corporation also administers construction loans on behalf of HPD, using funds provided by HPD. All such funds are the property of HPD and are thus reported as due to New York City in the Corporation's financial statements. At October 31, 2005, the related payable to the City was $118,274,000.

(B) Housing Assistance Corporation

Funding for HAC was received through the City in 1985. In addition, in 2004 and 2005, HDC advanced a total of $4,500,000 to HAC to assist an additional development to maintain affordable rentals. All of HAC's assets, after repayment of HDC advances to HAC and if unused for HAC purposes, will revert back to the City. At October 31, 2005, total resources payable to the City amounted to $67,589,000. The resources held for the City are primarily the mortgage loans described in Note 4, "Mortgage Loans", and the investments held to fund tenant assistance payments included in Note 3: "Investments and Deposits", net of the HDC advances.

(C) Housing New York Corporation

On November 3, 2003, HNYC became an inactive subsidiary of the Corporation (see Note 1: Organization). After October 31, 2005, the HNYC will no longer be reported in the Corporation's combined financial statements. Accrued servicing fees due to HDC of $99,360 and funds payable to the City of $524,154 were transferred to the Corporation.

Note 12: Retirement System

The Corporation is a participating employer in the New York City Employees' Retirement System ("NYCERS") of which 54 employees of the Corporation are members. Prior to October 31, 2004 the Corporation and REMIC had not been billed for contributions for several prior periods. During fiscal year 2005 the Corporation paid NYCERS a total of $377,110 for fiscal year 2005 and these prior periods. Of this total, $245,393 related to fiscal year 2005 for the Corporation. Copies of NYCERS' financial statements can be obtained by writing to 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3751.

The Corporation offers its employees the option of participating in a Tax Sheltered Annuity Plan managed by The Equitable Life Assurance Society of the United States as an alternate or supplemental retirement plan under Section 403(b) of the Internal Revenue Code. The Internal Revenue Service has approved the Corporation as an entity which can provide this type of plan to its employees. The majority of the Corporation's employees participate in this plan.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The Statement establishes guidance for the financial reporting of other postemployment benefits ("OPEB") cost over a period that approximates employees' years of service and provides information about actuarially calculated liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. This Statement is effective for financial statements for periods beginning after December 15, 2006. The Corporation is currently evaluating the impact of implementing GASB No. 45.

Note 13: Due to the United States Government

The amount reported in this classification is made up of two major components.

A. Due to HUD

The Corporation has entered into contracts with the United States Department of Housing and Urban Development ("HUD") to administer housing assistance payment contracts with housing projects occupied by tenants qualifying for Section 8 housing assistance payments. Pursuant to the contracts, HUD makes annual contributions to the Corporation in an amount equal to the annual assistance payments plus an administrative fee, if applicable, for the Corporation.

The Corporation receives the annual contract contributions periodically during the year and disburses funds monthly for the benefit of the covered projects. As of October 31, 2005, the Corporation held $2,675,000 in prefunded annual contributions. Related fees earned during fiscal year 2005 amounted to $2,400,000 and are included in operating income. The Corporation also holds $31,000 which represents excess 236 interest reduction subsidies.

B. Rebate Fund

In order to maintain the exemption from federal income tax of interest on bonds issued subsequent to January 1, 1986, the Corporation established a separate fund, the Rebate Fund, into which amounts required to be rebated to the Federal Government pursuant to Section 148 of the Code are deposited. In general, the Code requires the payment to the U. S. Treasury of the excess of the amount earned on all non-purpose obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue. Project or construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Issues with respect to which all gross proceeds are expended for the governmental purpose of the issue within the required time period after the date of issue and debt service funds with annual gross earnings of less than $100,000 are exempt from this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. At October 31, 2005 HDC had set aside $648,000 to make future rebate payments when due.

Note 14: Commitments

(A) New York City Housing Development Corporation

The Corporation is committed under one operating lease for office space for minimum annual rentals for the next five years and thereafter as follows:

Year Ending October 31,	
2006	$ 1,301,000
2007	1,301,000
2008	1,301,000
2009	1,301,000
2010	1,409,000
2011 – 2015	6,144,000
Total	$ 12,757,000

For fiscal year 2005, the Corporation's rental expense amounted to $1,690,000.

HDC's practice is to close loans only when all the funds committed to be advanced have been made available through bonds proceeds or a reservation of corporate funds. Funds are invested prior to being advanced as described in Note 3: "Investments and Deposits" and are restricted assets. The portion of closed construction loans that had not yet been advanced is as follows at October 31, 2005:

Program:	
Multi-Family Bond Programs	
Housing Revenue	$ 91,374,000
80/20	71,205,000
Mixed Income Rental Program (MIRP)	9,007,000
Liberty Bond	19,445,000
New Housing Opportunity Program (NEW HOP)	71,170,000
Low-Income Affordable	150,459,000
Mitchell-Lama Repair Loans	11,537,000
NYCHA	267,780,000
Corporate Services Fund Loans	44,178,000
Unadvanced Construction Loans (closed loans)	$736,155,000

As of October 31, 2005 the Corporation had executed commitment letters for several loans that had not yet closed. Ultimate funding of these loans is conditioned on various factors.

Mitchell-Lama Repair Loans	$ 15,500,000
Corporate Services Fund Loans	4,455,000
Affordable Housing Participation Loan Program	19,111,000
Total Signed Commitments	$ 39,066,000

The Corporation has made two programmatic funding commitments in support of the City's housing initiatives. HDC has reserved funds to fulfill these commitments, but the timing and amount of remaining loan closings cannot be determined. The two programmatic commitments are as follows:

- The Corporation has agreed to make loans under the New Ventures Incentives Program ("New VIP") program on a revolving fund basis up to $8,000,000 outstanding. On October 31, 2005, loans totaling $3,000,000 were outstanding.

- The Corporation has entered into a Memorandum of Understanding ("MOU") with HPD that outlines the Corporation's obligations to purchase participations totaling up to $55,632,000 in affordable housing loans for various HPD programs in the period 2004-2006, and HPD's commitment to purchase these loans back with accrued interest in 2007 ($46,170,000) and 2008 ($15,471,000). At October 31, 2005, loans totaling $11,394,000 had been closed and $2,387,000 had been advanced. The $9,007,000 unadvanced portion of the closed loans is included in the chart above.

(B) New York City Residential Mortgage Insurance Corporation

As of October 31, 2005, REMIC insured loans with coverage totaling $83,202,000 and had outstanding commitments to insure loans with a maximum insurance coverage of $58,666,000.

Note 15: Contingencies

In the normal conduct of the Corporation's business, it is involved in litigation matters. In the opinion of management and the Corporation's legal counsel, the ultimate disposition of such litigation should not have a material adverse effect on the combined financial position of the Corporation.

Note 16: Net Assets

The Corporation's Net Assets represent the excess of assets over liabilities and consist largely of mortgage loans and investments. HDC's net assets are categorized as follows:

- <u>Restricted Net Assets</u> are net assets that have been restricted in use in accordance with the terms of an award, agreement or by State law. This includes loan assets, bond proceeds and reserve funds that are pledged to bondholders, funds held pursuant to contractual obligations with HPD and HUD, and REMIC reserves that are required by statute, among other items (see chart below).
- <u>Unrestricted Net Assets</u> are the remaining net assets, which can be further categorized as Designated or Undesignated. Designated Assets are not governed by statute or contract but are committed for specific purposes pursuant to HDC policy and/or Board directives. Designated Assets include funds and assets committed to various housing initiatives, reserves to maintain HDC's credit ratings, and working capital.

Changes in Net Assets

The changes in Net Assets are as follows:

	Restricted	Unrestricted	Total
Net assets at October 31, 2003	$390,761,000	386,791,000	777,552,000
Income	12,756,000	13,805,000	26,561,000
Transfers	(35,983,000)	35,983,000	—
Net assets at October 31, 2004	367,534,000	436,579,000	804,113,000
Income	33,646,000	12,100,000	45,746,000
Transfers	18,915,000	(18,915,000)	—
Net assets at October 31, 2005	$420,095,000	429,764,000	849,859,000

Summary of Restricted Net Assets	2005	2004
Multi-Family Bond Programs	$357,277,000	294,542,000
Corporate Debt Service Reserve for HPD Loan Purchase Bonds	19,793,000	22,895,000
Claim Payment Fund for 223(f) Program	11,078,000	17,269,000
HAC cumulative unrealized gains (losses)	1,268,000	2,563,000
REMIC reserves and cumulative unrealized gains (losses)	30,679,000	30,265,000
Total Restricted Net Assets	$420,095,000	367,534,000

Of the total Unrestricted Net Assets listed below, $173,121,000 is existing mortgages and other loans. An additional $187,406,000 has been designated by the Members of the Corporation for future mortgage advances pursuant to housing programs established by the Corporation. The Corporation also has $2,136,000 in capital assets.

Summary of Unrestricted Net Assets	2005	2004
Designated Assets:		
Housing Programs	$187,406,000	127,077,000
Existing Mortgages	173,121,000	229,116,000
Working Capital	7,000,000	7,000,000
Rating Agency Reserve Requirement	40,000,000	40,000,000
HDC cumulative unrealized gains (losses)	(1,499,000)	(611,000)
Total Designated Assets	406,028,000	402,582,000

Undesignated Assets:		
Loan spread purchased from New York City	5,295,000	16,479,000
Capital Assets	2,136,000	3,372,000
Subtotal, HDC	7,431,000	19,851,000
REMIC	16,305,000	14,047,000
Housing New York Corporation	—	99,000
Total Undesignated Assets	23,736,000	33,997,000
Total Unrestricted Net Assets	$429,764,000	436,579,000

Note 17: Subsequent Events

On December 2, 2005, by mutual agreement, the Corporation and the TFA cancelled three interest rate caps that HDC had purchased from TFA in 2002 (see Note 8: "Other Current and Non-Current Assets"). As a condition of cancellation, TFA delivered, at its expense, three new interest caps from Goldman Sachs Mitsui Marine Derivative Products with substantially the same terms and conditions.

Subsequent to October 31, 2005 and through December 31, 2005, twenty one new bond series totaling $527,280,000 were issued in the course of the Corporation's normal business activities.

On December 28, 2005, the Corporation issued its 2005 Series J-1 Multi-Family Housing Revenue Bonds and 2005 Series J-2 Multi-Family Housing Revenue Bonds in the amounts of $20,495,000 and $18,640,000, respectively, to refinance and restructure permanent mortgage loans for two existing housing developments originally funded from the 223(f) Multi-Family Housing Program (Mitchell-Lama). The prior bonds for the two developments will be retired on February 15, 2006. A portion of the asset representing the purchase price of future cash flows associated with certain of the 223(f) loans, as more fully described in Note 8, "Other Current and Non-Current Assets" will be written off as a non-operating expense in connection with this transaction.

New York City Housing Development Corporation
Other Information

October 31, 2005

Schedule 1:
The following schedule is being presented to provide detail information on a program basis for the owners of the Housing Revenue Bond program's obligations.

Housing Revenue Bond Program
Schedule of Balance Sheet Information
October 31, 2005 and 2004 (in thousands)

		2005	2004
ASSETS:			
Current Assets:			
Cash, cash equivalents and investments	$	156,699	128,799
Mortgage loan receivable		33,921	44,016
Accrued interest receivable		7,355	5,027
Other receivables		340	726
Other assets		14	5
Total Current Assets	$	**198,329**	**178,573**
Noncurrent Assets:			
Restricted cash and investments		172,387	221,614
GNMA Securities held as purpose investment		196,284	189,672
Mortgage loan receivable		1,774,633	1,189,728
Accrued interest receivable		35,174	-
Loan participation interest receivable		233,054	-
Unamortized issuance costs		9,869	11,287
Primary government/component unit receivable (payable)		(5,098)	(17,656)
Other assets		16,499	18,057
Total Noncurrent Assets	$	**2,432,802**	**1,612,702**
Total Assets	$	**2,631,131**	**1,791,275**
LIABILITIES:			
Current Liabilities:			
Bonds payable (net)		28,750	46,335
Accrued interest payable		27,712	21,200
Due to mortgagors		2,421	4,629
Deferred fee and mortgage income		205	309
Due to the United States		2,675	6,772
Total Current Liabilities	$	**61,763**	**79,245**
Noncurrent Liabilities:			
Bonds payable (net)		1,448,734	1,162,523
Payable to The City of New York		736,065	237,561
Due to mortgagors		16,211	5,001
Deferred fee and mortgage income		17,993	19,031
Due to the United States		643	811
Total Noncurrent Liabilities	$	**2,219,646**	**1,424,927**
Total Liabilities	$	**2,281,409**	**1,504,172**
NET ASSETS:			
Restricted		349,722	287,103
Total Net Assets	$	**349,722**	**287,103**
Total Liabilities and Net Assets	$	**2,631,131**	**1,791,275**

Schedule 1 (cont'd):

Housing Revenue Bond Program
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Fiscal Years ended October 31, 2005 and 2004 (in thousands)

		2005	2004
OPERATING REVENUES:			
Interest on loans	$	71,846	64,376
Fees and charges		12,456	12,863
Income on loan participation interests		3,387	-
Other		129	-
Total Operating Revenues	$	**87,818**	**77,239**
OPERATING EXPENSES:			
Interest and amortization of bond premium and discount		65,265	45,769
Trustees' and other fees		211	180
Amortization of debt issuance costs		3,921	2,073
Total Operating Expenses	$	**69,397**	**48,022**
Operating Income	$	**18,421**	**29,217**
NON-OPERATING REVENUES (EXPENSES):			
Earnings on investments		21,318	11,779
Non-operating expenses, net		3,646	(919)
Total Non-operating Revenues (Expenses)	$	**24,964**	**10,860**
Income before Distributions and Transfers	$	**43,385**	**40,077**
Operating transfers to Corporate Services Fund		(8,027)	(9,510)
Capital transfers		27,261	(29,949)
Change in Net Assets	$	**62,619**	**618**
Total net assets - beginning of year		287,103	286,485
Total Net Assets - End of Year	$	**349,722**	**287,103**

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 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

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
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
Ogden 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

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
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 Animal Medical Center	42	$10,140,000	$10,140,000	2003

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
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[*]	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[‡]	398	$74,800,000	$74,800,000	2005
The Crest[†]	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
90 West Street[‡]	410	$112,000,000	$112,000,000	2006
201 Pearl Street Development[‡]	189	$90,000,000	$90,000,000	2006
SECTION 223(f) REFINANCING PROGRAM				
Multifamily Housing Limited Obligations Bonds FHA-Insured Mortgage Loans	2,110 3,342	$79,998, 100 $299,886,700	$24,417,702 $40,644,976	1977 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**	

[*] 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.

[†] This project was also financed under the "Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced" Program as described in Section A above.

[‡] 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.

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-1

DEVELOPMENTS AND MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM

The following tables contain information with respect to the Developments and Mortgage Loans Outstanding under the Program as of July 31, 2006 (except as noted).

Table 1 sets forth the valuation assigned to the Mortgage Loans with respect to each Series of Bonds issued as of July 31, 2006. See "SECURITY FOR THE BONDS—Mortgage Loans" and "—Cash Flow Statements and Cash Flow Certificates."

Table 2 sets forth information with respect to individual Developments and permanent Mortgage Loans financed with the proceeds of each Series of Bonds issued as of July 31, 2006 except the 2006 Series A Participant Interest, 2005 Series F Participant Interest, 2005 Series J Participant Interest, 2004 Participant Interest and the ML Restructuring Second Mortgage Loans. See "THE PROGRAM—Mortgage Loans — Permanent Mortgage Loans."

Table 3 sets forth information on an aggregated basis with respect to Developments and permanent mortgage loans underlying the 2006 Series A Participant Interest. For additional information, see "THE PROGRAM—2006 Series A Participant Interest."

Table 4 sets forth information with respect to individual Developments and construction Mortgage Loans. See "THE PROGRAM—Mortgage Loans—Construction Mortgage Loans."

Table 5 sets forth information with respect to the mortgage loans held as assets of the Certificates of Trust underlying the 2004 Participant Interest. See "THE PROGRAM—2004 Participant Interest."

Table 6 sets forth information on an aggregated basis with respect to Developments and permanent Mortgage Loans securing the ML Restructuring Second Mortgage Loans. See "THE PROGRAM—ML Restructuring Mortgage Loans."

Table 7 sets forth information on an aggregated basis with respect to Developments and permanent Mortgage Loans underlying the 2005 Series F Participant Interest and the 2005 Series J Participant Interest. See "THE PROGRAM – 2005 Series F Participant Interest and the 2005 Series J Participant Interest."

Table 8 sets forth information with respect to Developments and Mortgage Loans financed with Bonds issued subsequent to July 31, 2006.

TABLE 1: VALUATION OF MORTGAGE LOANS
AS OF JULY 31, 2006

Series of Bonds	Value as a Percentage of Outstanding Principal Balance of Mortgage Loans	Outstanding Principal Balance of Mortgage Loans[4]	Percentage of Total Outstanding Principal Balance of Mortgage Loans[4]
1994 Series A*	100%	$3,971,280	0.20%
1995 Series A	100%	$9,447,364	0.48%
1996 Series A	76%	$32,816,876	1.66%
1997 Series A*	100%	$2,770,536	0.14%
1997 Series B*	71%	$10,789,785	0.55%
1997 Series C	77.5%	$25,505,079	1.29%
1998 Series A	96%	$57,620,596	2.92%
1998 Series B	100%	$19,146,677	0.97%
1999 Series A	85%	$79,235,290	4.01%
1999 Series B[1]	78%	$42,437,277	2.15%
1999 Series C	77%	$5,347,017	0.27%
1999 Series E[1]	100%	$9,278,497	0.47%
2000 Series A*	78%	$6,607,632	0.33%
2000 Series B	78%	$24,549,977	1.24%
2001 Series A	100%	$29,420,009	1.49%
2001 Series B	99%	$5,125,457	0.26%
2001 Series C	78%	$17,099,025	0.87%
2002 Series A [1]	80%	$35,907,381	1.82%
2002 Series B	80%	$6,778,758	0.34%
2002 Series C [1]	80%	$80,399,955	4.07%
2002 Series E [1]	80%	$19,055,485	0.96%
2002 Series F	80%	$4,382,989	0.22%
2003 Series A	99%	$47,614,564	2.41%
2003 Series B [1]	80%	$32,640,142	1.65%
2003 Series E [1]	80%	$24,499,422	1.24%
2004 Series A	100%	$141,797,129	7.18%
2004 Series B [1]	80%	$34,778,256	1.76%
2004 Series C [1]	80%	$55,867,038	2.83%
2004 Series D [2]	N/A		0.00%
2004 Series E [3]	85%	$62,515,946	3.17%
2004 Series F [1]	70%	$32,840,606	1.66%
2004 Series G	100%	$25,569,904	1.29%
2004 Series H [1]	100%	$8,940,349	0.45%
2004 Series I [1]	100%	$25,938,663	1.29%
2004 Series J [1]	100%	$26,677,930	1.35%
2005 Series A[3]	85%	$15,156,654	0.77%
2005 Series B	75%	$87,171,622	4.41%
2005 Series C	100%	$6,789,359	0.34%
2005 Series D	100%	$7,192,906	0.36%
2005 Series E[3]	100%	$3,431,990	0.17%
2005 Series F[3]	98%	$132,574,359	6.71%
2005 Series G	85%	$4,725,198	0.24%
2005 Series H	99%	$1,081,805	0.05%
2005 Series I	100%	$3,432,918	0.17%
2005 Series J[3]	95%	$35,857,242	1.82%
2005 Series K	100%	$7,158,826	0.36%
2005 Series L	100%	$6,430,747	0.33%
2006 Series A	85%	$593,782,445	30.07%
2006 Series C	100%	$13,460,436	0.68%
2006 Series D[3]	96%	$9,333,857	0.47%
2006 Series E	85%	$0	0.00%
2006 Series F	100%	$0	0.00%
TOTAL	87.37% (weighted average)	$1,974,953,254	100.00%

* Although these Bonds have been retired, the Mortgage Loans financed with such Series of Bonds remain pledged under the Resolution.

(1) The Corporation made subsequent to July 31, 2006, and expects to continue to make, additional advances from Construction Mortgage Loans (see Table 4 in this Appendix).

(2) The proceeds of the 2004 Series D Bonds were used to purchase the 2004 Participant Interest. For purposes of valuation under the Resolution, the principal balance of the Mortgage Loan with respect to the 2004 Series D Bonds is 100% of the amount of the projected cash flow to be paid under the Class B Certificates and not the principal amount of the underlying mortgage loans. See "The Program – 2004 Participant Interest."

(3) The Outstanding Principal Balance of Mortgage Loans for the 2004 Series E Bonds, the 2005 Series A Bonds, the 2005 Series E Bonds, the 2005 Series F Bonds, the 2005 Series J Bonds and the 2006 Series D Bonds does not include the 2004 Series E Second Mortgage Loans, the 2005 Series A Second Mortgage Loans, the 2005 Series E Second Mortgage Loans, the 2005 Series F Second Mortgage Loans and the 2006 Series D Second Mortgage Loans, the 2005 Series F Participant Interest or the 2005 Series J Participant Interest, which each have a valuation of 0%. See "THE PROGRAM— ML Restructuring Mortgage Loans."

(4) May not add due to rounding.

Subsequent to July 31, 2006, the Corporation issued the 2006 Series G-1 Bonds and the 2006 Series G-2 Bonds on November 1, 2006 and the 2006 Series H-1 Bonds, the 2006 Series H-2 Bonds and the 2006 Series I Bonds on December 21, 2006 to finance $42,105,000 principal amount of 2006 Series G Mortgage Loans, $55,180,000 principal amount of 2006 Series H Mortgage Loans and $6,495,000 principal amount of the 2006 Series I Mortgage Loan, all with a valuation of 100%. See "BONDS OUTSTANDING UNDER THE PROGRAM" and "Developments and Mortgage Loans Outstanding under the Program Subsequent to July 31, 2006" in Appendix E.

TABLE 2: DEVELOPMENTS AND MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM
DEVELOPMENTS AND PERMANENT MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM AS OF JULY 31, 2006

Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
FHA 220	Section 8	Revive 103 Apartments	2003 Series A	Manhattan	59	93%	3,791,600.73	$4,318,100	10.36%	5/6/86	11/01/25	12/31/06	1	S
FHA 221(d)(3)-FAF	Section 8	Fulton Park Sites 7 & 8	2003 Series A	Brooklyn	208	99%	11,792,422.13	$13,780,700	9.70%	2/18/86	4/01/25	12/18/09	3	BA
FHA 221(d)(4)	Section 8	Boro Park Courts ◊	2003 Series A	Brooklyn	130	99%	6,538,398.70	$8,459,100	9.90%	7/14/86	11/01/25	8/31/15	3	S
FHA 221(d)(4)	Section 8	Clinton Arms	2003 Series A	Bronx	85	99%	4,333,590.51	$4,962,700	10.36%	12/19/85	7/01/25	1/31/10	4	S
FHA 221(d)(4)	Section 8	Crown Heights Development I •	2003 Series A	Brooklyn	35	100%	1,921,529.33	$2,197,400	10.36%	2/19/85	8/01/25	11/26/09	4	S
FHA 221(d)(4)	Section 8	Crown Heights Development II∇	2003 Series A	Brooklyn	31	100%	1,525,661.63	$1,744,700	10.36%	1/04/85	8/01/25	10/5/09	4	S
FHA 221(d)(4)	Section 8	La Cabana Houses	2003 Series A	Brooklyn	166	97%	8,244,658.77	$9,603,700	9.70%	10/25/85	7/01/25	9/30/10	3	S
FHA 221(d)(4)	Section 8	President Arms♠	2003 Series A	Brooklyn	31	97%	936,904.69	$1,326,500	7.50%	6/03/82	11/01/20	4/30/07	2	BA
FHA 221(d)(4)	Section 8	Washington Plaza♣	2003 Series A	Bronx	74	97%	4,301,177.83	$4,954,000	10.36%	8/26/85	2/01/25	4/5/06	4	S
FHA 221(d)(4)	Section 8	Woodycrest Courts II♠	2003 Series A	Bronx	57	100%	2,752,168.93	$3,199,800	9.90%	7/15/85	4/01/25	7/31/07	3	S
FHA 221(d)(4)	Section 8	1650 President Street	2003 Series A	Brooklyn	47	100%	1,476,450.51	$2,411,200	7.50%	5/19/82	8/01/21	5/30/11	2	SUP
FHA 221(d)(4)	HoDAG	285 Development	1995 Series A	Brooklyn	58	95%	1,301,862.69	$1,800,000	10.30%	10/6/87	12/01/17	N/A	5	S

† Unless otherwise noted Section 8 refers to the Section 8 New Construction/Substantial Rehabilitation Program.

†† For Mortgage Loans that have been refinanced, the Mortgage Loan Closing Date represents the initial closing date. The Mortgage Loan refinancing occurred in the year of the Applicable Series Resolution.

††† Where there is more than one expiration date, the Development was completed in two or more stages. Subsequent to July 31, 2006, expiration dates for expiring contracts have been extended unless the Mortgagor has prepaid the Mortgage Loan.

†††† Physical inspection ratings determined by the Corporation are as follows: SUP = Superior: S = Satisfactory: BA = Below Average: and U = Unsatisfactory (see Appendix E-3).

◊ As of December 1, 2006, the Mortgage Loan for this Development is no longer pledged under the Resolution.

• As of December 1, 2006, the Mortgage Interest Rate for this Mortgage Loan was modified to 7.25%.

∇ As of December 1, 2006, the Mortgage Interest Rate for this Mortgage Loan was modified to 6.75%.

♠ The Corporation has been notified that the Mortgagor is in the process of restructuring this Mortgage Loan (including the possible prepayment of this Mortgage Loan) and that a reduction in HAP Contract payments has occurred under the HUD "Mark-to-Market" program. The Corporation has been notified that the Mortgagor intends to prepay this Mortgage Loan. However, the Corporation can give no assurance as to whether such restructuring (including the possible prepayment of this Mortgage Loan) will occur and, if either such restructuring or prepayment occurs, when such restructuring will occur or when such prepayment will be made. (See "Appendix G – Description of Supplemental Security and Subsidy Programs – Subsidy Programs – Section 8 Program.")

♣ The Mortgagor of this Development prepaid this Mortgage Loan on 9/15/06.

Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
FHA 221(d)(4)	HoDAG/ PLP	Revive 103 North 155-61 East 103rd St.	1997 Series A	Manhattan	30	97%	358,336.16	$978,600	10.25%	12/22/92	8/01/19	N/A	1	S
FHA 223(a)(7)	HoDAG/ PLP	1290 & 1326 Grand Concourse	1997 Series A	Bronx	104	91%	2,412,200.00	$2,412,200	5.83%	12/13/93	6/01/30	N/A	1	S
FHA 221(d)(4)	HAC	Astoria	2005 Series B	Queens	62	100%	1,409,182.14	$2,193,200	8.50%	6/1/91	5/1/16	N/A	1	SUP
FHA 223(F)	Section 236	Goodwill Terrace♠	2001 Series B	Queens	208	98%	2,431,030.33	$3,606,100	8.50%	7/31/79	8/01/19	7/31/19	1	S
FHA 223(F)	Section 236	Tower West♠	2001 Series B	Manhattan	217	100%	2,694,426.83	$3,996,100	8.50%	7/11/79	8/01/19	7/11/19	1	SUP

† Unless otherwise noted Section 8 refers to the Section 8 New Construction/Substantial Rehabilitation Program.
†† For Mortgage Loans that have been refinanced, the Mortgage Loan Closing Date represents the initial closing date. The Mortgage Loan refinancing occurred in the year of the Applicable Series Resolution.
††† Where there is more than one expiration date, the Development was completed in two or more stages.
†††† Physical inspection ratings determined by the Corporation are as follows: SUP = Superior: S = Satisfactory: BA = Below Average: and U = Unsatisfactory (see Appendix E-3).
♠ The Mortgagor of this Development is regulated by HPD pursuant to the Mitchell-Lama Law.

