

Federal Tax Exemption: *In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2008 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to such exclusion of interest on any 2008 Bond for any period during which such 2008 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities financed with the proceeds of the 2008 Bonds or a “related person,” and (ii) interest on the 2008 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.*

State Tax Exemption: *On November 6, 2008, Bond Counsel to the Corporation rendered its opinion to the effect that, under existing statutes, interest on the 2008 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See “TAX MATTERS” herein.*



\$35,400,000

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Multi-Family Mortgage Revenue Bonds (245 East 124th Street), 2008 Series A

Date of Issuance: November 6, 2008 Interest Rate: 2.10% Price 100% CUSIP No.†: 64966TGQ1 Due: November 1, 2046
Date of Remarketing: October 1, 2019 Mandatory Tender Date: October 1, 2029

The Multi-Family Mortgage Revenue Bonds (245 East 124th Street), 2008 Series A (the “2008 Bonds”) were issued on November 6, 2008 as variable rate obligations bearing interest at the Weekly Rate and are subject to tender and remarketing on October 1, 2019.

The 2008 Bonds relate to a multifamily rental housing facility located at 245 East 124th Street in the Borough of Manhattan, New York (the “Project”). The Project is owned by East 124th Street LLC, a New York limited liability company (the “Mortgagor”). The 2008 Bonds were issued to finance a Mortgage Loan to the Mortgagor in order to provide funds which, together with other available funds, were used to finance a portion of the costs of acquiring, constructing and equipping the Project.

The 2008 Bonds are being remarketed in a Term Rate Term and will bear interest during such Term Rate Term at the fixed rate set forth above and payable semiannually on April 1 and October 1 of each year, commencing April 1, 2020, and on any redemption or tender date. The 2008 Bonds are subject to mandatory tender (including at the option of the Corporation or the Mortgagor) and are subject to redemption, all as set forth herein. See “DESCRIPTION OF THE 2008 BONDS.”

Payment of principal of and interest on the 2008 Bonds is secured, to the extent described herein, by certain revenues and assets pledged under the Resolution pursuant to which the 2008 Bonds were issued, all as described herein. The principal of, interest on and Purchase Price of the 2008 Bonds are payable from funds advanced under a direct pay credit enhancement instrument (the “Credit Enhancement Agreement” or the “Initial Credit Facility”) dated as of November 1, 2008, between the Trustee and Federal Home Loan Mortgage Corporation (“Freddie Mac”).

FREDDIE MAC

The Credit Enhancement Agreement will terminate on November 6, 2046, unless earlier terminated. Freddie Mac’s obligations to make advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of the Credit Enhancement Agreement are irrevocable.

The 2008 Bonds were issued in book-entry form only and are 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 2008 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 Participants for subsequent disbursement to the Beneficial Owners. Purchasers of the 2008 Bonds will not receive physical delivery of bond certificates. The 2008 Bonds are not transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. See “DESCRIPTION OF THE 2008 BONDS—Book-Entry Only System.” The Bank of New York Mellon, located in New York, New York, is the Trustee with respect to the 2008 Bonds.

This Remarketing Circular in general describes the 2008 Bonds only while the 2008 Bonds bear interest at the Term Rate.

The 2008 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 2008 Bonds are not a debt of the State of New York or The City of New York and neither the State nor the City shall be liable thereon, nor shall the 2008 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.

FREDDIE MAC’S OBLIGATIONS WITH RESPECT TO THE 2008 BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE 2008 BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE 2008 BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE 2008 BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

In connection with the change in the method of determining the interest rate for the 2008 Bonds, certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for Freddie Mac by its Special Counsel, Katten Muchin Rosenman LLP, Washington, D.C. Certain legal matters will be passed upon for the Mortgagor by its Counsel, Nixon Peabody LLP, New York, New York. Certain legal matters related to the 2008 Bonds will be passed upon for the Remarketing Agents by their Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. It is expected that the 2008 Bonds will be available for delivery in New York, New York upon remarketing on October 1, 2019.

**BofA Merrill Lynch
Remarketing Agent**

**Ramirez & Co., Inc.
Remarketing Agent**

Dated: September 25, 2019

† See footnote on inside cover page.

This Remarketing Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2008 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 the Remarketing Agents to give any information or to make any representations other than as contained in this Remarketing Circular. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the New York City Housing Development Corporation, Freddie Mac, the Mortgagor (in the case of information contained herein relating to the Mortgagor and its affiliates, the Mortgage Loan and other financing and the Project), 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 Remarketing Agents 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 Remarketing Circular nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the New York City Housing Development Corporation, Freddie Mac or the Mortgagor, since the date hereof.

Freddie Mac has not provided or approved any information in this Remarketing Circular except with respect to the description under the heading "FREDDIE MAC," takes no responsibility for any other information contained in this Remarketing Circular, and makes no representation as to the contents of this Remarketing Circular. Without limiting the foregoing, Freddie Mac makes no representation as to the suitability of the 2008 Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role with respect to the 2008 Bonds is limited to its obligations under the Credit Enhancement Agreement described herein.

THE 2008 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 REMARKETING CIRCULAR.

IN CONNECTION WITH THIS OFFERING, THE REMARKETING AGENTS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2008 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 REMARKETING AGENTS MAY OFFER AND SELL THE 2008 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE REMARKETING AGENTS.

* The CUSIP number has been assigned by an independent company not affiliated with the Corporation and is included solely for the convenience of the owners of the 2008 Bonds. The Corporation is not responsible for the selection or uses of this CUSIP number, and no representation is made as to its correctness on the 2008 Bonds or as indicated above. The CUSIP number is subject to being changed after the remarketing of the 2008 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2008 Bonds, tender and remarketing, 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 the 2008 Bonds.

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NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

\$35,400,000

Multi-Family Mortgage Revenue Bonds (245 East 124th Street), 2008 Series A

This Remarketing Circular (including the cover page and appendices) provides certain information concerning the New York City Housing Development Corporation (the “Corporation”) in connection with the remarketing of \$35,400,000 aggregate principal amount of Multi-Family Mortgage Revenue Bonds (245 East 124th Street), 2008 Series A (the “2008 Bonds”). The 2008 Bonds were issued by the Corporation on November 6, 2008 as variable rate obligations bearing interest at the Weekly Rate and are subject to tender and remarketing on October 1, 2019.

The 2008 Bonds were 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 Mortgage Revenue Bonds (245 East 124th Street) Bond Resolution” adopted by the Members of the Corporation on June 11, 2008. Such resolution, as amended and supplemented from time to time, is herein referred to as the “Resolution.” Pursuant to the Resolution, bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein and all such bonds, including the 2008 Bonds, are herein referred to as the “Bonds.” The Bank of New York Mellon, located in New York, New York, acts as trustee for the 2008 Bonds (with its successors, the “Trustee”). Certain defined terms used herein are set forth in Appendix A hereto.

INTRODUCTION

The Corporation, which commenced operations in 1972, is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State of New York (the “State”), 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.

The 2008 Bonds relate to a multi-family rental housing facility located at 245 East 124th Street in the Borough of Manhattan, New York (the “Project”). The Project is owned by East 124th Street LLC, a New York limited liability company (the “Mortgagor”). The 2008 Bonds were issued to finance a mortgage loan (the “Mortgage Loan”) to the Mortgagor for the purpose of paying a portion of the costs of acquiring, constructing and equipping the Project. See “THE PROJECT AND THE MORTGAGOR.”

Concurrently with the issuance of the 2008 Bonds, the Corporation caused to be delivered to the Trustee an irrevocable, direct-pay credit enhancement agreement, effective as of the date of issuance of the 2008 Bonds (sometimes referred to herein as the “Credit Enhancement Agreement” or the “Initial Credit Facility”) executed and delivered by the Federal Home Loan Mortgage Corporation (“Freddie Mac”). Under the Credit Enhancement Agreement, Freddie Mac will advance funds to the Trustee with respect to the payment of: (i) the principal of the 2008 Bonds when due by reason of acceleration, redemption, defeasance or stated maturity and (ii) up to 189 days’ interest thereon (computed at the Term Rate) to pay the interest on the 2008 Bonds when due on or prior to their stated maturity date. Freddie Mac will also advance funds under the Credit Enhancement Agreement to the Trustee up to the principal amount of the 2008 Bonds and interest thereon (computed at the Term Rate) for up to 189 days in order to pay the Purchase Price of 2008 Bonds tendered and not remarketed. The Credit Enhancement Agreement will expire on November 6, 2046, unless terminated earlier in accordance with its terms, as described herein. The Credit Enhancement Agreement constitutes a “Credit Facility” and the “Initial Credit Facility” under the Resolution and Freddie Mac constitutes a “Credit Facility Provider” and the “Initial Credit Facility Provider” under the Resolution. See “SECURITY FOR THE BONDS.”

The Mortgage Loan is evidenced by a mortgage note (as the same may be amended, modified or supplemented, the “Mortgage Note”) and secured by a first priority mortgage on the Project (as the same may be amended, modified or supplemented, the “Mortgage”). The Mortgage Note and Mortgage have been assigned by the Corporation to the Trustee and Freddie Mac, as their interests may appear, subject to the reservation by the

Corporation of certain rights. The Trustee has assigned the mortgage rights assigned to it to Freddie Mac but has retained the right to receive payments relating to the Principal Reserve Fund deposits subject to Freddie Mac's right to direct the Trustee to assign its entire interest in the Mortgage Loan to Freddie Mac. See "SECURITY FOR THE BONDS."

The 2008 Bonds are special obligations of the Corporation payable solely from payments under the Mortgage Loan and other Revenues pledged therefor under the Resolution, including any investment earnings thereon, all as provided in accordance with the terms of the Resolution. In addition, the 2008 Bonds are payable from advances under the Credit Enhancement Agreement or any Alternate Security (collectively, the "Credit Facility"). See "SECURITY FOR THE BONDS."

The Mortgagor has entered into a Reimbursement and Security Agreement (as amended, the "Credit Agreement" or the "Reimbursement Agreement") with Freddie Mac pursuant to which the Mortgagor has agreed to reimburse Freddie Mac for any payments made by Freddie Mac under the Credit Enhancement Agreement. Upon an event of default under the Reimbursement Agreement, Freddie Mac, at its option, may direct the mandatory tender or mandatory redemption of all or a portion of the 2008 Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT AGREEMENT – Events of Default" and "– Remedies," "DESCRIPTION OF THE 2008 BONDS – Redemption of 2008 Bonds – Mandatory –Mandatory Redemption Following an Event of Termination" and "DESCRIPTION OF THE 2008 BONDS – Credit Facility Provider's Right To Cause a Mandatory Tender for Purchase of 2008 Bonds Upon an Event of Termination." The Mortgagor's reimbursement obligations to Freddie Mac are secured by a second priority mortgage lien on the Project (the "Freddie Mac Reimbursement Mortgage"), which is subordinate to the Mortgage.

The 2008 Bonds were issued as variable rate obligations bearing interest at the Weekly Rate. On October 1, 2019, the 2008 Bonds will be subject to mandatory tender for purchase and will be remarketed in a Term Rate Period. The 2008 Bonds will bear interest at a fixed rate from their dated date to but excluding October 1, 2029 (the "Term Rate Term") and are also subject to mandatory tender for purchase (including at the option of the Corporation or the Mortgagor) and are subject to optional and mandatory redemption as set forth in the Resolution and described herein. See "DESCRIPTION OF THE 2008 BONDS." Payment of the Purchase Price of tendered 2008 Bonds that are not remarketed or following an Event of Termination shall be paid with amounts provided pursuant to the Credit Enhancement Agreement. As more fully described herein, the loss of exclusion of interest on the 2008 Bonds from gross income for Federal income tax purposes would not, in and of itself, result in a mandatory tender or redemption of the 2008 Bonds.

This Remarketing Circular in general describes the 2008 Bonds only while the 2008 Bonds bear interest at the Term Rate.

The 2008 Bonds are not a debt of the State of New York or The City of New York and neither the State nor the City shall be liable thereon, nor shall the 2008 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE 2008 BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE 2008 BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE 2008 BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE 2008 BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

Descriptions of the 2008 Bonds and sources of payment, the Corporation, Freddie Mac, the Mortgagor, the Project, the Mortgage Loan, the Credit Enhancement Agreement, the Resolution, the Reimbursement Agreement and certain related agreements are included in this Remarketing Circular. All summaries or descriptions herein of

documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the 2008 Bonds are qualified in their entirety by reference to the Resolution and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Resolution are available for inspection at the office of the Corporation. The Corporation has covenanted in the Resolution to provide a copy of each annual report of the Corporation (and certain special reports, if any) and any Accountant's Certificate relating thereto to each Bond owner who shall have filed such owner's name and address with the Corporation for such purposes. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Accounts and Reports" herein. Other than as so covenanted in the Resolution, the Corporation has not committed to provide any information on an ongoing basis to any repository or other entity or person.

THE CORPORATION

Purposes and Powers

The Corporation, which commenced operations in 1972, is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State, created for the purposes of providing, and encouraging the investment of private capital in, safe and sanitary dwelling accommodations in 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 of New York (the "City"), obtain Federal insurance thereon and either sell such insured mortgages or issue its obligations secured by said insured mortgages and to pay the net proceeds of such sale of mortgages or issuance of obligations to the City; and to do any and all things necessary or convenient to carry out its purposes. The Act further provides that the Corporation and its corporate existence shall continue at least so long as its bonds, including the 2008 Bonds, notes, or other obligations are outstanding.

Organization and Membership

The Corporation, pursuant to the Act, consists of the Commissioner of 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

LOUISE CARROLL, Chairperson and Member ex-officio. Ms. Carroll, an attorney and member of the New York State Bar, was appointed Commissioner of HPD by Mayor Bill de Blasio, effective May 6, 2019. Prior to her appointment as Commissioner of HPD, Ms. Carroll was appointed Senior Vice President & General Counsel for the Corporation on September 26, 2018, effective October 29, 2018. Prior to joining the Corporation, Ms. Carroll held senior positions at HPD including Associate General Counsel, Assistant Commissioner and, most recently, Associate Commissioner for Housing Incentives. Prior to her work at HPD, Ms. Carroll served as an Associate Counsel at the New York City Conflicts of Interest Board and as a transactions attorney for the New York City Administration for Children's Services. Prior to her public service career, Ms. Carroll was Chief Financial Officer for an international ship-owning and brokerage company. Ms. Carroll received a B.S. in Political Science and History from the University of Wales, an

M.B.A. from the University of Leicester in the United Kingdom and a J.D. from Tulane Law School in New Orleans.

HARRY E. GOULD, JR., Vice Chairperson and Member, serving pursuant to law. From 1969 to May 2015, Mr. Gould served as Chairman, President and Chief Executive Officer of Gould Paper Corporation. 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 as well as providing consulting services in M&A, “turnarounds,” manufacturing and distribution. Signature, through a wholly-owned subsidiary, acquired a majority shareholding on May 1, 2019 in Denmaur PaperMedia, the fourth largest distributor in the United Kingdom. Mr. Gould began his career in 1962 in the Corporate Finance Department of Goldman Sachs. From 1964-1969, he held senior operating positions at Universal American Corporation, an industrial conglomerate that merged with Gulf + Western Industries at the beginning of 1968. At the time of the merger, Universal American was ranked 354th on the Fortune 500 List, while Gulf + Western ranked in the top 75. He is a Life Member of the Executive Branch of the Academy of Motion Picture Arts and Sciences. He is a member of the Board of Directors of the Roundabout Theatre Organization and a member of the Board of Overseers at the Columbia Business School. He was a member of the Board of Directors of Domtar, Inc., North America’s largest and second largest global manufacturer of uncoated free sheet papers from 1995 to 2004. He was a member of the Board of Directors of the USO of Metropolitan New York from 1973 to 2004. He was a member of the Board of Trustees of the American Management Association from 1996 to 1999. Mr. Gould served as Special Counsel to the New York State Assembly, Committee on Cities from 1970 to 1976. He was a member of Colgate University’s Board of Trustees from 1976 to 1982. He was appointed Trustee Emeritus of Colgate University in 2012. He was appointed by President Johnson to serve on the Peace Corps Advisory Council from 1964 to 1968 and to serve as the U.S. representative to the U.N. East-West Trade Development Commission from 1967 to 1968. He was appointed by President Carter to serve as Vice Chairman of the U.S. President’s Export Council and was a member of the Executive Committee and Chairman of the Export Expansion Subcommittee from 1977 to 1980. He was a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee from 1977 to 1999. He was a member of the Board of United Cerebral Palsy Research and Educational Foundation, and the National Multiple Sclerosis Society of New York from 1972 to 1999. He was a Trustee of the Riverdale Country School from 1990 to 1999. Mr. Gould received his Bachelor of Arts degree from Colgate University with High Honors in English Literature. He began his M.B.A. studies at Harvard University and received his degree from Columbia Business School.

MELANIE HARTZOG, Member ex-officio. Ms. Hartzog was appointed New York City Budget Director in January, 2018. Prior to the appointment, Ms. Hartzog was the deputy director of the New York City Office of the Deputy Mayor for Health and Human Services. Prior to joining the Mayor’s Office, she was the Executive Director at the Children’s Defense Fund and served as the Deputy Commissioner for early childhood services at New York City’s Administration for Children’s Services. Hartzog was also Project Director for the Young Men’s Initiative, a public/private partnership aimed at reducing disparities between economic and social outcomes of young men of color and other demographic groups in New York City. Hartzog also led a social services unit in the Mayor’s Office of Management and Budget, and was Director of Policy and Advocacy for the Human Services Council of New York City, Inc. She has a Master of Science degree from the New School’s Milano School of International Affairs, Management and Urban Policy and Bachelor of Arts from Eckerd College.

JACQUES JIHA, Member ex-officio. Mr. Jacques Jiha Ph.D. was appointed Commissioner of New York City’s Department of Finance by Mayor Bill de Blasio on April 8, 2014. Prior to becoming Commissioner, Mr. Jiha was the Executive Vice President / Chief Operating Officer & Chief Financial Officer of Earl G. Graves, Ltd., a multi-media company with properties in print, digital media, television, events and the Internet. He has also served on a number of government and not-for-profit boards including the Ronald McDonald House of New York, Public Health Solutions,

the Investment Advisory Committee of the New York Common Retirement Fund and as Secretary of the board of the New York State Dormitory Authority. Previous positions include Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller, where he managed the assets of the New York State Common Retirement Fund – then the nation’s second-largest pension fund valued at \$120 billion. Prior to his appointment, he worked for the New York City Office of the Comptroller first as Chief Economist and later as Deputy Comptroller for Budget, with oversight responsibilities over the city’s operating budget and four-year capital plan. Mr. Jiha also served as Executive Director of the Legislative Tax Study Commission of New York State and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master’s degree in Economics from the New School for Social Research and a Bachelor’s degree in Economics from Fordham University.

KYLE KIMBALL, Member, serving pursuant to law. Mr. Kimball is vice president of Government Relations for Consolidated Edison. He joined Con Edison in June 2015. In 2013, Mr. Kimball was appointed president of the New York City Economic Development Corporation (NYCEDC) by Mayor Michael Bloomberg, and was later reappointed by Mayor Bill de Blasio. In that position, he oversaw billions of dollars in capital infrastructure investments and implemented several commercial and housing real estate development projects in the City. Prior to joining NYCEDC, Mr. Kimball worked at Goldman, Sachs & Co. as vice president in the Americas Financing Group, and at J.P. Morgan, also as a vice president, in corporate capital markets. Mr. Kimball received an undergraduate degree from Harvard University 1995. He also received a master’s degree in Public Policy from Harvard’s John F. Kennedy School of Government in 1998.

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

DENISE SCOTT, Member, serving pursuant to law. Ms. Scott is Managing Director of the Local Initiatives Support Corporation’s New York City program (LISC NYC) since 2001. During her tenure, LISC NYC has invested in the development of over 10,000 units of affordable housing. Ms. Scott served as a White House appointee to the United States Department of Housing and Urban Development (HUD) from 1998 to January 2001 responsible for daily operations of HUD’s six New York/New Jersey regional offices. She was the Managing Director/Coordinator responsible for launching the Upper Manhattan Empowerment Zone Development Corporation. Ms. Scott served as the Assistant Vice President of the New York City Urban Coalition after serving as Deputy Director of the New York City Mayor’s Office of Housing Coordination from 1990-1992. She held several positions at HPD ultimately serving as the Director of its Harlem preservation office. Ms. Scott serves on the U.S. Department of Treasury’s Office of Thrift

Supervision Minority Depository Institutions Advisory Committee and also serves on several boards including the National Equity Fund, Supportive Housing Network of New York, Citizens Housing and Planning Council, Neighborhood Restore / Restored Homes and the New York Housing Conference. Ms. Scott has a MS in Urban Planning from Columbia University and has taught at its Graduate School of Architecture, Planning and Preservation as a Visiting Assistant Professor.

Principal Officers

LOUISE CARROLL, Chairperson.

HARRY E. GOULD, JR., Vice Chairperson.

ERIC ENDERLIN, President. Mr. Enderlin was appointed President of the Corporation on September 22, 2016, effective October 12, 2016. Prior to joining the Corporation, he served as Deputy Commissioner for Development and Special Advisor at the New York City Department of Housing Preservation and Development (HPD), overseeing divisions including New Construction Finance, Preservation Finance, Housing Incentives, Property Disposition and Finance, Special Needs Housing, Building and Land Development Services, Storm Recovery, and Credit and Underwriting. Prior to his tenure at HPD, Mr. Enderlin was Assistant Director for Asset Management and Private Market Operations at the New York City Housing Authority (NYCHA), worked as a consultant with the Louis Berger Group in its Economics Department, and served as Principal Planner and land use mediator with the New Jersey Council on Affordable Housing (NJ COAH). Mr. Enderlin holds a Bachelor of Arts in economics and a Master of Science in urban planning and policy, both from Rutgers University.

RICHARD M. FROEHLICH, First Executive Vice President and Chief Operating Officer. Mr. Froehlich, an attorney and member of the New York State Bar, was appointed First Executive Vice President of the Corporation on September 26, 2018. Mr. Froehlich was previously appointed Chief Operating Officer of the Corporation on June 9, 2011, and Executive Vice President for Capital Markets of the Corporation on February 27, 2008. He was originally appointed Senior Vice President and General Counsel of the Corporation effective November 17, 2003. Prior to joining the Corporation, he was Counsel at the law firm of O'Melveny & Myers LLP in its New York City office, where Mr. Froehlich's practice focused on real estate, public finance and affordable housing. From 1993 to 1998, Mr. Froehlich was an Assistant Counsel at the New York State Housing Finance Agency. Upon graduation from law school, he was an associate at Skadden, Arps, Slate, Meagher & Flom. Mr. Froehlich received his B.A. degree from Columbia College and his J.D. from Columbia University School of Law. He is an Adjunct Associate Professor of Urban Planning at Columbia University.

ANTHONY R. RICHARDSON, Executive Vice President for Development. Mr. Richardson was appointed Executive Vice President for Development of the Corporation effective September 26, 2018. Previously, Mr. Richardson was Senior Vice President for Development for the Corporation since 2014. Prior to joining the Corporation, Mr. Richardson was the Director of Multifamily New Construction Programs at HPD. Prior to joining HPD, Mr. Richardson held financial advisory and sales positions at Ernst & Young, M.R. Beal & Company and Cantor Fitzgerald. Mr. Richardson received a Masters in Public Administration and Public Policy from Columbia's School of International Public Affairs and a Masters in Public Administration and Economic Policy from The London School of Economics & Political Science. Mr. Richardson received a B.A. from Morehouse College.

CATHLEEN A. BAUMANN, Senior Vice President and Treasurer. Ms. Baumann was appointed Senior Vice President of the Corporation on August 8, 2012 and Treasurer of the Corporation by the President on July 20, 2009. Prior to such appointments, she held the position of Deputy CFO since September 2004. Ms. Baumann joined the Corporation in 1988 as an Accountant. She has also held the positions of Senior Accountant and Internal Auditor and Vice President of Internal

Audit. Ms. Baumann received her bachelor's degree with majors in Accounting and Economics from Queens College of the City University of New York and her MBA in Finance from Baruch College's Zicklin School of Business of the City University of New York.

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

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

RUTH MOREIRA, Senior Vice President for Development. Ms. Moreira was appointed a Senior Vice President for Development on May 30, 2019. Prior to such appointment, Ms. Moreira held the position of Vice President for Development when she rejoined the Corporation in 2016. Between 2014 and 2016, Ms. Moreira held the position of Vice President of Acquisitions at Hudson Housing Capital LLC, a low income housing tax credit syndicator, underwriting and originating tax credit transactions. Ms. Moreira first joined the Corporation in 2000 as an Investment Analyst and then as Assistant Vice President for Cash Management. In 2008, Ms. Moreira transferred to the Development group, as a project manager underwriting transactions and was then promoted to Assistant Vice President in 2011. Ms. Moreira holds a B.A. in Economics from Upsala College.

JIM QUINLIVAN, Senior Vice President of Administration. Mr. Quinlivan was appointed Senior Vice President of the Corporation on April 10, 2013, effective April 15, 2013. Prior to such appointment, Mr. Quinlivan held the position of Vice President and Deputy Director of Asset Management. Mr. Quinlivan began his career with the Corporation in 1996 and held several positions before being promoted to Vice President in 2002. Prior to joining the Corporation, Mr. Quinlivan worked at the U.S. Department of Housing & Urban Development. Mr. Quinlivan received a B.A. from New York University.

SUSANNAH LIPSYTE, Acting General Counsel and Secretary. Ms. Lipsyte, an attorney and member of the New York State Bar, became Acting General Counsel on May 14, 2019. Prior to this, she was promoted to Deputy General Counsel on August 1, 2015 and was appointed Secretary of the Corporation on October 7, 2015. Prior to this, she had been an Assistant Secretary of the Corporation since October 2008 and an Associate General Counsel since July 2009. Ms. Lipsyte joined the Corporation in 2006 as an Assistant General Counsel. Before joining the Corporation, Ms. Lipsyte was a public finance associate at Orrick, Herrington & Sutcliffe LLP. Ms. Lipsyte received her B.A. degree from Yale University and her J.D. from Georgetown University Law Center.

MOIRA SKEADOS, Acting Deputy General Counsel and Assistant Secretary. Ms. Skeados, an attorney and member of the New York State Bar, is serving as Acting Deputy General Counsel pursuant to the Corporation's by-laws and was appointed Assistant Secretary of the Corporation on October 7, 2015. Prior to this, she was an Associate General Counsel. Ms. Skeados joined the Corporation in 2011 as an Assistant General Counsel. Before becoming the Assistant General Counsel, Ms. Skeados was a New York City HPD-HDC Housing Fellow from 2009 to 2011. Ms. Skeados received her B.A. degree from Trinity College and her J.D. from Brooklyn Law School.

Potential Legislative and Regulatory Actions

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

THE MORTGAGE LOAN AND OTHER FINANCING

The Resolution authorized the Corporation to issue the 2008 Bonds to provide moneys to finance the Mortgage Loan for the purpose of paying a portion of the costs of acquiring, constructing and equipping the Project and certain other costs related thereto. The Corporation and the Mortgagor entered into a construction and project loan agreement (as the same may be amended or supplemented, the "Loan Agreement") simultaneously with the issuance of the 2008 Bonds. The Mortgage Loan is evidenced by the Mortgage Note, which is in an amount equal to the principal amount of the 2008 Bonds, was executed by the Mortgagor in favor of the Corporation and is secured by the Mortgage on the Project. The Mortgagor is required under the Mortgage Note to make payments sufficient to pay principal of and interest on the 2008 Bonds. Pursuant to the terms of the Resolution and the Assignment and Intercreditor Agreement by and among the Corporation, the Trustee and Freddie Mac and acknowledged by the Mortgagor and JPMorgan Chase Bank, N.A., as the construction lender (the "Assignment"), the Corporation assigned and delivered to Freddie Mac and the Trustee, as their interests may appear, subject to the reservation of certain rights by the Corporation, all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents. Freddie Mac has the right under the Assignment to direct the Trustee to assign the Mortgage Note and the Mortgage to Freddie Mac in certain events.

The Mortgagor has entered into the Reimbursement Agreement with Freddie Mac pursuant to which the Mortgagor has agreed to reimburse Freddie Mac for any payments made by Freddie Mac under the Credit Enhancement Agreement. Upon an event of default under the Reimbursement Agreement, Freddie Mac, at its option, may direct the mandatory tender or mandatory redemption of all or a portion of the 2008 Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT AGREEMENT – Events of Default" and "– Remedies," "DESCRIPTION OF THE 2008 BONDS – Redemption of 2008 Bonds – Mandatory –Mandatory Redemption Following an Event of Termination" and "DESCRIPTION OF THE 2008 BONDS – Credit Facility Provider's Right To Cause a Mandatory Tender for Purchase of 2008 Bonds Upon an Event of Termination." The Mortgagor's reimbursement obligations to Freddie Mac are secured by a second priority mortgage lien on the Project (the "Freddie Mac Reimbursement Mortgage"), which is subordinate to the Mortgage.

Simultaneous with the remarketing of the 2008 Bonds on October 1, 2019, Merchants Capital Corp. ("Merchants") will make a subordinate mortgage loan to the Mortgagor in the amount of \$5,500,000 (the "Supplemental Loan"), which loan will be sold and assigned by Merchants to Freddie Mac. The lien of the Supplemental Loan Mortgage on the Project is subordinate to the lien of the Mortgage and the Freddie Mac Reimbursement Mortgage on the Project. Neither the Supplemental Loan nor the Supplemental Loan Mortgage is pledged for the benefit of the owners of the 2008 Bonds. Pursuant to the Reimbursement Agreement, a default by the Mortgagor under the Supplemental Loan constitutes a default under the Reimbursement Agreement. A default under the Reimbursement Agreement would permit Freddie Mac, at its option, to direct the mandatory tender or mandatory redemption of the 2008 Bonds in whole or in part. See "SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT AGREEMENT – Events of Default" and "– Remedies," "DESCRIPTION OF THE 2008 BONDS – Redemption of 2008 Bonds – Mandatory Redemption Following an Event of Termination" and "DESCRIPTION OF THE 2008 BONDS – Credit Facility Provider's Right To Cause a Mandatory Tender for Purchase of 2008 Bonds Upon an Event of Termination."