Supple-mental Security	Subsidy Program(s)[†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date[††]	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date [†††]	Prepayment Category (see Appendix E-2)	Physical Inspection[††††]
SONYMA N/A	GML Article 16/ New HOP	Central Harlem Plaza	1999 Series A 2005 Series B	Manhattan	241	100%	30,366,756.95 (S) 6,646,758.81	$31,615,000 6,814,434	6.65% 1.00%	10/25/01 3/01/05	11/01/36 11/01/36	N/A N/A	12 1	S
SONYMA	N/A	South Williamsburg	2005 Series B	Brooklyn	105	100%	5,442,721.69	$6,645,000	8.50%	2/1/92	2/1/23	N/A	1	U
SONYMA N/A	N/A N/A	Tremont Vyse I	2005 Series B 2005 Series B	Bronx	24	95%	1,182,255.04 (S) 52,511.66	$1,416,228 120,000	8.55% 3.00%	10/1/93 11/1/93	10/1/13 9/1/23	N/A N/A	1 1	S
SONYMA N/A	N/A N/A	Tremont Vyse II	2005 Series B 2005 Series B	Bronx	18	100%	884,807.62 (S) 38,983.14	$1,062,171 90,000	8.55% 3.00%	10/1/93 11/1/93	10/1/13 9/1/23	N/A N/A	1 1	S
SONYMA N/A	New HOP New HOP	de Sales Assisted Living Project	1998 Series B 2005 Series B	Manhattan	127	99%	19,146,676.82 (S) 960,000.00	$20,665,000 $960,000.00	5.30% 3.00%	2/21/01 04/01/01	10/01/31 10/01/31	N/A N/A	8 1	S
SONYMA	New HOP	Harriet Tubman	2004 Series G	Manhattan	74	100%	5,760,920.06	$5,920,000	4.25%	12/1/03	11/30/28	N/A	1	S
SONYMA	New HOP	Madison Plaza	2004 Series G	Manhattan	92	100%	7,228,434.30	$7,360,000	4.50%	9/1/04	8/31/29	N/A	1	S
SONYMA	New HOP	The Hamilton	2004 Series G	Manhattan	77	100%	5,941,389.97	$6,080,000	4.50%	3/1/04	2/28/29	N/A	1	S
SONYMA	New HOP	The Washington	2004 Series G	Manhattan	104	100%	6,639,159.61	$6,760,000	4.50%	8/1/04	7/31/29	N/A	1	S
REMIC[*] N/A	New HOP New HOP	39-07 208th Street	1998 Series A 2005 Series B	Queens	26	100%	1,640,696.57 (S) 500,000.00	$2,092,000 500,000	7.50% 3.00%	3/26/99 05/01/99	4/01/29 4/1/29	N/A N/A	8 1	BA
REMIC[**] REMIC[**] N/A	New HOP New HOP New HOP	58-12 Queens Blvd	1998 Series A 2000 Series B 2005 Series B	Queens	122	97%	11,016,348.29 952,551.35 (S) 2,120,628.14	$11,825,000 $1,000,000 $2,250,000	7.50% 9.00% 1.00%	5/11/00 07/01/00	6/01/30 6/1/30	N/A N/A	8 8 1	SUP
REMIC[**] N/A	New HOP New HOP	65-84 & 66-08 Austin Street	1998 Series A 2005 Series B	Queens	132	99%	11,193,328.87 (S) 1,889,173.10	$12,000,000 $2,250,000	7.50% 1.75%	6/08/00 08/01/00	7/01/30 7/01/30	N/A N/A	8 1	S
REMIC[*] N/A	New HOP New HOP	79 Clifton Place	1998 Series A 2005 Series B	Brooklyn	40	100%	3,274,097.61 (S) 712,321.54	$3,800,000 $720,000	7.50% 2.00%	11/14/00 01/01/01	12/01/30 12/01/30	N/A N/A	8 1	S
REMIC[*] N/A	New HOP New HOP	136-43 37th Avenue	1998 Series A 2005 Series B	Queens	60	95%	6,105,296.70 (S) 399,035.36	$6,685,000 480,000	7.50% 3.00%	2/12/99 04/01/99	3/01/29 3/01/29	N/A N/A	8 1	S
REMIC[*]	New HOP	287 Prospect Avenue	1998 Series A	Brooklyn	52	95%	4,335,010.79	$4,740,000	7.50%	3/11/99	4/01/29	N/A	8	S
REMIC[**]	New HOP	421 DeGraw Street	1998 Series A	Brooklyn	90	96%	6,592,535.96	$7,713,000	7.50%	3/15/00	4/01/30	N/A	8	S
REMIC[*] N/A	New HOP New HOP	471 Vanderbilt Avenue	1998 Series A 2005 Series B	Brooklyn	26	100%	2,070,236.53 (S) 495,445.82	$2,330,000 520,000	7.50% 1.00%	4/20/00 05/01/00	4/01/30 4/01/30	N/A N/A	8 1	S
REMIC[**] N/A	New HOP New HOP	3310-22 Palmer Avenue	1998 Series A 2005 Series B	Bronx	135	96%	11,393,044.63 (S) 2,944,828.79	$12,100,000 $3,034,170	7.50% 1.00%	9/11/00 06/01/01	11/01/30 5/1/31	N/A N/A	8 1	S
REMIC[**] N/A	New HOP New HOP	167 Clermont Avenue	1999 Series A 2005 Series B	Brooklyn	110	99%	9,104,585.23 (S) 1,943,792.19	$10,340,000 $2,200,000	7.50% 1.00%	10/25/00 12/01/00	11/01/30 11/01/30	N/A N/A	10 1	SUP
REMIC[**] N/A	New HOP New HOP	597 Grand Avenue	1999 Series A 2005 Series B	Brooklyn	52	100%	3,175,708.04 (S) 1,462,000.00	$3,617,000 $1,462,000	7.50% 1.00%	10/25/00 12/01/00	11/01/30 11/01/30	N/A N/A	10 1	S
REMIC[**]	New HOP	3815 Putnam Avenue	1999 Series A /2000 Series C	Bronx	91	99%	7,995,557.16	$8,290,000	7.50%	12/13/02	1/01/33	N/A	10	SUP

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[††] For Mortgage Loans that have been refinanced, the Mortgage Loan Closing Date represents the initial closing date. The Mortgage Loan refinancing occurred in the year of the Applicable Series Resolution.
[†††] Where there is more than one expiration date, the Development was completed in two or more stages.
[††††] Physical inspection ratings determined by the Corporation are as follows: SUP = Superior: S = Satisfactory: BA = Below Average: and U = Unsatisfactory (see Appendix E-3).
[*] REMIC Insurance secures the first loss on the Mortgage up to twenty-five percent (25%) of the original principal amount of the Mortgage Loan for this Development.
[**] REMIC Insurance secures the first loss on the Mortgage up to twenty percent (20%) of the original principal amount of the Mortgage Loan for this Development.

Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
REMIC* N/A	New HOP New HOP	Triangle Court Phase I	1999 & 2000 Series B 2005 Series B	Manhattan	51	98%	3,483,024.70 (S) 1,275,000.00	$3,820,000 $1,275,000	7.58% 1.00%	11/28/00 01/01/01	12/01/30 12/01/30	N/A N/A	10 1	S
REMIC** N/A	New HOP New HOP	Triangle Court Phase II	2000 Series B 2005 Series B	Manhattan	40	93%	3,226,212.15 (S) 1,048,196.53	$3,440,000 $1,060,000	8.51% 1.00%	7/24/02 09/01/02	8/01/27 8/01/27	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	32-08 Union Street	1999 Series B 2005 Series B	Queens	25	80%	2,598,960.51 (S) 616,612.97	2,770,000 642,500	8.00% 1.00%	6/28/00 08/01/00	7/01/30 7/01/30	N/A N/A	10 1	S
REMIC** N/A	New HOP New HOP	137-02 Northern Blvd	1999 Series B 2005 Series B	Queens	71	96%	6,815,950.36 (S) 1,711,647.51	$7,200,000 $1,775,000	8.00% 1.00%	2/01/01 04/01/01	3/31/31 3/1/31	N/A N/A	10 1	S
REMIC** N/A	New HOP New HOP	139 Emerson Place	1999 Series B 2005 Series B	Brooklyn	50	100%	3,611,759.18 (S) 1,070,331.99	$4,000,000 $1,250,000	8.00% 2.00%	11/27/00 01/01/01	12/01/30 12/1/30	N/A N/A	10 1	S
REMIC** REMIC** N/A	New HOP New HOP New HOP	140-26 Franklin Avenue	2000 Series B 1999 Series B 2005 Series B	Queens	54	99%	248,988.45 4,928,937.46 (S) 1,318,046.81	$261,000 $5,190,000 $1,415,000	8.50% 8.00% 1.00%	4/04/01 06/01/01	6/01/31 6/01/31	N/A N/A	10 10 1	S
REMIC** N/A	New HOP New HOP	349-53 East 4th Street	1999 Series B 2005 Series B	Manhattan	33	100%	3,203,500.60 (S) 776,006.56	$3,460,000 $869,000	8.00% 1.00%	2/22/02 04/01/02	6/01/31 3/01/32	N/A N/A	10 1	S
REMIC** N/A	New HOP New HOP	390-96 East 8th Street	1999 & 2000 Series B 2005 Series B	Manhattan	38	95%	3,713,257.33 (S) 813,149.40	$4,047,000 $950,000	8.06% 1.00%	8/01/01	8/31/31 8/1/31	N/A N/A	10 1	S
REMIC**	New HOP	Harlem Gateway	2000 Series B 2000 Series C	Manhattan	50	98%	4,281,336.91	$4,570,000	8.73%	11/21/02	12/01/27	N/A	8	S
REMIC** N/A	New HOP New HOP	46-19 88th Street	2000 Series B 2005 Series B	Queens	17	100%	1,291,264.59 (S) 465,639.63	$1,320,000 $475,000	9.00% 1.00%	7/03/03	9/01/33 8/01/33	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	50 Greene Avenue	2000 Series B 2005 Series B	Brooklyn	39	100%	3,293,864.26 (S) 1,262,436.83	$3,619,000 $1,322,100	9.00% 1.00%	3/26/02	4/01/32 4/01/32	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	136-14 Northern Blvd	2000 Series B 2005 Series B	Queens	60	95%	6,729,303.25 (S) 1,898,015.50	$7,000,000 $1,950,000	9.00% 1.00%	10/24/01	10/01/31 10/01/31	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	800 Bergen Street	2000 Series B 2005 Series B	Brooklyn	32	100%	1,516,961.04 (S) 1,279,999.60	$1,570,000 $1,280,000	9.00% 1.00%	3/26/02	4/01/32 4/01/32	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	202-18 West 148th Street	2001 Series C 2005 Series B	Manhattan	100	98%	6,313,516.51 (S) 3,286,492.87	$6,550,000 $3,300,000	6.00% 1.00%	10/28/03 12/01/03	12/01/33 11/01/33	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	14-56 31st Drive	2002 Series C 2005 Series B	Queens	60	100%	7,114,266.00 (S) 1,395,431.99	$7,400,000 $1,450,000	7.75% 1.00%	8/13/02 09/01/02	8/01/32 8/01/32	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	99-22 67th Road	2002 Series C 2005 Series B	Queens	29	100%	3,246,024.48 (S) 998,521.54	$3,390,000 $1,010,000	7.75% 1.00%	3/5/02 05/01/02	4/01/32 4/01/32	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	235-47 East 105th Street	2002 Series C 2005 Series B	Manhattan	48	100%	3,646,628.03 (S) 1,789,588.98	$3,800,000 $1,800,000	8.00% 1.00%	1/15/04 03/01/04	2/01/34 2/01/34	N/A N/A	8 1	S

† Unless otherwise noted Section 8 refers to the Section 8 New Construction/Substantial Rehabilitation Program.
†† For Mortgage Loans that have been refinanced, the Mortgage Loan Closing Date represents the initial closing date. The Mortgage Loan refinancing occurred in the year of the Applicable Series Resolution.
††† Where there is more than one expiration date, the Development was completed in two or more stages.
†††† Physical inspection ratings determined by the Corporation are as follows: SUP = Superior: S = Satisfactory: BA = Below Average: and U = Unsatisfactory (see Appendix E-3).
* REMIC Insurance secures the first loss on the Mortgage up to twenty-five percent (25%) of the original principal amount of the Mortgage Loan for this Development.
** REMIC Insurance secures the first loss on the Mortgage up to twenty percent (20%) of the original principal amount of the Mortgage Loan for this Development.

Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
REMIC** N/A	New HOP New HOP	170 East 108th Street, 156 East 109th Street, & 1509 Lexington Avenue	2002 Series C 2005 Series B	Manhattan	17	100%	1,477,708.99 (S) 236,703.47	$1,530,000 $250,000	7.75% 3.00%	5/28/03 07/01/03	7/01/33 6/01/33	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	1825 Needham Avenue	2002 Series C 2005 Series B	Bronx	47	94%	4,270,675.94 (S) 1,596,082.21	$4,400,000 $1,600,000	7.75% 1.00%	5/30/03 07/01/03	7/01/33 6/01/33	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	2232 & 2295-97 First Avenue	2002 Series C 2005 Series B	Manhattan	21	96%	1,862,069.28 (S) 604,021.50	$1,910,000 $630,000	8.50% 1.00%	9/24/03 11/01/03	11/01/33 10/01/33	N/A N/A	8 1	S
REMIC*	New HOP	Triangle Court Phase III	2002 Series E	Manhattan	97	94%	13,865,898.76	$14,000,000	5.10%	11/01/05	10/31/35	N/A	8	S
REMIC*	New HOP	Yorkside Towers II	2004 Series C	Queens	90	95%	10,003,306.28	$10,065,000	6.75%	11/22/05	12/31/35	N/A	8	S
REMIC**	New HOP	Little Larkspur	2005 Series I	Manhattan	22	100%	3,432,917.97	$3,445,000	6.70%	2/08/06	3/31/36	N/A	8	S
REMIC*	PLP	Longfellow Hall	2004 Series J	Bronx	111	100%	726,601.72	$915,000	7.50%	2/01/03	1/31/15	N/A	8	BA
REMIC*	PLP	Morris Heights	2004 Series J	Bronx	203	99%	1,461,369.38	$1,896,000	7.40%	6/01/01	5/31/16	N/A	8	S
REMIC*	PLP	30-32 Bradhurst Avenue	2004 Series J	Manhattan	25	96%	938,363.44	$1,070,000	6.55%	4/01/02	3/31/22	N/A	8	S
REMIC*	PLP	36 Crooke Avenue	2004 Series J	Brooklyn	71	100%	959,038.69	$1,108,869	7.26%	6/01/02	5/1/32	N/A	8	S
REMIC*	PLP	56 Sullivan Street	2004 Series J	Brooklyn	20	90%	513,768.13	$626,418	6.875%	7/01/02	6/30/17	N/A	8	S

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†††† Physical inspection ratings determined by the Corporation are as follows: SUP = Superior: S = Satisfactory: BA = Below Average: and U = Unsatisfactory (see Appendix E-3).
* REMIC Insurance secures the first loss on the Mortgage up to twenty-five percent (25%) of the original principal amount of the Mortgage Loan for this Development.
** REMIC Insurance secures the first loss on the Mortgage up to twenty percent (20%) of the original principal amount of the Mortgage Loan for this Development.

Supple-mental Security	Subsidy Program(s)[†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date[††]	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date [†††]	Prepayment Category (see Appendix E-2)	Physical Inspection[††††]
REMIC[*]	PLP	70-74 East 116th Street	2004 Series J	Manhattan	23	100%	634,901.10	$712,532	7.95%	7/01/02	6/30/17	N/A	8	S
REMIC[*]	PLP	80, 88-90 Edgecombe Avenue	2004 Series J	Manhattan	66	94%	553,261.21	$885,224	7.21%	7/01/02	6/30/11	N/A	1	S
REMIC[*]	PLP	160-66 Morningside Avenue	2004 Series J	Manhattan	29	100%	594,179.36	$694,871	7.00%	7/01/02	6/30/19	N/A	8	S
REMIC[*]	PLP	201 West 146th Street	2004 Series J	Manhattan	12	100%	112,249.38	$133,650	6.40%	1/01/03	12/31/17	N/A	8	S
REMIC[*]	PLP	218 St. James Place	2004 Series J	Brooklyn	12	91%	214,327.43	$250,000	7.02%	5/01/02	4/30/28	N/A	8	S
REMIC[*]	PLP	219 Sackman Street	2004 Series J	Brooklyn	38	95%	836,417.74	$939,000	7.95%	3/01/03	2/28/20	N/A	8	S
REMIC[*]	PLP	270 Rochester Avenue	2004 Series J	Brooklyn	16	100%	370,138.07	$387,000	7.65%	5/01/03	4/30/33	N/A	8	S
REMIC[*]	PLP	309 Alexander Avenue	2004 Series J	Bronx	11	100%	175,313.35	$222,000	7.83%	9/01/01	8/31/16	N/A	8	S
REMIC[*]	PLP	328 & 340 Pleasant Avenue	2004 Series J	Manhattan	10	100%	502,630.10	$629,500	7.87%	9/01/01	8/31/19	N/A	8	U
REMIC[*]	PLP	520 Audubon Avenue	2004 Series J	Manhattan	46	100%	1,193,922.71	$1,264,700	7.25%	6/01/03	5/31/33	N/A	8	S
REMIC[*]	PLP	540 Audubon Avenue	2004 Series J	Manhattan	45	97%	765,902.14	$859,300	7.00%	6/01/03	5/31/20	N/A	8	S
REMIC[*]	PLP	1002 Garrison Avenue	2004 Series J	Bronx	20	100%	426,654.68	$487,000	7.00%	5/01/03	4/30/19	N/A	8	S

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* REMIC Insurance secures the first loss on the Mortgage up to twenty-five percent (25%) of the original principal amount of the Mortgage Loan for this Development.

Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
REMIC*	PLP	1860-62 Lexington Avenue	2004 Series J	Manhattan	15	100%	428,941.61	$475,000	6.85%	7/01/02	6/30/26	N/A	8	S
REMIC* N/A	PLP PLP	2006 Amsterdam Avenue	2004 Series J 2005 Series B	Manhattan	21	100%	605,218.13 (S) 358,000.00	$691,514 $358,000	6.50% 1.00%	3/01/02 03/01/02	2/28/22 2/1/22	N/A N/A	8 1	S S
REMIC*	PLP	4673 Park Avenue	2004 Series J	Bronx	9	100%	168,221.21	$185,000	7.15%	5/01/03	4/30/22	N/A	8	S
REMIC*	Section 8/ LAMP	Phelps House	2004 Series I	Manhattan	169	100%	12,619,029.55	$12,645,000	5.85%	4/20/06	5/31/36	8/9/08	8	S
GNMA	Section 8	Manhattan Park at Roosevelt Island (a/k/a Roosevelt Island Northtown Phase II)	2004 Series A	Manhattan	1103	97%	141,797,129.46	$147,150,000	5.30%	1/01/89	7/15/30	1/09/09	7	SUP
GNMA	HAC	United Help/Selfhelp Sheltered Extension (a/k/a Scheuer House of Flushing)	1995 Series A	Queens	155	100%	8,145,501.69	$13,229,700	7.50%	3/20/90	2/01/16	2/01/16	13	S
GNMA	N/A	1842-46 Second Avenue	2001 Series A	Manhattan	104	99%	29,420,009.21	$30,115,000	5.95%	05/27/04	01/09/09	N/A	8	SUP
LOC	New Hop	Chelsea Centro	2005 Series B	Manhattan	356	99%	(S) 1,219,158.09	$1,420,000	1.00%	07/01/00	06/01/23	N/A	1	SUP
N/A N/A	LAMP LAMP	203-15 West 148th Street	2001 Series C 2005 Series B	Manhattan	87	100%	3,298,173.85 (S) 3,480,000.00	3,440,000 3,480,000	6.00% 1.00%	10/29/03 12/01/03	11/6/33 11/1/33	N/A N/A	8 1	S S
N/A	LAMP	St. Ann's Apartments	2005 Series B	Bronx	86	99%	1,130,867.92	1,449,229.00	2.65%	3/1/03	2/1/18	N/A	1	S
N/A	LAMP/PLP	Fox Street	2004 Series B	Bronx	106	93%	2,844,778.91	$3,000,000	7.00%	7/15/04	8/01/23	N/A	8	S
N/A	LAMP/ Certificate Program	1240 Washington Ave	2003 Series B	Bronx	100	100%	4,924,417.80	$8,500,000	5.30%	01/31/05	03/01/35	N/A	8	S
N/A	LAMP/ Certificate Program	600 Concord Avenue	2003 Series E	Bronx	83	99%	3,877,757.33	$3,890,000	5.75%	03/01/06	04/30/36	N/A	8	S

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††††† The Mortgagor of this Development prepaid this Mortgage Loan on March 15, 2006.
* REMIC Insurance is anticipated to secure the first loss on the Mortgage up to twenty percent (20%) of the original principal amount of the Mortgage Loan for this Development.

Supple-mental Security	Subsidy Program(s)[†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date[††]	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date[†††]	Prepayment Category (see Appendix E-2)	Physical Inspection[††††]
N/A	PLP	Fifth Avenue Corridor	1994 Series A	Brooklyn	36	100%	465,403.98	$631,000	8.95%	10/17/97	11/01/16	N/A	8	S
N/A	PLP	Van Buren Street	1994 Series A	Brooklyn	65	100%	366,958.40	$502,500	8.95%	8/13/97	9/01/16	N/A	8	BA
N/A	PLP	1/5/7 West 137th Street	1994 Series A	Manhattan	51	100%	431,336.04	$602,000	8.95%	8/14/96	9/01/16	N/A	8	S
N/A	PLP	9 West 137th Street	1994 Series A	Manhattan	17	100%	135,313.91	$270,329	8.95%	11/02/95	9/01/11	N/A	8	S
N/A	PLP	110 West 111th Street & 245 W. 113th Street	1994 Series A	Manhattan	48	100%	299,191.54	$550,080	8.95%	3/20/97	4/01/12	N/A	8	S
N/A	PLP	302-06 Willis Avenue	1994 Series A	Bronx	35	100%	209,553.71	$373,000	8.95%	6/27/97	7/10/12	N/A	8	S
N/A	PLP	480 Nostrand Avenue	1994 Series A	Brooklyn	25	100%	121,937.98	$250,000	8.95%	5/15/96	6/01/11	N/A	8	BA
N/A	PLP	651 Southern Boulevard	1994 Series A	Bronx	41	97%	120,898.15	$167,250	8.95%	6/27/97	7/01/16	N/A	8	S
N/A	PLP	675 Coster Street	1994 Series A	Bronx	33	100%	142,836.84	$297,823	8.95%	7/26/95	8/01/11	N/A	8	S
N/A	PLP	753, 759, 763 & 787 Greene Avenue	1994 Series A	Brooklyn	41	100%	84,609.25	$164,000	8.75%	11/18/96	12/01/11	N/A	8	U
N/A	PLP	889 & 890 Dawson Street	1994 Series A	Bronx	96	98%	975,190.29	$1,120,000	8.95%	2/08/95	3/01/25	N/A	8	S
N/A	PLP	988 & 992 Boston Road	1994 Series A	Bronx	31	100%	63,017.04	$122,800	8.95%	10/29/96	11/01/11	N/A	8	S
N/A	PLP	1038, 1051, 1057, 1058, 1061, 1063-65 & 1077 Boston Road	1994 Series A	Bronx	149	99%	414,549.28	$911,334	8.95%	1/23/96	2/01/11	N/A	8	S
N/A	PLP	5201 Snyder Avenue	1994 Series A	Brooklyn	32	96%	140,484.50	$318,278	8.95%	11/22/95	12/01/10	N/A	8	S
N/A	PLP	55 W. 129th Street	1997 Series B	Manhattan	36	88%	1,496,564.52	$1,818,000	3% (yrs. 1-20) 1% (yrs. 21-30)	11/04/98	12/01/28	N/A	8	S
N/A	PLP	55 E. 130th Street	1997 Series B	Manhattan	25	96%	850,005.35	$968,000	3% (yrs. 1-20) 1% (yrs. 21-30)	3/02/00	3/01/30	N/A	8	S
N/A	PLP	117-19 East 115th Street	1997 Series B	Manhattan	54	100%	2,248,335.56	$2,635,000	3% (yrs. 1-20) 1% (yrs. 21-30)	4/13/99	5/01/29	N/A	8	S
N/A	PLP	144 W. 144th Street	1997 Series B	Manhattan	16	87%	567,729.18	$675,000	3% (yrs. 1-20) 1% (yrs. 21-30)	1/20/99	2/01/29	N/A	8	S

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Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
N/A	PLP	216 & 224 W. 141st Street	1997 Series B	Manhattan	31	93%	1,127,432.30	$1,342,000	3% (yrs. 1-20) 1% (yrs. 21-30)	4/22/98	5/01/28	N/A	8	S
N/A	PLP	500 Nostrand Avenue	1997 Series B	Brooklyn	46	100%	2,553,621.09	$3,212,000	3.31%	9/13/99	10/01/29	N/A	8	BA
N/A	PLP	542 -48 W. 149th Street	1997 Series B	Manhattan	36	100%	1,376,631.03	$1,659,000	3% (yrs. 1-20) 1% (yrs. 21-30)	1/14/99	2/01/29	N/A	8	S
N/A	PLP	1120-22 Madison St.	1997 Series B	Brooklyn	16	100%	569,465.79	$670,000	3% (yrs. 1-20) 1% (yrs. 21-30)	12/23/99	1/01/30	N/A	8	S
N/A	PLP	Clarkson Gardens	1997 Series C	Brooklyn	105	98%	1,237,849.03	$2,000,000	7.65%	10/04/96	11/01/15	N/A	8	BA
N/A	PLP	21-23 East 104th Street	1997 Series C	Manhattan	70	97%	873,956.54	$1,144,000	6.92%	4/23/99	5/01/18	N/A	8	S
N/A	PLP	36 West 131st Street	1997 Series C	Manhattan	14	100%	340,553.65	$430,885	7.50%	3/10/00	4/01/18	N/A	8	S
N/A	PLP	54 Vermilyea Avenue	1997 Series C	Manhattan	20	100%	167,248.96	$233,075	6.95%	3/30/98	4/01/17	N/A	8	S
N/A	PLP	70 Post Avenue	2005 Series B	Manhattan	40	100%	951,512.48	$1,001,451	6.90%	10/01/04	09/01/23	N/A	1	S
N/A	PLP	83 Post Avenue	2005 Series B	Manhattan	20	100%	135,788.40	$142,915	6.90%	10/01/04	09/01/23	N/A	1	S
N/A	PLP	128-36 Edgecombe	1997 Series C	Manhattan	67	100%	808,306.94	$1,000,000	8.00%	2/26/98	9/01/23	N/A	8	S
N/A	PLP	171 Rockaway Blvd.	1997 Series C	Brooklyn	44	98%	57,895.24	$98,000	8.95%	11/10/97	12/01/12	N/A	8	S
N/A	PLP	201 Pulaski Street & 305 Franklin Avenue	1997 Series C	Brooklyn	17	88%	513,696.93	$590,712	7.21%	1/26/00	2/01/29	N/A	8	S
N/A	PLP	201 West 144th St., 216 West 116th St. & 234 Bradhurst Ave.	1997 Series C	Manhattan	63	93%	671,349.31	$959,444	7.55%	7/27/00	8/01/14	N/A	8	S
N/A	PLP	205-13 West 145th St.	1997 Series C	Manhattan	62	95%	1,237,882.51	$1,512,431	8.95%	9/09/99	10/01/20	N/A	8	BA
N/A	PLP	236 Greene Ave	1997 Series C	Brooklyn	16	100%	554,293.11	$645,124	7.25%	2/10/98	3/01/25	N/A	8	S
N/A	PLP	240 East 175th Street	1997 Series C	Bronx	117	98%	146,569.34	$963,750	8.56%	5/27/99	6/01/07	N/A	7	S
N/A	PLP	243-45 & 247-49 13th Street▼	1997 Series C	Brooklyn	50	100%	484,123.16	$749,771	6.81%	4/07/99	4/01/14	N/A	8	S

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▼ The Mortgagor of this development has notified the Corporation of its intent to prepay its Mortgage Loan.