Simultaneously with the issuance of the 2008 Bonds, the Corporation made a separate subordinate mortgage loan in the amount of \$9,745,000 to the Mortgagor (the "Non-Bond Loan"), the proceeds of which were used to pay a portion of the costs of constructing and equipping the Project. The lien of the Non-Bond Mortgage on the Project is subordinate to the lien of the Mortgage and the Freddie Mac Reimbursement Mortgage on the Project. The lien of the Non-Bond Mortgage will be subordinated to the Supplemental Loan upon the closing of the Supplemental Loan simultaneously with the remarketing of the 2008 Bonds on October 1, 2019. No obligations

were issued by the Corporation to provide proceeds for the Non-Bond Loan and the Corporation has not pledged the scheduled or other payments required by the Non-Bond Loan or the Non-Bond Mortgage for the benefit of the owners of the 2008 Bonds. Pursuant to the Reimbursement Agreement, a default by the Mortgagor under the Non-Bond Loan constitutes a default under the Reimbursement Agreement. A default under the Reimbursement Agreement would permit Freddie Mac, at its option, to direct the mandatory tender or mandatory redemption of the 2008 Bonds in whole or in part. See “SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT AGREEMENT – Events of Default” and “– Remedies,” “DESCRIPTION OF THE 2008 BONDS – Redemption of 2008 Bonds – Mandatory Redemption Following an Event of Termination” and “DESCRIPTION OF THE 2008 BONDS – Credit Facility Provider’s Right To Cause a Mandatory Tender for Purchase of 2008 Bonds Upon an Event of Termination.” The Non-Bond Loan has begun to amortize and, as of December 31, 2018, remained outstanding in the principal amount of \$9,306,877.

In addition, the New York State Energy Research and Development Authority (“NYSERDA”) provided \$524,768 to the Project, which was advanced to Homes for New Yorkers, Inc. a non-profit affiliate of Phipps Houses, and was in turn loaned from Homes for New Yorkers, Inc. to the Mortgagor (the “NYSERDA Loan”). The Project also received funds from Enterprise Community Partners, Inc. Green Communities Initiatives in the amount of \$40,000 (the “Enterprise Loan” and, together with the NYSEDA Loan, the “NYSEDA/Enterprise Loan”), which was also advanced to Homes for New Yorkers, Inc. and in turn loaned from Homes for New Yorkers, Inc. to the Mortgagor. The NYSEDA/Enterprise Loan was subsequently assigned from Homes for New Yorkers, Inc. to Community Opportunity Fund. In addition, PNC Bank, National Association made a bridge loan to New East 124th Street LLC (“New LLC” or the “Master Lessee”) in the principal amount of \$2,700,000 which was applied to certain costs of constructing, equipping and financing the Low Income Units (as described below) (the “PNC Loan”). The scheduled or other payments required by the NYSEDA/Enterprise Loan and the PNC Loan are not pledged for the benefit of the owners of the 2008 Bonds and such loans are not secured by a mortgage on the Project.

In connection with inclusionary zoning benefits, The City of New York acting by and through its Department of Housing Preservation and Development (“HPD”) required that the Mortgagor enter into a Low Income Housing Plan Regulatory Agreement (“LIHPRA”), as amended by that First Amendment to LIHPRA, which includes certain requirements with respect to the renting and operation of the Project. The Corporation was required to subordinate the Mortgage Loan to the LIHPRA. Such subordination is evidenced by a Subordination Agreement between the Corporation, Freddie Mac (as defined below), the Trustee and HPD. As a result of such subordination, certain of HPD’s rights with respect to the Project take precedence over the Mortgage. These rights of HPD include principally the right, in certain circumstances, to determine whether casualty insurance proceeds must be applied to restore damage to the Project and, under certain limited circumstances, the right either to freeze the Mortgagor’s operating accounts for the Project or to terminate the LIHPRA.

The ability of the Mortgagor to make timely payments on the Mortgage Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, the Non-Bond Loan, operating expenses, servicing fees, fees due to Freddie Mac, Remarketing Agents’ fees, Trustee and Tender Agent fees and fees owed to the Corporation. The ability of the Project to generate sufficient revenues may be affected by a variety of factors, including but not limited to completion of the Project, achievement and maintenance of a certain level of occupancy, the level of rents prevailing in the market, the ability to achieve increases in rents as necessary to cover debt service and operating expenses, interest rate levels, the level of operating expenses, project management, adverse changes in applicable laws and regulations, and general economic conditions and other factors in the metropolitan area surrounding the Project. The Mortgagor is required to rent 55 of the units in the Project to persons or families of moderate income and the amount of rent that may be charged for such units is expected to be less than market rates and the Mortgagor is required to rent an additional 37 of the units in the Project to persons or families of low and very low income and the amount of rent that may be charged for such units is expected to be materially less than market rates. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project.

Failure of the Mortgagor to make payments when due under the Mortgage Loan, the Non-Bond Loan, or the Reimbursement Agreement will result in an event of default under the Mortgage Loan and the Reimbursement

Agreement and may, at the option of the Credit Facility Provider, result in a mandatory tender or redemption of all or a portion of the 2008 Bonds. See “DESCRIPTION OF THE 2008 BONDS – Credit Facility Provider’s Right to Cause a Mandatory Tender for Purchase of 2008 Bonds Upon an Event of Termination” and “– Mandatory Redemption Following Event of Termination” herein. See also “SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT AGREEMENT” herein.

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

THE PROJECT AND THE MORTGAGOR

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

The Project

The Project is located at 245 East 124th Street in the Borough of Manhattan, New York, New York, and consists of 185 units in a twelve-story building with one of the two-bedroom units being occupied by a resident manager. The Project also includes approximately 8,388 square feet of ground floor commercial space, approximately 120 parking spaces located in a parking facility, community space, storage and roof top terraces. The commercial space is master leased to an affiliate of the Mortgagor, which subleases the commercial space to multiple retail tenants. All of the Project site is owned by the Mortgagor except for one lot which is subject to a 99-year ground lease.

Construction of the Project was completed and initial occupancy commenced in 2010. The Project received its final certificate of occupancy in March 2014. The building systems were designed and the construction materials were chosen in accordance with environmentally conscious development standards and the Project received a LEED rating of Silver and was designed to meet the Enterprise Green Communities Criteria.

At least twenty percent (20%) of the total residential units (37 units) are required to be available for occupancy by households whose gross income does not exceed fifty percent (50%) of the area median income for New York City, adjusted for family size (the “Low Income Units”). At least 15% of the Low Income Units (6 units) are required to be available for occupancy by households whose gross income does not exceed forty percent (40%) of the area median income for New York City, adjusted for family size. At least thirty percent (30%) of the total residential units (55 units) are required to be affordable to those earning at or below one hundred thirty percent (130%) of the area median income for New York City, adjusted for family size (the “Middle Income Units”). The remaining fifty percent (50%) of the total residential units (92 units) are leased at market rents subject to any applicable requirements in the New York City Rent Stabilization Code (the “Market Rate Units”). The units consist of the following:

Low Income Units:

<u>Unit Type</u>	<u>Number of Units</u>	<u>Income Range</u>	<u>Current Rent Range</u>
Studio	2	\$29,880 - \$37,350	\$554 - \$689
1 Bedroom	22	\$29,880 - \$42,700	\$528 - \$784
2 Bedroom	11	\$34,160 - \$53,350	\$704 - \$906
3 Bedroom	2	\$38,440 - \$61,900	\$988 - \$1091

Middle Income Units:

<u>Unit Type</u>	<u>Number of Units</u>	<u>Income Range</u>	<u>Current Rent Range</u>
Studio	11	\$67,098 - \$130,725	\$1702 - \$1980
1 Bedroom	28	\$83,863 - \$149,450	\$1982 - \$2496
2 Bedroom	14	\$111,020 - \$186,725	\$2422 - \$2683
3 Bedroom	2	\$124,930 - \$216,650	\$2980 - \$3094

Market Rate Units:

<u>Unit Type</u>	<u>Number of Units</u>	<u>Income Range</u>	<u>Current Rent Range</u>
Studio	8	\$76,000 - \$93,055	\$1900 - \$2326
1 Bedroom	51	\$91,385 - \$111,923	\$2285 - \$2798
2 Bedroom	30	\$122,000 - \$157,350	\$3050 - \$3934
3 Bedroom	3	\$166,050 - \$177,530	\$4151 - \$4438

Occupancy at the Project has averaged approximately 98% during the calendar year 2014, approximately 94% during the calendar year 2015, approximately 95% during the calendar year 2016, approximately 96% during the calendar year 2017, and approximately 98% during the calendar year 2018. Occupancy at the Project as of September 2019 was approximately 97%.

To date, the operating income from the Project has been sufficient to pay the operating expenses of the Project and debt service on the 2008 Bonds issued to finance the Project. No assurance can be given, however, that the Project will continue to generate sufficient revenues to pay debt service and operating expenses of the Project. The ability of the Mortgagor to pay its Mortgage Loan is dependent on the revenues derived from the Project. See “THE MORTGAGE LOAN AND OTHER FINANCING” herein.

The following chart shows the results of operations for the Project for the twelve months ended December 31 in each of the years shown below and has been derived from the audited financial statements of the Mortgagor:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Revenue	\$4,890,061	\$4,875,750	\$4,941,488	\$5,197,176	\$5,263,697
Operating Expenses	<u>(\$2,041,111)</u>	<u>(\$2,050,055)</u>	<u>(\$2,040,532)</u>	<u>(\$2,464,351)</u>	<u>(\$2,246,110)</u>
Net Cash Flow Available for Debt Service	<u>\$2,848,950</u>	<u>\$2,825,695</u>	<u>\$2,900,956</u>	<u>\$2,732,825</u>	<u>\$3,017,587</u>

The Mortgagor obtained a twenty-five year phased exemption from real estate taxes for the Project in accordance with Section 421-a of the Real Property Tax Law of the State of New York, which exemption requires that all residential units in the Project be subject to rent regulation in accordance with the New York City Rent Stabilization Code.

The Mortgagor retained a fee interest (or leasehold interest for one tax lot, as discussed above) in the Middle Income Units, the Market Rate Units, the commercial space and the underground parking facility (collectively, the “Commercial Project”), and entered into a master lease agreement (the “Master Lease”) for the Low Income Units with New LLC upon completion of the Project. The Managing Member of New LLC is East 124th Street TC LLC (“TC Managing Member”) whose sole member is East 124th Street LLC (i.e., the Mortgagor). The Master Lease provides that New LLC shall pay the Mortgagor monthly rent equal to a portion of (i) interest and principal payments on the Mortgage Loan, (ii) required reserve accounts, (iii) real estate taxes, (iv) water and sewer charges, (v) maintenance and management expenses, (vi) insurance premiums, and (vii) any other expenses incurred in connection with the ownership and operation of the Low Income Units of the Project. The Master Lease is subordinate to the Mortgage, the Regulatory Agreement, the Reimbursement Agreement and the LIHPRA. New LLC receives the benefit of the low income tax credits for the Project. TC Managing Member owns a .01% interest in New LLC and is New LLC’s managing member. The remaining interest in the New LLC is held by a tax credit investment fund affiliated with PNC Bank, National Association and its affiliates.

The Project is currently managed by Rose Community Management, LLC (the “Management Agent”), a wholly owned subsidiary of the Rose Companies Holdings, LLC (“RCH”) formed in 2017 after the acquisition by RCH of the affordable property management business of Forest City Realty Trust. The Management Agent employs more than 250 and manages a portfolio of approximately 10,000 affordable and tax credit units in 10 states. The Mortgagor has also entered into an asset management agreement with Jonathan Rose Companies, Inc.

The financial statements as of December 31, 2018 and 2017, included in this Remarketing Circular as “Appendix E – Audited Financial Statements of the Mortgagor as of December 31, 2018 and 2017,” have been audited by PFK O’Connor Davies, LLP, independent certified public accountants, as stated in their report appearing herein.

The Mortgagor

The Mortgagor is a single purpose New York limited liability company formed in 2004 for the purpose of acquiring, constructing, developing, leasing and owning the Project. In addition, New LLC is a single purpose New York limited liability company formed solely for the purpose of leasing the Low Income Units from the Mortgagor pursuant to the Master Lease. Neither the Mortgagor nor New LLC is engaged in any business operations, nor do they have assets or historical earnings other than their respective interests in the Project.

The members of the Mortgagor are Rose 124th Street LLC, a New York limited liability company (“Rose”), and Lettire 124th Street, LLC, a New York limited liability company (“Lettire”), with Rose serving as the managing member. The members of Rose are Rose Capital LLC (“Rose Capital”) and RSGF 124th Street LLC, with Jonathan F.P. Rose serving as the manager. On or after the remarketing of the 2008 Bonds, it is expected that the sole member of Rose will be Rose Capital, which is 99.99% owned by Jonathan F.P. Rose and 0.01% owned by JFPR Rose Capital Inc. The members of Lettire are Nicholas A. Lettire and Gerard Lettire.

New LLC is the lessee pursuant to the terms of the Master Lease. As noted above, the managing member of New LLC is TC Managing Member with the Mortgagor as its sole member. As such, through ownership of East 124th Street LLC, which is the sole member of TC Managing Member, Rose and Lettire are in common control of both the Mortgagor and New LLC, as master lessee under the Master Lease.

Rose and Lettire, through their affiliates, each have over twenty years of experience in developing and owning residential and mixed use real estate in New York City.

FREDDIE MAC

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

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

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

On September 7, 2008, the Director of the Federal Housing Finance Agency (“FHFA”) appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the “Reform Act”) and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury (“Treasury”) entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: <http://www.FHFA.gov> and <http://www.Treasury.gov>.

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

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

You may read and copy any document Freddie Mac files with the SEC at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC’s web site at <http://www.sec.gov>.

Freddie Mac makes no representations as to the contents of this Remarketing Circular, the suitability of the Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role is limited to discharging its obligations under the Credit Enhancement Agreement.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE 2008 BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE 2008 BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE 2008 BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE 2008 BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

DESCRIPTION OF THE 2008 BONDS

This Remarketing Circular in general describes the 2008 Bonds only while the 2008 Bonds are in the Term Rate Term.

General

The 2008 Bonds are dated the date of original issuance thereof and will mature as set forth on the cover page of this Remarketing Circular. The 2008 Bonds will bear interest from their date of remarketing to but excluding October 1, 2029 (the "Term Rate Term") at the fixed rate (the "Term Rate") set forth on the cover page of this Remarketing Circular. During the Term Rate Term, interest on the 2008 Bonds will accrue from their date of remarketing and be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2020, and on any mandatory tender or redemption date. See "Tender of 2008 Bonds at the Option of the Corporation, Upon Delivery of an Alternate Security and Upon an Interest Method Change Date," "Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2008 Bonds Upon an Event of Termination," "Redemption of 2008 Bonds - Mandatory" and "Redemption of 2008 Bonds - Optional" below. Interest on the 2008 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The 2008 Bonds shall be issued solely in fully registered form, without coupons, issuable during a Term Rate Period in denominations of \$5,000 or any whole multiple thereof.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2008 Bonds. The 2008 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 2008 Bond certificate will be issued for each maturity of the 2008 Bonds, totaling in the aggregate the principal amount of the 2008 Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct

Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants,” and together with Direct Participants, “Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2008 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2008 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase; Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2008 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 2008 Bonds, except in the event that use of the book-entry system for the 2008 Bonds is discontinued.

To facilitate subsequent transfers, all 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2008 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 2008 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2008 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such 2008 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2008 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2008 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Corporation or the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Remarketing Agents, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The requirement for physical delivery of the 2008 Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the applicable 2008 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of applicable tendered 2008 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the 2008 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, 2008 Bond certificates are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2008 Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Participant acquires an interest in the 2008 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE CORPORATION, THE REMARKETING AGENTS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE 2008 BONDS.

So long as Cede & Co. is the registered owner of the 2008 Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the 2008 Bonds (other than under the heading "TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2008 Bonds.

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

For every transfer and exchange of 2008 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Corporation, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2008 Bonds if the Corporation determines that (i) DTC is unable to discharge its responsibilities with respect to the 2008 Bonds, or (ii) a continuation of the requirement that all of the Bonds Outstanding be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Corporation or restricted registration is no longer in effect, 2008 Bond certificates will be delivered as described in the Resolution.

NONE OF THE CORPORATION, THE REMARKETING AGENTS 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 2008 BONDS UNDER THE RESOLUTION; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2008 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 2008 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2008 BONDS; OR (VI) ANY OTHER MATTER.

Tender of 2008 Bonds at the Option of the Corporation, Upon Delivery of an Alternate Security and Upon an Interest Method Change Date

The Corporation may cause the 2008 Bonds to be subject to mandatory tender for purchase for any reason, or may deliver an Alternate Security thereby causing the 2008 Bonds to be subject to mandatory tender for purchase, and the Mortgagor may cause the 2008 Bonds to be subject to mandatory tender for purchase in order to convert the 2008 Bonds to another interest rate mode, in each case on any Business Day from and after July 1, 2029, at the Purchase Price, and, if not so made subject to mandatory tender, the 2008 Bonds shall be subject to mandatory tender on October 1, 2029, at the Purchase Price.

The Trustee is required to deliver, or mail by first class mail, a notice not later than fifteen (15) days prior to the purchase date to the owner of each 2008 Bond at its address shown on the registration books of the Corporation held by the Trustee. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. Such notice shall set forth, in substance, that such owners shall be deemed to have tendered their affected 2008 Bonds for purchase on such mandatory tender date, and the Purchase Price for such 2008 Bonds.

Owners of 2008 Bonds to which a notice of mandatory tender for purchase relates shall be required to tender their 2008 Bonds to the Tender Agent for purchase at the Purchase Price with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any 2008 Bonds not so delivered to the Tender Agent on or prior to the purchase date (the "Undelivered 2008 Bonds") for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered 2008 Bonds shall be deemed to have been purchased at the Purchase Price on the Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF AFFECTED 2008 BONDS TO DELIVER ITS AFFECTED 2008 BONDS ON OR PRIOR TO THE CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2008 BONDS, AND ANY UNDELIVERED 2008 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

If a notice of mandatory tender for purchase has been given in accordance with the Resolution in connection with the delivery of an Alternate Security or the conversion of the 2008 Bonds to another interest rate mode and if any 2008 Bonds have not been remarketed on the date that was to be the Change Date, or in the case of delivery of an Alternate Security if the conditions precedent to such delivery have not been satisfied, then in each such case the Change Date and the mandatory tender and purchase on such date shall be cancelled, and the 2008 Bonds shall remain in the Term Rate and shall remain subject to mandatory tender on October 1, 2029.

Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2008 Bonds Upon an Event of Termination

Pursuant to the Resolution, for so long as the Credit Facility is in effect, upon the receipt by the Trustee of written notice from the Credit Facility Provider that one or more events of default have occurred under the Credit Agreement (defined in the Resolution as an "Event of Termination"), including, but not limited to, a default under the Mortgage Loan or a failure to reimburse the Credit Facility Provider under the Credit Agreement, the Credit Facility Provider may specify a Change Date on which all or a portion of the 2008 Bonds shall be subject to mandatory tender for purchase, which Change Date shall not be later than eight (8) days following receipt by the Trustee of the direction to purchase such 2008 Bonds. If only a portion of the 2008 Bonds are to be subject to mandatory tender for purchase, the particular 2008 Bonds to be tendered (which shall be in authorized denominations) shall be selected by the Trustee by lot, using such method as it shall determine in its sole discretion except that the Trustee shall not select any 2008 Bond for tender which would result in any remaining 2008 Bond not being in an authorized denomination as provided in the Resolution. Upon receipt of such written notice from the Credit Facility Provider, the Trustee shall immediately deliver by overnight express mail or courier service, a notice of mandatory tender for purchase to the Remarketing Agents and to the owner of each 2008 Bond to which such notice relates at its address shown on the registration books of the Corporation held by the Trustee. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. See "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" herein.

Any notice of mandatory tender of 2008 Bonds relating to an Event of Termination specified by the Credit Facility Provider shall set forth, in substance, the Change Date and reason therefor, that all owners of affected 2008 Bonds shall be deemed to have tendered their 2008 Bonds for purchase on the Change Date and the Purchase Price for the affected 2008 Bonds. Owners of 2008 Bonds to which a notice of mandatory tender for purchase relates shall be required to tender their 2008 Bonds to the Tender Agent for purchase at the Purchase Price with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered 2008 Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered 2008 Bonds shall be deemed to have been purchased at the Purchase Price on the Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF AFFECTED 2008 BONDS TO DELIVER ITS AFFECTED 2008 BONDS ON OR PRIOR TO THE CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2008 BONDS, AND ANY UNDELIVERED 2008 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Additional Provisions Regarding Purchased Bonds

Pursuant to the Resolution, 2008 Bonds for which the Purchase Price is funded with moneys provided under the Credit Facility and which are not remarketed shall become Purchased Bonds. The Credit Facility shall not constitute security or provide liquidity support for Purchased Bonds. Purchased Bonds shall be pledged pursuant to the Pledge Agreement, except as otherwise provided in the Resolution.

Failure to pay interest on Purchased Bonds when due, or failure to pay principal and interest on Purchased Bonds upon any Redemption Date or purchase date or the maturity date of Purchased Bonds, shall not constitute an Event of Default. Upon the maturity date of the 2008 Bonds, or upon any Redemption Date for the redemption in whole of the 2008 Bonds (whether by reason of optional or mandatory redemption) or date of acceleration of all of the 2008 Bonds, all Purchased Bonds shall be deemed cancelled. Purchased Bonds shall also be cancelled at the direction of the Credit Facility Provider. At such time as a Purchased Bond is remarketed, the Trustee or the Tender Agent, as appropriate, shall (a) remit the proceeds from the remarketing to the Credit Facility Provider, and (b) to the extent that the Credit Facility has been reinstated by the amount required as specified in the Resolution, give written notice to the Remarketing Agents, the Mortgagor and the Credit Facility Provider that such 2008 Bond is no longer a Purchased Bond.

Changes of Time Period for Provision of Notice Relating to Mandatory Purchase Provision

The Resolution provides that it is subject to amendment and supplement by a Supplemental Resolution, from time to time, to effect a change with respect to the time periods for provision of notice relating to the Mandatory Purchase Provision or the procedure for tendering 2008 Bonds in connection with the Mandatory Purchase Provision, which Supplemental Resolution may be adopted and become effective (i) upon filing of a copy thereof certified by an Authorized Officer of the Corporation with the Trustee, (ii) upon filing with the Trustee and the Corporation of a consent to such Supplemental Resolution executed by the Trustee, and (iii) after such period of time as the Trustee and the Corporation deem appropriate following notice to the 2008 Bond owners (but not less than thirty (30) days). A copy of any such Supplemental Resolution shall be provided to the owners of the 2008 Bonds.

Delivery of 2008 Bonds in Book-Entry Form

Notwithstanding any other provision of the Resolution to the contrary, so long as any 2008 Bond is held in book-entry form, such 2008 Bond need not be delivered in connection with any mandatory tender of 2008 Bonds described under "DESCRIPTION OF THE 2008 BONDS." In such case, payment of the Purchase Price in connection with such tender shall be made to the registered owner of such 2008 Bonds on the date designated for such payment, without further action by the Beneficial Owner, and transfer of beneficial ownership shall be made in accordance with the procedures of DTC. See "DESCRIPTION OF THE 2008 BONDS – Book-Entry Only System" herein.

Redemption of 2008 Bonds – Mandatory

Mandatory Redemption on Term Rate End Date

The 2008 Bonds are subject to mandatory redemption, in whole, on October 1, 2029, at a Redemption Price equal to 100% of the principal amount of the 2008 Bonds to be redeemed, plus accrued interest to the Redemption Date.

Mandatory Redemption from Certain Recoveries of Principal

The 2008 Bonds are subject to mandatory redemption, in whole or in part, at any time prior to maturity, in an amount not in excess of any Recoveries of Principal (other than the advance payment in full or in part of all amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor), at a Redemption Price equal to 100% of the principal amount of the 2008 Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date. Recoveries of Principal include amounts transferred from the Principal Reserve Fund at the option of the Mortgagor as more fully described under “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Principal Reserve Fund.”

Mandatory Redemption on Bankruptcy of Credit Facility Provider

The 2008 Bonds are subject to mandatory redemption, in whole, at any time prior to maturity, if, within thirty (30) days after an Act of Bankruptcy of the Credit Facility Provider, the Trustee has not received a new Credit Facility, at a Redemption Price equal to 100% of the principal amount of the 2008 Bonds to be redeemed, plus accrued interest to the Redemption Date.

Mandatory Redemption Upon Declaration of Acceleration Following an Event of Default

The 2008 Bonds are (with the prior written consent of the Credit Facility Provider) subject to mandatory redemption, in whole, at any time prior to maturity, without notice, upon a declaration of acceleration by the Trustee as a remedy for an Event of Default under the Resolution, at a Redemption Price equal to 100% of the principal amount of the 2008 Bonds to be redeemed, plus accrued interest to the Redemption Date (which Redemption Date shall be the date of such declaration of acceleration).

Mandatory Redemption Following an Event of Termination

The 2008 Bonds are subject to mandatory redemption, in whole or in part, at any time prior to maturity, without notice, upon a declaration of acceleration by the Trustee as a remedy for an Event of Termination under the Resolution at a Redemption Price equal to 100% of the principal amount of the 2008 Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date (which Redemption Date shall be the date of such declaration of acceleration).

Redemption of 2008 Bonds – Optional

The 2008 Bonds are subject to redemption, at the option of the Corporation (with the prior written consent of the Credit Facility Provider), subject to the provisions of the Loan Agreement, in whole or in part, on and after July 1, 2029, at a Redemption Price equal to 100% of the principal amount of the 2008 Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date.

Selection of 2008 Bonds to be Redeemed

If less than all the 2008 Bonds are to be redeemed, the Trustee shall select the 2008 Bonds to be redeemed by lot, using such method as it shall determine in its sole discretion. The foregoing notwithstanding, (i) for so long as the Credit Facility shall be in effect, the first 2008 Bonds to be redeemed shall be Purchased Bonds and (ii) no 2008 Bond shall be selected for redemption if the portion of such 2008 Bond remaining after such redemption would not be a denomination authorized by the Resolution.

Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem the 2008 Bonds, or is required pursuant to the Resolution to redeem the 2008 Bonds, the Trustee is to give notice, in the name of the Corporation, of the redemption of such 2008 Bonds. Such notice is to specify, among other things, the 2008 Bonds to be redeemed, the Redemption Price, the Redemption Date, any conditions precedent to such redemption (which conditions, in the case of a redemption at the election or direction of the Corporation, shall be subject to the approval of the Credit Facility Provider) and the place or places where amounts due upon such redemption will be payable. The Trustee is to mail a copy of such notice postage prepaid to the registered owners of any 2008 Bonds or portions of 2008 Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry book not less than twenty (20) days before the Redemption Date for such 2008 Bond. The foregoing provisions of this paragraph do not apply in the case of any redemption of 2008 Bonds of which, pursuant to the Resolution, notice is not required to be given. Interest shall cease to accrue and be payable on the 2008 Bonds after the Redemption Date if notice has been given, or is not required to be given, if the conditions precedent to the redemption, if any, have been satisfied, and if sufficient moneys have been deposited with the Trustee to pay the applicable Redemption Price and interest on the 2008 Bonds on such date. So long as the 2008 Bonds are in book-entry only form, notice of redemption shall only be given to DTC. See “DESCRIPTION OF THE 2008 BONDS – Book-Entry Only System.”

Corporation’s Right to Purchase

The Corporation retains the right to purchase the 2008 Bonds at such times, in such amounts and at such prices less than or equal to par as the Corporation shall determine, subject to the provisions of the Resolution, and thereby reduce its obligations, if any, for the 2008 Bonds.

Effect of Loss of Tax Exemption

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2008 Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation has entered into the Regulatory Agreement with the Mortgagor and New LLC to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the 2008 Bonds is payable. See “TAX MATTERS.” *Pursuant to the Resolution, the loss of such exclusion of interest from gross income would not, in and of itself, result in a mandatory tender or redemption of all or a portion of the 2008 Bonds. However, a default by the Mortgagor under the Regulatory Agreement would give rise to an event of default under the Credit Agreement. In such an event, the Credit Facility Provider would have the right, in its sole and absolute discretion, to cause a mandatory tender or redemption of all or a portion of the 2008 Bonds. See “DESCRIPTION OF THE 2008 BONDS — Credit Facility Provider’s Right to Cause a Mandatory Tender for Purchase of 2008 Bonds Upon an Event of Termination” and “— Redemption of 2008 Bonds — Mandatory — Mandatory Redemption Upon a Declaration of Acceleration Following an Event of Termination” herein.*

SECURITY FOR THE BONDS

Pledge of the Resolution

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

The Bonds are special revenue obligations of the Corporation payable from the Revenues and amounts on deposit in the Accounts (other than amounts deposited in or to be deposited in the Rebate Fund) as described herein. In addition, the 2008 Bonds, as and to the extent provided in the Credit Facility, are payable from amounts obtained under such Credit Facility. Payment of the principal or Redemption Price of and interest on all Bonds is secured by a pledge of the Revenues, which consists of all payments received by the Corporation from or on account of the Mortgage Loan, including scheduled, delinquent and advance payments of principal and interest, proceeds from the sale, assignment, or other disposition of the Mortgage Loan in the event of a default thereon, proceeds of any insurance or condemnation award, and income derived from the investment of funds held by the Trustee in Accounts established under the Resolution, including earnings and gains received by the Trustee pursuant to any investment agreement. Revenues do not, however, include any administrative or financing fee paid to the Corporation, other escrow deposits or financing, extension, late charges or settlement fees of the Servicer of the Mortgage Loan or the Credit Facility Provider on account of the Mortgage Loan. Payment of the Bonds is also secured by a pledge by the Corporation of all amounts held in any Accounts (other than amounts deposited in or to be deposited in the Rebate Fund) established pursuant to the Resolution (including the investments of such Accounts, if any). The Credit Facility Provider shall have certain rights with respect to, among other things, extensions, remedies, waivers, amendments and actions unless there is a Wrongful Dishonor of the Credit Facility by the Credit Facility Provider or the Credit Facility is no longer in effect, to the extent and as provided in the Resolution.

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

Pursuant to the Resolution and the Assignment, the Corporation has assigned and delivered to Freddie Mac and the Trustee, as their interests may appear, subject to the reservation of certain rights by the Corporation, all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents. The Trustee has assigned the mortgage rights assigned to it to Freddie Mac, provided that such rights will automatically revert to the Trustee in the event of a Wrongful Dishonor. The Trustee will hold the Mortgage Note and the Mortgage Documents for the benefit of the owners of the Bonds and Freddie Mac, subject to Freddie Mac's rights under the Assignment to direct the Trustee to assign the Mortgage Note and the Mortgage to Freddie Mac in certain events. Neither the Non-Bond Loan nor the Supplemental Loan is pledged as security for the Bonds. See "THE MORTGAGE LOAN AND OTHER FINANCING" for a more complete description.

Credit Enhancement Agreement

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

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

Freddie Mac will advance funds under the Credit Enhancement Agreement to the Trustee with respect to the payment of: (i) the principal of the 2008 Bonds when due by reason of stated maturity, redemption or

acceleration in advance of maturity; (ii) up to 189 days' interest at the Term Rate due on the 2008 Bonds on or prior to the expiration of the Term Rate Term; and (iii) a portion of the Corporation's regularly scheduled fee (the "Fee Component"), if such fee is not paid to the Corporation in a timely manner.