Supple-mental Security	Subsidy Program (s)[†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date[††]	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date [†††]	Prepayment Category (see Appendix E-2)	Physical Inspection[††††]
N/A	PLP	252 Wadsworth Avenue	2005 Series B	Manhattan	26	100%	385,682.08	$405,924	6.90%	10/01/04	09/01/23	N/A	1	S
N/A N/A	PLP PLP	253-57 West 152nd Street & 57-60 Macombs Place	1997 Series C 2005 Series B	Manhattan	58	98%	608,942.78 (S) 496,057.17	$1,103,600 $500,000	7.00% 3.00%	5/08/00 07/01/00	8/01/11 12/1/14	N/A N/A	8 1	S
N/A	PLP	263 East Tremont Avenue & 1911 Anthony Avenue	1997 Series C	Bronx	31	97%	1,165,776.17	$1,207,706	7.50%	11/08/00	12/01/22	N/A	8	S
N/A	PLP	270 St. Nicholas Avenue	2005 Series B	Manhattan	77	97%	149,317.15	$369,950	1.00%	07/01/00	06/01/10	N/A	1	S
N/A	PLP	340 South Third Street	2005 Series B	Brooklyn	40	100%	87,574.47	129,230	1.00%	03/01/01	02/01/16	N/A	1	S
N/A	PLP	349-59 Lenox Avenue	1997 Series C	Manhattan	26	96%	498,404.39	$761,000	7.02%	11/24/99	12/01/14	N/A	8	S
N/A	PLP	455 Decatur Street	1997 Series C	Manhattan	8	100%	220,989.27	$255,850	7.21%	6/01/00	7/01/28	N/A	8	S
N/A	PLP	466-70 West 150th St	1997 Series C	Manhattan	60	100%	627,477.20	$760,314	7.65%	2/25/99	3/01/23	N/A	8	S
N/A	PLP	530 Audubon Avenue	1997 Series C	Manhattan	45	100%	579,927.31	$757,800	6.80%	5/24/99	6/01/18	N/A	8	S
N/A	PLP	530 Herzl Avenue	2005 Series B	Brooklyn	44	98%	46,770.99	$120,931	1.00%	05/01/00	04/01/10	N/A	1	S
N/A	PLP	630 West 135th Street	1997 Series C	Manhattan	31	100%	164,309.87	$234,262	7.28%	9/24/97	10/01/16	N/A	8	S
N/A	PLP	709-15 Lafayette Ave	1997 Series C	Brooklyn	24	100%	669,118.89	$815,000	7.43%	1/20/00	2/01/20	N/A	8	S
N/A	PLP	750-54 East 169th St. & 1227 Boston Road	1997 Series C	Bronx	40	100%	231,817.38	$456,000	7.50%	8/16/00	9/01/10	N/A	7	S
N/A	PLP	887-889 Hunts Point Ave	1997 Series C	Bronx	46	100%	998,137.63	$1,237,161	7.28%	3/22/00	4/01/19	N/A	8	S
N/A	PLP	932-38 Eastern Parkway	1997 Series C	Brooklyn	24	100%	572,896.48	$814,000	7.40%	9/04/97	10/01/16	N/A	8	S
N/A	PLP	982 Prospect Avenue	2005 Series B	Bronx	21	90%	225,768.25	$240,732	1.00%	11/01/04	10/01/29	N/A	1	S
N/A	PLP	1037-39 Bergen Street▼	1997 Series C	Brooklyn	24	100%	545,491.24	$654,949	7.15%	11/21/00	12/01/19	N/A	8	S
N/A	PLP	1189 Sheridan Avenue	1997 Series C	Bronx	48	97%	172,653.33	$455,000	7.50%	3/30/00	4/01/09	N/A	8	S
N/A	PLP	1296 Sheridan Avenue	2005 Series B	Bronx	59	99%	(S) 2,290,653.21	$2,537,000	1.00%	06/04/97	07/01/27	N/A	1	S
N/A	PLP	1469-71 Bedford Avenue	1997 Series C	Brooklyn	27	96%	791,216.21	$956,725	6.50%	8/25/00	9/01/12	N/A	8	S
N/A	PLP	1544 Park Place	1997 Series C	Brooklyn	34	97%	323,424.27	$460,000	7.25%	5/07/98	6/01/16	N/A	8	BA

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▼ The Mortgagor of this development has notified the Corporation of its intent to prepay its Mortgage Loan.

Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
N/A	PLP	1572 Lexington Avenue	1997 Series C	Manhattan	13	100%	376,986.35	$540,039	7.73%	10/05/98	10/01/15	N/A	8	S
N/A	PLP	1615 St. John's Place	2005 Series B	Brooklyn	34	97%	775,183.73	$788,000	7.05%	01/01/05	12/01/34	N/A	1	S
N/A	PLP	1740 Grand Avenue	1997 Series C	Bronx	92	98%	709,689.79	$1,107,738	7.25%	6/03/98	7/01/14	N/A	8	S
N/A	PLP	1985 & 1995 Creston Ave.	1997 Series C	Bronx	85	76%	642,503.11	$987,383	6.80%	5/27/99	6/01/14	N/A	8	BA
N/A	PLP	2038 5th Avenue	1997 Series C	Manhattan	7	100%	160,629.79	$195,000	7.65%	12/13/99	1/01/20	N/A	8	S
N/A	PLP	2245, 59, 85 & 89 Adam Clayton Powell Boulevard	1997 Series C	Manhattan	27	100%	327,112.33	$406,086	7.20%	3/08/00	4/01/19	N/A	8	S
N/A	PLP	2492 Frederick Douglass Boulevard	1997 Series C	Manhattan	27	100%	104,479.97	$152,000	9.00%	4/23/99	5/01/14	N/A	8	BA
N/A	PLP	2733 Frederick Douglass Boulevard	1997 Series C	Manhattan	12	100%	273,783.56	$406,000	6.92%	7/27/98	8/01/15	N/A	8	S
N/A	PLP	Broadway Terrace	2005 Series B	Manhattan	51	100%	446,811.06	$651,895	3.00%	04/01/00	03/01/17	N/A	1	S
N/A	PLP	Brook East	2001 Series C	Bronx	34	100%	941,535.75	$1,000,000	6.00%	03/05/04	04/30/34	N/A	8	S
N/A	PLP	Harmony House	2004 Series J	Manhattan	55	100%	2,107,668.76	$2,200,000	7.15%	10/01/02	09/30/32	N/A	8	S
N/A	PLP	West 148th Street Cluster	2005 Series B	Manhattan	86	100%	2,748,560.59	$2,900,000	6.90%	11/01/04	10/01/22	N/A	1	S
N/A	GML Article 16	Two Bridges	1997 Series C	Manhattan	198	98%	4,457,651.40	$7,541,997	8.00%	3/03/98	3/01/13	N/A	7	S
N/A N/A	New HOP New HOP	Celebration at Rainbow Hill	1999 Series A 2005 Series B	Staten Island	74	96%	8,296,056.73 (S) 1,006,604.94	$8,768,000 $1,030,000	7.50% 1.00%	5/24/01 07/01/01	6/01/31 6/01/31	N/A N/A	10 1	S
N/A	New HOP	221 Parkville Avenue	2002 Series C	Brooklyn	41	100%	4,550,000.00	$4,550,000	8.00%	6/19/06	7/31/36	N/A	8	S
N/A N/A	New HOP New HOP	222-26 & 247-65 West 144th St.	2002 Series C 2005 Series B	Manhattan	100	100%	5,635,047.31 (S) 3,800,00.00	$5,820,000 $3,800,000	7.75% 1.00%	07/15/04 10/01/04	02/01/34 02/01/34	N/A N/A	8 1	S
N/A	New HOP	277 Gates Ave.	2002 Series C	Brooklyn	35	100%	2,405,787.49	$2,500,000	8.00%	9/19/05	10/31/36	N/A	8	S
N/A N/A	New HOP New HOP	1061 East 73rd Street a/k/a 1961 Ralph Avenue	2002 Series C 2005 Series B	Brooklyn	72	94%	9,037,272.84 (S) 2,290,738.10	$9,190,000 $2,330,000	8.00% 1.00%	07/25/04 09/01/04	04/30/34 08/01/34	N/A N/A	8 1	S
N/A	New HOP	9501 Rockaway Beach Boulevard	2002 Series C	Queens	72	100%	5,357,691.56	$5,380,000	7.00%	1/19/06	2/28/36	N/A	8	S

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†† For Mortgage Loans that have been refinanced, the Mortgage Loan Closing Date represents the initial closing date. The Mortgage Loan refinancing occurred in the year of the Applicable Series Resolution.

††† Where there is more than one expiration date, the Development was completed in two or more stages.

†††† Physical inspection ratings determined by the Corporation are as follows: SUP = Superior: S = Satisfactory: BA = Below Average: and U = Unsatisfactory (see Appendix E-3).

Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
N/A	New HOP	279 West 117th Street	2002 Series A	Manhattan	138	99%	18,377,991.99	$18,770,000	6.00%	10/27/04	11/01/34	N/A	8	SUP
N/A	New HOP	306-18 West 117th Street	2002 Series A	Manhattan	96	96%	17,529,389.06	$17,600,000	6.00%	01/31/06	03/31/36	N/A		S
N/A	New HOP	90-05 161st Street	2002 Series C	Queens	90	95%	8,964,203.15	$9,100,000	7.50%	11/15/04	01/01/35	N/A	8	S
N/A N/A	New HOP New HOP	141-24 & 141-28 84th Drive	2002 Series C 2005 Series B	Queens	49	92%	6,630,529.97 (S) 1,449,150.84	$6,760,000 $1,466,554	7.50% 1.00%	10/06/04 12/01/04	11/01/34 07/01/34	N/A N/A	8 1	S
N/A N/A	New HOP New HOP	893-95 Pacific Street	2002 Series C 2005 Series B	Brooklyn	16	100%	1,467,598.09 (S) 166,427.44	$1,490,000 $200,000	8.00%	09/28/04 11/01/04	11/01/34 10/01/14	N/A N/A	8 1	S

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Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
N/A	New HOP	Artimus Vacant Buildings	2002 Series C	Manhattan	42	93%	18,377,991.99	$3,020,000	6.88%	02/15/06	03/31/25	N/A	8	S
N/A	New HOP	Beach 94th Street & Holland Ave.	2002 Series C	Queens	92	95%	17,529,389.06	$7,640,000	7.75%	01/28/05	04/01/35	N/A	8	S
N/A	New HOP	210-214 East 118th Street	1999 Series B	Manhattan	27	100%	8,964,203.15	$3,400,000	6.75%	02/14/05	04/01/35	N/A	8	S
N/A	New HOP	Orloff Avenue	1999 Series B	Bronx	101	97%	6,630,529.97 (S) 1,449,150.84	$10,740,000	6.75%	02/15/06	06/30/36	N/A	8	S
N/A	New HOP	64-78 West 9th Street	2000 Series B	Brooklyn	26	99%	1,467,598.09 (S) 166,427.44	$3,060,000	8.50%	04/26/05	06/30/34	N/A	8	S
N/A	New HOP	138 East 112th Street	2004 Series C	Manhattan	43	98%	18,377,991.99	$6,210,000	6.75%	03/31/06	04/30/36	N/A	8	S
N/A	New HOP	201 West 148th Street	2004 Series C	Manhattan	25	100%	17,529,389.06	$1,785,000	7.00%	07/22/06	06/30/36	N/A	8	S
N/A	New HOP	1400 Fifth Avenue	2005 Series B	Manhattan	129	98%	8,964,203.15	$1,892,997	1.00%	11/16/04	12/01/34	N/A	1	S
N/A	New HOP	Madison Park Apartments	2005 Series B	Manhattan	129	100%	6,630,529.97 (S) 1,449,150.84	$7,500,000	4.25%	12/01/02	11/01/27	N/A	1	BA
N/A	HTF	Brook Avenue Gardens	1997 Series C	Bronx	79	99%	1,467,598.09 (S) 166,427.44	$2,750,000	7.15%	1/26/01	3/01/31	N/A	8	BA
N/A N/A	HTF HTF	1046 & 1050 Hoe Avenue	1997 Series C 2005 Series B	Bronx	42	100%	18,377,991.99	$900,000 $420,000	7.00% 3.00%	6/01/00 6/01/00	5/01/14 5/01/18	N/A N/A	8 1	S
N/A	HTF	Wavecrest Apartments II	1999 Series C	Queens	123	93%	17,529,389.06	$5,600,000	6.00%	1/14/03	10/01/31	N/A	8	S
N/A	HTF	75 East 116th Street	2000 Series A	Manhattan	129	98%	8,964,203.15	$6,890,000	7.00%	10/24/02	9/01/32	N/A	8	S
N/A	HTF	Nelson Senior Houses	2001 Series C	Bronx	82	98%	6,630,529.97 (S) 1,449,150.84	$3,380,000	6.00%	03/25/04	04/30/34	N/A	8	S
N/A	HTF	2913, 2917, 2919,2920 & 2922 Eighth Avenue	2002 Series E	Manhattan	40	95%	1,467,598.09 (S) 166,427.44	$2,200,000	5.10%	08/01/05	07/31/35	N/A	8	S
N/A	HTF	Freeman Simpson	2004 Series C	Bronx	67	98%	18,377,991.99	$1,230,000	7.40%	6/16/04	7/01/34	N/A	8	S
N/A	Certificate Program	Linden Mews	2002 Series B	Brooklyn	36	100%	17,529,389.06	$1,230,000	6.00%	8/29/02	9/01/32	N/A	8	S
N/A	Certificate Program	Spring Creek IV	2002 Series B	Brooklyn	83	88%	8,964,203.15	$2,620,000	6.00%	8/29/02	7/01/32	N/A	8	S
N/A	Certificate Program	2035 Marmion Avenue	2002 Series B	Bronx	90	97%	6,630,529.97 (S) 1,449,150.84	$3,300,000	6.00%	7/26/02	7/01/32	N/A	8	S

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†††† Physical inspection ratings determined by the Corporation are as follows: SUP = Superior: S = Satisfactory: BA = Below Average: and U = Unsatisfactory (see Appendix E-3).

Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
N/A	Certificate Program	678 Sagamore Street	2001 Series C	Bronx	84	96%	1,467,598.09 (S) 166,427.44	$3,400,000	6.00%	5/05/03	7/01/33	N/A	8	S
N/A	Certificate Program	900 Ogden Avenue	2002 Series F	Bronx	120	98%	4,382,988.50	$4,600,000	5.75%	1/06/03	2/01/33	N/A	7	S
N/A	Certificate Program	2080 LaFontaine Avenue	2002 Series E	Bronx	74	100%	3,017,887.09	$3,100,000	5.75%	01/25/04	07/31/34	N/A	8	S

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Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgag e Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
N/A	Certificate Program	1314 Nelson Avenue	2003 Series E	Bronx	115	95%	4,673,511.26	$4,830,000	5.75%	10/06/03	2/01/34	N/A	8	S
N/A	ML Restructuring	Albert Einstein♠	2004 Series E	Bronx	634	98%	8,766,470.18	$8,918,472	6.50%	8/01/72	1/31/35	N/A	11	S
N/A	ML Restructuring	Cadman Plaza North♠	2004 Series E	Brooklyn	250	96%	2,078,434.75	$2,114,473	6.50%	5/01/67	1/31/35	N/A	11	S
N/A	ML Restructuring	Carol Gardens♠	2004 Series E	Bronx	314	99%	2,996,951.16	$3,046,070	6.50%	3/01/67	1/31/35	N/A	11	S
N/A	ML Restructuring	Esplande Gardens♠	2004 Series E	Manhattan	1870	99%	14,418,012.78	$14,668,007	6.50%	6/01/67	1/31/35	N/A	11	S
N/A	ML Restructuring	Goddard Riverside♠	2004 Series E	Manhattan	193	100%	2,378,322.13	$2,419,560	6.50%	11/08/67	1/31/35	N/A	11	S
N/A	ML Restructuring		2004 Series E				1,616,771.64	$1,644,805	6.50%	3/05/69	1/31/35	N/A	11	
NA	ML Repair Loan	Jefferson Towers♠	2004 Series F	Manhattan	189	99%	(S) 1,387,612.86	$1,447,795	6.25%	09/01/05	07/31/20	N/A	7	S
N/A	ML Restructuring	Kingsbridge Arms♠	2004 Series E	Bronx	105	100%	768,639.68	$781,967	6.50%	2/01/65	1/31/35	N/A	11	BA
N/A	ML Restructuring	Montefiore Hospital II♠	2004 Series E	Bronx	398	99%	6,888,103.28	$7,007,537	6.50%	7/01/72	1/31/35	N/A	11	S
N/A	ML Restructuring	Riverbend♠	2004 Series E	Manhattan	622	99%	8,256,518.45	$8,399,679	6.50%	6/01/68	1/31/35	N/A	11	S
N/A	ML Restructuring	RNA House♠	2004 Series E	Manhattan	207	100%	1,839,090.12	$1,870,978	6.50%	4/01/67	1/31/35	N/A	11	S
N/A	ML Restructuring	Scott Tower♠	2004 Series E	Bronx	351	100%	2,744,953.02	$2,792,548	6.50%	5/01/67	1/31/35	N/A	11	S
N/A	ML Restructuring	TriFaith Apartments♠	2004 Series E	Manhattan	147	100%	1,492,782.94	$1,518,666	6.50%	9/01/68	1/31/35	N/A	11	S
N/A	ML Restructuring	Village East♠	2004 Series E	Manhattan	427	99%	4,155,907.53	$4,219,371	6.50%	7/01/68	1/31/35	N/A	11	S
N/A	ML Restructuring	Washington Square SE♠	2004 Series E	Manhattan	175	100%	1,904,546.80	$1,935,618	6.50%	3/01/67	1/31/35	N/A	11	S
N/A	ML Restructuring	Woodstock Terrace♠	2004 Series E	Bronx	319	99%	2,210,441.56	$2,248,769	6.50%	11/01/62	1/31/35	N/A	11	BA
N/A	ML Restructuring	Atlantic Plaza Towers♠	2005 Series A	Brooklyn	716	98%	5,863,961.28	$5,930,232	6.50%	9/21/65	6/30/35	N/A	11	S
N/A	ML Restructuring	Brighton House♠	2005 Series A	Brooklyn	191	100%	1,481,447.43	$1,499,656	6.50%	9/24/69	6/30/35	N/A	11	S

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Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgag e Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
N/A	ML Restructuring	Gouverneur Gardens♠	2005 Series A	Manhattan	778	99%	6,011,864.92	$6,085,757	6.50%	5/18/65	6/30/35	N/A	11	S
N/A	ML Restructuring	Strycker's Bay♠	2005 Series A	Manhattan	233	99%	1,799,380.03	$1,821,496	6.50%	1/15/68	6/30/35	N/A	11	S
N/A	ML Restructuring	Bethune Tower	2006 Series D	Manhattan	133	98%	1,536,667.00	$1,536,667	6.50%	11/15/68	7/1/36	N/A	11	SUP
N/A	ML Restructuring	Rosalie Manning	2006 Series D	Manhattan	108	100%	914,615.17	$914,615	6.50%	9/22/65	7/1/36	N/A	11	S
Fannie Mae	ML Restructuring, Section 236	Hamilton Housing♠	2005 Series E	Manhattan	176	94%	3,431,990.25	$3,552,085	6.50%	9/29/72	10/31/35	10/1/22	11	S
Fannie Mae	ML Restructuring, Section 236	1199 Plaza♠	2005 Series F	Manhattan	1594	97%	57,142,271.42	$58,530,903	6.50%	5/15/73	10/31/35	8/1/25	11	S
Fannie Mae	ML Restructuring, Section 236	Clinton Towers♠	2005 Series F	Manhattan	396	95%	12,317,902.79	$12,651,477	6.50%	1/30/73	10/31/35	2/1/25	11	S
Fannie Mae	ML Restructuring, Section 236	Confucius Plaza♠	2005 Series F	Manhattan	762	98%	27,958,776.71	$28,663,900	6.50%	7/26/73	10/31/35	12/1/25	11	S
Fannie Mae	ML Restructuring, Section 236	Crown Gardens♠	2005 Series F	Brooklyn	239	99%	8,033,072.49	$8,241,952	6.50%	3/2/71	10/31/35	7/1/23	11	S
Fannie Mae	ML Restructuring, Section 236	Second Atlantic Terminal♠	2005 Series F	Brooklyn	305	99%	10,570,714.71	$10,809,667	6.50%	6/20/73	10/31/35	4/1/26	11	S
Fannie Mae	ML Restructuring, Section 236	Lincoln Amsterdam♠	2005 Series J	Manhattan	186	99%	7,365,596.35	$7,490,187	6.50%	12/3/74	1/31/36	6/1/25	11	SUP
Fannie Mae	ML Restructuring, Section 236	First Atlantic	2006 Series D	Brooklyn	201	97%	6,882,574.83	$6,882,575	6.50%	8/16/79	7/1/36	2/28/26	11	SUP
N/A N/A	ML Restructuring, Section 236 ML Repair Loan	North Shore Plaza♠	2005 Series F 2004 Series F	Staten Island	536	88%	16,551,620.81 (S) 11,040,623.35	$16,977,913 $11,157,846	6.50% 5.25%	7/10/79 9/23/05	10/31/35 10/31/35	12/1/26 N/A	11 7	U

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Supple-mental Security	Subsidy Program(s)†	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date††	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date †††	Prepayment Category (see Appendix E-2)	Physical Inspection††††
N/A	ML Restructuring, Section 236	Stevenson Commons♠	2005 Series J	Bronx	948	99%	28,491,645.50	$29,012,737	6.50%	12/31/73	1/31/36	1/1/26	11	S
N/A N/A	N/A N/A	Maple Plaza	2005 Series B 2005 Series B	Manhattan	155	100%	(S) $1,168,583.97 (S) $400,000.00	$1,624,635.14 $400,000.00	3.00% 3.00%	1/22/99 1/16/03	11/1/29 11/1/29	N/A N/A	1 1	S
N/A	Section 236	Knickerbocker Plaza♠	1999 Series A	Manhattan	578	98%	20,296,625.75	$24,844,100	9.50%	1/01/82	7/20/25	7/20/25	1	S
N/A	Section 236	Linden Plaza♦♠	1996 Series A	Brooklyn	1527	96%	32,816,875.92	$50,301,388	6.0019% ($48,560,652.50) 6.33652% ($1,740,735.38)	11/01/71	5/01/23	5/01/23	1	U
Total					29,346		$1,153,538,488.39	$1,253,525,415						

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♠ The Mortgagor of this Development is regulated by HPD pursuant to the Mitchell-Lama Law.
♦ The Mortgagor of this Development has received a Notice of Violation/Default of its Section 236 Contract from HUD because of low inspection ratings.

TABLE 3: DEVELOPMENTS AND PERMANENT MORTGAGE LOANS UNDERLYING THE 2006 SERIES A PARTICIPANT INTEREST AS OF JULY 31, 2006

2006 SERIES A PURCHASED MORTGAGE LOANS AND 2006 SERIES A TRUST MORTGAGE LOANS AS OF JULY 31, 2006*

Type	Supplemental Security	Subsidy Program(s)	Number of Mortgage Loans	Number of Units	Aggregate Outstanding Mortgage Balance	Weighted Average Mortgage Interest Rate	Weighted Average Remaining Years to Maturity†	Percentage Self-Amortizing Loans	Percentage Senior Position Loans	Prepayment Category (see Appendix E-2)
Purchased	FHA 221(d)(4)	HoDAG/PLP	1	30	$819,973	1.00%	13.1	100.00%	100.00%	1
Purchased	FHA 223(a)(7)	HoDAG/PLP	1	104	569,474	1.00%	5.5	100.00%	100.00%	1
Purchased	N/A	Section 8 Mod Rehab/PLP	16	791	5,593,088	1.00%	13.5	100.00%	71.16%	1
Purchased	N/A	HoDAG/PLP	5	583	20,926,698	1.00%	20.6	42.95%	57.05%	1
Purchased	N/A	PLP	283	12,140	299,506,310	1.00%	16.7	36.00%	19.93%	1
Purchased	N/A	N/A***	6	1,982	13,990,593	5.17%	19.8	60.35%	39.65%	1
Purchased	N/A	Article 8-A	90	7,611	21,935,458	3.00%	14.6	78.85%	12.32%	1
Purchased	N/A	Article 8-A	82	8,814	20,635,168	2.50%	15.2	91.14%	32.96%	13
	SUB-TOTAL**		**484**	**32,055**	**$383,976,762**	**1.35%**	**16.78**	43.84%	23.98%	
Trust	N/A	PLP	43	4,140	$119,814,091	1.00%	15.5	43.60%	29.20%	1
Trust	N/A	Section 236***	4	1,245	43,642,512	8.34%	22.1	16.95%	100.00%	1
Trust	N/A	N/A***	32	7,504	43,560,427	5.17%	9.2	44.07%	100.00%	1
Trust	N/A	Article 8-A	8	2,868	2,788,652	1.33%	5.2	100.00%	15.46%	13
	SUB-TOTAL**		**87**	**15,757**	**$209,805,682**	**3.40%**	**15.45**	38.90%	58.44%	
	TOTAL**		**571**	**47,812**	**$593,782,444**	**2.07%**	**16.31**	42.10%	36.16%	

† The cash flow on the Class B-1 Sheridan Trust II Certificate is based on the weighted average mortgage rate on the 2006 Series A Trust Mortgage Loans (net of servicing and trustee fees). The payments on the Class B-1 Sheridan Trust II Certificate began on September 26, 2005.

* Since July 31, 2006, the Corporation has received regularly scheduled payments on the mortgage loans. In addition, since July 31, 2006, mortgagors of seventeen (17) mortgage loans underlying the 2006 Series A Mortgage Loan with an aggregate outstanding principal balance of approximately $18,802,311 have prepaid their mortgage loans and the Corporation has received notification from the mortgagors of three (3) mortgage loans underlying the 2006 Series A Mortgage Loan with an aggregate outstanding principal balance of $1,336,020 that such mortgagors intend to prepay their mortgage loans.