Freddie Mac will advance funds under the Credit Enhancement Agreement to the Trustee up to the principal amount of the 2008 Bonds and interest thereon at the Term Rate for up to 189 days in order to pay the Purchase Price of 2008 Bonds tendered to the Trustee as Tender Agent and not remarketed pursuant to the Remarketing Agreement.

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

To the extent of advances made under the Credit Enhancement Agreement with respect to the payment of the principal amount of the 2008 Bonds, the obligations of Freddie Mac under the Credit Enhancement Agreement to pay principal, interest thereon and a pro rata portion of the Fee Component will be correspondingly reduced, but with respect to advances made under the Credit Enhancement Agreement with respect to the Fee Component and the payment of interest on 2008 Bonds not made in connection with the payment of principal, the Fee Component and the interest component of the Credit Enhancement Agreement will be automatically reinstated.

To receive payment under the Credit Enhancement Agreement, the Trustee must make a presentation of certain payment documents under the Credit Enhancement Agreement on or prior to the expiration date of the Credit Enhancement Agreement at the appropriate office of Freddie Mac. The Credit Enhancement Agreement will expire on November 6, 2046 (the "Expiration Date", which is five days after the final maturity of the 2008 Bonds). The Credit Enhancement Agreement will automatically terminate on the first to occur of: (a) the date the 2008 Bonds shall have been paid in full, (b) the Expiration Date, (c) the date on which the Trustee, after having received sufficient funds to redeem all of the 2008 Bonds Outstanding in accordance with the terms of the Resolution, shall have released the trust estate encumbered by the Resolution and shall have paid to Freddie Mac all amounts required to be paid under the Resolution, the Loan Agreement, the Reimbursement Agreement or the Credit Enhancement Agreement, and (d) the date which is two Business Days after the effective date of any Alternate Security.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE 2008 BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE 2008 BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE 2008 BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE 2008 BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

Alternate Security

The Credit Enhancement Agreement may be replaced, on any Business Day after July 1, 2029, with various other forms of credit enhancement (each an "Alternate Security" except as described below; the Credit Enhancement Agreement or Alternate Security being herein referred to as the "Credit Facility") or upon conversion (on or after July 1, 2029) of the 2008 Bonds to a fixed rate to the maturity thereof, the Corporation may elect to provide no Credit Facility. During any Term Rate Period, a Credit Facility must be in effect with respect to the 2008 Bonds.

The Corporation may not exercise its right to make provision for or cause the replacement of any Credit Facility, unless the Corporation has provided the Trustee with (i) certain opinions as to, among other things, the effect of such replacement on the tax-exempt status of the 2008 Bonds and the legality, validity and enforceability of the new Credit Facility; (ii) a letter from each rating agency then rating the 2008 Bonds to the effect that such

Alternate Security will provide the 2008 Bonds with an investment grade rating; and (iii) moneys sufficient to pay all costs incurred by the Trustee and the Corporation in connection with the provision of such Credit Facility.

Upon replacement of any Credit Facility except as described below, the 2008 Bonds are subject to mandatory tender as described above under the caption “DESCRIPTION OF THE 2008 BONDS – Tender of 2008 Bonds at the Option of the Corporation, Upon Delivery of an Alternate Security and Upon an Interest Method Change Date.”

Freddie Mac may provide any other form of credit or liquidity facility (or combination thereof) in substitution for the Credit Enhancement Agreement. Certain of such substitute facilities will not be considered an “Alternate Security” and such substitution will not result in a “Facility Change Date” or mandatory tender of the 2008 Bonds, so long as, among other things, each Rating Agency confirms that such substitution will not adversely affect such Rating Agency’s rating on the 2008 Bonds and the opinions described above are delivered. Such substitute facility provided by Freddie Mac will continue to constitute the “Initial Credit Facility” under the Resolution.

Principal Reserve Fund

The Principal Reserve Fund is established pursuant to the Resolution and is to be held by the Trustee. Pursuant to the Resolution, there is to be deposited into the Principal Reserve Fund all of the monthly payments made by the Mortgagor in accordance with the Principal Reserve Fund deposit schedule attached to the Credit Agreement, as such schedule may be amended and any amounts provided by or at the direction of the Mortgagor to replenish withdrawals from the Principal Reserve Fund described in paragraphs (1) and (2) below. At the request of the Mortgagor (with the written approval of the Credit Facility Provider), the Corporation, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Mortgagor (unless and to the extent such amounts, in the judgment of the Corporation, are needed to be transferred to the Rebate Fund pursuant to the Resolution), (ii) no longer require deposits to the Principal Reserve Fund and/or (iii) consent to a change in the Principal Reserve Fund deposit schedule. The consent of the Bondholders or the Trustee is not required for such actions. Any amounts so released shall no longer secure the 2008 Bonds.

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

Amounts in the Principal Reserve Fund will be applied by the Trustee, at the written direction of the Credit Facility Provider:

(1) to reimburse the Credit Facility Provider for advances made under the Credit Facility which were applied to pay interest due on and/or principal of the 2008 Bonds on any Interest Payment Date, Redemption Date, date of acceleration or the maturity date or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such interest and/or principal;

(2) to reimburse the Credit Facility Provider for advances made under the Credit Facility which were applied to pay the Purchase Price of tendered 2008 Bonds to the extent that remarketing proceeds, if any pursuant to the Resolution, are insufficient for such purpose or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such Purchase Price;

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

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

Under certain circumstances, the Credit Facility Provider is entitled to direct the Trustee to transfer from the Principal Reserve Fund to the Redemption Account all or a specified portion of the amount on deposit in the Principal Reserve Fund to be applied to reimburse the Credit Facility Provider for amounts advanced under the Credit Facility to effect the redemption of the 2008 Bonds (or, in the event a Wrongful Dishonor has occurred or is continuing, directly to the redemption of the 2008 Bonds). Any amounts so transferred shall constitute a prepayment of the Mortgage Loan at the option of the Mortgagor and be a Recovery of Principal. See "DESCRIPTION OF THE 2008 BONDS – Redemption of 2008 Bonds – Mandatory – Mandatory Redemption From Certain Recoveries of Principal." Also, under certain circumstances, the Credit Facility Provider can require that amounts on deposit in the Principal Reserve Fund be applied to reimburse the Credit Facility Provider for amounts advanced under the Credit Facility to effect the mandatory tender or mandatory redemption in whole or in part of the 2008 Bonds. See "DESCRIPTION OF THE 2008 BONDS – Redemption of 2008 Bonds – Mandatory – Mandatory Redemption Following an Event of Termination," "DESCRIPTION OF THE 2008 BONDS" – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2008 Bonds Upon an Event of Termination" and "SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT AGREEMENT."

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

Additional Bonds

Additional Bonds, on parity with the 2008 Bonds then Outstanding, may be issued by the Corporation pursuant to the Resolution for any one or more of the following purposes: (i) financing increases in the Mortgage Loan, (ii) refunding Bonds, (iii) establishing reserves for such Additional Bonds, and (iv) paying the costs of issuance related to such Additional Bonds. For so long as the Credit Facility shall be in effect for the 2008 Bonds, no Additional Bonds shall be issued unless such Bonds are secured by the same Credit Facility in effect for the 2008 Bonds, as such Credit Facility shall be amended, extended or replaced in connection with the issuance of such Additional Bonds, provided that the Credit Facility shall not secure Purchased Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Parity Bonds" herein.

Bonds Not a Debt of the State or the City

The 2008 Bonds are not a debt of the State of New York or of The City of New York, and neither the State nor the City shall be liable thereon, nor shall the 2008 Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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

Contract With Bond Owners – Security for Bonds – Limited Obligation

In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, the provisions of the Resolution shall constitute a contract among the Corporation, the Trustee and the owners from time to time of such Bonds. The pledges and assignments made in the Resolution and the provisions, covenants

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

Provisions for Issuance of Bonds

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

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

Additional Bonds

Additional Bonds may be issued, at the option of the Corporation, on a parity with the Bonds then Outstanding, for the purposes of (i) financing increases in the Mortgage Loan, (ii) refunding Bonds, (iii) establishing reserves for such Additional Bonds, and (iv) paying the Costs of Issuance related to such Additional Bonds.

Additional Bonds shall contain such terms and provisions as are specified in the Supplemental Resolution authorizing the same. The Supplemental Resolution authorizing such Additional Bonds shall utilize, to the extent possible, Accounts established for the Outstanding Bonds.

For so long as a Credit Facility shall be in effect for the 2008 Bonds, no Additional Bonds shall be issued unless such Bonds are secured by the same Credit Facility in effect for the 2008 Bonds, as such Credit Facility shall be amended, extended or replaced in connection with the issuance of such Additional Bonds; provided that the Credit Facility shall not secure Purchased Bonds.

Application and Disbursements of Bond Proceeds

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

- (1) the amount, if any, received at such time as a premium above the aggregate principal amount of such Bonds shall be applied as specified in a Certificate of an Authorized Officer of the Corporation, and the amount, if any, received as accrued interest shall be deposited in the Revenue Account;
- (2) with respect to any Series issued for the purpose of refunding Bonds, the amount, if any, required to pay Costs of Issuance, as designated by an Authorized Officer of the Corporation, shall be deposited in the Bond Proceeds Account;
- (3) with respect to any Series issued for the purpose of refunding Bonds, the balance remaining after such deposits have been made as specified in (1) and (2) above shall be applied as specified in the Supplemental Resolution authorizing such Series;
- (4) with respect to the 2008 Bonds, the balance remaining after such deposits have been made as specified in (1) above shall be deposited in the Bond Proceeds Account; and
- (5) with respect to any Series (other than the 2008 Bonds) issued for a purpose other than refunding Bonds, the balance remaining after such deposits have been made shall be deposited in the Bond Proceeds Account.

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

Deposits and Investments

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

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

Any other provision of the Resolution notwithstanding, amounts on deposit in the Credit Facility Payments Sub-Account, pending application, may only be invested in Government Obligations maturing or being redeemable

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

Establishment of Accounts

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

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

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

Bond Proceeds Account

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

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

Revenue Account

Subject to the provisions of the Assignment, the Corporation shall cause all Pledged Receipts, excluding all amounts to be deposited pursuant to the Resolution in the Principal Reserve Fund, to be deposited promptly with the Trustee in the Revenue Account. There shall also be deposited in the Revenue Account any other amounts required to be deposited therein pursuant to the Resolution, any Supplemental Resolution, the Mortgage Documents and the Loan Agreement. Except as otherwise provided in the Resolution with respect to the Principal Reserve Fund, earnings on all Accounts established under the Resolution shall be deposited, as realized, in the Revenue Account, except for moneys required to be deposited in the Rebate Fund in accordance with the provisions of the Resolution and except for interest income representing a recovery of the premium and accrued interest, if any, included in the purchase price of any Investment Security, which shall be retained in the particular account for which the Investment Security was purchased. During the term of the Initial Credit Facility, the Trustee shall obtain moneys thereunder in accordance with the terms thereof, in a timely manner and in amounts sufficient to pay the principal or Redemption Price of and interest on the Bonds, as such become due, whether at maturity or upon redemption or

acceleration or on an Interest Payment Date or otherwise, and shall deposit such amounts in the Credit Facility Payments Sub-Account. In addition, during the term of the Initial Credit Facility, the Trustee, at the direction of the Corporation, shall obtain moneys under the Initial Credit Facility in accordance with the terms thereof, in amounts specified by the Corporation to pay such portion of the Administrative Fee due and owing to the Corporation that has not been paid by the Mortgagor when due under the Loan Agreement, and shall promptly transfer all such amounts to the Corporation. During the term of any other Credit Facility, the Trustee shall obtain moneys under such Credit Facility, in accordance with the terms thereof, in a timely manner, in the full amount required to pay the principal or Redemption Price of and interest on the Bonds as such become due, whether at maturity or upon redemption or acceleration or on an Interest Payment Date or otherwise and shall deposit such amounts in the Credit Facility Payments Sub-Account.

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

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

After payment of the Principal Installments, if any, and interest due on the Outstanding Bonds has been made, and to the extent payments on the Bonds are made from the source described in subparagraph (1) above, the amounts available from the sources described in subparagraphs (2) through (5) above, in the order of priority indicated, shall be used immediately to reimburse the Credit Facility Provider for amounts obtained under the Credit Facility and so applied.

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

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

Upon the purchase or redemption of any Bond for which Sinking Fund Payments have been established from amounts in the Revenue Account, an amount equal to the principal amount of the Bonds so purchased or

redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer of the Corporation at the time of such purchase or redemption.

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

On each Interest Payment Date, the Trustee shall transfer from the Revenue Account (after providing for all payments required to have been made prior thereto pursuant to the Resolution) (i) first, if so directed by the Corporation, to the Trustee, an amount equal to the Trustee's unpaid fees and expenses, (ii) second, at the direction of the Corporation, to the Credit Facility Provider, an amount equal to any fees due and owing to the Credit Facility Provider pursuant to the Credit Agreement, (iii) third, if so directed by the Corporation, to the Tender Agent, an amount equal to the Tender Agent's unpaid fees and expenses, (iv) fourth, if so directed by the Corporation, to the Remarketing Agents, an amount equal to the Remarketing Agents' unpaid fees and expenses, (v) fifth, to the Corporation, the Administrative Fee to the extent unpaid, and (vi) sixth, if so directed by the Corporation, to the Servicer, an amount equal to the Servicer's unpaid fees and expenses. The amount remaining after making the transfers or payments required hereinbefore shall be retained in the Revenue Account. Such remaining balance shall be used to offset the Mortgagor's obligation under the Mortgage Loan (in direct chronological order of such obligation), unless the Trustee receives a Certificate from the Corporation stating that a default has occurred with respect to any agreement between the Corporation and the Mortgagor. If the Trustee shall thereafter receive a Certificate from the Corporation stating that such default has been cured or waived such remaining balance shall once again be used to offset the Mortgagor's obligation under the Mortgage Loan (in direct chronological order of such obligation).

Redemption Account

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

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

- (1) first, from the Credit Facility Payments Sub-Account, and to the extent the moneys therein are insufficient for such purpose;
- (2) second, from the Redemption Account, and to the extent the moneys therein are insufficient for such purpose;
- (3) third, from the Revenue Account, and to the extent the moneys therein are insufficient for such purpose;
- (4) fourth, from the Bond Proceeds Account, and to the extent the moneys therein are insufficient for such purpose; and

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

After payment of the principal of such Outstanding Bonds to be redeemed or purchased has been made, and to the extent payments for the redemption or purchase of the Bonds are made from the source described in subparagraph (1) above, amounts available from the sources described in subparagraphs (2) through (5) above, in the order of priority indicated, shall be used to reimburse the Credit Facility Provider for amounts obtained under the Credit Facility and so applied.