** May not add due to rounding.

*** All of the mortgagors of these mortgage loans are regulated by HPD pursuant to the Mitchell-Lama Law.

TABLE 4: DEVELOPMENTS AND CONSTRUCTION MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM AS OF JULY 31, 2006

Supple-mental Security	Subsidy Program	Development Name	Applicable Series Resolution	Borough	No. of Units	Advances Made to Date	Construction Mortgage Loan Amount	Construction Loan Interest Rate	Anticipated Permanent Mortgage Loan Amount	Permanent Mortgage Interest Rate	Anticipated Permanent Mortgage Loan Closing Date	Final Permanent Mortgage Maturity	Prepayment Category (Appendix E-2)
N/A	New HOP/ HTF	Village Care Apartments	1999 Series E	Manhattan	85	9,278,496.50	$10,350,000	6.20%	$9,790,000	6.35%	6/01/07	7/01/36	8
Bank LOC	LAMP	Logan Gardens	2005 Series K	Manhattan	104	640,543.46	$4,230,000	5.05%	$4,230,000	5.25%	7/27/07	8/01/37	8
Bank LOC	LAMP	Two Bridges Senior Apts.	2005 Series K	Manhattan	109	6,518,282.48	$8,500,000	5.05%	$8,500,000	5.25%	3/29/07	3/29/37	8
Long-term LOC	LAMP	Fania Gersham Apartments	2006 Series C	Manhattan	29	2,230,000.00	$2,500,000	4.99%	$2,050,000	5.35%	9/29/07	10/01/37	9
Long-term LOC	LAMP	Self Help Houses	2006 Series C	Queens	149	5,488,786.00	$9,100,000	4.84%	$6,000,000	5.35%	9/29/07	10/01/37	9
N/A	LAMP	Clinton Parkview Apartments	2003 Series B	Manhattan	96	12,200,000.00	$12,200,000	4.60%	$11,295,000	5.30%	4/15/07	7/29/35	9
N/A	LAMP	Dr. Betty Shabazz Houses	2003 Series B	Brooklyn	160	7,170,618.00	$7,400,000	4.60%	$7,000,000	5.80%	3/31/07	9/19/35	9
N/A	LAMP	Medgar Evers Houses	2003 Series B	Brooklyn	308	8,345,106.45	$8,400,000	4.60%	$6,815,000	5.30%	3/31/07	9/19/35	9
N/A	LAMP/HTF	Olga Mendez	2003 Series E	Manhattan	74	4,070,000.00	$8,100,000	3.91%	$4,070,000	3.91%	3/31/07	12/01/35	9
N/A	LAMP/HTF	Palacio del Sol	2003 Series E	Bronx	124	7,412,253.06	$13,485,000	4.02%	$7,420,000	3.86%	3/31/07	12/11/35	9
N/A	LAMP/ Certificate Program	1001 Martin Luther King Jr. Boulevard (a/k/a University Avenue)	2003 Series E	Bronx	89	4,465,900.46	$7,915,000	4.05%	$4,480,000	4.05%	3/31/07	12/22/35	9
N/A	LAMP	Freeman Gardens	2004 Series B	Bronx	36	3,418,022.62	$4,225,000	5.25%	$1,305,000	5.95%	3/31/07	4/01/36	9
N/A	LAMP	1450 Clay Avenue	2004 Series B	Bronx	98	6,212,512.26	$10,970,000	5.25%	$6,885,000	5.95%	3/31/07	7/22/36	9
N/A	LAMP	Claremont Park Apartments	2006 Series C	Bronx	98	1,510,000.00	$1,510,000	4.25%	$0	4.25	1/22/07	07/01/37	9
FHA 221 (d)(4)	Section 8	Phipps Plaza South	2005 Series H	Manhattan	404	1,081,805.00	$30,098,700	6.5%	30,908,700	6.5%	10/31/08	2/01/49	8
GNMA	Section 8/LAMP	Wien House	2004 Series H	Manhattan	100	8,940,349.00	$9,395,000	5.60%	$9,395,000	5.60%	11/28/06	12/29/45	8
GNMA	Section 8/LAMP	Kings County Senior Residence	2005 Series D	Brooklyn	173	7,192,906.00	$13,145,000	4.80%	$13,145,000	3.22%	01/01/07	07/01/45	7
REMIC	LAMP	Jacob's Place	2005 Series C	Bronx	63	1,687,731.98	$7,365,000	3.41%	$1,335,000	5.50%	04/01/07	07/01/37	9
REMIC	LAMP	Westchester Avenue	2005 Series C	Bronx	70	5,101,627.50	$9,650,000	3.61%	$2,870,000	5.50%	01/01/07	07/01/37	9
REMIC	LAMP	45 Malta	2005 Series L	Brooklyn	48	1,201,972.44	$4,850,000	3.85%	$2,200,000	5.75%	6/28/08	1/01/38	9
REMIC	LAMP	1068 Gerard Avenue	2005 Series L	Bronx	82	2,476,952.61	$11,920,000	4.22%	$3,665,000	5.75%	12/30/07	12/30/39	9
REMIC	LAMP	Morrisania Terrace	2005 Series L	Bronx	42	980,142.68	$5,175,000	3.85%	$1,420,000	5.75%	9/28/07	1/01/38	9
REMIC	LAMP	Prospect Avenue	2005 Series L	Bronx	124	1,771,679.00	$15,200,000	4.28%	$5,415,000	5.75%	12/28/07	1/01/38	9
REMIC	LAMP	830 Fox Street	2006 Series C	Bronx	58	434,247.00	$7,500,000	4.63%	$3,155,000	5.85%	6/29/08	7/01/38	9
REMIC	LAMP	1211 Southern Blvd.	2006 Series C	Bronx	123	1,185,778.00	$17,000,000	4.61%	$6,835,000	5.15%	6/29/08	7/01/36	9
REMIC	LAMP	East Tremont Ave Apts (a/k/a 1920 Washington Avenue)	2006 Series C	Bronx	73	1,262,387.00	$9,700,000	4.56%	$3,290,000	5.15%	04/29/08	7/01/36	9
REMIC	LAMP	Lenox Powell Apartments	2006 Series C	Manhattan	59	374,763.00	$6,100,000	4.68%	$2,935,000	5.85%	6/29/08	7/01/38	9

Supple-mental Security	Subsidy Program	Development Name	Applicable Series Resolution	Borough	No. of Units	Advances Made to Date	Construction Mortgage Loan Amount	Construction Loan Interest Rate	Anticipated Permanent Mortgage Loan Amount	Permanent Mortgage Interest Rate	Anticipated Permanent Mortgage Loan Closing Date	Final Permanent Mortgage Maturity	Prepayment Category (Appendix E-2)
REMIC	LAMP	St. Peter's Avenue Apartments (a/k/a 2511 Westchester Avenue	2006 Series C	Bronx	58	598,955.00	$10,155,000	4.65%	$4,520,000	5.85%	6/29/08	7/01/38	9
REMIC	LAMP	West 153rd Street	2006 Series C	Manhattan	85	321,900.00	$9,960,000	4.45%	$2,470,000	5.85%	12/25/08	7/01/38	9
REMIC	New HOP	Ralph Avenue Phase II	2004 Series J	Brooklyn	72	9,810,000.00	$9,810,000	6.55%	$9,810,000	7.25%	10/19/06	12/01/34	8
REMIC	New HOP	250 West 116th Street	2004 Series J	Manhattan	32	2,578,842.05	$2,815,000	6.55%	$2,815,000	7.25%	10/18/06	05/01/37	8
SONYMA	LAMP/HTF	Abeken Apartments	2004 Series B	Bronx	120	10,512,028.91	$12,500,000	5.25%	$6,315,000	5.95%	3/31/07	6/29/36	9
SONYMA	LAMP/ MIRP	Silverleaf	2004 Series B	Bronx	118	11,790,913.16	$12,675,000	5.25%	$5,120,000	5.95%	3/31/07	6/28/36	9
SONYMA	LAMP	University Macombs	2004 Series I	Bronx	210	13,319,633.65	$14,000,000	5.15%	$13,675,000	5.85%	12/29/06	01/01/37	8
SONYMA	LAMP	Brook Willis Apartments	2006 Series C	Bronx	122	53,620.00	$7,460,000	5.15%	$6,565,000	5.85%	6/29/08	6/29/38	9
SONYMA	New HOP	East 119th Street Coop	2004 Series C	Manhattan	111	16,209,374.19	$19,500,000	6.30%	$5,100,000	7.00%	8/30/06	6/22/36	9
N/A	ML Repair Loan	Atlantic Plaza Towers	2004 Series F	Brooklyn	716	2,710,717.96	$6,011,986	1.00%	$6,011,986	6.25%	10/10/06	10/10/19	7
N/A	ML Repair Loan	Carol Gardens	2004 Series F	Bronx	314	1,751,949.91	$3,564,000	6.25%	$3,564,000	6.25%	11/16/06	11/16/34	7
N/A	ML Repair Loan	Crown Gardens Coop	2004 Series F	Brooklyn	239	227,088.49	$252,320	1.32%	$252,320	6.25%	10/01/08	9/30/23	7
N/A	ML Repair Loan	Lincoln Amsterdam	2004 Series F	Manhattan	186	1,308,162.00	$1,546,618	5.25%	$1,546,618	5.25%	2/01/06	2/01/26	7
N/A	ML Repair Loan	Second Atlantic Terminal	2004 Series F	Brooklyn	305	2,607,969.04	$3,000,000	6.25%	$3,000,000	6.25%	11/01/05	10/31/25	7
N/A	ML Repair Loan	Stevenson Commons	2004 Series F	Bronx	947	11,166,629.80	$11,229,999	1.00%	$11,229,999	6.00%	8/19/06	8/19/18	7
N/A	ML Repair Loan	Stryckers Bay	2004 Series F	Manhattan	234	340,984.68	$1,995,000	6.25%	$1,995,000	6.25%	9/10/06	10/01/18	7
N/A	ML Repair Loan	Washington Square SE	2004 Series F	Manhattan	175	298,868.34	$1,320,000	6.25%	$1,320,000	6.25%	12/08/06	12/08/14	7
N/A	ML Repair Loan	Hamilton House	2005 Series G	Manhattan	176	4,725,197.76	$4,840,000	6.25%	$4,840,000	6.25%	2/01/06	10/31/17	7
N/A	New HOP	3800 Putnam Avenue	2002 Series C	Bronx	44	4,176,376.01	$4,310,000	6.75%	$4,310,000	8.00%	3/31/07	9/22/34	8
N/A	New HOP	Bethany Place	2004 Series C	Manhattan	28	991,546.04	$2,435,000	6.30%	$2,435,000	7.00%	3/31/07	3/31/36	8
N/A	New HOP	Twin Pine Apartments	2004 Series C	Bronx	28	308,928.81	$2,610,000	6.05%	$2,610,000	6.75%	3/31/07	10/01/35	8
N/A	New HOP	Shabazz (a/k/a 15-21 West 116th Street)	2004 Series C	Manhattan	38	4,054,521.11	$5,850,000	6.30%	$5,850,000	7.00%	3/31/07	12/24/37	8
N/A	New HOP	130-36 West 112th Street	2004 Series C	Manhattan	41	5,071,670.28	$5,450,000	6.05%	$5,450,000	6.75%	3/31/06	12/24/35	8
N/A	New HOP	1514 Sedgwick Avenue	2004 Series C	Bronx	96	10,043,581.28	$10,185,000	6.05%	$10,185,000	6.75%	1/31/07	05/01/36	8
TOTAL*					**7,473**	**$227,632,320.97**	**$419,458,624**		**$286,588,624**				

* Totals for Construction Mortgage Loan Amount and Anticipated Permanent Mortgage Loan Amount may not add due to rounding.

TABLE 5: 2004 SERIES D SECOND MORTGAGE LOANS HELD AS ASSETS OF THE CERTIFICATES TRUST UNDERLYING THE 2004 PARTICIPANT INTEREST AS OF JULY 31, 2006[†*]

Supplemental Security	Subsidy Program(s)	Number of Mortgage Loans	Number of Units	Aggregate Outstanding Mortgage Balance	Weighted Average Mortgage Interest Rate	Weighted Average Remaining Time to Maturity	Weighted Average Remaining Time to Sec. 236 Contract Expiration
N/A	Section 236	12	3,417	$79,967,951	8.1%	21.4 years	18.5 years

[†] For purposes of valuation under the General Resolution, the 2004 Participant Interest constitutes a "Mortgage Loan" and the principal balance of such Mortgage Loan is the amount of the projected cash flow to be paid under the Class B Certificates and not the principal amount of the underlying mortgage loans. As of July 31, 2006, such valuation was $8,713,206. In addition, the Corporation receives the portion of the prepayments of the mortgage loans that is distributable under the Certificates Trust after required payments on the Senior Class Certificates. See "THE PROGRAM - -2004 Participant Interest."

[*] Since July 31, 2006, the Corporation has received regularly scheduled payments on the mortgage loans. In addition, since July 31, 2006, the Corporation has received notification from the mortgagors of three (3) mortgage loans underlying the 2004 Participant Interest with an aggregate outstanding principal balance of $10,007,536 that such mortgagors intend to prepay their mortgage loans.

TABLE 6: DEVELOPMENTS AND PERMANENT MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM
ML RESTRUCTURING SECOND MORTGAGE LOANS
OUTSTANDING UNDER THE PROGRAM
AS OF JULY 31, 2006

Supplemental Security	Subsidy Program(s)	Applicable Series Resolution	Number of Mortgage Loans	Number of Units	Outstanding Mortgage Balance	Original Mortgage Amount	Mortgage Interest Rate	Final Mortgage Maturity
N/A	ML Restructuring	2004 Series E	15	6,309	$121,722,469.94	$121,722,469.94	0.00%	30 years
N/A	ML Restructuring	2005 Series A	4	1,918	$29,115,882.35	$29,115,882.35	0.00%	30 years
N/A	ML Restructuring	2005 Series E	1	176	$2,599,799.69	$2,599,799.69	0.00%	30 years
N/A	ML Restructuring	2005 Series F	6	3,832	$41,419,792.62	$41,419,792.62	0.00%	30 years
N/A	ML Restructuring	2005 Series J	2	1,134	$10,215,086.28	$10,215,086.28	0.00%	30 years
N/A	ML Restructuring	2006 Series D	3	442	$6,025,012.44	$6,025,012.44	0.00%	30 years

TABLE 7: DEVELOPMENTS AND PERMANENT MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM MORTGAGE LOANS UNDERLYING THE 2005 SERIES F PARTICIPANT INTEREST AND THE 2005 SERIES J PARTICIPANT INTEREST OUTSTANDING UNDER THE PROGRAM AS OF JULY 31, 2006*

Supplemental Security	Applicable Series Resolution	Number of Mortgage Loans	Number of Units	Outstanding Mortgage Balance	Original Mortgage Amount	Weighted Average Mortgage Interest Rate	Final Mortgage Maturity
N/A	2005 Series F†	10	2,425	$36,876,856	$36,876,856	4.38%	7/01/27-10/1/2028
N/A	2005 Series J†	5	2,431	$20,927,311	$20,927,311	3.42%	7/01/27-3/01/2029

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* Since July 31, 2006, the Corporation has received regularly scheduled payments on the mortgage loans. In addition, since July 31, 2006, mortgagors of two (2) mortgage loans underlying the 2005 Series F Participant Interest with an aggregate outstanding principal balance of approximately $1,273,942, and the mortgagor of one (1) mortgage loan underlying the 2005 Series J Participant Interest with an aggregate outstanding principal balance of approximately $1,700,115, have prepaid their mortgage loans. The Corporation has received notification from the mortgagor of one (1) mortgage loan underlying the 2005 Series F Participant Interest with an aggregate outstanding principal balance of $3,856,300 that such mortgagor intends to prepay its mortgage loan.

† The Corporation owns a participation interest in these loans. See "THE PROGRAM – 2005 Series F Participant Interest and 2005 Series J Participant Interest" in Part II of the Official Statement.

TABLE 8: DEVELOPMENTS AND MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM
DEVELOPMENTS AND MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM SUBSEQUENT TO JULY 31, 2006

Table 8. Developments and Construction Mortgage Loans financed with proceeds of the 2006 Series G Bonds, the 2006 Series H Bonds and the 2006 Series I Bonds. The 2006 Series J Bonds are expected to finance approximately $152,840,000 principal amount of 2006 Series J Mortgage Loans. The information below is as of January 31, 2007.

Anticipated Mortgage Loan Supplemental Security	Applicable Series Resolution	Subsidy Program	Development Name	Borough	Number of Units	Construction Loan Amount	Anticipated Permanent Mortgage Loan Amount	Expected Amount of Mandatory Prepayment
Long-term LOC	2006 Series G	LAMP	David Chavis Houses	Brooklyn	153	$12,500,000	$11,650,000	$850,000
Long-term LOC	2006 Series G	LAMP	Metropolitan Avenue	Brooklyn	65	$3,900,000	$3,150,000	$750,000
Long-term LOC	2006 Series G	LAMP	Monsignor Vetro	Brooklyn	45	$4,200,000	$3,800,000	$400,000
REMIC	2006 Series G	LAMP	Cedars	Bronx	95	$14,305,000	$2,525,000	$11,780,000
REMIC	2006 Series G	LAMP	Montmac (Unimac II)	Bronx	111	$7,200,000	$3,255,000	$3,945,000
REMIC	2006 Series H	LAMP	New Hope (Walton & Morris Avenue)	Bronx	63	$8,100,000	$2,775,000	$5,325,000
Long-term LOC	2006 Series H	LAMP	Casabe (121 St and Lexington Ave)	Manhattan	125	$8,800,000	$7,700,000	$1,100,000
REMIC	2006 Series H	LAMP	Monterey Phipps	Bronx	97	$13,180,000	$1,490,000	$11,690,000
REMIC	2006 Series H	LAMP	1926 Crotona Parkway	Bronx	95	$14,400,000	$5,985,000	$8,415,000
REMIC	2006 Series H	LAMP	YWCA	Brooklyn	84	$13,250,000	$2,800,000	$10,450,000
REMIC	2006 Series H	LAMP	Astoria Senior Residence	Queens	184	$21,700,000	$3,500,000	$18,200,000
REMIC	2006 Series I	New HOP	Casablanca Houses	Manhattan	48	N/A	$6,495,000	N/A
TOTAL					1,165	$121,535,000	$55,125,000	$72,905,000

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APPENDIX E-2

MORTGAGE LOAN PREPAYMENT PROVISIONS

One of the following categories of prepayment provisions applies to the voluntary prepayment of principal with respect to each of the outstanding Mortgage Loans. Appendix E-1 denotes which one of the prepayment provisions applies to each outstanding Mortgage Loan. The following chart summarizes the applicability of each prepayment category as of July 31, 2006. The chart does not include information with respect to the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest and the ML Restructuring Second Mortgage Loans.

Prepayment Category	Number of Mortgage Loans	Outstanding Principal Balance of Mortgage Loans*	Percentage of Total Outstanding Principal Balance of Mortgage Loans*
Category 1	563	$751,243,160	38.04%
Category 2	2	$2,413,355	0.12%
Category 3	4	$29,327,649	1.48%
Category 4	4	$12,081,959	0.61%
Category 5	1	$1,301,863	0.07%
Category 6	0	$0	0.00%
Category 7	17	$195,774,866	9.91%
Category 8	151	$489,129,371	24.77%
Category 9	27	$118,487,271	6.00%
Category 10	11	$57,176,286	2.90%
Category 11	31	$258,870,048	13.11%
Category 12	1	$30,366,757	1.54%
Category 13	83	$28,780,670	1.46%
TOTAL	**895**	**1,974,953,254**	**100.00%**

* May not add due to rounding.

In general, any prepayment described below is subject to the payment of certain fees and charges, and any prepayment premium or penalty described below will not constitute a Pledged Receipt or Recovery of Principal. In addition, prior written notice of any optional prepayment to the Corporation or the Mortgage Banker, as applicable, generally is required.

Category 1. Prepayments of the principal amount of the Mortgage Loan may be made at any time.

Category 2. Prepayments of the principal amount of the Mortgage Loan require the prior approval of FHA.

Category 3. Prepayments of the principal amount of the Mortgage Loan require the prior approval of FHA and the Corporation, and may not be made prior to the later of (i) 21 years after the date on which any units in the Development are first occupied or (ii) the date on which assistance under the HAP Contract relating to the Development is terminated.

Category 4. Prepayments of the principal amount of the Mortgage Loan require the prior approval of FHA and the Corporation, and may not be made prior to the later of (i) 22 years and 4 months after the date on which any unit in the Development is first occupied or (ii) the date on which assistance under the HAP Contract relating to the Development is terminated.

Category 5. Prepayments of the principal amount of the Mortgage Loan require the prior approval of FHA and the Corporation, and may not be made prior to the later of (i) sixteen (16) years and three (3) months after the date on which any unit in the Development is first occupied or (ii) the date on which assistance under the HAP Contract relating to the Development is terminated.

Category 6. Prepayments of the principal amount of the Mortgage Loan require the prior approval of the Corporation and may not be made prior to the date on which assistance under the HAP Contract relating to the Development is terminated.

Category 7. Prepayments of the principal amount of the Mortgage Loan may not be made prior to approximately ten (10) years after the closing of the Mortgage Loan.

Category 8. Prepayments of the principal amount of the Mortgage Loan may not be made prior to approximately six (6) to ten (10) years after the closing of the Mortgage Loan, and is subject to the payment of a premium for a specified period of time.

Category 9. Prepayments of the principal amount of the Mortgage Loan may not be made prior to approximately ten (10) years after the closing of the Mortgage Loan and is subject to the payment of a premium for a specified period of time.

In addition, the Mortgagor is required to make a mandatory prepayment of a portion of the Mortgage Loan, without any premium, approximately three (3) to five (5) years after the closing of the Mortgage Loan (which mandatory prepayment may be made prior to such time but in general not earlier than the first (1^{st}) or second (2^{nd}) anniversary of the closing of the Mortgage Loan). The amount of a Mortgage Loan subject to such mandatory prepayment represents the difference between the Construction Mortgage Loan Amount and the Anticipated Permanent Mortgage Loan Amount. See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Construction Mortgage Loans Outstanding under the Program as of July 31, 2006."

Category 10. Prepayments of the principal amount of the Mortgage Loan may not be made prior to fifteen (15) years after the date of the making of the permanent financing for the Mortgage Loan, and is subject to the payment of a premium for a specified period of time.

Category 11. Prepayments of the principal amount of the Mortgage Loan may not be made prior to approximately fifteen (15) years after the closing of the Mortgage Loan.

Category 12. Prepayments of the principal amount of the Mortgage Loan may not be made prior to twenty (20) years after the date of the making of the permanent financing for the Mortgage Loan, and is subject to the payment of a premium for a specified period of time.

Category 13. No prepayments of the Mortgage Loan are permitted.

APPENDIX E-3

PERMANENT MORTGAGE LOAN PHYSICAL INSPECTION RATINGS

The Corporation conducts an annual site review of each Development to monitor its physical condition; however, Developments with FHA-insured Mortgage Loans having a superior inspection rating need only be inspected by the Corporation every three (3) years and Developments with Permanent Mortgage Loans made recently may not have been inspected by the Corporation. During this review, the Corporation undertakes various procedures to monitor both the exterior and interior physical condition of the Developments. The exterior review includes an inspection of exterior walls and foundations, roofs, exterior walkways, security systems, and gas, water and sewage systems. The Corporation's interior review includes an inspection of floors, stairs, interior walkways, community space, electrical and plumbing fixtures, heating and air conditioning systems, and boiler facilities. In addition, the Corporation inspects, among other things, each Development's play areas, elevators, and fire and safety safeguards.

The Corporation's inspection ratings for the Developments, which incorporate HUD's inspection ratings for FHA-insured mortgage loans, include four rating levels: superior (HUD score: 90-100), satisfactory (HUD score: 60-89), below average (HUD score: 46-59) and unsatisfactory (HUD score: 0-45). Any FHA-insured Mortgage Loan with a below average or unsatisfactory physical inspection rating may be subject to foreclosure by HUD (see "THE PROGRAM—FHA-Insured Mortgage Loans with Low Inspection Ratings"). Appendix E-1 denotes which one of the four rating levels applies to each outstanding inspected Development. The following chart summarizes the applicability of each physical inspection rating level as of July 31, 2006. A significant majority of the mortgage loans underlying the 2006 Series A Mortgage Loan are not inspected by the Corporation; such mortgage loans not inspected by the Corporation are not included in this chart. In addition, the table excludes information with respect to the Developments related to the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest, the 2005 Series J Participant Interest and the ML Restructuring Second Mortgage Loans other than those Developments with other Mortgage Loans under the Open Resolution.

Physical Inspection	Number of Mortgage Loans*	Outstanding Principal Balance of Mortgage Loans	Percentage of Total Outstanding Principal Balance of Mortgage Loans
Superior	15	245,312,649	21.27%
Satisfactory	233	799,480,064	69.31%
Below Average	19	42,306,694	3.67%
Unsatisfactory	6	66,439,081	5.76%
TOTAL**	**273**	**$1,153,538,488**	**100.00%**

Superior

This rating is assigned based on a physical inspection that reveals no fire and safety violations; no roof or boiler leakage; no structural deficiencies; strict implementation of maintenance practices; adequate funds available to make necessary repairs; and overall attractive physical plant with highly presentable public and utility areas.

* Developments with Permanent Mortgage Loans made recently may not yet have been inspected by the Corporation.
** May not add due to rounding.

Satisfactory

This rating is assigned based on a physical inspection that reveals only minor violations in the Development which the Corporation believes management will cure; no structural deficiencies; no fire and safety violations; and basic adherence to maintenance practices.

Below Average

This rating is assigned based on a physical inspection that reveals an inoperable fire alarm control system for the Development regardless of other existing conditions; other fire and safety hazards in the Development; inoperable elevators; and/or structural deficiencies. Failure to correct all deficiencies or failure to fully comply with the Corporation's inspection process and/or reporting requirements after a satisfactory review may result in a below average rating on a subsequent review.

Unsatisfactory

This rating is assigned based on a physical inspection that reveals repeat violations including those covered under a below average rating; hazardous conditions throughout the Development including structural damage, leaking roofs and boilers; unattractive public and/or utility areas; and/or failure to correct deficiencies despite written warnings on at least two (2) occasions.

APPENDIX E-4

CROSS-CALL PROVISIONS AND RELATED INFORMATION

The following table sets forth for each Series of Bonds: the original par amount, the outstanding par amount, the maximum interest rate, the final maturity, whether cross-calls into a Series are permitted, and whether cross-calls out of a Series are permitted. As used herein, the term "cross-calls" refers to the redemption of Bonds of one Series from amounts representing Recoveries of Principal derived from or with respect to Mortgage Loans attributable to a different Series of Bonds. This table is not intended by the Corporation to be entirely inclusive of the information necessary for a Bondholder to determine the likelihood of redemptions due to cross-calls or otherwise with respect to a particular Series of Bonds. Many factors may affect the Corporation's decision to cross-call including, but not limited to, economic factors and certain limitations under Federal tax law.

Series of Bonds	Original Par Amount	Outstanding Par Amount[1]	Maximum Interest Rate	Final Maturity	Cross-Calls Into Series Permitted	Cross-Calls Out of Series Permitted
1995 Series A	$ 49,635,000	$ 265,000	5.60%	11/01/07	Yes	Yes
1996 Series A	217,310,000	11,755,000	5.625%	5/01/12	Yes	Yes
1997 Series C	30,000,000	15,250,000	6.73%	5/01/11	No	Yes
1998 Series A	57,800,000	53,300,000	6.84%	5/01/30	No	Yes
1998 Series B	21,380,000	19,850,000	5.25%	11/01/31	No	No
1999 Series A-1	49,100,000	33,300,000	6.06%	11/01/22	No	Yes
1999 Series B-2	30,200,000	26,000,000	7.32%	5/01/22	No	Yes
1999 Series C	9,800,000	3,320,000	5.70%	11/01/31	Yes	Yes
1999 Series D	8,110,000	6,470,000	5.50%	11/01/19	Yes	Yes
1999 Series E	10,715,000	9,720,000	6.25%	5/01/36	No	No
2000 Series B	24,800,000	23,900,000	7.79%	11/01/32	No	Yes
2001 Series A	30,115,000	29,410,000	5.60%	11/01/42	No	No
2001 Series B	87,370,000	2,650,000	5.25%	11/01/16	Yes	Yes
2001 Series C-2	17,770,000	16,965,000	5.40%	11/01/33	Yes	Yes
2002 Series A	36,370,000	34,745,000	5.50%	11/01/34	Yes	Yes
2002 Series B	7,150,000	6,790,000	5.50%	11/01/32	Yes	Yes
2002 Series C	49,500,000	48,440,000	15.00%[2]	5/01/34	No	Yes
2002 Series E-2	19,300,000	18,675,000	5.20%	11/01/34	Yes	Yes
2002 Series F	4,600,000	4,435,000	5.20%	11/01/32	Yes	Yes
2003 Series A	81,170,000	23,870,000	12.00%[3]	5/02/25	Yes	Yes
2003 Series B-1	9,525,000	2,890,000	2.30%	5/01/07	Yes	Yes
2003 Series B-2	33,175,000	29,795,000	4.60%	11/01/36	Yes	Yes
2003 Series E-1	16,840,000	0.00	2.75%	11/01/07	Yes	Yes
2003 Series E-2	28,690,000	28,690,000	5.05%	11/01/36	Yes	Yes
2004 Series A	147,150,000	142,490,000	5.25%	11/01/30	No	No
2004 Series B-1	20,745,000	20,745,000	3.00%	5/01/07	Yes	Yes
2004 Series B-2	22,625,000	22,465,000	5.30%	11/01/36	Yes	Yes
2004 Series C-1	14,400,000	14,400,000	3.90%	5/01/07	No	Yes
2004 Series C-2	47,920,000	47,910,000	6.34%	11/01/36	No	Yes
2004 Series D	18,000,000	18,000,000	5.55%	11/01/20	No[4]	No[4]
2004 Series E-1	39,595,000	39,595,000	4.95%	11/01/33	No[4]	No[4]
2004 Series E-2	28,700,000	28,700,000	5.75%	11/01/24	No[4]	No[4]
2004 Series F	33,970,000	33,970,000	5.70%	5/01/35	No	No
2004 Series G	10,680,000	10,560,000	5.63%	11/01/29	No	Yes
2004 Series H	9,395,000	9,360,000	5.25%	5/01/46	Yes	Yes
2004 Series I-1	325,000	325,000	2.90%	11/01/07	Yes	Yes
2004 Series I-2	26,320,000	26,115,000	5.20%	11/01/38	Yes	Yes
2004 Series J	27,900,000	26,895,000	5.70%	11/01/36	No	Yes
2005 Series A-1	9,735,000	9,735,000	4.60%	5/01/35	No[4]	No[4]

2005 Series B	51,750,000	48,825,000	12.00%[3]	11/01/37	No	Yes
2005 Series C	17,015,000	17,015,000	4.80%	5/01/37	No	No
2005 Series D	13,145,000	13,145,000	4.80%	5/01/47	No	No
2005 Series E	3,900,000	3,900,000	4.75%	11/01/35	No[4]	No[4]
2005 Series F-1	65,410,000	65,410,000	4.75%	11/01/35	No[4]	No[4]
2005 Series F-2	80,935,000	78,730,000	5.43%	11/01/17	No[4]	No[4]
2005 Series G	4,840,000	4,840,000	4.15%	11/01/18	Yes	Yes
2005 Series H	30,100,000	30,100,000	12.00%[3]	5/01/40	No	No
2005 Series I	3,445,000	3,445,000	12.00%[3]	5/01/36	Yes	Yes
2005 Series J-1	20,495,000	20,495,000	4.85%	5/01/36	No[4]	No[4]
2005 Series K	12,730,000	12,730,000	5.00%	11/01/37	Yes	Yes
2005 Series L	37,145,000	37,145,000	5.05%	11/01/39	Yes	Yes
2006 Series A	306,100,000	306,100,000	15.00%[3]	11/01/34	No	No
2006 Series C	81,635,000	81,635,000	5.125%	5/01/40	Yes	Yes
2006 Series D-1	2,510,000	2,510,000	4.95%	11/01/36	No[4]	No[4]
2006 Series D-2	7,495,000	7,495,000	12.00%[3]	5/01/26	No[4]	No[4]
2006 Series E	27,685,000	27,685,000	12.00%[3]	5/01/36	Yes	Yes
2006 Series F	2,655,000	2,655,000	12.00%[3]	5/01/40	Yes	Yes
2006 Series G-1	25,665,000	25,665,000	4.875%	11/01/39	Yes	Yes
2006 Series G-2	17,725,000	17,725,000	12.00%[3]	11/01/11	Yes	Yes
2006 Series H-1	25,005,000	25,005,000	4.70%	11/01/40	Yes	Yes
2006 Series H-2	55,180,000	55,180,000	3.95%	11/01/10	Yes	Yes
2006 Series I	6,700,000	6,700,000	5.96%	11/01/40	No	No
2006 Series J-1	100,000,000	100,000,000	15.00%	11/01/40	Yes	Yes
2006 Series J-2	54,475,000	54,475,000	15.00%	11/01/40	Yes	Yes

1 As of July 31, 2006.

2 This Series of Bonds bears interest at a variable rate equal to the FHLB Discount Notes Funding Cost plus three-tenths of one percent (0.3%). "FHLB Discount Notes Funding Cost" means the rate set forth on Telerate 24701 (or such other Telerate page as may replace said page 24701), at 10:00 a.m. (New York City time) on a Determination Date, with a maturity equal to three (3) months following such Determination Date. For this purpose, "Determination Date" means the date which is two (2) business days prior to the next Reset Date, and "Reset Date" means February 1, May 1, August 1 and November 1 of each year.

3 This Series of Bonds bears interest at an auction rate.

4 Cross-calls into this Series of Bonds are only permitted from, and cross-calls out of this Series are only permitted to, any Series of Mitchell-Lama Restructuring Bonds issued or to be issued

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APPENDIX F-1

CERTAIN INVESTMENTS UNDER THE GENERAL RESOLUTION

The following tables set forth for each Series of Bonds: the type of investment, the investment agreement, the counterparties to the respective investment agreements with the Corporation and the Trustee (which includes Bank of America, N.A. ("Bank of America"), Bayerische Landesbank Gironzentrale, New York Branch ("Bayerische"), Daiwa Securities America Inc. ("Daiwa Securities"), HSBC Securities (USA) Inc. ("HSBC Securities"), Rabobank International ("Rabobank"), Royal Bank of Canada ("RBC"), Societe Generale, New York Branch ("Societe Generale"), and Westdeutsche Landesbank Girozentrale, New York Branch ("West LB")), the amount of investment (except with respect to the Revenue Account), and the interest rate and the maturity date for such investments, for the Debt Service Reserve Account, the Bond Proceeds Account and certain of the amounts deposited in the Revenue Account as of October 31, 2006.

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Debt Service Reserve Account

Investment	Amount	Interest Rate	Maturity Date
Bayerische Time Deposit Repurchase Agreement	$22,194,999.98	6.60%	5/01/12
West LB Time Deposit Repurchase Agreement	$1,190,000.00	6.16%	10/31/18
Bayerische Time Deposit Agreement	$1,824,393.00	5.90%	4/30/11
Bayerische Time Deposit Agreement	$2,397,140.00	5.80%	5/01/30
Bayerische Time Deposit Agreement	$715,000.00	5.28%	11/01/31
Bayerische Time Deposit Agreement	$3,571,000.00	5.15%	5/01/37
Bayerische Time Deposit Agreement	$365,000.00	6.11%	6/01/36
Bank of America Time Deposit Agreement	$6,130,000.00	5.58%	11/01/16
U.S. Treasury Bonds	$2,531,000.00	7.125%	2/15/23
Short-term Investment Securities	$3,006,915.96	N/A	11/01/06††
Rabobank Time Deposit Agreement	$3,825,000.00	4.50%	11/01/33
Short-term Investment Securities	$3,946,400.00	5.25%	11/01/06††
Funding Agreement †	$15,305,000.00	N/A	11/01/27
Short-term Investment Securities	$3,980,400	5.24%	11/01/06††
Short-term Investment Securities	$22,200.00	5.19%	11/01/06††
Total	**$71,004,448.94**		

† To meet the Debt Service Reserve Account Requirement with respect to the 2006 Series A Bonds, the Corporation entered into a Funding Agreement with the Trustee. The payment obligation under such Funding Agreement is a general obligation of the Corporation.

†† The Corporation is currently making investments for this Series of Bonds in various short-term Investment Securities.

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Bond Proceeds Account

Series of Bonds	Type of Investment	Type of Investment Agreement	Investment Provider	Amount	Interest Rate	Maturity Date
1999 Series E	†	†	†	$65,000.00†	5.16%	11/01/06†
2002 Series C	†	Repo†	†	$865,000.00†	5.16%	11/01/06†
2003 Series B-2	Time Deposit	Deposit Agreement	Bayerische	$165,000.00	5.16%	11/01/06†
2004 Series B-1	†	Repo†		$1,958,000.00	5.16%	11/01/06†
2004 Series B-2	†	Repo†		$2,234,000.00	5.16%	11/01/06†
2004 Series C-2	†	Repo†		$4,856,000.00	5.16%	11/01/06†
2004 Series H	GNMA		NYC Housing Development Corporation	$8,940,349.00	5.35%	01/15/46
2004 Series H	Time Deposit	Deposit Agreement	RBC	$419,879.47	3.460%	4/01/07
2004 Series H	†	Repo†		$34,000.00	5.27%	11/01/06†
2004 Series I-1	Time Deposit	Deposit Agreement	RBC	$6,827.75	3.46%	4/01/07
2004 Series I-2	Time Deposit	Deposit Agreement	RBC	$278,922.49	3.46%	4/01/07
2004 Series J	Time Deposit	Deposit Agreement	RBC	$236,157.95	3.03%	12/01/06
2005 Series C	Time Deposit	Deposit Agreement	Societe Generale	$7,980,432.19	3.52%	11/30/07
2005 Series D	Time Deposit	Deposit Agreement	Societe Generale	$2,799,618.19	3.52%	4/30/07
2005 Series D	GNMA – CLC	-	NYC Housing Development Corporation	$10,318,118.00	3.83%	8/15/07
2005 Series D	†	Repo†		$27,000.00	5.270%	11/01/06†
2005 Series H	Time Deposit	Deposit Agreement	RBC	$28,582,511.32	5.211%	3/31/09
2005 Series K	Time Deposit	Deposit Agreement	Rabobank	$4,605,984.05	4.96%	11/30/07
2005 Series L	Time Deposit	Deposit Agreement	Rabobank	$28,693,535.11	4.96%	5/31/08
2006 Series C	Time Deposit	Deposit Agreement		$65,280,233.04	5.250%	11/30/08
2006 Series E	†	†	†	$21,729,000.00	0.000%	11/02/06†
2006 Series F	Time Deposit	Deposit Agreement	Rabobank	$2,575,000.00	5.133%	1/31/08

† The Corporation is currently making investments for this Series of Bonds in various short-term Investment Securities.

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Revenue Account

Series of Bonds	Type of Investment	Type of Investment Agreement	Investment Provider	Interest Rate	Maturity Date
1995 Series A	††	Repo	††	5.25%	11/01/06††
1995 Series A	††	Repo	††	5.27%	11/01/06††
1995 Series A†	Repo	Repurchase Agreement	Bayerische	6.60%	5/01/12
1996 Series A†	Repo	Repurchase Agreement	Bayerische	6.60%	5/01/12
1996 Series A	††	Repo	††	5.27%	11/01/06††
1996 Series A	††	Repo	††	5.25%	11/01/06††
1997 Series A	††	Repo	††	5.27%	11/01/06††
1997 Series B	††	Repo	††	5.27%	11/01/06††
1997 Series C	Time Deposit	Deposit Agreement		5.90%	4/30/11
1997 Series C	Repo	Repurchase Agreement		5.25%	11/01/06††
1997 Series C	Repo	Repurchase Agreement		5.27%	11/01/06††
1998 Series A	††	Repo	††	5.25%	11/01/06††
1998 Series A	††	Repo	††	5.27%	11/01/06††
1998 Series A	Time Deposit	Deposit Agreement		5.80%	5/01/30
1998 Series B	††	Repo	††	5.27%	11/01/06††
1998 Series B	Time Deposit	Deposit Agreement		5.28%	11/01/31
1999 Series A-1	Time Deposit	Deposit Agreement		5.15%	5/01/37
1999 Series A-1	††	Repo		5.25%	11/01/06††
1999 Series A-1	††	Repo		5.27%	11/01/06††
1999 Series B-1	Time Deposit	Deposit Agreement	Bayerische	5.665%	11/01/31
1999 Series C†	Time Deposit	Deposit Agreement	Bayerische	5.665%	11/01/31
1999 Series D	††	Repo	††	5.25%	11/01/06††
1999 Series D	††	Repo	††	5.19%	11/01/06††
1999 Series D	††	Repo	††	5.24%	11/01/06††
1999 Series E†	Time Deposit	Deposit Agreement	Bayerische	6.11%	6/01/36
1999 Series E	††	Repo	††	5.27%	11/01/06††
1999 Series E	††	Repo	††	5.25%	11/01/06††
2000 Series B	††	Repo	††	5.25%	11/01/06††
2001 Series A†	Time Deposit	Deposit Agreement	Bank of America	5.58%	11/01/42
2001 Series A	††	Repo	††	5.27%	11/01/06††
2001 Series B	Time Deposit	Deposit Agreement		5.58%	11/01/42
2001 Series B	††	Repo	††	5.27%	11/01/06††
2001 Series B	††	Repo	††	5.25%	11/01/06††
2001 Series C-2	††	Repo	††	5.25%	11/01/06††
2002 Series A	Time Deposit	Deposit Agreement	Bayerische	2.65%	12/01/15
2002 Series A	††	Repo	††	5.27%	11/01/06††
2002 Series B	Time Deposit	Deposit Agreement	Bayerische	2.65%	12/01/15
2002 Series C	Time Deposit	Deposit Agreement		2.65%	12/01/15
2002 Series E-2	Time Deposit	Deposit Agreement	Bayerische	1.76%	12/01/15
2002 Series F†	Time Deposit	Deposit Agreement	Bayerische	1.76%	12/01/15
2003 Series A	††	Repo	††	5.17%	11/01/06††
2003 Series B-1†	Time Deposit	Deposit Agreement	Societe Generale	3.50%	11/01/34
2003 Series B-2†	Time Deposit	Deposit Agreement	Societe Generale	3.50%	11/01/34
2003 Series E-1	Time Deposit	Deposit Agreement	Rabobank	2.02%	11/01/33
2003 Series E-2	Time Deposit	Deposit Agreement	Rabobank	2.02%	11/01/33
2004 Series A	Time Deposit	Deposit Agreement	RBC	4.27%	7/15/30
2004 Series B-1	††	Repo	††	5.25%	11/01/06††
2004 Series B-2	††	Repo	††	5.25%	11/01/06††
2004 Series C-1	††	Repo	††	5.25%	11/01/06††
2004 Series C-2	††	Repo	††	5.25%	11/01/06††

Series of Bonds	Type of Investment	Type of Investment Agreement	Investment Provider	Interest Rate	Maturity Date
2004 Series C-2	††	Repo	††	5.180%	11/01/06††
2004 Series D	††	Repo	††	5.180%	11/01/06††
2004 Series D	††	Repo	††	5.250%	11/01/06††
2004 Series E-1	††	Repo	††	5.250%	11/01/06††
2004 Series E-2	††	Repo	††	5.250%	11/01/06††
2004 Series F	††	Repo	††	5.250%	11/01/06††
2004 Series G	††	Repo	††	5.250%	11/01/06††
2004 Series H	††	Repo	††	5.250%	11/01/06††
2004 Series I-2	††	Repo	††	5.250%	11/01/06††
2004 Series J	††	Repo	††	5.250%	11/01/06††
2005 Series A-1	††	Repo	††	5.250%	11/01/06††
2005 Series A-2	††	Repo	††	5.170%	11/01/06††
2005 Series A-2	††	Repo	††	5.180%	11/01/06††
2005 Series B	††	Repo	††	5.170%	11/01/06††
2005 Series B	††	Repo	††	5.180%	11/01/06††
2005 Series B	††	Repo	††	5.250%	11/01/06††
2005 Series C	††	Repo	††	5.250%	11/01/06††
2005 Series D	††	Repo	††	5.250%	11/01/06††
2005 Series D	††	Repo	††	5.270%	11/01/06††
2005 Series E	††	Repo	††	5.240%	11/01/06††
2005 Series F-1	††	Repo	††	5.240%	11/01/06††
2005 Series F-2	††	Repo	††	5.240%	11/01/06††
NYCHDC HRC Non Bonded	††	Repo	††	5.240%	11/01/06††
2005 Series G	††	Repo	††	5.240%	11/01/06††
2005 Series I	††	Repo	††	5.180%	11/01/06††
2005 Series J-1	††	Repo	††	5.240%	11/01/06††
2005 Series J-2	††	Repo	††	5.240%	11/01/06††
2005 Series K	††	Repo	††	5.240%	11/01/06††
2005 Series L	††	Repo	††	5.180%	11/01/06††
2005 Series L	††	Repo	††	5.240%	11/01/06††
2006 Series A	††			0.000%	11/01/06††
2006 Series A	††			0.000%	11/02/06††
2006 Series A	††	Repo	††	5.180%	11/01/06††
2006 Series C	††	Repo	††	5.240%	11/01/06††
2006 Series D-1	††	Repo	††	5.180%	11/01/06††
2006 Series D-1	††	Repo	††	5.240%	11/01/06††
2006 Series D-2	††	Repo	††	5.240%	11/01/06††
2006 Series E	††	Repo	††	5.240%	11/01/06††
2006 Series F	††	Repo	††	5.240%	11/01/06††

† The Corporation is also currently making investments for this Series of Bonds in various short-term Investment Securities.
†† The Corporation is currently making investments for this Series of Bonds in various short-term Investment Securities.

APPENDIX F-2

INTEREST RATE CAP AGREEMENTS

Notional Amount[1]	Counterparty	Index	Strike Rate	Ceiling Rate	Effective Date	Termination Date
$6,730,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	One-Month LIBOR[2]	6.75%	N/A	5/25/2005	5/12/2010
$51,540,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	One-Month LIBOR[2]	6.75%	N/A	5/25/2005	5/12/2010
$43,119,686	Goldman Sachs Mitsui Marine Derivative Products, L.P.	Three-Month LIBOR[3]	7.35%	14.85%	12/2/2005	5/1/2009
$132,714,345	Goldman Sachs Mitsui Marine Derivative Products, L.P.	Three-Month LIBOR[3]	7.35%	14.85%	12/2/2005	11/1/2032
$120,117,127	Goldman Sachs Mitsui Marine Derivative Products, L.P.	Three-Month LIBOR[3]	4.85% 7.35%	14.85%	12/2/2005 5/1/2007	4/30/2007 5/1/2027

[1] As of July 31, 2006. The notional amounts amortize over time.

[2] "One-Month LIBOR" means the per annum rate for deposits in United States dollars for one (1) month which appears on the Official BBA LIBOR Fixings Page as of 11:00 a.m. London, England time, on a Determination Date. "Official BBA LIBOR Fixings Page" means the display designated as the "Official BBA LIBOR Fixings" page on the Bloomberg Financial Markets Commodities News Service (or such other page as may replace the Official BBA LIBOR Fixings page on that service for the purpose of displaying London interbank offered rates of major banks).

[3] "Three-Month LIBOR" means the per annum rate for deposits in United States dollars for three (3) months which appears on the Official BBA LIBOR Fixings Page as of 11:00 a.m. London, England time, on a Determination Date.

APPENDIX G

DESCRIPTION OF SUPPLEMENTAL SECURITY AND SUBSIDY PROGRAMS

SUPPLEMENTAL SECURITY

FHA Insurance Program

General. The following describes briefly the multi-family mortgage insurance program administered by HUD, acting through FHA, pursuant to Sections 220, 221(d)(3), 221(d)(4) or 223(f) of the National Housing Act, as amended (the "National Housing Act"), and is qualified in its entirety by reference to the National Housing Act and the regulations thereunder. The applicable FHA regulations regarding such Sections of the National Housing Act are contained in Part 200, Part 220, Part 221 and Part 223, respectively, of Title 24 of the Code of Federal Regulations and, with certain exceptions, incorporate by reference the provisions of Subpart A, Part 207 of Title 24 of the Code of Federal Regulations concerning eligibility requirements of mortgages covering multi-family housing under Section 207 of the National Housing Act and the provisions of Subpart B, Part 207 of Title 24 of the Code of Federal Regulations concerning the contract rights and obligations of the mortgagee with respect to mortgages insured under Section 207 of the National Housing Act. In the event of a conflict between the documents governing the FHA-insured Mortgage Loans, the National Housing Act or the FHA rules, regulations and program requirements and the Resolutions, the documents governing the FHA-insured Mortgage Loans or provisions of the National Housing Act and FHA rules, regulations and program requirements will be controlling. FHA Insurance benefits under the program are available only if the mortgagee of record is an FHA-approved mortgagee. The Corporation has been an FHA-approved mortgagee under the FHA Insurance program since 1972.

FHA regulations define a default under an FHA-insured mortgage (including the note incorporated therein) as: (1) a failure to make any payments due under such mortgage or (2) a failure to perform any other mortgage covenant (which includes covenants in the regulatory agreement executed in connection with such FHA-insured mortgage) if the mortgagee, because of such failure, has accelerated the debt. In the event that there is a default beyond applicable notice and grace periods under the FHA regulatory agreement and FHA so requests, the mortgagee, at its option, may declare the whole indebtedness due and payable. Furthermore, the FHA regulations provide that upon notice of a violation of a mortgage covenant, FHA reserves the right to require the mortgagee to accelerate payment of the outstanding principal in order to protect FHA's interests. A mortgagee is entitled to receive the benefits of the mortgage insurance after the mortgagor has defaulted and such default (as defined in the FHA regulations) has continued for a period of thirty (30) days subject to certain requirements.

It is the responsibility of the mortgagee to notify FHA in the event of such a default by the mortgagor under the mortgage note or mortgage. FHA regulations further require the mortgagee to make an election, within forty-five (45) days after the date on which the mortgagee becomes eligible to receive FHA Insurance benefits, (i) to assign the mortgage to FHA or (ii) to acquire title to and convey the project property to FHA, unless such time period is extended by FHA.

The mortgagee is required to submit all required documentation within forty-five (45) days of the date the mortgage is assigned to FHA unless the time is extended by FHA. The documentation required to be supplied to FHA includes the mortgage note, the mortgage, the security agreement, the financing statements, the title policy, the hazard policy and other instruments, together with assignments of such documents to FHA. If the election is not made or the documents are not delivered within the forty-five (45) days allowed, FHA will not pay the mortgagee interest on sums outstanding from the date the election should have been made or the date the required documents should have been submitted to FHA, whichever is applicable, to the date when the mortgage insurance claim is finally paid, unless FHA has agreed to extend the period with interest.

The FHA Insurance benefits received in the event of any claim under the FHA Insurance contract will be subject to certain deductions. The mortgagee will be entitled to settlement of the insurance claim in cash (or, if elected by the mortgagee, in FHA debentures), upon assignment of the mortgage, in an amount equal to 99% of the amount of the principal balance of a defaulted mortgage loan outstanding as of the date of default, after adjustment for certain expenses and for deposits or assets held by the mortgagee for the benefit of the development and not assigned to FHA. However, the Corporation has covenanted in the applicable Supplemental Resolutions to receive insurance claim settlements in cash. FHA Insurance benefits include the payment of interest at the FHA debenture rate on the amount of the insurance claim from the date of default to the date the claim is paid (or such earlier date by which the mortgagee is required to file the election to assign the mortgage or complete submissions as described above, if the mortgagee fails to take such action on a timely basis). The interest rate on the FHA debentures is the rate in effect as of the date of the commitment for FHA Insurance or as of the date of initial endorsement of the note by FHA, whichever is higher. In the case of a monetary default, the date of default is deemed to be the date on which payment on the mortgage loan originally should have been received. Since interest is paid one month in arrears on the FHA-insured Mortgage Loans, the Corporation, in the event of a claim for FHA Insurance benefits, will not be reimbursed for interest which has accrued in the previous month and was due and payable on the date of default.

In connection with a claim for FHA Insurance benefits, FHA may require delivery to it of certain cash items. Cash items are defined to include, among other things, any cash held by or on behalf of the mortgagee which has not been applied to reduce the mortgage, funds held by the mortgagee for the account of the mortgagor, any unadvanced balance of the insured note and any undrawn balance under letters of credit delivered to the mortgagee in connection with endorsement of the insured note. The mortgagee is responsible for all funds in its custody and must therefore obtain approval from FHA and others when required, prior to release of any funds which may be in its possession. Failure to properly protect such funds may result in a deduction from the FHA Insurance benefits in an amount equal to the funds FHA asserts should have properly been held as a deposit.

In the event of an assignment, in order to receive FHA Insurance benefits, FHA requires the mortgagee to make certain warranties with respect to the validity and priority of the mortgage lien and to furnish FHA with a title insurance policy or policies which name FHA as an insured party and which assure that the mortgage constitutes a first lien on the project, subject only to such exceptions previously approved by FHA. The mortgagee will be required to remove any unapproved intervening liens and to obtain an updated title endorsement within the 45-day period (or such longer period as may be approved by FHA) during which documents are required to be submitted. FHA will deduct the amount of any unapproved liens which have priority over the insured mortgage lien from the mortgage insurance benefits.

FHA typically pays a portion of an insurance claim prior to the delivery of all required documentation, including the mortgage note and the mortgage. If a claim is made, FHA will usually, but is not obligated to, pay 90% of the outstanding principal balance of the note within fifteen (15) days of the recordation of an assignment of the mortgage to FHA. Remaining balances are paid to the mortgagee after FHA has received final financial data and final legal clearance has been received. During the period from the date of default on the mortgage until final payment (or such earlier date by which the mortgagee is required to complete submissions as described above), FHA pays interest on the remaining unpaid amount of the insurance claim at the FHA debenture rate.

Under FHA regulations, if the Corporation receives proceeds from any policy of casualty insurance, it may not exercise its option under the mortgages related to the FHA-insured Mortgage Loans to use such proceeds for either rebuilding the Developments, prepaying the mortgage notes or for any other disposition without FHA's prior written approval. If FHA fails to give its approval to the use of the insurance proceeds within thirty (30) days after written request by the Corporation, the Corporation may use or apply the funds for the purposes specified in such mortgages without prior FHA approval.

Regulatory Agreement, Rent Adjustments and HUD's Supervisory Powers. Under the form of regulatory agreement used in connection with developments financed pursuant to FHA-insured mortgage loans (the "Regulatory Agreement"), the mortgagor is required, among other things, to make all payments due under the mortgage loan and to pay a specified amount monthly into the reserve fund for replacements, which must at all times be under the control of state or local housing finance agencies (the "HFA") and disbursements from which may be made only with HUD's consent or, if authorized by HUD, with the consent of the HFA. In addition, the mortgagor must deposit all rents and other receipts of the development in a development bank account and may withdraw funds from such account only in accordance with the Regulatory Agreement for expenses of the development, certain required remittances to HUD, or distributions of return on equity. For projects subject to rent regulation by HUD (which include projects assisted with Section 8 contracts), rental increases may be made only with the approval of HUD. At any time HUD will consider a written request for a rental increase if such request is properly supported by substantiating evidence. Within a reasonable time HUD must either:

1) approve an increase in the rental schedule to compensate for any net increase in taxes other than income taxes and in operating and maintenance expenses over which the mortgagor has no effective control. With respect to certain mortgage loans insured pursuant to Section 223(f) of the National Housing Act, HUD may approve an additional increase giving consideration to the debt associated with any subordinate mortgage on the project provided HUD determines that market conditions warrant an increase sufficient to amortize all or part of such subordinate mortgage on the project and that such an increase will not unduly jeopardize the economic stability of the project because of adverse effects on rent collections or vacancies; or

2) deny the increase, stating the reasons therefor.

Rent increases for projects assisted with Section 8 contracts are governed by the provisions of the applicable Section 8 contract. Generally, projects insured under Sections 220 and 221(d)(4) of the National Housing Act are not subject to rent regulation by HUD, with certain project-by-project exceptions.

The Regulatory Agreement also contains provisions detailing requirements for tenant eligibility, nondiscrimination, and permissible uses of, or changes to, the development; and prohibits the conveyance, transference or encumbrance of the development or any right to manage the development without the prior written approval of HUD. The mortgagor may not make, receive, or retain any distribution of assets or income from the development except from "surplus cash" and only as permitted under the Regulatory Agreement and applicable laws.

The mortgagor is also prohibited, without the prior written approval of HUD, from remodeling, adding to or demolishing any part of the development or engaging in any other business or activity or incurring any obligation or liability not in connection with the development.

In the event of a violation in the performance of the mortgagor's obligations under the Regulatory Agreement and the mortgagor's failure to cure such violation after receiving notice from HUD, even in the absence of a default under a mortgage note or a mortgage, HUD may (a) notify the HFA of such default and request the HFA to declare a default under the mortgage note and the mortgage, and the HFA may, at its option, declare the whole indebtedness due and thereupon proceed with foreclosure of the mortgage or assign the mortgage note and the mortgage to HUD, (b) collect all rents and charges in connection with the operation of the development and use such collections to pay the mortgagor's obligations under the Regulatory Agreement, the mortgage note and the mortgage and the expenses of maintaining the development, (c) take possession of and operate the development, and (d) apply for an injunction, appointment of a receiver or such other relief as may be appropriate.

The Regulatory Agreement provides that the mortgagor of the development assumes no personal liability for payments due under the related mortgage note and mortgage, for the reserve for replacements or for matters not under its control. The Regulatory Agreement does provide, however, that the mortgagor is liable for funds or property of the development in the possession of the mortgagor and which the mortgagor is not entitled to retain, and for the mortgagor's actions, or those of others which the mortgagor has authorized, in violation of the Regulatory Agreement.

<u>Loss of FHA Insurance</u>. FHA requires the maintenance of specified casualty insurance on mortgaged properties. The mortgagee must obtain such coverage in the event the mortgagor fails to do so. The failure to maintain adequate casualty insurance on a development may result in the partial or full loss of the FHA Insurance benefits in the event of damage to or destruction of such development. FHA Insurance benefits may also be lost for failure to pay required FHA mortgage insurance premiums or failure to provide FHA with required notices. FHA Insurance benefits may also be denied if fraudulent statements were made to FHA by the HFA or by the mortgagor with the knowledge of the HFA.

REMIC Insurance Program

<u>General</u>. REMIC was created in January 1993 as a public benefit corporation of the State under Section 654-d of the New York Private Housing Finance Law (the "REMIC Act"). The REMIC Act also established REMIC as a subsidiary of the Corporation. REMIC is the successor to the New York City Rehabilitation Mortgage Insurance Corporation ("Old REMIC") which was in operation from 1973 until January 1993 when REMIC assumed all of Old REMIC's obligations, including its contracts of insurance and commitments to insure mortgages.

REMIC consists of nine members, seven of whom are the members of the Corporation plus two additional members who are appointed by the Mayor of the City. The Chairperson of the Corporation is also the Chairperson of REMIC. The powers of REMIC are vested in and exercised by no less than five members. REMIC may delegate to one more of its members, officers, agents or employees such powers and duties as it deems proper. The officers and staff of REMIC are all employees of the Corporation. The REMIC Act prohibits REMIC from issuing a commitment to insure a mortgage loan made by the Corporation unless such commitment is approved by at least two members of a three member committee composed of the Chairperson and the two members of REMIC who are not members of the Corporation.

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

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

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

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

As of July 31, 2006, the HIF's total liability against commitments and against housing insurance contracts in force was $126,762,083. As of July 31, 2006, the HIF had a total loan amount on outstanding commitments and housing insurance contracts in force of $358,685,791 on 184 properties. As of July 31, 2006, the HIF was funded in cash or marketable securities in an amount at least equal to the HIF requirement.

REMIC is also required to maintain the REMIC MIF which serves as a revolving fund for carrying out the provisions of Old REMIC's commitments to insure and insurance contracts which are known as "mortgage insurance contracts" rather than "housing insurance contracts." The REMIC MIF requirement, as of any particular date of computation, is equal to an amount of money equal to the aggregate of (a) the insured amounts of loans due and payable as of such date pursuant to its mortgage insurance contracts plus (b) an amount equal to the greater of $7,500,000 or 20% of the insured amounts under REMIC's mortgage insurance contracts (other than insured amounts due and payable pursuant to clause (a) above) plus 20% of the amounts to be insured under Old REMIC's commitments to insure; provided, however, the REMIC MIF requirement will be decreased to an amount equal to the aggregate of (x) the amounts due and payable or insured under mortgage insurance contracts and (y) the amounts to be insured under Old REMIC commitments, when the total of such amounts is less than $7,500,000. Increases to the REMIC MIF are funded solely from monies from the PRF.

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

As of July 31, 2006, the REMIC MIF's total liability against mortgage insurance contracts in force was $1,229,416. As of July 31, 2006, the REMIC MIF had a total loan amount on outstanding commitments and mortgage insurance contracts in force of $1,920,068 on twenty-two (22) properties. As of July 31, 2006, the REMIC MIF was funded in an amount at least equal to the REMIC MIF requirement.