Rebate Fund

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

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

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

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

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

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

Principal Reserve Fund

Amounts on deposit in the Principal Reserve Fund shall be applied as set forth in the Resolution. There shall be deposited into the Principal Reserve Fund all of the monthly payments made in accordance with the Principal Reserve Fund deposit schedule attached to the Credit Agreement and provided to the Trustee by the Credit Facility Provider, as such schedule may be amended in accordance with the provisions of the Credit Agreement and provided to the Trustee by the Credit Facility Provider, and any amounts provided by or at the direction of the Mortgagor to replenish withdrawals from the Principal Reserve Fund. Any income or interest earned or gains realized in excess of losses suffered due to the investment of amounts on deposit in the Principal Reserve Fund shall be deposited to the

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

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

(1) to reimburse the Credit Facility Provider for advances made under the Credit Facility which were applied to pay interest due on and/or principal of the 2008 Bonds on any Interest Payment Date, Redemption Date, date of acceleration or the maturity date or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such interest on and/or principal of the 2008 Bonds;

(2) to reimburse the Credit Facility Provider for advances made under the Credit Facility which were applied to pay the Purchase Price of tendered 2008 Bonds to the extent that remarketing proceeds, if any, are insufficient for such purpose or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such Purchase Price;

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

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

The Credit Facility Provider shall be entitled as may be permitted by the Resolution to direct the Trustee to transfer from the Principal Reserve Fund to the Redemption Account all or a specified portion of the amount on deposit in the Principal Reserve Fund to be applied to the reimbursement of the Credit Facility Provider in connection with the redemption of 2008 Bonds (or, in the event a Wrongful Dishonor has occurred and is continuing, directly to the redemption of 2008 Bonds). Any amounts so transferred shall constitute a prepayment of the Mortgage Loan at the option of the Mortgagor and shall be a Recovery of Principal; provided however, that such right of the Credit Facility Provider to direct such transfers may be exercised only at the times, and subject to any conditions, set forth in the Loan Agreement with respect to optional prepayments of the Mortgage Loan by the Mortgagor.

Moneys on deposit in the Principal Reserve Fund shall be invested (i) so long as the Initial Credit Facility is in effect, in Investment Securities described in paragraph (A)(a), (b) or (g) of the definition of "Investment Securities", and (ii) at all other times, in Government Obligations or, to the extent otherwise permitted by the Resolution, (a) other short-term variable rate instruments rated by S&P in a category equivalent to the rating then in effect for the 2008 Bonds or (b) as otherwise permitted by the Credit Facility Provider, in its sole discretion.

At the request of the Mortgagor, (with the written approval of the Credit Facility Provider), the Corporation, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Mortgagor (in which case the Trustee shall release such amounts to the Mortgagor, provided that if, in the judgment of an Authorized Officer of the Corporation, the amount on deposit in the Rebate Fund at such time is less than the Rebate Amount as of such time, then prior to any such release to the Mortgagor, any amounts on deposit in the Principal Reserve Fund (up to the amount of such deficiency) shall be transferred to the Rebate Fund) and/or (ii) no longer require deposits to the Principal Reserve Fund, and/or consent to a change in the Principal Reserve Fund deposit schedule; provided that, in the case of either (i) or (ii), there shall be filed with the Corporation and the Trustee a Bond Counsel's Opinion to the effect that such action of the Corporation will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on any tax-exempt Bonds. Any amounts so released shall no longer secure the 2008 Bonds.

Payment of Bonds

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

Tax Covenants

The following covenants are made solely for the benefit of the owners of, and shall be applicable solely to, the 2008 Bonds and any Additional Bonds, as designated in a Supplemental Resolution, to which the Corporation intends that the following covenants shall apply:

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

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

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

Covenants with Respect to the Mortgage Loan

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

Issuance of Additional Obligations

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

Accounts and Reports

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

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

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

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

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

Initial Credit Facility; No Disposition of Credit Facility

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

Supplemental Resolutions

Any modification of or amendment to the provisions of the Resolution and of the rights and obligations of the Corporation and of the owners of the Bonds may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution, (i) of the owners of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the owners of at least two-thirds in principal amount of the Bonds so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the owners of at least two-thirds in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given;

provided, however, that a modification or amendment referred to in (iii) above shall not be permitted unless the Trustee shall have received a Bond Counsel's Opinion to the effect that such modification or amendment does not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds to which the tax covenants apply. If any such modification or amendment will not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, 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 Resolution on the issuance of other evidences of indebtedness; add to the covenants and agreements of, or limitations and restrictions on, the Corporation, other covenants and agreements or limitations and restrictions which are not contrary to or inconsistent with the Resolution; surrender any right, power or privilege of the Corporation under the Resolution but only if such surrender is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; confirm any pledge under the Resolution of the Revenues or of any other revenues or assets; modify any of the provisions of the Resolution in any respect whatsoever (but no such modification shall be effective until all Bonds theretofore issued are no longer Outstanding); provide for the issuance of Bonds in coupon form payable to bearer; authorize the issuance of Additional Bonds and prescribe the terms and conditions thereof; provide that specified provisions of the Resolution that relate to the 2008 Bonds shall also apply to a Series of Additional Bonds; provide for such changes as are deemed necessary or desirable by the Corporation in connection with either providing a book-entry system with respect to a Series of Bonds or discontinuing a book-entry system with respect to a Series of Bonds; provide for such changes as are deemed necessary or desirable by the Corporation to take effect on a Change Date on which one hundred percent (100%) of the Bonds are subject to mandatory tender; cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Resolution (provided that the Trustee shall consent thereto); comply with the Code; provide for such changes as are deemed necessary by the Corporation upon delivery of an Alternate Security; make any additions, deletions or modifications to the Resolution which, in the opinion of the Trustee, are not materially adverse to the interests of the Bond owners (provided that the Trustee shall consent thereto); during any period that all the Bonds bear interest at a Weekly Rate, to provide such changes (other than any changes that adversely affect the exclusion from gross income for Federal income tax purposes of interest on any series of Bonds to which the provisions of the Resolution described under "Tax Covenants" apply) as are deemed necessary or desirable by the Corporation, if, not less than thirty days (30) before the effective date of such changes, the Trustee sends notice of the proposed changes to the Bondholders and the Bondholders have the right to tender their Bonds for purchase before such effective date; or change any of the time periods for provisions of notice relating to the Mandatory Purchase Provision or interest rate determination, or the time periods for interest rate determination on the procedure for tendering Bonds in connection with the Mandatory Purchase Provision (provided that the Trustee shall consent thereto, and after such period of time as the Trustee and the Corporation shall deem appropriate following notice to the owners of the Bonds (but not less than 30 days)).

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

Amendments, Changes and Modifications to the Credit Facility

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

amounts; provided that any such amounts may be reduced without such consent solely to the extent that such reduction represents a reduction in any fees payable from such amounts.

Events of Default and Termination

Each of the following events set forth in clauses (1) through (3) below constitutes an “Event of Default” and the following event set forth in clause (4) below constitutes an “Event of Termination” with respect to the Bonds: (1) payment of the principal or Redemption Price, if any, of or interest on any Bond (other than Purchased Bonds) when and as the same shall become due, whether at maturity or upon call for redemption or otherwise, shall not be made when and as the same shall become due; (2) payment of the Purchase Price of any 2008 Bond (other than Purchased Bonds) tendered in accordance with the Resolution shall not be made when and as the same shall become due; (3) the Corporation shall fail or refuse to comply with the provisions of the Resolution or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Resolution or in any applicable Supplemental Resolution or the Bonds (other than any such default resulting in an Event of Default described in clause (1) or (2) above), and such failure, refusal or default shall continue for a period of forty-five days (45) after written notice thereof by the Trustee or the owners of not less than five percent (5%) in principal amount of the Outstanding Bonds; or (4) receipt by the Trustee of written notice from the Credit Facility Provider that (i) an “Event of Default” has occurred under the Credit Agreement, together with a written direction from the Credit Facility Provider to the Trustee to exercise either the remedy set forth in clause (5) of the following paragraph or the remedy set forth in clause (8) of the following paragraph as provided in such direction.

Remedies

Upon the happening and continuance of an Event of Termination specified in the Resolution, the Trustee shall proceed, in its own name pursuant to the direction of the Credit Facility Provider as described in clause (4) of the preceding paragraph, to protect and enforce the remedies of the Bond owners and the Credit Facility Provider by the remedies set forth in either clause (5) or (8) below, as specified in the direction of the Credit Facility Provider as described in clause (4) of the preceding paragraph; provided, however, that anything in the Resolution to the contrary notwithstanding, the Trustee shall enforce the remedy set forth in clause (5) and clause (8) below within the time limits provided therein. Upon the happening and continuance of any Event of Default specified in clause (1) or (2) of the preceding paragraph, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in clause (3) of the preceding paragraph, the Trustee may proceed and, upon the written request of the owners of not less than twenty-five (25%) in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject, in each such case, to the provisions of the Resolution and the receipt of the written consent of the Credit Facility Provider, to protect and enforce the rights of the Bond owners by the remedies specified below for particular Events of Default, and such other of the remedies set forth in clauses (1) through (7) below, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bond owners, including the right to require the Corporation to receive and collect Revenues adequate to carry out the covenants and agreements as to the Mortgage Loan (subject to the provisions of the Assignment) and to require the Corporation to carry out any other covenants or agreements with such Bond owners, and to perform its duties under the Act; (2) by bringing suit upon the Bonds; (3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds; (4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; (5) with the written consent of the Credit Facility Provider in the case of an Event of Default or upon the direction described in clause (4) of the preceding paragraph in the case of an Event of Termination, by immediately declaring all Bonds or, with respect to an Event of Termination, a portion of the 2008 Bonds in the principal amount specified by the Credit Facility Provider, due and payable whereupon, with respect to any affected 2008 Bonds, such Bonds shall be immediately redeemed, pursuant to the Resolution, provided that upon the happening and continuance of an Event of Default specified in clause (1) or (2) of the preceding paragraph, the Trustee shall declare all Bonds due and payable; (6) in the event that all Outstanding Bonds are declared due and payable, by selling the Mortgage Loan (subject to the provisions of the Assignment) and any Investment Securities securing such Bonds; (7) by taking such action with respect to or in connection with the Credit Facility as the Trustee deems necessary to protect the interests of the owners of the 2008 Bonds; or (8) upon the happening and continuance of an Event of Termination and upon receipt of direction from the Credit Facility Provider, by carrying out a purchase of all or, if so designated by the Credit Facility Provider, a portion of, the 2008 Bonds pursuant to the Resolution on a

date specified by the Credit Facility Provider, which date shall not be later than eight (8) days following receipt by the Trustee of such direction.

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

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

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

Priority of Payments After Event of Default or Event of Termination

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

(1) Unless the principal of all of such Bonds shall have become or have been declared due and payable, first to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; second, to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any such Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference; and third, to

the payment of amounts owed to the Credit Facility Provider under the Credit Agreement or under any other agreement or document securing obligations owed by the Mortgagor to the Credit Facility Provider or otherwise relating to the provision of the Credit Facility, including amounts to reimburse the Credit Facility Provider to the extent it has made payments under the Credit Facility.

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

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

Rights of the Credit Facility Provider

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

Payments Due on Days Not Business Days

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

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

Concurrently with the original issuance of the 2008 Bonds, Freddie Mac issued the Credit Enhancement Agreement pursuant to the Reimbursement Agreement. The obligations of the Mortgagor to Freddie Mac to repay advances made by Freddie Mac under the Credit Enhancement Agreement are evidenced by the Reimbursement Agreement. The following is a brief summary of the Reimbursement Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full text of the Reimbursement Agreement, a copy of which is on file with the Trustee.

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

The following statements are a brief summary of certain provisions of the Reimbursement Agreement. The summary does not purport to be complete, and reference is made to the Reimbursement Agreement for a full and complete statement of the provisions thereof. In addition, Freddie Mac shall have the right without the consent of, or notice to, the Trustee, the Issuer or the Bondholders, to amend, modify, change, add to or delete any of the provisions of the Reimbursement Agreement. Capitalized terms used herein and not otherwise defined will have the meanings given them in the Reimbursement Agreement.

Events of Default

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

- (a) the Mortgagor fails to pay any amounts due under the Reimbursement Agreement, including, without limitation, any fees, costs or expenses;
- (b) the Mortgagor fails to observe or perform any of the covenants, conditions or agreements set forth in the Reimbursement Agreement or in any of the other Mortgagor Documents;
- (c) an Event of Default occurs under the Reimbursement Mortgage, under the documents relating to the Supplemental Loan or any of the other Mortgagor Documents referred to in the Reimbursement Agreement;
- (d) any representation or warranty made by or on behalf of the Mortgagor under the Reimbursement Agreement or any of the other Mortgagor Documents or in any certificate delivered by the Mortgagor to Freddie Mac or the Servicer pursuant to the Reimbursement Agreement or any other Mortgagor Document referred to in the Reimbursement Agreement was or becomes inaccurate or incorrect in any material respect;
- (e) Purchased Bonds have not been remarketed as of the ninetieth day following purchase by the Trustee on behalf of the Mortgagor and the Mortgagor has not reimbursed Freddie Mac for the amount advanced to purchase the Purchased Bonds, together with any fees due under the Reimbursement Agreement;
- (f) a Term Rate Period expires prior to maturity of the Bonds and the Mortgagor has not either received the prior written consent of Freddie Mac for a change in interest mode or the maintenance of the existing mode or delivered an Alternate Security; or
- (g) a default or event of default occurs under the terms of any other indebtedness permitted to be incurred by the Mortgagor (after taking into account any applicable cure period).

Remedies

Upon an Event of Default, Freddie Mac may declare all the obligations of the Mortgagor under the Reimbursement Agreement to be immediately due and payable, in which case all such obligations shall become due

and payable, without presentment, demand, protest or notice of any kind, including notice of default, notice of intent to accelerate or notice of acceleration. In addition to the foregoing, Freddie Mac may terminate the Credit Enhancement Agreement in accordance with its terms and take any other action at law or equity to protect its rights against the Mortgagor in the Project, including foreclosing against the Project subject to the Bond Mortgage. If Freddie Mac elects to foreclose against the Project, it has the option to keep the Bonds outstanding or cause a redemption of the Bonds.

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

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

AGREEMENT OF THE STATE

Section 657 of the Act provides that the State agrees with the holders of obligations of the Corporation, including owners of the 2008 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 2008 Bonds, or in any way impair the rights and remedies of such owners until the 2008 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 2008 Bonds, are fully met and discharged.

CONTINUING DISCLOSURE

The Mortgagor has undertaken all responsibilities for any continuing disclosure to 2008 Bond owners as described below and the corporation shall have no liability to the 2008 Bond owners or any other person with respect to such disclosures. The Mortgagor has covenanted for the benefit of owners and Beneficial Owners of the 2008 Bonds to provide financial statements, which will be audited when and if available, and certain financial information and operating data relating to the Mortgagor by not later than one hundred eighty (180) days after the end of each fiscal year (which fiscal year currently ends on December 31), commencing with the report for the fiscal year ending December 31, 2019 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is required to be filed by the Mortgagor with the Municipal Securities Rulemaking Board (the “Repository”). All notices of material events are required to be filed by the Mortgagor with the Repository. The specific nature of the information to be contained in the Annual Report and the notices of material events is described in “Appendix D – Form of Continuing Disclosure Agreement.” These covenants have been made in order to assist the Remarketing Agents in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

REMARKETING ON INTEREST RATE CONVERSION DATE

BofA Securities, Inc. and Samuel A. Ramirez & Co., Inc. have jointly and severally agreed, subject to certain conditions, to purchase the 2008 Bonds that are tendered on October 1, 2019 at a purchase price of par and to remarket the 2008 Bonds at par. Such Remarketing Agents will receive a remarketing fee in the amount of \$292,484.20, which amount includes expenses for such underwriting.

This paragraph has been supplied by BofA Securities, Inc.: BofA Securities, Inc., an Underwriter of the 2008 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of

MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2008 Bonds.