REMIC also maintains the PRF to provide for payment of REMIC's liabilities arising from its operations, its housing insurance contracts and its mortgage insurance contracts. All monies deposited in the PRF, whether from earned premiums, investment income or other sources, represent the excess over the REMIC MIF and HIF requirements. If the amounts in the HIF and the REMIC MIF are below their respective requirements, amounts in the PRF are available to restore these funds to their requirements. As of July 31, 2006 the PRF totaled approximately $10,484,467.

Claims for Loss. As of July 31, 2006, Old REMIC and the REMIC MIF had paid a total of twelve (12) claims for loss on insurance policies under its mortgage insurance coverage in the aggregate amount of $598,241. As of July 31, 2006, the REMIC MIF had one (1) mortgage insurance policy in force on which claims for loss had been or were expected to be submitted with a maximum potential loss of $22,600. As of July 31, 2006, the HIF had neither paid claims for loss nor had any policies in force on which claims for loss had been submitted.

The claims-paying ability of the HIF is rated "AA" and "AA-" by S&P and Fitch, Inc., respectively. The REMIC MIF and the PRF are not rated by any recognized rating agency. Such ratings reflect only the respective views of such rating agencies, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that either or both of such ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant.

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

The audited financial statements of REMIC for the fiscal year ended October 31, 2005 are included in the audited financial statements of the Corporation for the fiscal year ended October 31, 2005 which are contained in Appendix C to this Official Statement. Copies of the Annual Report of the Corporation, which includes information on REMIC, are available from REMIC at 110 William Street, New York, New York 10038, telephone: (212) 227-5500, or through its internet address: www.nychdc.org/subsidiaries/REMIC.htm.

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

Upon receipt of a notice of default under an insured Mortgage Loan, REMIC has the right to purchase the Mortgage Loan from the Insured for a price equal to the unpaid principal balance thereof and all "Allowed Costs" (defined to mean delinquent interest, taxes, attorney fees and the like) not previously reimbursed by REMIC. Thereafter, REMIC is to receive an assignment of the Mortgage Loan and all reserves held for the credit of the related Development. The Insured may also request, if the Mortgage Loan is Four Months in Default, that REMIC enter into (i) a periodic payment plan lasting no more than two years during which time the Insured is to receive from REMIC on a quarterly basis the amounts due on the Mortgage Loan net of the operating income from the Development assigned by the Mortgagor to the Insured, or (ii) where there is no reasonable expectation that there will be a cure of the Mortgage Loan default, a lump sum payment agreement requiring payment by REMIC to the Insured of an amount equal to the average of two quoted market valuations of the property plus the Coverage Percentage of Allowed Costs. At the end of the two year periodic payment plan period, any additional insurance benefits due to the Insured are to be paid by REMIC. In the case of both a periodic payment plan and a lump sum payment plan, total insurance benefits paid may not exceed the lesser of (x) the Coverage Percentage of the full Claim for Loss (defined below), or (y) the Coverage Percentage of the Mortgage Loan principal amount as initially insured.

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

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

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

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

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

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

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

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

As of July 31, 2006, fifty-six (56) permanent Mortgage Loans under the Program, with an aggregate outstanding Mortgage Loan balance of $207,825,780, are partially insured by REMIC.

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

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

SONYMA Insurance Program

General. The State of New York Mortgage Agency Act, Chapter 612 of the Laws of New York, 1970, as amended (the "SONYMA Act"), authorizes SONYMA, a public benefit corporation of the State, among other things, to enter into commitments to insure mortgages and contracts of mortgage insurance and to contract to facilitate the financial activities of the Convention Center Development Corporation (the "CCDC"), a subsidiary of the New York State Urban Development Corporation, and to fulfill SONYMA's obligations and enforce its rights under any insurance or financial support so furnished. Part II of the SONYMA Act, authorizing, among other things, the mortgage insurance program, was adopted by the State Legislature in 1978 to encourage financial institutions to make mortgage loans in neighborhoods suffering from disinvestment by providing mortgage insurance to minimize the investment risk. In 1989, the SONYMA Act was amended to authorize SONYMA to provide insurance for a loan or pool of loans (a) when the property is located in an "economic development zone" as defined under State law, (b) when the property will provide affordable housing, (c) when the entity providing the mortgage financing was or is created by local, State or Federal legislation, and certifies to SONYMA that the project meets the program criteria applicable to such entity or (d) when the property will provide a retail or community service facility that would not otherwise be provided. The Mortgage Loans currently insured by SONYMA (the "SONYMA Mortgage Loans") are insured under the SONYMA Act. The 2007 Series A Mortgage Loan is currently eligible for insurance under the SONYMA Act.

In December 2004, the SONYMA Act was amended to authorize SONYMA to enter into agreements with CCDC to provide a source or potential source of financial support to bonds of the CCDC and, to the extent not otherwise provided in respect of the support of bonds, for its ancillary bond facilities.

The SONYMA Act authorizes SONYMA to create a mortgage insurance fund (the "SONYMA Mortgage Insurance Fund"). The SONYMA Mortgage Insurance Fund is used as a revolving fund for carrying out the provisions of the SONYMA Act with respect to mortgages insured thereunder and with respect to providing credit support for the CCDC bonds or ancillary

bond facilities. The Bonds are not secured by monies held in the SONYMA Mortgage Insurance Fund and SONYMA is not liable on the Bonds. The SONYMA Act provides that all monies held in the SONYMA Mortgage Insurance Fund, with certain exceptions, shall be used solely for the payment of its liabilities arising from mortgages insured by SONYMA or for providing credit support for the CCDC bonds or ancillary bond facilities pursuant to the SONYMA Act. Only monies in the appropriate accounts of the SONYMA Mortgage Insurance Fund will be available to SONYMA for payment of SONYMA's liabilities under the SONYMA mortgage insurance policies for the SONYMA Mortgage Loans (the "SONYMA Insurance").

The SONYMA Act establishes within the SONYMA Mortgage Insurance Fund a special account (the "Special Account"), a single family pool insurance account with respect to insurance related to one to four dwelling units (the "Single Family Pool Insurance Account"), a project pool insurance account with respect to insurance on other properties (the "Project Pool Insurance Account"), and a development corporation credit support account with respect to providing credit support for the bonds or ancillary bond facilities of the CCDC (the "Development Corporation Credit Support Account"). The Development Corporation Credit Support Account is a source or potential source of payment of the sum of the respective amounts (or percentages) of required or permissive funding by the CCDC of each reserve and financial support fund established by the CCDC for its bonds and, to the extent not otherwise provided in respect of the support of bonds, for its ancillary bond facilities for which SONYMA has determined that the Development Corporation Credit Support Account is or will be a source or potential source of funding. The SONYMA Mortgage Loans are insured by SONYMA under the Project Pool Insurance Account. The SONYMA Act provides that assets of the Special Account, the Single Family Pool Insurance Account, the Project Pool Insurance Account and the Development Corporation Credit Support Account shall be kept separate and shall not be commingled with each other or with any other accounts which may be established from time to time, except as authorized by the SONYMA Act. The claims-paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account of the SONYMA Mortgage Insurance Fund are rated "Aa1" and "Aaa," respectively, by Moody's Investors Service. The claims-paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account of the SONYMA Mortgage Insurance Fund are rated "AA-" and "AA+," respectively, by Fitch, Inc. Such ratings were affirmed by each respective organization on September 22, 2005 and reflect only the views of such organizations; an explanation of the significance of such ratings may be obtained from the respective rating agencies. There is no assurance that such ratings will continue for any period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. These ratings were established subsequent to SONYMA's change in its procedures to now require that reserves established with respect to project primary insurance it provides be deposited to the Project Pool Insurance Account. The claims paying ability of the Development Corporation Credit Support Account has not been rated. The SONYMA Act provides that SONYMA may not execute a contract to provide credit support to the bonds or ancillary bond facilities of the CCDC if, at the time such contract is executed, such execution would impair any then existing credit rating of the Single Family Pool Insurance Account or the Project Pool Insurance Account. The payment of principal of and interest on the Bonds is not secured by or payable from monies held in the Project Pool Insurance Account. The SONYMA Act provides that all monies held in the Project Pool Insurance Account, with certain exceptions, shall be used solely for the payment of its liabilities arising from mortgages insured by SONYMA pursuant to the SONYMA Act.

The SONYMA Mortgage Insurance Fund is funded primarily by a surtax on the State mortgage recording tax. Section 253(1-a) of the State Tax Law (the "State Tax Law") imposes a surtax (the "Tax") on recording mortgages of real property situated within the State. Excluded from the Tax are, among others, recordings of mortgages executed by voluntary nonprofit hospital corporations, mortgages executed by or granted to the Dormitory Authority of the State of New York and mortgages, wherein the mortgagee is a natural person, on mortgaged premises consisting of real property improved by a structure containing six or fewer residential dwelling units, each with separate cooking facilities. The Tax is equal to $0.25 for each $100 (and each remaining major fraction thereof) of principal debt which is secured by the mortgage. Section 261 of the State Tax Law requires the respective recording officers of each county of the State, on or before the tenth day of each month, after deducting certain administrative expenses incident to the maintenance of their respective recording offices, to pay SONYMA for deposit to the credit of the SONYMA Mortgage Insurance Fund the portion of the Tax collected by such counties during the preceding month, except that: (i) with respect to mortgages recorded on and after May 1, 1987, the balance of the Tax paid during each month to the recording officers of the counties comprising the Metropolitan Commuter Transportation District on mortgages of any real property improved by a structure containing six residential dwelling units or less with separate cooking facilities, shall be paid over to the Metropolitan Transportation Authority; (ii) with respect to mortgages recorded on and after May 1, 1987, the balance of the Tax paid during each month to the recording officers of the County of Erie on mortgages of any real property improved by a structure containing six residential dwelling units or less with separate cooking facilities, shall be paid over to the State Comptroller for deposit into the Niagara Frontier Transportation Authority light rail rapid transit special assistance fund; and (iii) Taxes paid upon mortgages covering real property situated in two or more counties shall be apportioned by the State Tax Commission among SONYMA, the Metropolitan Transportation Authority and the Niagara Frontier Transportation Authority, as appropriate.

Mortgage recording taxes have been collected in the State for more than 75 years. SONYMA has been entitled to receive Tax receipts since December 1978. Under existing law, no further action on the part of the State Legislature is necessary for the SONYMA Mortgage Insurance Fund to continue to receive such monies. However, the State is not bound or obligated to impose, or to impose at current levels, the mortgage recording taxes described above or to direct the proceeds to SONYMA as currently provided. The SONYMA Mortgage Insurance Fund's receipt of Tax receipts is dependent upon the performance by the county recording officers of their collection and remittance obligations; the State Tax Commission is given general supervisory power over such officers. Tax receipts paid to the Mortgage Insurance Fund in calendar years 2002, 2003, 2004, 2005 and 2006 were approximately $83 million, $106 million, $131 million, $168 million and $184 million respectively.

The SONYMA Act provides that SONYMA must credit the amount of money received from the recording officer of each county to the Special Account. The SONYMA Act provides that SONYMA may credit from the Special Account to the Single Family Pool Insurance Account, the Project Pool Insurance Account or the Development Corporation Credit Support Account, such moneys as are needed to satisfy the mortgage insurance fund requirement of the Single Family Pool Insurance Account, the Project Pool Insurance Account and the Development Corporation Credit Support Account, respectively, except that during any twelve-month period ending on March thirty-first the aggregate amount credited to the Development Corporation Credit Support Account (excluding investment earnings thereon) shall not exceed the lesser of (i) fifty million dollars or (ii) the aggregate of the amounts required under the contracts executed by SONYMA to provide credit support to the CCDC's bonds or ancillary bond facilities. The SONYMA Act also provides that if at any time the monies, investments and cash equivalents (valued as determined by SONYMA) of the Single Family Pool Insurance Account, the Project Pool Insurance Account or the Development Corporation Credit Support Account exceed the amount necessary to attain and maintain the credit rating or, with respect to credit support to the CCDC's bonds or ancillary bond facilities, credit worthiness (as determined by SONYMA) required to accomplish the purposes of either of such Accounts, SONYMA shall transfer such excess to the Special Account. Any excess balance in the Special Account is required to be remitted to the State annually. The SONYMA Act provides that no monies shall be withdrawn from any account within the SONYMA Mortgage Insurance Fund at any time in such amount as would reduce the amount in each account of such Fund to less than its applicable mortgage insurance fund requirement (as such term is defined in the

SONYMA Act), except for the purpose of paying liabilities as they become due and for the payment of which other monies are not available. There can be no assurance that the amounts on deposit in the Special Account, the Single Family Pool Insurance Account or the Project Pool Insurance Account will not be depleted through payment of liabilities arising with respect to insured mortgage loans other than the SONYMA Mortgage Loans, or that the Development Corporation Credit Support Account will not be depleted through payment of liabilities arising with respect to providing credit support to the CCDC.

The Mortgage Insurance Fund Requirement as of any particular date of computation is equal to an amount of money or cash equivalents equal to (a) the aggregate of (i) the insured amounts of loans and such amount of credit support for the CCDC's bonds or ancillary bond facilities that SONYMA has determined to be due and payable as of such date pursuant to its contracts to insure mortgages or provide credit support for the CCDC's bonds or ancillary bond facilities plus (ii) an amount equal to twenty per centum (20%) of the amounts of loans insured under SONYMA's insurance contracts plus twenty per centum (20%) of the amounts to be insured under SONYMA's commitments to insure less the amounts payable pursuant to subparagraph (i) above (provided, however, that if the board of directors of SONYMA shall have established a different per centum for a category of loans pursuant to the SONYMA Act, such per centum shall be substituted for twenty per centum (20%) in this paragraph as, for example, the March 2001 determination that the per centum for special needs facilities was forty per centum), plus (iii) an amount equal to the respective amounts established by contracts under which SONYMA has determined that the Development Corporation Credit Support Account will provide credit support for CCDC, less the amounts payable with respect to credit support for CCDC's bonds or ancillary bond facilities pursuant to subparagraph (i) above less (b) the aggregate of the amount of each reinsurance contract procured in connection with obligations of SONYMA determined by SONYMA to be a reduction pursuant to this paragraph in calculating the Mortgage Insurance Fund Requirement. Pursuant to the SONYMA Act, the board of directors of SONYMA may, from time to time, establish a Mortgage Insurance Fund Requirement in an amount higher than the twenty per centum (20%) set forth above. In March 2001, the board of directors of SONYMA authorized a SONYMA Mortgage Insurance Fund Requirement of forty per centum (40%) for special needs facilities. There can be no assurance that, in the future, there will not be additional changes in the Mortgage Insurance Fund Requirement for any category of loans.

The SONYMA Mortgage Insurance Fund provides primary mortgage insurance for various types of properties, including single and multi-family residences, special needs facilities, and retail and community service facilities. Since 1989, the SONYMA Mortgage Insurance Fund has been providing pool insurance (the "Single Family Pool Insurance") for mortgages that SONYMA financed pursuant to its single family forward commitment programs. The SONYMA Mortgage Insurance Fund currently provides pool insurance coverage on certain mortgage loans purchased with proceeds of certain of SONYMA's bonds. The CCDC received authorization in December 2004 to issue the bonds and to enter into the ancillary bond facilities for which the SONYMA Act authorizes SONYMA to provide credit support.

As of October 31, 2006, the Mortgage Insurance Fund's total liability against commitments and against policies in force was $2,107,261,564 of which $1,689,230,851 was against project mortgage insurance commitments and policies in force, the balance of $418,030,713 being against single family primary and pool insurance commitments and policies in force. As of October 31, 2006, the Mortgage Insurance Fund had a total loan amount on outstanding commitments and policies in force of $8,827,742,824 of which $1,855,616,724 represented the total loan amount on outstanding project mortgage insurance commitments and policies in force, the balance of $6,972,126,100 being the total loan amount on outstanding single family primary and pool insurance commitments and policies in force.

As of October 31, 2006, the Project Pool Insurance Account had paid 38 project mortgage insurance claims for loss in the aggregate amount of $85,128,012. As of October 31, 2006, the Mortgage Insurance Fund had 9 project mortgage insurance policies in force on which claims for loss had been submitted. SONYMA estimates that its total liability thereon is $41,148,339. As of October 31, 2006, the Mortgage Insurance Fund had paid 1,072 single family primary and pool mortgage insurance claims for loss in the aggregate amount of $22,503,063.

On September 28, 2005, the board of directors of SONYMA authorized SONYMA to enter into a credit support agreement with CCDC, pursuant to which SONYMA has agreed to provide credit support for the New York Convention Center Development Corporation Revenue Bonds (Hotel Unit Fee Secured) Series 2005 (the "CCDC Series 2005 Bonds") issued by CCDC. SONYMA has made an initial deposit of $33.8 million into the Development Corporation Credit Support Account and, thereafter, will maintain a minimum balance of $25 million in such Account. These moneys will be used to support the payment of an amount equal to up to one-third of the scheduled principal and interest due on the CCDC Series 2005 Bonds.

In addition to the mortgage insurance program and the credit support program, the SONYMA Act authorizes SONYMA to purchase and make commitments to purchase mortgage loans on single-family (one- to four-unit) housing and home improvement loans from certain lenders in the State. The SONYMA Act also empowers SONYMA to make and purchase certain student loans. SONYMA may issue its bonds to finance purchases of loans.

Copies of SONYMA's annual report for the fiscal year ended October 31, 2006 and audited financial statements for the fiscal year ended October 31, 2006 are available from the State of New York Mortgage Agency, 641 Lexington Avenue, New York, New York 10022, telephone (212) 688-4000.

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

SONYMA's role is limited to providing the coverage set forth in the SONYMA Insurance.

Collection of SONYMA Mortgage Insurance Benefits.

A. For SONYMA-Insured Mortgage Loans financed by the proceeds of the 1995 Series A Bonds. The Corporation has covenanted not to take any action that would conflict with the requirements or procedures of SONYMA so as to jeopardize the SONYMA Insurance on the SONYMA Mortgage Loans. In the event of a default under a SONYMA Mortgage Loan, the Corporation has covenanted to undertake to assign such SONYMA Mortgage Loan to SONYMA in a timely fashion so as to avoid any loss or diminution of benefits receivable as SONYMA Insurance and to make claims for SONYMA Insurance benefits in cash.

In the event a payment due with respect to a SONYMA Mortgage Loan is in default for 60 days, the Corporation is required to notify SONYMA of the default and thereby trigger the Corporation's right to assign said Mortgage to SONYMA if the default is not cured within the following 60 days. If the default is not fully cured within 120 days, the Corporation is required to exercise its right to assign said Mortgage to SONYMA. Subject to the terms and conditions of the SONYMA commitment to insure each SONYMA Mortgage Loan and the policy issued in connection therewith, SONYMA has agreed that, within ten (10) days after assignment of a Mortgage by the Corporation to SONYMA, it shall pay the Corporation an amount at least equal to the full unpaid principal balance of the SONYMA Mortgage Loan and all accrued interest on such Mortgage Loan.

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

B. For SONYMA-Insured Mortgage Loans other than the Mortgage Loans financed by the proceeds of the 1995 Series A Bonds. It is expected that the SONYMA-insured Mortgage Loans other than the Mortgage Loans financed by the 1995 Series A Bonds will be or have been insured by SONYMA upon compliance with certain conditions contained in their respective SONYMA insurance commitments. As of the date of this Official Statement, any Mortgage Loans insured by SONYMA have been insured for 100% of the outstanding principal balance thereof. In the future, however, the Corporation may seek partial insurance from SONYMA with respect to certain Mortgage Loans. The following description relates only to Mortgage Loans (other than Mortgage Loans financed by the proceeds of the 1995 Series A Bonds) which are insured for 100% of the outstanding principal balance thereof.

Pursuant to the SONYMA Insurance with respect to each of the SONYMA-insured Mortgage Loans (other than the Mortgage Loans financed by the 1995 Series A Bonds), following certain defaults under the respective Mortgage securing such Mortgage Loans, the Corporation shall file a claim for loss with SONYMA. Thereupon, SONYMA has the option to either (i) make periodic payments of its obligation under the SONYMA Insurance in amounts equal to the scheduled principal and interest payments due with respect to such Mortgage Loan plus certain other amounts expended by the Corporation (for which the Corporation has not been reimbursed) or (ii) make a lump sum payment under the SONYMA Insurance in an amount equal to the sum of the principal outstanding and interest accrued on such Mortgage Loan from the date of such claim for loss to the date of payment in respect of such claim for loss and certain other amounts expended by the Corporation (for which the Corporation has not been reimbursed). Periodic payments are to be made monthly. In addition, if SONYMA has chosen initially to make periodic payments it may nevertheless exercise its option to make a lump sum payment in the full amount of its then outstanding obligation under the SONYMA Insurance at any time while SONYMA is making periodic payments. Upon a lump sum payment by SONYMA, the Corporation shall assign such Mortgage to SONYMA. The SONYMA Insurance with respect to such Mortgage Loan may terminate pursuant to its terms upon the occurrence of certain events including the nonpayment of renewal premium. For specific information on the coverage provided by the SONYMA Insurance with respect to such Mortgage Loan, reference should be made to the policy related to such SONYMA Insurance which is available for inspection at the office of the Corporation.

The Corporation has covenanted not to take any action to conflict with SONYMA regulations so as to jeopardize the SONYMA Insurance. In addition, in the event of a default under any of the SONYMA-insured Mortgage Loans (other than the Mortgage Loans financed by the 1995 Series A Bonds), the Corporation has covenanted to undertake to assign such Mortgage Loan to SONYMA or take such other actions in timely fashion so as to avoid any loss or diminution of benefits receivable as SONYMA Insurance.

GNMA Mortgage-Backed Securities Program

GNMA Securities are "fully-modified, pass-through" securities which require the Mortgage Banker that issued such GNMA Securities or its assignee (i) to make monthly payments of principal and interest on the aggregate principal balance thereof to the holder of the GNMA Securities, whether or not the Mortgage Banker receives payments on the mortgage loans backing the GNMA Securities from the mortgagor, and (ii) to pass through any prepayments of principal and premiums on the mortgage loans received by the Mortgage Banker. GNMA Securities are guaranteed as to full and timely payment of principal and interest by GNMA, a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office in Washington, D.C.

GNMA Guaranty. GNMA is authorized by Section 306(g) of Title III of the National Housing Act to guarantee the timely payment of the principal of and interest on securities which are based on and backed by, among other things, an FHA-insured mortgage loan under the National Housing Act. Section 306(g) of the National Housing Act provides further that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion, dated December 12, 1969, of an Assistant Attorney General of the United States, states that, under Section 306(g) of the National Housing Act, such guarantees of mortgage-backed securities (of the type to be delivered to the Trustee on behalf of the Corporation) are authorized to be made by GNMA and "would constitute general obligations of the United States backed by its full faith and credit."

GNMA guarantees the timely payment of the principal of and interest on the GNMA Security by the Mortgage Banker. Interest and principal payments on the underlying mortgage loans received by the Mortgage Banker from the mortgagor are the primary source of monies for payments on the GNMA Securities. If such payments are less than what is due under the GNMA Security, the Mortgage Banker is obligated to advance its own funds to insure timely payment of all amounts coming due on the GNMA Security. GNMA guarantees such timely payment to the holder of the GNMA Securities by the Mortgage Banker whether or not made by a mortgagor. If such payments are not received as scheduled, the holder of the GNMA Securities has recourse directly to GNMA. The GNMA Securities do not constitute a liability of, nor evidence any recourse against, the Mortgage Banker as the issuer of the GNMA Securities, but recourse thereon is solely against GNMA.

In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue its general obligations to the United States Treasury in an amount outstanding at any time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on a GNMA Security. The Treasury is authorized to purchase any obligations so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty. GNMA further warrants to the holder of each GNMA Security, that, in the event it is called upon at any time to make good its guaranty of the payment of principal and interest on a GNMA Security, it will, if necessary, in accordance with Section 306(d) of the National Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

Under the GNMA Mortgage-Backed Securities Program, the Mortgage Banker is obligated to execute a Guaranty Agreement which provides that, in the event of a default by the Mortgage Banker, including (i) a request to GNMA to make a payment of principal or interest on a GNMA Security, (ii) the insolvency of the Mortgage Banker, or (iii) a default by the Mortgage Banker under any other Guaranty Agreement with GNMA, GNMA shall have the right to extinguish the Mortgage Banker's interest in the mortgage loans that back GNMA Securities, which then shall become the absolute property of GNMA, subject only to the unsatisfied rights of the owners of the GNMA Securities. In such event, the GNMA Guaranty Agreement provides that GNMA shall be the successor in all respects to the Mortgage Banker in its capacity under the GNMA Guaranty Agreement and shall be subject to all responsibilities, duties and liabilities (except the Mortgage Banker's indemnification of GNMA) of the Mortgage Banker pursuant to the GNMA Guaranty Agreement. GNMA may contract for another eligible issuer of GNMA Securities to undertake and agree to assume any part or all of such responsibilities, duties or liabilities of the Mortgage Banker, as long as no such agreement detracts from or diminishes the responsibilities, duties or liabilities of GNMA in its capacity as guarantor of the GNMA Security or otherwise adversely affects the rights of the owners of the GNMA Securities.

<u>Payment of Principal and Interest on the GNMA Securities</u>. GNMA Securities provide that accrued interest for thirty (30) days is payable by the Mortgage Banker to the holder of the GNMA Securities on the fifteenth (15^{th}) of each successive month thereafter until maturity of the GNMA Security. The GNMA Securities are payable in equal monthly installments, subject to prepayment. The aggregate amount of principal due on the GNMA Securities is in an amount equal to the scheduled principal amortization currently due on the underlying mortgage note.

Each of the monthly installments is subject to adjustment by reason of any prepayments or other early or unscheduled recoveries of principal on the mortgage note. In any event, the Mortgage Banker is obligated to pay to the holder of the GNMA Securities, monthly installments of not less than the interest due on the GNMA Securities at the rate specified in the GNMA Securities, together with any scheduled installments of principal whether or not collected from the mortgagor, and any prepayments or early recoveries of principal (including insurance proceeds and condemnation awards that are applied to principal and FHA insurance benefits) and prepayment premiums paid under the Mortgage Note. Final payment shall be made upon surrender of each outstanding GNMA Security. Any such prepayment could result in the redemption of Bonds at any time.

In the event that a mortgagor defaults under an FHA-insured mortgage loan that backs a GNMA Security, the Mortgage Banker may elect to file a claim for FHA Insurance benefits. See "FHA Insurance Program" above.

Under the GNMA Mortgage-Backed Securities Program, the Mortgage Banker is required to service and otherwise administer the mortgage loans in accordance with generally accepted practices of the mortgage banking industry and the GNMA Servicer Guide. The monthly remuneration of the Mortgage Banker, for its servicing and administrative functions, and the guaranty fee charged by GNMA, are based on the unpaid principal amount of GNMA Securities outstanding. Repayment of principal on such GNMA Securities will be based on repayment of the respective mortgage note which, because of the minimum 0.25% higher interest rate on the note will occur more slowly than would repayment by equal installments of principal and interest at the interest rate on the GNMA Securities.

Fannie Mae

General. Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder-owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market rather than as a primary lender. It does not make direct mortgage loans but acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage-backed securities ("MBS"), primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guarantee of timely payment of principal of and interest on MBS certificates.

Fannie Mae is subject to regulation by the Secretary of Housing and Urban Development ("HUD") and the Director of the independent Office of Federal Housing Enterprise Oversight within HUD ("OFHEO"). Approval of the Secretary of Treasury is required for Fannie Mae's issuance of its debt obligations and MBS. The President of the United States may appoint five members of Fannie Mae's Board of Directors, and the other thirteen are elected by the holders of Fannie Mae's common stock. Since May 25, 2004, the date of Fannie Mae's most recent annual shareholder's meeting, the President has declined to exercise his authority to appoint directors, and those five Board positions will remain open unless and until the President names new appointees

The securities of Fannie Mae are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

Information on Fannie Mae and its financial condition is contained in periodic reports that are filed with the Securities and Exchange Commission (the "SEC"). The SEC filings are available at the SEC's website at www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's web site at http://www.fanniemae.com/ir/sec or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

Fannie Mae's safety and soundness regulator, OFHEO, announced in July 2003 that it was conducting a special examination of Fannie Mae's accounting policies and practices, and in September 2004 issued a preliminary report of its findings to date. OFHEO subsequently identified additional accounting and internal control issues in February 2005, and issued its Report of the Special Examination of Fannie Mae (the "OFHEO Report") on May 23, 2006.

On December 22, 2004, Fannie Mae reported that the Audit Committee of Fannie Mae's Board of Directors (the "Board") had determined that Fannie Mae's previously filed interim and audited financial statements and the independent auditor's reports thereon for the period from January 2001 through the second quarter of 2004 should no longer be relied upon because such financial statements were prepared using accounting principles that did not comply with U.S. generally accepted accounting principles ("GAAP"). Fannie Mae subsequently initiated an extensive restatement and re-audit of its financial statements with Fannie Mae's new independent auditor, Deloitte & Touche LLP.