TAX MATTERS

Opinion of Bond Counsel to the Corporation

In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2008 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to the exclusion of interest on any 2008 Bond for any period during which such 2008 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities financed with the proceeds of the 2008 Bonds or a “related person,” and (ii) interest on the 2008 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering such opinion, Bond Counsel to the Corporation has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagor and others in connection with the 2008 Bonds, and Bond Counsel to the Corporation has assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with the applicable requirements of the Code to assure the exclusion of interest on the 2008 Bonds from gross income under Section 103 of the Code.

On November 6, 2008, Bond Counsel to the Corporation rendered its opinion to the effect that, under existing statutes, interest on the 2008 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 2008 Bonds. Bond Counsel to the Corporation renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the Corporation expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2008 Bonds, or the exemption of interest on the 2008 Bonds from personal income taxes under state and local tax law.

Summary of Certain Federal Tax Requirements

Under applicable provisions of the Code, the exclusion from gross income of interest on the 2008 Bonds for purposes of Federal income taxation requires that (i) at least 20% of the units in the Project financed by the 2008 Bonds be occupied during the “Qualified Project Period” (defined below) by individuals whose incomes, determined in a manner consistent with Section 8 of the United States Housing Act of 1937, as amended, do not exceed 50% of the median income for the area, as adjusted for family size and (ii) all of the units of the Project be rented or available for rental on a continuous basis during the Qualified Project Period. “Qualified Project Period” for the Project means a period commencing upon the later of (a) occupancy of 10% of the units in the Project or (b) the date of issue of the 2008 Bonds and running until the later of (i) the date which is 15 years after occupancy of 50% of the units in the Project and (ii) the first date on which no tax-exempt private activity bonds issued with respect to the Project are outstanding. An election has been made by the Mortgagor to treat the Project as a deep rent skewed project which requires that (i) at least 15% of the low income units in the Project be occupied during the Qualified Project Period by individuals whose income is 40% or less of the median income for the area, as adjusted for family size, (ii) the gross rent of each low income unit in the Project not exceed 30% of the applicable income limit which applies to the individuals occupying the unit and (iii) the gross rent with respect to each low income unit in the Project not exceed one-half of the average gross rent with respect to units of comparable size which are not occupied by individuals who meet the applicable income limit. Under the deep rent skewing election, the Project will meet the continuing low income requirement as long as the income of the individuals occupying the unit does not increase to more than 170% of the applicable limit. Upon an increase over 170% of the applicable limit, the next available low income unit of comparable or smaller size in the Project must be rented to an individual having an income of 40% or less of the area median income.

In the event of noncompliance with the above requirements arising from events occurring after the issuance of the 2008 Bonds, the Treasury Regulations provide that the exclusion of interest on the 2008 Bonds from gross income for Federal income tax purposes will not be impaired if the Corporation takes appropriate corrective action within a reasonable period of time after such noncompliance is first discovered or should have been discovered by the Corporation.

The Code establishes certain additional requirements which must be met subsequent to the issuance and delivery of the 2008 Bonds in order that interest on the 2008 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of the proceeds of the 2008 Bonds, yield and other limits regarding investment of the proceeds of the 2008 Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the United States.

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2008 Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation is to enter into the Regulatory Agreement with the Mortgagor and New LLC to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or 2008 Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the 2008 Bonds is payable.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the 2008 Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2008 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2008 Bonds.

Prospective owners of the 2008 Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the 2008 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the 2008 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9 "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2008 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2008 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund

or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the 2008 Bonds under Federal or state law or otherwise prevent beneficial owners of the 2008 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2008 Bonds.

Prospective purchasers of the 2008 Bonds should consult their own tax advisors regarding the foregoing matters.

NO LITIGATION

The Corporation

At the time of remarketing of the 2008 Bonds, the Corporation will deliver, or cause to be delivered, a certificate of the Corporation substantially to the effect that there is no litigation or other proceeding now pending or threatened against the Corporation of which the Corporation has notice or, to the knowledge of the Corporation, any basis therefor, seeking to restrain or enjoin the issuance, remarketing, sale, execution or delivery of the 2008 Bonds, or in any way contesting or affecting the validity of the 2008 Bonds or any proceedings of the Corporation taken with respect to the issuance, remarketing or sale thereof or the financing of the Mortgage Loan or the Non-Bond Loan or the pledge or application of any moneys or security provided for the payment of the 2008 Bonds or the existence or powers of the Corporation, or contesting in any material respect the completeness or accuracy of the Remarketing Circular or any supplement or amendment thereto, or challenging the exclusion of interest on the 2008 Bonds from gross income for Federal income tax purposes.

The Mortgagor

At the time of remarketing of the 2008 Bonds, the Mortgagor will deliver, or cause to be delivered, a certificate of the Mortgagor substantially to the effect that there is no litigation of any nature now pending, or to the knowledge of the Mortgagor, its members, managers, shareholders or officers, as applicable, threatened against and in any way adversely affecting the existence of the Mortgagor or its members or the Project, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2008 Bonds or the financing of the Mortgage Loan, the Non-Bond Loan or the Supplemental Loan, or the acquisition, construction or equipping of the Project, or in any way contesting or affecting the validity or enforceability of the 2008 Bonds or the documents relating to the Mortgage Loan and the 2008 Bonds to which the Mortgagor is a party or the Letter of Representation and Indemnity Agreement executed by the Mortgagor, or any proceedings of the Mortgagor taken with respect to the sale, execution or delivery thereof, or the application of any moneys or security provided for the payment of the 2008 Bonds, or contesting in any way the completeness or accuracy of the Remarketing Circular or any supplement or amendment thereto, or contesting the powers or authority of the Mortgagor with respect to the documents relating to the Mortgage Loan and the 2008 Bonds to which it is a party or the Letter of Representation and Indemnity Agreement executed by the Mortgagor or, to the knowledge of the Mortgagor or its members, without independent inquiry, challenging the exclusion of interest on the 2008 Bonds from gross income for Federal income tax purposes.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the 2008 Bonds by the Corporation were subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation, which delivered its approving opinion, dated the date of the original issuance of the 2008 Bonds, on November 6, 2008 (a copy of which is attached as Appendix B). The remarketing of the 2008 Bonds is subject to the delivery by Bond Counsel to the Corporation of its opinion substantially in the form attached as Appendix C. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be

passed upon for Freddie Mac by its Special Counsel, Katten Muchin Rosenman LLP, Washington, D.C. Certain legal matters will be passed upon for the Mortgagor by its Special Counsel, Nixon Peabody LLP, New York, New York. Certain legal matters will be passed upon for the Remarketing Agents by their Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

LEGALITY OF 2008 BONDS FOR INVESTMENT AND DEPOSIT

Under the provisions of Section 662 of the Act, the 2008 Bonds are made securities in which all public officers and bodies of the State of New York and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the State, may properly and legally invest funds, including capital in their control or belonging to them. The 2008 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.

RATING

It is expected that, upon the conversion of the 2008 Bonds to bear interest at the Term Rate, S&P Global Ratings will confirm the rating of "AA+" on the 2008 Bonds assigned when initially issued. Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by such rating agency, if in its judgment, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the 2008 Bonds.

FURTHER INFORMATION

The information contained in this Remarketing Circular is subject to change without notice and no implication should be derived therefrom or from the sale of the 2008 Bonds that there has been no change in the affairs of the Corporation from the date hereof. Pursuant to the Resolution, the Corporation has covenanted to keep proper books of record and account in which full, true and correct entries will be made of all its dealings and transactions under the Resolution and to cause such books to be audited for each fiscal year. The Resolution requires that such books be open to inspection by the Trustee and the owners of not less than five percent (5%) of the 2008 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 2008 Bond.

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

MISCELLANEOUS

Any statements in this Remarketing Circular involving matters of opinion, whether or not expressly so stated, are intended as such, and not as representations of fact. This Remarketing Circular is not to be construed as an agreement or contract between the Corporation and the purchasers or owners of any 2008 Bonds.

This Remarketing Circular is submitted in connection with the sale of the 2008 Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Remarketing Circular and the distribution thereof have been duly authorized and approved by the Corporation and the Remarketing Circular has been duly executed and delivered on behalf of the Corporation.

NEW YORK CITY HOUSING DEVELOPMENT
CORPORATION

By: _____ /s/ Eric Enderlin
Eric Enderlin
President

Dated: September 25, 2019

DEFINITIONS OF CERTAIN TERMS

This Appendix A does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Resolution, Credit Enhancement Agreement, Credit Agreement, Assignment and Mortgage Note, copies of which may be obtained from the Corporation. The following terms shall have the following meanings in the Resolution, Credit Enhancement Agreement, Credit Agreement, Assignment and Mortgage Note for the 2008 Bonds unless the context shall clearly indicate otherwise.

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

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

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

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

“Additional Bonds” means Bonds, other than the 2008 Bonds, authorized pursuant to the Resolution.

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

“Alternate Security” means any instrument in effect and purpose similar to the Initial Credit Facility, including, but not limited to, a letter of credit, guaranty, standby loan commitment, bond or mortgage insurance policy, standby purchase agreement, credit enhancement agreement, collateral agreement or surety bond, mortgage-backed security or other credit or liquidity facility issued by a financial institution, including, without limitation, Freddie Mac, or any combination thereof, (i) approved by the Corporation and delivered to the Trustee for the benefit of the owners of the Bonds (except that a mortgage insurance policy may be delivered to the Corporation), (ii) replacing any existing Credit Facility, (iii) dated as of a date not later than the expiration date of the Credit Facility for which the same is to be substituted, if a Credit Facility is then in effect, (iv) which shall expire not earlier than a date which is fifteen (15) days after an Interest Payment Date for the Bonds, and (v) issued on substantially similar terms and conditions with respect to the rights of the owners of the Bonds (including, but not limited to, the Mandatory Purchase Provision) as the then existing Credit Facility, provided that (a) the stated amount of the Alternate Security shall equal the sum of (x) the aggregate principal amount of Bonds at the time Outstanding, plus (y) the Interest Requirement, and (b) if said Alternate Security is to be in effect during a Weekly Rate Period, it must provide for payment of the Purchase Price upon the exercise by any Bond owner of the applicable Demand Purchase Option.

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

“Authorized Officer” means (a) when used with respect to the Corporation, the Chairperson, Vice Chairperson, President, any Executive Vice President or any Senior Vice President of the Corporation and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Corporation then authorized to perform such act or discharge such duty; (b) when used with respect to the Mortgagor, any

manager or managing member of the Mortgagor then authorized to act for the Mortgagor and, in the case of any act to be performed or duty to be discharged, any other officer or employee of the Mortgagor then authorized to perform such act or discharge such duty; (c) when used with respect to the Credit Facility Provider, any officer or employee of the Credit Facility Provider then authorized to perform such act or discharge such duty; and (d) when used with respect to the Trustee, any Vice President or corporate trust administrator of the Trustee then authorized to act for the Trustee, and in the case of any act to be performed or duty to be discharged, any other officer or employee of the Trustee then authorized to perform such act or discharge such duty.

“Beneficial Owner” means, whenever used with respect to a 2008 Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant or such person’s subrogee.

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

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

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

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

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

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

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

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

“Change Date” means with respect to the 2008 Bonds, (i) an Interest Method Change Date or (ii) a Facility Change Date or (iii) a date specified by the Credit Facility Provider pursuant to the provisions of the Resolution for carrying out a purchase of 2008 Bonds pursuant to the Resolution in connection with an Event of Termination or (iv) a Discretionary Tender Date.

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

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

“Commitment” means the Financing Commitment and Agreement dated September 26, 2008, between the Corporation and the Mortgagor, as the same may be amended or supplemented from time to time.

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

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

“Credit Agreement” means, with respect to the Initial Credit Facility, the Reimbursement and Security Agreement, dated as of November 1, 2008, between the Initial Credit Facility Provider and the Mortgagor, as the same may be amended or supplemented from time to time, and with respect to any Alternate Security, the agreement between the Mortgagor and the Credit Facility Provider issuing such Alternate Security providing for the issuance of such Alternate Security.

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

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

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

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

“Demand Purchase Option” means, during a Weekly Rate Period, the provision of the 2008 Bonds for purchase of any 2008 Bond upon the demand of the owner thereof as described in the Resolution.

“Discretionary Tender Date” means a date, specified by the Corporation (with the prior written consent of the Credit Facility Provider and the Mortgagor) in a written notice delivered to the Trustee, upon which all of the 2008 Bonds shall be subject to mandatory tender at the Purchase Price pursuant to the Resolution (which date shall not be earlier than fifteen (15) days following receipt by the Trustee of such written notice); provided that a Discretionary Tender Date (i) during a Term Rate Term shorter than ten (10) years may only occur on an Interest Adjustment Date, and (ii) during a Term Rate Term of ten (10) years or longer may only occur on a Business Day on or after the first Business Day of the third (3rd) month next preceding the month in which the Interest Adjustment Date that immediately follows such Term Rate Term occurs (or, on a Business Day on or after July 1, 2029 in the case of the Term Rate Term commencing on October 1, 2019).

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

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

“Facility Change Date” means (i) any date on which a new Credit Facility replaces the prior Credit Facility, or (ii) two (2) Business Days before any date on which the Credit Facility terminates or expires and is not extended or replaced by a new Credit Facility.

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

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

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

“Initial Credit Facility” means the Credit Enhancement Agreement, dated as of November 1, 2008, by and between the Initial Credit Facility Provider and the Trustee, as the same may be amended, modified or supplemented from time to time.

“Initial Credit Facility Provider” means Freddie Mac.

“Interest Adjustment Date” means each date on which a new Term Rate Term begins as provided in the Resolution.

“Interest Method Change Date” means any date on which the method of determining the interest rate on the 2008 Bonds changes or which is an Interest Adjustment Date pursuant to the Resolution, as established by the terms and provisions of the Resolution; provided that, notwithstanding anything to the contrary contained in the Resolution, an Interest Method Change Date during a Term Rate Term of ten (10) years or longer may only occur on a Business Day on or after the first Business Day of the third (3rd) month next preceding the month in which the Interest Adjustment Date that immediately follows such Term Rate Term occurs (or, on a Business Day on or after July 1, 2029 in the case of the Term Rate Term commencing on October 1, 2019).

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

“Interest Requirement” means, during a Term Rate Period, 189 days’ interest on the Bonds at the Term Rate, on the basis of a 360-day year of twelve (12) 30-day months or such other number of days as may be permitted or required by the Rating Agency.

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

- (A) So long as the Initial Credit Facility is in effect,
 - (a) direct and general obligations of the United States of America;
 - (b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America;
 - (c) senior debt obligations of Freddie Mac;
 - (d) senior debt obligations of the Federal National Mortgage Association;
 - (e) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States or any state or the District of Columbia which

has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Trustee or such other institution has been rated at least P-1 by Moody's which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation;

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

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

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

(a) Government Obligations;

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

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

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

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

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

(g) short-term corporate obligations, known as Commercial Paper, with a maturity of up to ninety (90) days which are issued by corporations that are deemed by a nationally recognized rating service to be in the highest rating category of such rating service;

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

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

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

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

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

"Loan Agreement" means the Construction and Project Loan Agreement dated as of the date of initial issuance of the 2008 Bonds, by and between the Corporation and the Mortgagor, with respect to the Mortgage Loan, as the same may be amended or supplemented from time to time.

"Mandatory Purchase Provision" means the purchase provision of the 2008 Bonds for the purchase of any 2008 Bonds on any Change Date pursuant to the Resolution.