On December 6, 2006, Fannie Mae filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2004 ("2004 10-K"), which included consolidated financial statements for 2004 and a restatement of previously issued financial information for 2002, 2003, and the first two quarters of 2004. Restatement adjustments relating to periods prior to January 1, 2002 are presented in Fannie Mae's 2004 10-K as adjustments to retained earnings as of December 31, 2001.

The Board and Fannie Mae's management have initiated numerous internal and external reviews of Fannie Mae's accounting processes and controls, Fannie Mae's financial reporting processes, and Fannie Mae's application of GAAP. One of these external investigations was conducted by the law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP ("Paul Weiss"), under the direction of former U.S. Senator Warren Rudman. On February 23, 2006, the Paul Weiss report to the Special Committee of the Board was publicly released, and included numerous findings about Fannie Mae's accounting policies, practices and systems, compensation practices, corporate governance, and internal controls. On February 24, 2006, Fannie Mae filed a Form 8-K with the SEC that includes the Paul Weiss report.

The OFHEO Report presents OFHEO's findings about Fannie Mae's corporate culture, executive compensation programs, accounting policies and internal controls, internal and external auditors, senior management, and the Board. In conjunction with the release of the OFHEO Report, Fannie Mae entered into settlement agreements with both OFHEO and the SEC on May 23, 2006. The settlement agreements require Fannie Mae to pay civil penalties totaling $400 million. In addition, the settlement agreement with OFHEO requires Fannie Mae to undertake certain remedial actions within a specified time frame to address the recommendations contained in the OFHEO Report, including an undertaking by Fannie Mae not to increase its "mortgage portfolio" assets except as permitted by a plan to be submitted by Fannie Mae for approval by OFHEO. The settlement agreements constitute comprehensive settlements between Fannie Mae and both OFHEO and the SEC relating to the activities of Fannie Mae during the time period in question. Please refer to Fannie Mae's Form 8-K filed with the SEC on May 30, 2006 for further information about the OFHEO Report and the settlement agreements. A complete copy of the OFHEO Report is available on OFHEO's website at www.ofheo.gov.

On July 20, 2006, the Federal Reserve Board implemented revisions to its payment systems risk policy requiring all government sponsored enterprises, including Fannie Mae, to fully fund their accounts with the Federal Reserve Banks before making payments to debt and mortgage-backed securities investors. Fannie Mae complied with this policy by entering into various funding agreements with market participants. In connection with this policy change, Fannie Mae also entered into a new fiscal agency agreement with the Federal Reserve Bank of New York.

On August 24, 2006, Fannie Mae announced that it had been advised by the United States Attorney's Office for the District of Columbia that it was discontinuing its investigation of Fannie Mae's accounting policies and practices, and did not plan to file charges against Fannie Mae. Please refer to Fannie Mae's Form 8-K filed with the SEC on August 24, 2006 for further information.

Fannie Mae filed its 2004 10-K with the SEC on December 6, 2006. Fannie Mae has not filed Quarterly Reports on Form 10-Q for the first, second and third quarters of 2005 or for the first, second and third quarters of 2006, nor has Fannie Mae filed its Annual Report on Form 10-K for the year ended December 31, 2005.

Form 8-K's that Fannie Mae files with the SEC on or prior to the date of this Official Statement are incorporated herein by reference.

Fannie Mae makes no representation 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. Fannie Mae's role with respect to the Bonds is limited to issuing and discharging its obligations under the Credit Enhancement Instrument and exercising the rights reserved to it in the Resolution, the Program Agreement and the Assignments executed in connection therewith.

Fannie Mae Credit Enhancement Instrument. Pursuant to a Program Agreement with the Corporation, Fannie Mae has issued its credit enhancement instrument (the "Credit Enhancement Instrument") with respect to a specified pool of Mortgage Loans (the "Fannie Mae Credit Enhanced Mortgage Loans"). Each of the Fannie Mae Credit Enhanced Mortgage Loans in the pool will be entitled to the benefits of a contract to make periodic interest reduction payments ("IRPs") entered into by the Secretary of HUD pursuant to Section 236(b) of the National Housing Act with the applicable Mortgagor. See "Subsidy Programs – Section 236 Program" in this Appendix G. Each such Mortgage Loan will be bifurcated in to a 236 Loan component expected to be paid from IRPs paid by HUD and a Conventional Loan component expected to be paid from income of the related Development. The Fannie Mae Credit Enhanced Mortgage Loans will be pledged to the Trustee and to Fannie Mae, as their interests may appear.

Under the Credit Enhancement Instrument, Fannie Mae will agree to make "Debt Service Advances" and "Buy-Out Advances" (described below) with respect to the Fannie Mae Credit Enhanced Mortgage Loans following a failure by the Mortgagor of any such Mortgage Loan to pay when due and in full payments required with respect to its Mortgage Loan (a "Borrower Payment Default").

Fannie Mae will agree to make Debt Service Advances to the Trustee on demand of the Trustee (i) with respect to the Conventional Loan component of the Fannie Mae Credit Enhanced Mortgage Loans, if a Borrower Payment Default has occurred and is continuing and the aggregate principal and interest payments received in any Payment Period on the Conventional Loan component are less than 75 percent of all the scheduled principal and interest payments to be made on the Conventional Loan component for the same Payment Period (such difference is referred to as the "Conventional Shortfall") and (ii) with respect to the 236 Loan component of the Fannie Mae Credit Enhanced Mortgage Loans, if a Borrower Payment Default has occurred and is continuing and the aggregate principal and interest payments received in any Payment Period on the 236 Loan component are less than 100% of all the scheduled principal and interest payments to be made on the 236 Loan components for such Payment Period (such difference is referred to as the "236 Shortfall"). A Debt Service Advance will be in an amount equal to such Conventional Shortfall or 236 Shortfall. Debt Service Advances will relate to a deficiency in the aggregate payments made by all Fannie Mae Credit Enhanced Mortgage Loans during the Payment Period as set forth in the Program Agreement (and will not relate to any particular Fannie Mae Credit Enhanced Mortgage Loan).

If a Borrower Payment Default has occurred and is continuing with respect to the Conventional Loan component of Fannie Mae Credit Enhanced Mortgage Loans and the aggregate principal and interest payments received in any Payment Period for the Conventional Loan component is 75% or more (but less than 100%) of all the scheduled principal and interest payments to be made for the same Payment Period for the Conventional Loan Component, the Fannie Mae Credit Enhancement Instrument may not be drawn on to make up such deficiency. At the direction of the Corporation, the Trustee may apply amounts in the Mortgage Loan Reserve Account to pay debt service on Bonds the proceeds of which financed Fannie Mae Credit Enhanced Mortgage Loans.

Fannie Mae will also agree to make Buy-Out Advances to the Trustee in respect of any Fannie Mae Credit Enhanced Mortgage Loan with respect to which a Borrower Payment Default has occurred (a "Defaulted Mortgage Loan") under the terms and conditions set forth in the Credit Enhancement Instrument and the Supplemental Resolution. A Buy-Out Advance relates to a particular Fannie Mae Credit Enhanced Mortgage Loan. The Corporation may demand that Fannie Mae make a Buy-Out Advance with respect to a Defaulted Mortgage Loan upon the first to occur of (i) the completion of a foreclosure action on the Defaulted Mortgage Loan and the resulting transfer of the property securing that Defaulted Mortgage Loan; and (ii) the commencement of a foreclosure action on a Defaulted Mortgage Loan after conclusion of all administrative remedies by HPD with respect to such Defaulted Mortgage

Loan and HPD's written certification to the effect that HPD will not contest or resist the proposed foreclosure, but in no event may the Corporation demand a Buy-Out Advance unless not less that two years has elapsed from the date of the first uncured Borrower Payment Default with respect to that Defaulted Mortgage Loan. Both Fannie Mae and the Corporation will each have the right, acting alone, to commence a foreclosure action, but only if HPD has provided a HPD Certification for such Defaulted Mortgage Loan. Upon payment of a Buy-Out Advance with respect to a Defaulted Mortgage Loan, all rights to such Defaulted Mortgage Loan and all payments made with respect to such Defaulted Mortgage Loan will be for the benefit of Fannie Mae and Fannie Mae shall be entitled to and/or control all rights with respect to such Defaulted Mortgage Loan.

Each Buy-Out Advance is to be in an amount equal to the unpaid principal balance of the Defaulted Mortgage Loan for which such advance is being made ("Defaulted Mortgage Loan Balance"), less an allocation of Buy-Out Credits (described below) then outstanding, if any, but not in an amount in excess of the Defaulted Mortgage Loan Balance. Fannie Mae may choose to make an allocation of Net Buy-Out Credits (described below) to the Buy-Out Advance and, if more than one Defaulted Mortgage Loan is the subject of one Buy-Out Advance, to which Defaulted Mortgage Loan or Loans within the Buy-Out Advance. Should Fannie Mae fail to make a selection, Fannie Mae will be deemed to have elected to apply any Net Buy-Out Credits then available to the Buy-Out Advance and if more than one Defaulted Mortgage Loan is included in the Buy-Out Advance, to the Defaulted Mortgage Loans in the chronological order in which such loans defaulted. The Defaulted Mortgage Loan Balance is to exclude all accrued and unpaid interest on the Defaulted Mortgage Loan, capitalized interest, interest on interest, late fees, collection costs and Mortgage Loan Costs or any other sums added to the principal balance at any time for purposes of determining the amount of the Buy-Out Advance for such Defaulted Mortgage Loan.

If a Debt Service Advance was made with respect to the 236 Loan component of the Fannie Mae Credit Enhanced Mortgage Loans, Buy-Out Credits earned by Fannie Mae will be the aggregate scheduled principal components of the unpaid installments of such Fannie Mae Credit Enhanced Mortgage Loans for the Payment Period for which that Debt Service Advance was made. If a Debt Service Advance was made with respect to the Conventional Loan component of the Fannie Mae Credit Enhanced Mortgage Loan, the Buy-Out Credits earned by Fannie Mae will be the amount of the Debt Service Advance, multiplied by a fraction, the denominator of which is equal to the scheduled principal and interest payments payable on the portion of the Fannie Mae Credit Enhanced Mortgage Loans to be paid from the income of the Developments during the relevant Payment Period and the numerator of which is equal to the scheduled principal payments during such Payment Period with respect to such portion of the Fannie Mae Credit Enhanced Mortgage Loans. "Net Buy-Out Credits" will equal (i) the sum of all Buy-Out Credits earned by Fannie Mae from time to time less (ii) the sum of all reimbursements allocable to principal received by Fannie Mae and all Buy-Out Credits applied to Buy-Out Advances.

Pursuant to the applicable Supplemental Resolution, the Corporation is required for each applicable Payment Period, to calculate the aggregate Mortgage Loan Shortfall on all Defaulted Mortgage Loans for such Payment Period, if any, including a breakdown of the Conventional Loan Component Reserve Withdrawal Amount, the Conventional Loan Component Shortfall, if any, and the 236 Loan Component Shortfall, if any, for such Defaulted Mortgage Loans, and to submit such calculations in writing to the Trustee, with a copy to Fannie Mae, no later than the twentieth (20th) day of the calendar month (or if such twentieth (20th) day is not a Business Day, on the next succeeding Business Day) immediately preceding an Interest Payment Date. The Trustee is to request a Debt Service Advance under the Credit Enhancement Instrument not less than four (4) Business Days before the next succeeding Interest Payment Date. If a Certificate in respect of a Debt Service Advance is presented under the Credit Enhancement Instrument at or prior to 12:00 noon, Washington, D.C. time, on a Business Day, and the

Certificate conforms to the requirements of the Credit Enhancement Instrument, Fannie Mae is required to either pay to the Trustee the amount specified or provide the Trustee with the fedwire number relating to the wiring of that amount no later than 12:00 noon, Washington, D.C. time, on the third Business Day following such presentation.

All payments received with respect to Defaulted 236 Mortgage Loans are to be applied to pay Mortgage Loan Costs (defined below) and then to reimburse Fannie Mae for any advances it has made. All payments received with respect to Defaulted Conventional Mortgage Loans are to be applied first to pay Mortgage Loan Costs and then to make the following payments in the following order of priority: to reimburse Fannie Mae for the portion of Debt Service Advances not allocable to the principal of Mortgage Loans, to the Trustee for unpaid and unreimbursed interest payments, to reimburse Fannie Mae for the portion of Debt Service Advances allocable to principal and to the Trustee for unpaid and unreimbursed principal payments. "Mortgage Loan Costs" means any of the amounts paid by the Corporation, any Servicer or Fannie Mae with respect to a Mortgage Loan for any of the following: (a) taxes and assessments, (b) insurance premiums, (c) any payments, reasonably determined by the Corporation or Fannie Mae to be necessary to preserve and protect the property related to the Mortgage Loan, and (d) any payments, as reasonably determined by the Corporation or Fannie Mae be necessary to exercise any legal or equitable remedies (including reasonable attorney, appraisal, environmental or other professional fees and expenses).

Fannie Mae may remove a Fannie Mae Credit Enhanced Mortgage Loan from the pool covered by the Credit Enhancement Instrument if certain representations made by the Corporation with respect to such Mortgage Loan are not correct. In the Program Agreement, the Corporation makes certain representations concerning its corporate authority to enter into the Program Agreement as well as representations regarding the Fannie Mae Credit Enhanced Mortgage Loans, including the documentation relating to the Mortgage Loans, the properties that are subject to the Mortgage Loans, the priority of the liens created by the Mortgage Loans, the Mortgagors and the operation of the Developments. In addition, a Fannie Mae Credit Enhanced Mortgage Loan will be removed from the pool covered by the Credit Enhancement Instrument following a Buy-Out Advance with respect to such Fannie Mae Credit Enhanced Mortgage Loan. Last, the Corporation may remove a Fannie Mae Credit Enhanced Mortgage Loan from the pool covered by the Credit Enhancement Instrument (i) prior to a date approximately 15 years from the date the Mortgage Loan became a Fannie Mae Credit Enhanced Mortgage, with the consent of Fannie Mae upon the filing of a Cash Flow Statement and (ii) on and after a date approximately 15 years from the date the Mortgage Loan became a Fannie Mae Credit Enhanced Mortgage, upon the filing of a Cash Flow Statement. Any Fannie Mae Credit Enhanced Mortgage Loan removed from the pool other than by reason of a Buy-Out Advance shall continue to be a Mortgage Loan pledged under the Resolution subject to the terms of the Resolution permitting subsequent removal. Any Fannie Mae Credit Enhanced Mortgage Loan removed from the pool by reason of a Buy-Out Advance shall no longer be pledged for the benefit of the Bond owners under the Resolution.

SUBSIDY PROGRAMS

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 Developments which are regulated under the Mitchell-Lama program are currently all non-refinanced rental housing projects located in the City of New York and, therefore, this summary of the Mitchell-Lama program is limited to non-refinanced rental projects. Each rental project in the Mitchell-Lama program was constructed and is operated as a limited-profit housing project or a cooperative in accordance with Article 2 of the New York Private Housing Finance Law and the rules and regulations promulgated thereunder (the "Mitchell-Lama Law").

HPD Supervision. The City of New York Department of Housing Preservation and Development ("HPD") has supervisory authority over those projects in the Mitchell-Lama program which received financing from the City or the Corporation. HPD carries out all its supervisory functions with limited resources, which may affect the priority or completion time frames for its various supervisory activities.

HPD regulates the project's rental procedures and tenant income limits. HPD oversees the renting of vacant units including the establishment of waiting lists and the advertising process relating thereto. HPD approves the admission of new tenants as well as the transfer of existing tenants to other units in a project. HPD 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 project owners.

HPD conducts a periodic physical inspection of the common areas of the projects in the Mitchell-Lama program in order to assess property maintenance levels. HPD has power to audit the books of a project owner and conducts a periodic site administrative review to review service contracts, insurance coverage and the project's record keeping systems. HPD also reviews all commercial leases, contracts in excess of $5,000 or $10,000 depending on project size, monthly project operations reports, the use of blocked reserve accounts and the annual profit retained by the project owner.

HPD approves all rent increase applications after holding a public hearing and reviewing a financial analysis prepared by HPD and project owners, provided, however, such rental increases in projects benefitting from the Section 236 program are also subject to the approval of HUD. HPD has the right to remove any or all of the existing directors of an ownership entity and to appoint individuals that HPD 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 HPD's rules and regulations.

Corporation Rent Increase Authority. Other than with respect to the 2002 Series D Mortgage Loans regulated pursuant to the Mitchell-Lama Law, the Act empowers the Corporation and the Resolutions require the Corporation (whenever it shall find that the maximum rentals, which are charged tenants of the dwellings in any Project in the Mitchell-Lama program, 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) to 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 HPD to take action upon HPD's own motion so to vary such rental rate, and upon failure of HPD 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 in Developments benefitting from the Section 236 program shall also be subject to the approval of HUD. The Corporation has only taken such actions relating to rental increases with respect to one (1) Development which was done in 1978.

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. In the case of any Project in the Mitchell-Lama program which is the subject of a ground lease, such tax exemption is reflected in the underlying lease payments. 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 a Development, it would be exempt from the payment of real estate taxes.

Section 236 Program

General. Pursuant to Section 236(b) of the National Housing Act ("Section 236"), the Secretary of HUD (the "Secretary") entered into certain contracts (each a "Section 236 Contract") to make periodic interest reduction payments to Section 236 mortgagees on behalf of the mortgagors of housing projects designed for occupancy by persons or families as described in Article 2 of the Private Housing Finance Law and families of low income. HUD's interest reduction subsidy payment share is in an amount equal to the difference between the monthly payment for principal and interest which a mortgagor is obligated to pay under its mortgage loan and the monthly payment for principal, interest and mortgage insurance premiums or mortgage servicing fees, as appropriate, 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 "HUD Payments") shall be made only during the period that such project is operated as a rental or cooperative housing project.

Termination of HUD Payments. HUD is obligated to make HUD Payments under a Section 236 Contract and may not terminate HUD Payments under a Section 236 Contract, except under the circumstances described below, including, but not limited to, certain foreclosure actions instituted by the Corporation (see "THE PROGRAM—Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy" and "Appendix B—Summary of Certain Provisions of the General Resolution—Covenants with Respect to Mortgage Loans"). If HUD Payments are terminated, the Secretary may reinstate them at his or her discretion pursuant to such additional requirements as the Secretary may prescribe. A 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 HUD Payments, unless such payments have been reinstated. **In the event HUD were to terminate HUD Payments in respect of a Development subsidized through a Section 236 Contract, such terminated HUD Payments would not be available to pay debt service on the related Mortgage Loan (a "Section 236 Mortgage Loan"), which could result in a default on such Mortgage Loan. Except for the Mortgage Loans financed in connection with the 2001 Series B Bonds, the Section 236 Mortgage Loans do not benefit from FHA Insurance.**

Acquisition by Ineligible Owner; Transfer Limitation of Mortgage Loan. HUD may terminate HUD Payments with respect to a Project if the Project is acquired by any owner who is not an eligible mortgagor under Section 236. Each Mortgagor has covenanted in the Section 236 Contract only to transfer such Project to an eligible Mortgagor approved by the Secretary and each Mortgagor has covenanted in the Mortgage not to transfer such Project without the consent of the Section 236 mortgagee. The Department of Housing and Urban Development Reform Act of 1989 (the "HUD Reform Act") made public entities eligible to be owners of projects receiving assistance under Section 236. Pursuant to the HUD Reform Act, the Corporation is an eligible Section 236 mortgagee. Transfer of a Project is also subject to the prior approval of HPD.

Each Section 236 Contract provides that the corresponding Section 236 Mortgage Loan may only be assigned, including any assignment or reassignment between the Corporation and the Trustee, with HUD's prior written approval.

Excess Income. Pursuant to each 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 anticipated operating costs of the Project assuming the payment of principal and interest on a mortgage note bearing interest at the rate of 1% per annum and an amortization period of up to fifty (50) years, and (ii) a fair market rental charge for each such unit, determined on the basis of the anticipated operating costs of the Project assuming payment of principal and interest at the unsubsidized mortgage rate (the "market rent"). The rent charged for each subsidized unit (the "tenant rent") is 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 each Section 236 Contract, the Section 236 mortgagee and HUD must approve all rent increases.

Each Section 236 Contract provides that 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"). In a notice issued by HUD on January 4, 1991 with respect to all mortgagors subject to Section 236 Contracts, HUD stated that it would implement strict enforcement actions against an owner of a project who does not remit excess rental amounts. This notice states that HUD should attempt to recover Excess Income Payments if the affected mortgagor does not make a lump sum payment or enter into a repayment schedule with HUD through the following actions listed in order of priority: use of the project's residual receipts, repayment of distributions, surplus cash and finally, project income. Among HUD's numerous potential remedies against the affected mortgagors are suspension of interest reduction payments. No assurance can be given regarding which remedies, if any, HUD will utilize against affected mortgagors in the event HUD seeks to affirmatively enforce the collection of Excess Income Payments.

Prior to April 1996, mortgagors were permitted to calculate the amount of Excess Income Payments payable to HUD on a project-wide basis, which enabled mortgagors to use Excess Income Payments to offset collection losses from nonpaying tenants. Section 236 was amended to require that, beginning in 1996, Excess Income Payments must be remitted to HUD on a unit-by-unit basis, thus precluding the ability of mortgagors to use such Excess Income Payments to offset collection losses and potentially reducing the income available to the projects.

In 1999, Congress passed the "Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act" (the "1999 Act"). This and subsequent legislation allow Mortgagors of Section 236 Developments to retain excess rents for project purposes if consented to by HUD. Based solely on a review of the most recent information submitted to it by the Mortgagors of the Section 236 Developments where the Corporation is the Section 236 mortgagee (which relate to the Section 236 Mortgage Loans other than the underlying 2002 Series D Trust Mortgage Loans), the Corporation believes that such Mortgagors are current on the Excess Income Payments due to HUD. No assurance can be given as to the impact of the revised Section 236 in the current or any future fiscal year on the ability of the Mortgagors of the Section 236 Developments to cover operating expenses and debt service on their respective Section 236 Mortgage Loans without requiring an increase in rents after Excess Income Payments are remitted to HUD.

The 1999 Act also permits Mortgagors of Section 236 Developments to refinance their mortgages (if the mortgages are otherwise eligible for prepayment) while retaining the Section 236 subsidy, which HUD generally refers to as its Section 236 "decoupling" program. HUD has considerable discretion in implementing the decoupling program and Section 236 Contracts executed pursuant to the program may have terms different from those described herein for the program generally. Among other things, in order to benefit from the decoupling program, the Mortgagor must agree to enforce the income restrictions applicable to tenants in the development for a period ending five years beyond the term of assistance under the new Section 236 Contract.

Certain Mortgagor Covenants. Each Mortgagor has covenanted in the Section 236 Contract to limit admission to the subsidized dwelling units in the Project to those families whose incomes do not exceed the applicable limits approved by the Section 236 mortgagee or the Secretary, with the exception of those tenants who agree to pay fair market rent. The Section 236 Contracts contain other covenants relating to the preference for occupancy for certain displaced or low income families, the 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. The Secretary has the authority to suspend or terminate HUD Payments at any time upon default by a Mortgagor under any of such covenants as well or upon any other default by a Mortgagor or the Section 236 mortgagee under the terms and conditions of the Section 236 Contract.

Each Mortgagor has covenanted to maintain habitability of the Project units. Under the terms of certain Section 236 Contracts, 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 or unless an unsubsidized unit is designated in its place.

Set-Off Rights of the United States. Payments under a 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 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 a 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 those projects where it is the Section 236 mortgagee. 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 Corporation 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 the Section 236 Contract.

Section 236, the rules, regulations and directives promulgated pursuant thereto and the Section 236 Contracts, do not contain any express requirement that any savings which result from a reduction in the Corporation's cost of borrowing due to a refunding of its obligations issued to finance a mortgage loan must be used to lower the interest rate on the mortgage loan and thereby to reduce HUD Payments. Consequently, the Corporation did not reduce the interest rate on the applicable Section 236 Mortgage Loans as a result of the issuance of the 1996 Series A Bonds. Based on the foregoing, the Corporation does not believe that HUD or any other party is entitled to all or a portion of the Corporation's debt service savings that result from the issuance of the 1996 Series A Bonds. Similarly, the Corporation does not believe that HUD or any other party is entitled to any amounts received by the Corporation as a result of the redemption of: (i) the Corporation's bonds that originally financed the Knickerbocker Plaza Development related to the Additional Mortgage Loan contributed in connection with the issuance of the 1999 Series A Bonds and (ii) the Corporation's bonds that originally financed the developments related to the Mortgage Loans contributed in connection with the issuance of the 2001 Series B Bonds. However, no assurance can be provided that HUD will not assert a right to reduce the amount of payments payable under the applicable Section 236 Contracts based upon the issuance of the 1996 Series A Bonds and/or the 2001 Series B Bonds and/or the aforesaid redemptions. If such a right is asserted, HUD could take certain actions including attempting to reduce payments under the applicable Section 236 Contracts.

HPD Supervision. All but one of the Projects with Section 236 Contracts were constructed and are operated as limited-profit housing projects or cooperatives in accordance with the Mitchell-Lama Law. For more information on the Mitchell-Lama Law, see "Mitchell-Lama Program" above.

Section 8 Program

General. The following is a brief description of the housing assistance payments program (the "Section 8 program") authorized by Section 8 of the United States Housing Act of 1937, as amended (the "1937 Housing Act"), which is qualified in its entirety by references to the applicable provisions of said Act and the regulations thereunder (the "Regulations"). The description applies to the variant of the Section 8 program which provides assistance under subsidy contracts for projects which set aside units for lower income families. Accordingly, this variant of the Section 8 program may be referred to as the "project-based Section 8 program."

The Section 8 program is administered by HUD and authorizes subsidy payments pursuant to Housing Assistance Payments Contracts ("HAP Contracts") to the owners of qualified housing for the benefit of lower income families (defined generally as families whose income does not exceed 80% of the median income for the area as determined by HUD) and very-low income families (defined generally as families whose income does not exceed 50% of the median income for the area as defined by HUD). Provision is made under the 1937 Housing Act and Regulations for administration of the Section 8 program through state or local housing finance agencies acting as contract administrator (the "Contract Administrator") of the HAP Contracts. Under this arrangement, the Contract Administrator agrees to pay the subsidy to or for the account of the mortgagor and concurrently contracts with HUD for payments of the subsidy by HUD to it. HUD may also serve as Contract Administrator.

Under 1937 Housing Act and the Regulations, not more than 25% of the dwelling units which were available for occupancy under HAP Contracts before October 1, 1981 and which are leased thereafter shall be available for leasing by lower income families other than very-low income families; and not more than 15% of the dwelling units which become available for occupancy under HAP Contracts after October 1, 1981 shall be available for leasing by lower income families other than very-low income families. Recent legislation also requires that not less than 40% of the dwelling units that become available for occupancy in any fiscal year shall be available for leasing only by families whose annual income does not exceed 30% of area median income (as determined by HUD and adjusted for family size) at the time of admission.

Amount and Payment of Subsidy. Section 8 subsidies available for debt service on the Bonds are based upon the "contract rent" applicable to specified dwelling units. The contract rent is initially based on the fair market rent for the dwelling unit, which is determined by HUD periodically with respect to each locality and published in the Federal Register. The housing assistance payments generally represent the difference between the contract rents (plus estimated utility allowances, where utility costs are paid directly by tenants, and an administrative fee, hereinafter described, where applicable) for all eligible units in a development, as approved by HUD from time to time, and the eligible tenant's contribution, which is generally 30% of such tenant's income, as adjusted for family size, income and expenses, with certain adjustments, although each assisted family is generally required to pay a minimum rent of between $25 and $50 per month. The contract rents for a development are generally limited to the "fair market rents" established by HUD as reasonable in relation to rents for comparable units in the area.

Subsidy Contracts. The payment of subsidies under the Section 8 program is made pursuant to two contracts entered into with respect to each development assisted under such program: an annual contributions contract (the "ACC") between HUD and the Contract Administrator, and the HAP Contract between the Contract Administrator and the owner. The ACC obligates the United States to provide funds to the Contract Administrator with which to make monthly housing assistance payments to the owner pursuant to a HAP Contract. The Corporation is the Contract Administrator for sixteen (16) of the Section 8 Developments; HPD is the Contract Administrator with respect to seventeen (17) Developments and HUD is the Contract Administrator for two Developments.

It is useful, in discussing the project-based Section 8 Program to distinguish between contracts executed under the 1937 Housing Act and the Regulations prior to 1997 which have not yet expired for the first time ("Original Contracts"), and contracts under the 1937 Housing Act and the Regulations which have been renewed generally subsequent to 1997 ("Renewal Contracts"). This distinction is of significance as a consequence of the amendments to the 1937 Housing Act which went into effect beginning in 1997.

The ACC establishes the maximum annual amount of the housing assistance payments to be made by HUD for the account of the mortgagor of a development. This amount may not exceed the total of the initial contract rents and utility allowances for the eligible units in a development and any administrative fee. For projects under the Original Contracts, if the amount of housing assistance payments actually disbursed under an ACC in any given year is less than the total available amount, some or all of the excess (including an amount equal to the portion of the contract rents payable by the tenants) is required to be set aside by HUD in a "project account" for the particular development and will be available in future years to fund increases in contract rents for the development, decreases in family incomes or other costs authorized or approved by HUD. In the event that previously appropriated amounts are not sufficient to meet HUD's contractual obligations to the Section 8 Developments, HUD is required by applicable Section 8 provisions to take such additional steps authorized by subsection (c)(6) of Section 8 of the 1937 Housing Act as may be necessary to obtain funds to assure that payment will be adequate to cover increases in contract rents and decreases in tenant payments. Under subsection (c)(6) of Section 8: "[t]he Secretary [of HUD] shall take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes." In practice, HUD has sought and received amendment authority from Congress sufficient to enable it to discharge its obligations under the HAP Contracts and the ACCs. The Corporation currently is experiencing a decline in the amount of funds available to certain of the Section 8 Developments owing to automatic increases in rental subsidies under the terms of the HAP Contracts associated with such Developments. Consistent with applicable law and regulations, the Corporation expects that HUD will amend the contracts for such Developments to provide additional funds as needed.

The HAP Contract provides for housing assistance payments with respect to a dwelling unit covered by the HAP Contract on the condition that such unit is maintained according to the requirements of the HAP Contract and is occupied by an eligible tenant. An ACC remains in effect for as long as a HAP Contract is in effect.

Adjustment of Subsidy Amounts. Each HAP Contract provides for certain adjustments in contract rents. With respect to Original Contracts, HUD publishes at least annually an Annual Adjustment Factor ("AAF"), which is intended to reflect changes in the fair market rent established in the housing area for similar types and sizes of dwelling units; interim revisions may be made where market conditions warrant. Upon request from the owner to the Corporation, the AAF is applied on the anniversary date of each HAP Contract to contract rents, provided that no adjustment shall result in a material difference between the rents charged for subsidized and comparable non-subsidized dwelling units except to the extent that the differences existed with respect to the contract rents set at HAP Contract execution or cost certification where applicable. (The difference that existed between the contract rent for a unit at HAP Contract execution and the rent on comparable unassisted units is generally referred to by HUD as the "initial difference" in contract rents.) In addition, provision is made in the regulations for special additional adjustments to reflect increases in actual and necessary expenses of owning and maintaining the subsidized units which have resulted from substantial general increases in real property taxes, assessments, utility rates and utilities not covered by regulated rates, if the owner demonstrates that the automatic annual adjustments have not provided adequate compensation. Under current law (Section 8(c)(2)(C) of the 1937 Housing Act), "[t]he Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under the section ... unless the project has been refinanced in a manner that reduces the periodic payments of the owner."

Notwithstanding the foregoing, if the contract rents for a development exceed the applicable HUD fair market rents, then contract rents cannot be increased beyond comparable market rents (plus the initial difference) as determined by independent appraisals of at least three comparable local developments submitted by the owner. In addition, the AAFs for Section 8 units which experienced no turnover in tenants since their preceding HAP Contract anniversary date shall be one percentage point less than the AAFs that would otherwise apply.

With respect to Renewal Contracts, the HAP Contract will, in most cases, provide for annual adjustments in contract rents based upon an Operating Cost Adjustment Factor (OCAF). The OCAF is intended to reflect increases in the cost of operating comparable rental properties, which may or may not correspond to circumstances affecting a particular Section 8 Development. HAP Contracts renewed for terms longer than one year will be subject to Congressional appropriations, which may not be available. The failure of the Congress to appropriate funds to pay subsidies pursuant to Renewal Contracts could have an adverse impact on the ability of the related Section 8 Developments to pay debt service. In addition, the prohibition on adjustments that would lower contract rents, explained above, does not apply to HAP Contracts that are Renewal Contracts.

Vacancies and Debt Service. Generally, the Section 8 subsidy is payable with respect to the dwelling unit only when it is occupied by a qualified person or family. However, applicable law and regulations provide for payment of the subsidy under certain circumstances and, for a limited period of time, when the dwelling unit is not occupied. Upon the occurrence of a vacancy in a dwelling unit, a subsidy amounting to 80% of the contract rent is payable for a vacancy period of 60 days subject to compliance by the mortgagor with certain conditions relating primarily to a diligent effort to rent the subsidized unit. The payment of a subsidy with respect to a dwelling unit vacant after initial rent-up may continue for an additional 12 months from the expiration of the 60-day period in an amount equal to the principal and interest payments required to amortize the debt service attributable to the vacant unit, if a good faith effort is being made to fill the unit and the unit provides decent, safe, and sanitary housing. Such continued payments also require the mortgagor to show that project costs exceed revenues, a good faith effort is being made to fill the unit and the additional subsidy payments do not exceed the deficiency attributable to the vacant units. With respect to the Section 8 Developments receiving subsidies pursuant to the Section 8 Moderate Rehabilitation Program, vacancy payments are only available for a maximum period of 60 consecutive days.

Compliance With Subsidy Contracts. The ACC and the HAP Contract each contain numerous agreements on the part of the Contract Administrator and the owner concerning, among other things, maintenance of the development as decent, safe and sanitary housing and compliance with a number of requirements typical of Federal contracts (such as non-discrimination, equal employment opportunity, relocation, pollution control and labor standards) as to which non-compliance by the owner may result in abatement by HUD or the Contract Administrator, as the case may be, of the payment of the Federal subsidy, in whole or in part.

Housing assistance payments will continue as long as the owner complies with the requirements of the HAP Contract and has leased the assisted units to an eligible tenant or satisfies the criteria for receiving assistance for vacant units. The Contract Administrator, which has primary responsibility for administering each HAP Contract subject to review and audit by HUD, subject to an opportunity by the mortgagor to cure any default under the HAP Contract, may abate housing assistance payments and recover overpayments pending remedy of the default. If the default is not cured, the Contract Administrator may terminate the HAP Contract or take other corrective action, in its discretion or as directed by HUD. HUD has an independent right to determine whether the owner is in default and to take corrective action and apply appropriate remedies.

If HUD determines that the Contract Administrator has failed to fulfill its obligations, HUD may, after notice to the Contract Administrator giving it a reasonable opportunity to take corrective action, require that the Contract Administrator assign to it all rights under the HAP Contract. The Corporation has, to date, never been notified by HUD that it has failed to fulfill its obligations with respect to any of the Developments. In recent years, HUD has placed increasing emphasis on assuring that Contract Administrators fulfill their obligations in this respect.

Expiration of Subsidy Contracts. Until 1997, there was substantial uncertainty as to what would happen to Section 8 developments upon the expiration of their HAP Contracts at the end of their terms. HUD's Fiscal Year 1998 Appropriations Act, Pub. L. 105-65, signed into law on October 27, 1997, included within it the "Multifamily Assisted Housing Reform and Affordability Act of 1997" (as amended several times thereafter, the "MAHRA"). Under the so-called Mark-to-Market program established by MAHRA, many FHA-insured Section 8 projects with expiring HAP Contracts are eligible to receive continuing Section 8 assistance through contract renewals. Such Renewal Contracts may have terms from one to twenty years, subject to Congressional appropriations. As noted above, absent such appropriations, there is no assurance that funds will be available under these contracts. Additionally, FHA-insured Section 8 developments with expiring HAP Contracts and above-market rents may be eligible for restructuring plans and, upon restructuring, to receive continuing Section 8 assistance pursuant to contracts subject to Congressional appropriations. These restructuring plans may include partial or full prepayment of mortgage debt intended to reduce Section 8 rent levels to those of comparable market rate properties or to the minimum level necessary to support proper operations and maintenance, and in certain cases is designed to result in a change from "project-based" to "tenant-based" Section 8 payments. MAHRA provides, however, that no restructuring or renewal of HAP Contracts will occur if the owner of a project has engaged in material adverse financial or managerial actions with respect to that project or other Federally assisted projects, or if the poor condition of the project cannot be remedied in a cost effective manner.

Although the primary focus of the Mark-to-Market Program is developments that have FHA-insured mortgages with terms ranging from 30 to 40 years and which have HAP Contracts with substantially shorter terms, MAHRA contained distinct mortgage restructuring and HAP Contract renewal and contract rent determination standards for Section 8 developments for which the primary financing or mortgage insurance was provided by a state or local government, or a unit or instrumentality of such government. Such projects, including the Section 8 Developments, were, under MAHRA, excluded from restructuring and instead are eligible for renewals at the lesser of (i) existing rents, adjusted by an operating cost adjustment factor established by HUD, (ii) a budget-based rent, or (iii) in the case of certain "moderate rehabilitation" Section 8 assistance contracts, the lesser of (x) existing rents, adjusted by an operating cost factor determined by HUD, (y) existing fair market rents (less any amounts allowed for tenant purchased utilities), or (z) comparable market rents for the market area. Under current HUD policy, existing fair market rents for moderate rehabilitation projects means 120% of HUD's published existing fair market rents.

Although initially exempt from restructuring, the 1999 amendments to MAHRA made Section 8 developments with FHA-insured mortgages for which the primary financing was provided by a unit of state or local government subject to the Mark-to-Market program unless the implementation of a mortgage restructuring plan would be in conflict with applicable law or agreements governing such financing. The 1999 amendments also provide for a new program for preservation of Section 8 developments that allows increases in Section 8 rent levels for certain Section 8 developments (including Section 236 Developments which also have project-based HAP Contracts) that have below market rents, to market-rate or near market-rate levels.

Contract rents available upon any renewal may be significantly lower than the current Section 8 contract rents in the Section 8 Developments, and the corresponding reduction in housing assistance payments for such Developments would materially adversely affect the ability of the Mortgagors of such Developments to pay the currently scheduled principal and interest on the related Mortgage Loans. Any termination or expiration of HAP Contracts without renewal or replacement with other project-based assistance (whether due to enactment of additional legislation, material adverse financial or managerial actions by a Mortgagor, poor condition of the project or other causes) would also have a material adverse impact on the ability of the related Section 8 Developments to generate revenues sufficient to pay the currently scheduled principal of and interest on the related Mortgage Loans. See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program" for a description of the Mortgage Loans and the expiration dates of the HAP Contracts. While MAHRA generally allows mortgagors to renew HAP Contracts (absent certain material adverse conduct or conditions), mortgagors are not required to renew HAP Contracts beyond their initial expiration or the expiration of a renewal term.

A reduction in Section 8 contract rents or the termination or expiration of the HAP Contract (without renewal or replacement with other project-based assistance, or without prepayment, forgiveness, write-down or refinancing as described below), as described in the previous paragraphs, could thus result in a default under the Mortgage Loan for the related Section 8 Development. Except for eighteen (18) Mortgage Loans financed by the 2002 Series D Bonds, all of the Section 8 Developments are financed with FHA-insured Mortgage Loans. One (1) of the Developments under the Program with an FHA-insured Mortgage Loan, President Arms, had its Section 8 contract rents recently reduced by HUD. The mortgagor of this Development is in the process of negotiating a restructuring of the related Mortgage Loan with FHA which, if not completed, would mean that the amount of the Mortgage Loan would not be reduced; therefore, a default under this Mortgage Loan could occur. Nonetheless, if any or all of such Mortgage Loans were to default, FHA Insurance benefits received by the Corporation or proceeds from enforcement actions (including foreclosure) regarding those Mortgage Loans not subject to Supplemental Security, together with monies held in the Accounts under or pursuant to the General Resolution, including the Debt Service Reserve Account, are expected to be sufficient to redeem, pursuant to a special redemption from Recoveries of Principal, an allocable portion of certain Bonds in the event the Corporation is required or elects to redeem Bonds with such funds. For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see "Appendix E-4—Cross-Call Provisions and Related Information." Moreover, in the event of such partial redemption, sufficient monies are expected to be available from the remaining Mortgage Loans, the Debt Service Reserve Account and earnings on all monies held in the Accounts maintained under the Resolutions to continue to make timely payments of scheduled principal of and interest on the remaining Outstanding Bonds.

The restructuring plans established by MAHRA referred to above, as a general matter, contemplate restructuring FHA-insured mortgage loans on certain Section 8 projects through a nondefault partial or full prepayment of such loans. Nondefault partial or full prepayment or similar forgiveness or write-down of mortgage debt pursuant to a restructuring of these Mortgage Loans could result in the special redemption from Recoveries of Principal of an allocable portion of certain Bonds at any time with the proceeds the Corporation receives from any such prepayment, forgiveness or write-down. In addition, the Mortgagors of these Mortgage Loans could opt to refinance their Mortgage Loans in full, pursuant to Section 223(a) (7) of the FHA regulations, which could also result in the special redemption from Recoveries of Principal of an allocable portion of certain Bonds at any time with the proceeds the Corporation receives from any such refinancing. For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see "Appendix E-4—Cross-Call Provisions and Related Information." See Appendix E-1 hereto for a description of the Mortgage Loans and the expiration dates of the HAP Contracts.

Exception Projects Under MAHRA. MAHRA contains distinct mortgage restructuring and HAP Contract renewal and contract rent determination standards for certain Section 8 projects which require differentiation from the majority of developments. For example, one is the case noted above, in which primary financing or mortgage insurance was provided by a state or local government, or a unit or instrumentality of such government. A second important group of differentiated projects are those financed under Section 202 of the Housing Act of 1959 that also received Section 8 HAP Contracts when first constructed ("Section 202 Properties"). Such projects are, under MAHRA, excluded from restructuring and mark-down of their rents, and are known as "Exception Projects." Exception Projects are not involuntarily subject to mark-down to market, i.e. the rents may not be reduced below a level upon renewal or prepayment which would not provide the property with funds sufficient to operate the property with a balanced budget. A budget-based analysis is typically performed in connection with the renewal of a HAP Contract for a Section 202 Property. The owner of a Section 202 Property may opt to be renewed under the other renewal options discussed above, but in so doing risks losing the Exception Project designation. For some Section 202 Properties with below market rents this could be a viable option; any contemplation of this would need to be analyzed on a case by case basis. Section 202 Properties are Exception Projects and are statutorily eligible for renewals at the lesser of (i) existing rents, adjusted by an OCAF or (ii) a budget-based rent. Recent legislation and regulations facilitate the refinancing of Section 202 Properties. HUD has recently published final Regulations for the refinancing and rehabilitation of financed and constructed developments under Section 202 with Section 8 subsidies.

No Assurance as to Congressional Action. The HAP Contracts for most of the Section 8 Developments expire or have expired prior to the respective maturity dates of the related Mortgage Loans. Since payments received under the HAP Contracts constitute a primary source of revenues for the related Developments, the expiration of the HAP Contracts (without renewal or replacement) – whether Origianl Contracts or Renewal Contracts – would have a material adverse impact on the ability of the related Developments to generate revenues sufficient to pay the principal of and interest on the related Mortgage Loans. There can be no assurance that the HAP Contracts will be renewed or replaced. Since 1997, MAHRA has been changed in a variety of ways and is always subject to Congressional reconsideration;

the extension of mark-to-market statutory authority that otherwise would expire shortly will be under consideration by Congress. In the event of the expiration of one or more of the HAP Contracts (without renewal or replacement), there is a likelihood of a default on one or more of the related Mortgage Loans. In the case of Section 8 Developments with FHA Mortgage Loans, the Mortgage Loan(s) would be assigned to FHA for FHA Insurance benefits. Upon receipt of such FHA Insurance benefits or proceeds received from enforcement actions (including foreclosure) of a defaulted Mortgage Loan not subject to supplemental security, the Corporation may elect to redeem an allocable portion of certain Bonds. For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see "Appendix E-4—Cross-Call Provisions and Related Information." See Appendix E-1 hereto for the date of expiration of the HAP Contracts.

Corporation Programs

Affordable Housing Permanent Loan Program

The Corporation's Affordable Housing Permanent Loan Program ("AHPLP") is intended to make small permanent first mortgage loans on projects primarily developed under programs sponsored by HPD. Generally, the maximum amount of each mortgage loan is $2,000,000 and is not to exceed 60% of the combined mortgage loans from HPD or other-subordinated lenders. The Corporation will service the first mortgage loan and the HPD subordinate mortgage loan.

For each AHPLP construction mortgage loan, the Corporation will enter into a buy-sell agreement with the mortgagor's construction lender. A minimum replacement reserve of $250 per unit will be required. It is expected that AHPLP permanent mortgage loans will not be secured by Supplemental Security.

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. Formerly known as 100% LITE, LAMP now allows the direct infusion of subsidy from the Corporation's reserves up to $55,000 per unit. 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.

LAMP may be combined with other Corporation programs and/or other Subsidy Programs, including HTF and the Certificate Program. LAMP may also be used to finance mixed-income projects, where a minimum of 70% of the units are affordable to those earning less than or equal to 60% of the area median income.

Mitchell-Lama Programs

Most Mitchell-Lama developments have an elderly tenant base who are particularly vulnerable to any material increase in rent. Many of these projects have not had rent increases in many years and are having increasing difficulty covering project operating costs.

To preserve such projects as affordable housing and to prevent owners of these projects from leaving the Mitchell-Lama program when they have the ability to opt out of the program, the Corporation has developed the Mitchell-Lama Restructuring Program and the Mitchell-Lama Repair Loan Program as described below.

Mitchell-Lama Restructuring Program

The Corporation has developed a refinancing program to address the following issues affecting the Mitchell-Lama developments and to preserve the Mitchell-Lama projects as affordable housing (the "Mitchell-Lama Restructuring Program").

(a) refunding the existing bonds that refinanced the original Mitchell-Lama development loans by issuing longer term bonds; and

(b) restructuring each mortgagor's existing first and second mortgage loans so that (i) the new first mortgage loan contains an extension of the maturity date of the existing first mortgage loan with a lower rate of interest, and the new first mortgage loan is made in a principal amount which includes that amount of the existing second mortgage loan as causes total debt service on the new first mortgage loan to be approximately the same as the debt service on the existing first mortgage loan and (ii) the new second mortgage loan is made in a principal amount which represents the balance of the principal amount of the existing second mortgage loan with a rate of interest of 0%, due as a balloon payment upon the retirement of the new first mortgage loan.

Mitchell-Lama Repair Loan Program

A significant number of the Mitchell-Lama developments are aging (each is between 30 and 40 years old) and are in need of significant repairs.

The Corporation, under the Mitchell-Lama Repair Loan Program, will provide additional loans to these Mitchell-Lama projects with the issuances of taxable bond proceeds. These loans may be used to fund system modernizations, capital improvements or repairs at the Mitchell-Lama developments. The Corporation oversees the satisfactory completion of such modernizations, improvements and repairs.

New Housing Opportunities Program

The New Housing Opportunities Program ("New HOP") was established in 1997 by the Corporation to encourage the development of affordable low, moderate and middle income housing in New York City which would not otherwise be produced by the ordinary operations of private enterprise. Pursuant to New HOP, the Corporation will provide subordinate financing in conjunction with first construction and permanent mortgage loans. The first mortgage loans under New HOP have been, or are expected to be, made with the proceeds of bonds issued by the Corporation. Each development financed under New HOP will be subject to a regulatory agreement restricting the rents to levels affordable to low, moderate and middle income households.

For each New HOP construction mortgage loan made with bond proceeds, the Corporation will require the developer to post a bank letter of credit, guarantee or other security equal to the face amount of such loan plus a specified interest reserve amount. The letter of credit may be drawn upon by the Corporation if the developer fails to make scheduled payments of interest and principal on the construction mortgage loan. Any amounts received by the Corporation under the letter of credit are pledged to the holders of bonds issued under the General Resolution. Following the completion of construction and the fulfillment of certain other conditions, the Corporation will release the letter of credit. In certain cases, the Corporation will finance a permanent first mortgage loan only. Although it is expected that most New HOP permanent mortgage loans will not be initially secured by Supplemental

Security, the Corporation may, in the future, seek mortgage insurance from SONYMA or REMIC for all or a portion of the principal balance of such mortgage loans.

Participation Loan Program

The Participation Loan Program ("PLP") was established in 1977 pursuant to Article XV of the Private Housing Finance Law of the State of New York. PLP is designed to increase accessibility to mortgage capital for the rehabilitation of privately owned multi-family housing in the City of New York. HPD administers PLP which provides mortgage financing for the rehabilitation of such housing at nominal interest rates.

HPD may only make a loan pursuant to PLP if another bona fide lender, such as the Corporation, also lends a portion of the funds necessary to complete the rehabilitation of the project. HPD's PLP loans are typically secured by subordinate mortgages. Currently, the Corporation holds certain first position Mortgage Loans (some of which benefit from Supplemental Security) assisted under PLP and also holds subordinate Mortgage Loans originally funded under PLP, which loans were acquired from HPD upon the issuance of the 2002 Series D Bonds and the 2003 Series D Bonds.

In addition, Federal HOME funds available under the Housing and Community Development Act of 1992 are administered by HPD which provides mortgage financing for the rehabilitation and certain new construction of privately owned multi-family housing in the City of New York at nominal interest rates. HPD may make such a loan if non-Federal matching funds are available.

Article 8-A Loan Program

The Article 8-A Loan Program ("Article 8-A") was established in 1970 pursuant to the Private Housing Finance Law of the State of New York. Article 8-A is available to owners of privately owned multi-family housing developments if: (i) each dwelling unit in such development is available at rents affordable to low income persons or families and (ii) such owner is unable to obtain financing from the private sector. Article 8-A loan proceeds may be used to eliminate any substandard or unsanitary condition at a development, or for replacement or rehabilitation of systems at a development or other improvements necessary to prolong the useful life of a development.

HPD administers Article 8-A which provides mortgage financing for the rehabilitation of such housing at below-market interest rates. Article 8-A loans are typically secured by subordinate mortgages.

§421-a Negotiable Certificate Program

HPD's §421-a Negotiable Certificate Program (the "Certificate Program") is designed to link the creation of market rate multi-family housing in certain areas of Manhattan south of 96th Street (the "Geographic Exclusion Zone") with the development of low income housing in other areas of New York City. In general, newly constructed multi-family housing in the Geographic Exclusion Zone is not eligible to receive any real estate tax exemption unless the developer of such housing either (i) sets aside at least 20% of the units in such projects for low income households or (ii) purchases §421-a Negotiable Certificates from other developers who have constructed or rehabilitated low income housing in other areas of the City of New York ("off-site projects" or "off-site units") pursuant to the rules and regulations of the Certificate Program. Authorized by §421-a of the New York Real Property Tax Law, the Certificate Program generally permits HPD to grant five §421-a Negotiable Certificates for each off-site low income unit created under the Certificate Program. In turn, each §421-a Negotiable Certificate allows the developer of a market rate unit in the Geographic Exclusion Zone to receive a 10-year phased exemption from any increase in such market rate unit's assessed value relating to the construction of such market rate unit. The 10-year phased real estate tax exemption increases the value of the market rate Geographical Exclusion Zone unit. Therefore, the developer of the market rate unit will pay the developer of the off-site unit to be able to receive and utilize the §421-a Negotiable Certificates that are generated by the off-site low income project.

Mixed Income Rental Program

Under the Mixed Income Rental Program ("MIRP") sponsors purchase land or vacant buildings, and construct or rehabilitate multi-family units in order to create affordable rentals, with a targeted set aside of up to 30% of the units for formerly homeless families and the remaining units to be reserved for households earning less than or equal to 60% of the New York City area median income. Under MIRP, HPD will provide a direct subsidy of up to $50,000 per unit. The funds from HPD are advanced through a 1% loan for a maximum term of 30 years.

MIRP is used to leverage construction and permanent financing from private institutional lenders and from other public sources including the Corporation and the State. MIRP may be combined with other Subsidy Programs, including the Certificate Program.

New York State Housing Trust Fund Corporation Programs

The New York State Housing Trust Fund Corporation ("HTF"), a public benefit corporation which operates under the aegis of the Division of Housing and Community Renewal ("DHCR"), has two initiatives involving tax exempt bond financing: the Homes For Working Families Initiative ("HWFI") and the Senior Housing Initiative ("SHI"). Under both programs, HTF assistance of up to $35,000 per unit will be provided in the form of low or deferred interest mortgages for affordable housing projects.

Through HWFI, DHCR provides subordinate permanent financing at an interest rate of 1% to private developers for the new construction or substantial rehabilitation of affordable rental housing projects. Under HWFI, 100% of the units must be affordable to households earning less than 60% of area median income. At least 50% of project cost must be financed by tax-exempt bonds issued under Section 142 of the Internal Revenue Code in order to enable the projects to qualify for Federal low-income housing tax credits.

Pursuant to SHI, DHCR provides subordinate permanent financing at an interest rate of 0% to 1% to not-for-profit developers for the new construction or substantial rehabilitation of affordable rental housing for the elderly. Under SHI, occupancy is limited to seniors, defined as households headed by a person 60 years of age or older. Approximately 20% of the units in a project assisted through the SHI must be affordable to households earning less than 50% of area median income.

General Municipal Law Article 16

Article 16 of the General Municipal Law, Section 690 et seq. authorizes certain municipalities in the State, including the City, to make grants or loans (i) to the owner of any property that is part of an urban development action area project (as defined in such law) for the purpose of rehabilitation of an existing private or multiple dwelling, (ii) for the purpose of providing site improvements, or (iii) for the purpose of providing for other costs of construction for the development of private and multiple dwelling housing accommodations. Any loan made in accordance with this section shall be secured by a note and mortgage. In the case of a loan for the purpose of providing rental housing for persons of low income, the rental development must be subject to a regulatory agreement limiting profits and rentals charged.

With regard to the Mortgage Loans financed or expected to be financed by the Corporation which are subsidized through General Municipal Law, Article 16, the initial feasibility of these Developments was determined by the Corporation, HPD and a conventional construction lender. HPD's General Municipal Law, Article 16 permanent loan is subordinate to the Corporation's Mortgage Loan and both loans are not secured by Supplemental Security. In the event of a default on the Corporation's Mortgage Loan, any proceeds resulting from a foreclosure which might result from such default would be applied to satisfy the Corporation's Mortgage Loan prior to HPD's General Municipal Law, Article 16 loan.

Housing Development Grant Program

Pursuant to the Housing Development Grant ("HoDAG") Program, which was authorized by Section 17 of the 1937 Housing Act, HUD made grants to localities for rental housing projects within such localities' respective jurisdictions. HPD received such a grant for certain of the Developments and utilized the funds provided by HUD to make a second unsecured mortgage loan. During the term of the HoDAG second uninsured mortgage loan made to the Mortgagor by HPD, the Mortgagor is required to comply with certain HoDAG Program requirements, including restrictions relative to the occupancy of certain units by low income tenants. If HoDAG Program requirements are not adhered to by the Mortgagor of the Development which received the HoDAG funds, the Mortgagor is required to repay HPD the amount of HoDAG grant funds, subject to certain adjustments. HUD may require the City to refund the grant monies. While no payments are due on this second position permanent loan during the term of the applicable Mortgage Loan, upon a violation of the HoDAG Program requirements by the Mortgagor, the City may then proceed to enforce its right to collect such grant monies from the Mortgagor.

Housing Assistance Corporation Programs

The Housing Assistance Corporation ("HAC") is a public benefit corporation of the State established pursuant to Section 654-b of the Act as a subsidiary of the Corporation. HAC is to continue in existence until terminated by law; provided, however, that no such termination shall take effect as long as its obligations remain outstanding. The payments and funds of HAC are not considered to be assets of the Corporation and are not pledged under the Resolutions.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City or the State, for the purpose of assisting rental developments to maintain rentals affordable to low and moderate income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge or assign these monies to any rental development (and may enter into agreements for such purposes with mortgagors of rental developments) or assist the Corporation in financing such developments.

HAC has entered into a Tenant Assistance Contract ("TAC") with the Mortgagors of three (3) Developments to provide monthly rental assistance payments. To be eligible for the TAC payments the Mortgagor must ensure that (i) 20% of the Development's rental units are available for households whose annual income at initial occupancy does not exceed 80% of New York City median income as adjusted for family size ("Low Income Families"), and (ii) 80% of the rental units are available for households whose annual income at initial occupancy does not exceed 180% of New York City median income.

In the event a Mortgagor is in default under a TAC, HAC may take legal action against such Mortgagor or suspend payments for any unit not in compliance with the terms of the TAC. In the event that at least 10% of the units are not leased to Low Income Families, HAC may terminate the TAC. See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program" for the date of expiration of the TACs.

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