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

"Mortgage" means the Multifamily Mortgage, Assignment of Rents and Security Agreement (together with all riders) securing the Mortgage Note, dated as of the date of initial issuance of the 2008 Bonds, executed by the Mortgagor with respect to the Project in favor of the Corporation, and assigned by the Corporation to the Trustee and the Initial Credit Facility Provider, as their interests may appear, as the same may be amended, modified or supplemented from time to time.

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

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

"Mortgage Note" means the Multifamily Note (together with all addenda to the Multifamily Note), evidencing the Mortgage Loan, dated as of the date of initial issuance of the 2008 Bonds, executed by the Mortgagor in favor of the Corporation with respect to the Project, as the same may be amended, modified or supplemented from time to time.

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

"Mortgagor" means East 124th Street LLC, a limited liability company organized and existing under and by virtue of the laws of the State of New York, which is the mortgagor with respect to the Mortgage Loan, and its successors and permitted transferees as owner of the Project.

"Non-Bond Mortgage" means, collectively, the mortgage or mortgages or other instruments securing the loan made by the Corporation to the Mortgagor on the date of issuance of the 2008 Bonds with funds other than the proceeds of the 2008 Bonds for the development of the Project.

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

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

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

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

(b) obligations, as described in Section 12.1(B), in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond (at the Term Rate during a Term Rate Period) to the payment date or Redemption Date, which payment date or Redemption Date shall be specified in irrevocable instructions to the Trustee to apply such moneys to such payment or redemption on the date so specified; or

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

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

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

“Participants” means those broker-dealers, banks and other financial institutions for which DTC holds the 2008 Bonds as securities depository.

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

“Pledge Agreement” means, with respect to the Initial Credit Facility Provider and the Initial Credit Facility, the Pledge, Security and Custody Agreement, dated as of November 1, 2008, between the Mortgagor and the Trustee, as custodian and collateral agent for the Initial Credit Facility Provider, and with respect to any other Credit Facility Provider providing an Alternate Security and such Alternate Security, any agreement between the Mortgagor and the Credit Facility Provider or the Trustee pursuant to which the Mortgagor agrees to pledge 2008 Bonds to the Credit Facility Provider in connection with the provision of moneys under such Alternate Security, in each case, as the same may be amended, modified or supplemented from time to time.

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

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

“Principal Installment” means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking

Fund Payments payable before such future date plus (ii) the unsatisfied balance, determined as provided in the Resolution, of any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance.

“Principal Office”, when used with respect to the Trustee means The Bank of New York Mellon, 240 Greenwich Street, Floor 7E, New York, New York 10286, when used with respect to the Tender Agent means the same address as that of the Trustee or the address of any successor Tender Agent appointed in accordance with the terms of the Resolution, and when used with respect to the Remarketing Agents means BofA Securities, Inc., One Bryant Park, 12th Floor, New York, New York 10038, and when used with respect to the Credit Facility Provider means Federal Home Loan Mortgage Corporation, 8100 Jones Branch Drive, McLean, Virginia 22102, or such other offices designated to the Corporation in writing by the Trustee, Tender Agent, Remarketing Agents, or Credit Facility Provider, as the case may be.

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

“Project” means the multi-family rental housing development, to be located at 245 East 124th Street in the Borough of Manhattan, City and State of New York, as more fully described under the caption “THE PROJECT AND THE MORTGAGOR – The Project” herein.

“Purchased Bond” means any 2008 Bond during the period from and including the date of its purchase by the Trustee on behalf of and as agent for the Mortgagor with amounts provided by the Credit Facility Provider under the Credit Facility, to, but excluding, the date on which such 2008 Bond is remarketed to any person other than the Credit Facility Provider, the Mortgagor, any member of the Mortgagor or the Corporation.

“Purchase Price” means an amount equal to one hundred percent (100%) of the principal amount of any 2008 Bond plus accrued and unpaid interest thereon to the date of purchase.

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

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

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

“Record Date” means the fifteenth (15th) day of the calendar month preceding any Interest Payment Date.

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

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

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

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

“Regulatory Agreement” means the Regulatory Agreement, dated as of the date of initial issuance of the 2008 Bonds, by and between the Corporation, the Mortgagor and New LLC, as the same may be amended or supplemented from time to time.

“Remarketing Agents” means, with respect to the 2008 Bonds, BofA Securities, Inc. and Samuel A. Ramirez & Co., Inc., and any successor of either appointed in accordance with the terms of the Resolution.

“Remarketing Agreement” means, with respect to the 2008 Bonds, the Remarketing Agreement, dated as of the date of initial issuance of the 2008 Bonds, by and among the Mortgagor, the Corporation and the Remarketing Agents, as the same may be amended or supplemented from time to time, or any replacement thereof.

“Resolution” means the Multi-Family Mortgage Revenue Bonds (245 E. 124th Street) Bond Resolution adopted by the Corporation on June 11, 2008 and any amendments or supplements made in accordance with its terms.

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

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

“Series” means the 2008 Bonds or any series of Additional Bonds.

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

“Sinking Fund Payment” means, with respect to a particular Series, as of any particular date of calculation, the amount required to be paid in all events by the Corporation on a single future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by the Corporation by reason of the maturity of a Bond or by call for redemption at the election of the Corporation. Upon the initial issuance of the 2008 Bonds, no Sinking Fund Payments are being established with respect to such 2008 Bonds.

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

“State” means the State of New York.

“Supplemental Loan Mortgage” means, collectively, the mortgage or mortgages or other instruments securing the loan made by Merchants to the Mortgagor on the date of remarketing of the 2008 Bonds with funds other than the proceeds of the 2008 Bonds for the development of the Project.

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

“Tender Agent” means The Bank of New York Mellon, a New York banking corporation and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party, or any successor Tender Agent appointed in accordance with the terms of the Resolution.

“Term Rate” means the rate of interest on the 2008 Bonds, as described in “DESCRIPTION OF THE 2008 BONDS – General.”

“Term Rate Period” means any period of time during which the 2008 Bonds bear interest at the Term Rate.

“Term Rate Start Date” means October 1, 2019.

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

“2008 Bonds” means the Bonds authorized to be issued pursuant to the Resolution.

“Weekly Rate” means a variable rate of interest reset weekly as described in the Resolution.

“Weekly Rate Period” means any period of time during which the 2008 Bonds bear interest at the Weekly Rate.

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

**FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION DELIVERED UPON ISSUANCE OF
THE 2008 BONDS**

Upon delivery of the 2008 Bonds on November 6, 2008, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, delivered 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 \$40,000,000 Multi-Family Mortgage Revenue Bonds (245 East 124th Street), 2008 Series A (the "2008 Bonds") of the New York City Housing Development Corporation (the "Corporation"), a corporate governmental agency, constituting a public benefit corporation created and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the "Act").

The 2008 Bonds are authorized to be issued pursuant to the Act and the Multi-Family Mortgage Revenue Bonds (245 East 124th Street) Bond Resolution of the Corporation, adopted June 11, 2008 (herein called the "Resolution"). The 2008 Bonds are being issued for the purpose of financing the Mortgage Loan (as defined in the Resolution).

The 2008 Bonds are dated, mature, are payable, bear interest and are subject to redemption and tender as provided in the Resolution.

The Corporation is authorized to issue other Bonds (as defined in the Resolution), in addition to the 2008 Bonds, for the purposes and upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall, with the 2008 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

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

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

1. The Corporation has been duly created and validly exists as a corporate governmental agency constituting a public benefit corporation, under and pursuant to the laws of the State of New York (including the Act), and has good right and lawful authority, among other things, to finance the Mortgage Loan, to provide sufficient funds therefor by the adoption of the Resolution and the issuance and sale of the 2008 Bonds, and to perform its obligations under the terms and conditions of the Resolution, including financing the Mortgage Loan, as covenanted in the Resolution.

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

3. The 2008 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolution and the laws of the State of New York (the "State"), including the Act.

4. The 2008 Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution, are enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

5. The Bonds, including the 2008 Bonds, are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Revenues (as defined in the Resolution) and all the Accounts (other than the Rebate Fund) established by the Resolution and moneys and securities therein, which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

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

7. The 2008 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2008 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged for the payment thereof.

8. Under existing statutes and court decisions, (i) interest on the 2008 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2008 Bond for any period during which such 2008 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2008 Bonds or a "related" person, and (ii) interest on the 2008 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagor (as defined in the Resolution) and others, in connection with the 2008 Bonds, and we have assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2008 Bonds from gross income under Section 103 of the Code. In addition, under existing statutes, interest on the 2008 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 2008 Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2008 Bonds or the exemption from personal income taxes of interest on the 2008 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 2008 Bonds and the Resolution may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed 2008 Bond and in our opinion the form of said Bond and its execution are regular and proper.

Very truly yours,

**PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION TO BE DELIVERED
UPON REMARKETING OF THE 2008 BONDS**

Upon the remarketing of the 2008 Bonds on October 1, 2019, Hawkins Delafield & Wood LLP, Bond Counsel, proposes to issue its opinion in substantially the following form:

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

Ladies and Gentlemen:

We are Bond Counsel to the New York City Housing Development Corporation (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation, created and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”). On November 6, 2008, we rendered our approving opinion with respect to the issuance by the Corporation of its \$40,000,000 Multi-Family Mortgage Revenue Bonds (245 East 124 Street), 2008 Series A (the “2008 Series A Bonds”), \$35,400,000 principal amount of which remain Outstanding on the date hereof. The 2008 Series A Bonds were issued under and pursuant to the Act and the Multi-Family Rental Housing Revenue Bonds (245 East 124 Street) Bond Resolution of the Corporation, adopted June 11, 2008 (the “Resolution”).

The Corporation has adopted the Amended and Restated the Multi-Family Rental Housing Revenue Bonds (245 East 124 Street) Bond Resolution (the “Amended and Restated Resolution”), amending and restating the Resolution, effective on the date hereof. Unless otherwise defined in this opinion, all capitalized terms used herein shall have the meanings ascribed thereto in the Amended and Restated Resolution. For Federal income tax purposes, the Outstanding 2008 Series A Bonds are treated as being reissued on the date hereof and, as reissued, the 2008 Bonds are hereinafter referred to as the “Reissued Bonds.”

We are of the opinion that the Amended and Restated Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, is valid and binding upon the Corporation and is enforceable in accordance with its terms. In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Amended and Restated Resolution may be limited by bankruptcy, insolvency and other laws affecting creditors’ rights or remedies heretofore or hereafter enacted, and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We also are of the opinion that, under existing statutes and court decisions, (i) interest on the Reissued Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to such exclusion of interest on any Reissued Bond for any period during which such Reissued Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities financed with the proceeds of the Reissued Bonds or a “related person,” and (ii) interest on the Reissued Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagor and others, in connection with the Reissued Bonds, and have assumed compliance by the Corporation and the Mortgagor with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Reissued Bonds from gross income under Section 103 of the Code.

We express no opinion regarding any other Federal tax consequences with respect to the Reissued Bonds. We render this opinion under existing statutes and court decisions as of the date hereof, and we assume no

obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Reissued Bonds.

Very truly yours,

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”), dated October 1, 2019, is executed and delivered by East 124th Street LLC (the “Mortgagor”) and The Bank of New York Mellon (the “Bond Trustee”) in connection with the remarketing of \$35,400,000 aggregate principal amount of the New York City Housing Development Corporation Multi-Family Mortgage Revenue Bonds (245 East 124th Street), 2008 Series A (the “Bonds”). The Bonds were issued and are being remarketed pursuant to a resolution adopted by the New York City Housing Development Corporation (the “Issuer”), on June 11, 2008, which is being amended and restated effective on the date hereof (the “Resolution”). The Mortgagor and the Bond Trustee covenant and agree as follows.

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Mortgagor and the Bond Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Remarketing Agents in complying with the Rule (defined below).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Mortgagor pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

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

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

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and Section (5)(a)(16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

“Remarketing Agents” shall mean BofA Securities, Inc. and Samuel A. Ramirez & Co., Inc.

“Remarketing Circular” shall mean the final Remarketing Circular dated September 25, 2019 relating to the Bonds.

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

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

“State” shall mean the State of New York.

Section 3. Provision of Annual Reports.

(a) The Mortgagor shall, or shall cause the Dissemination Agent, if any, to, not later than 180 days after the end of the Mortgagor’s fiscal year (presently December 31), commencing with the report for the fiscal year ending December 31, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report shall be submitted to the Repository’s EMMA system either through a web-based electronic submission interface or through electronic computer-to-computer data connections with EMMA in accordance with the submission process, document format and configuration requirements established by the MSRB. The Annual Report shall also include all related information required by MSRB to accurately identify: (i) the category of information being provided; (ii) the time period covered by the Annual Report; (iii) the issues or specific securities to which the Annual Report is related (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the Mortgagor’s submitter of Dissemination Agent, if any, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited consolidated financial statements of the Mortgagor may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Mortgagor’s fiscal year changes, the Mortgagor shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Mortgagor shall provide the Annual Report to the Dissemination Agent, if any, and the Bond Trustee. If by such date, the Bond Trustee has not received a copy of the Annual Report, the Bond Trustee shall contact the Mortgagor and the Dissemination Agent, if any, to determine if the Mortgagor is in compliance with the first sentence of this subsection (b).

(c) If the Bond Trustee is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Bond Trustee shall send notice of the same to the Repository.

Section 4. Contents of Annual Reports. The Mortgagor’s Annual Report shall contain or include by reference the following:

(a) The audited consolidated financial statements of the Mortgagor for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

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

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Mortgagor shall give, or cause to be given, notice, in a timely manner (not in excess of ten (10) business days after the Mortgagor obtains notice of the occurrence of such event), of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Mortgagor¹;
- (13) the consummation of a merger, consolidation, or acquisition involving the Mortgagor or the sale of all or substantially all of the assets of the Mortgagor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Mortgagor, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Mortgagor, any of which affect holders of the Bonds, if material;

¹ For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Mortgagor in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Mortgagor, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Mortgagor.

- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Mortgagor, any of which reflect financial difficulties; and
- (17) notice of a failure by the Mortgagor to comply with Section 3(a) hereof.

(b) If a Listed Event occurs, the Mortgagor shall file or direct the Dissemination Agent, if any, to file notice of such occurrence with the MSRB. Such notice must be filed in a timely manner, not later than ten (10) business days after the occurrence of such event.

(c) The Mortgagor shall provide a copy of each such notice to the Corporation and the Bond Trustee.

(d) The Mortgagor may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Mortgagor does not undertake any commitment to provide such notice of any event except those events listed above.

(e) The Mortgagor intends to comply with the Listed Events described in Sections 5(a)(15) and (16), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligations. The Mortgagor’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds and at such time that the Mortgagor ceases to be an “obligated person” (as defined by the Rule). If the Mortgagor’s obligations under this Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Mortgagor and the Mortgagor shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Mortgagor shall give notice of such termination, or shall cause notice of such termination to be given, in the same manner as for a Listed Event under Section 5(d).

Section 8. Dissemination Agent. The Mortgagor may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Mortgagor pursuant to this Disclosure Agreement, including but not limited to determining whether the contents of any Annual Report satisfy the requirements of Section 4 of this Disclosure Agreement.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Mortgagor may amend this Disclosure Agreement (and the Bond Trustee shall agree to any amendment so requested by the Mortgagor), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original

issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Mortgagor shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Mortgagor. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Mortgagor from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Mortgagor chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Mortgagor shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Mortgagor or the Bond Trustee to comply with any provision of this Disclosure Agreement, the Bond Trustee may (and, at the request of any Remarketing Agents or the Holders of at least 51% aggregate principal amount of Outstanding Bonds, subject to its right to be indemnified to its satisfaction, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Mortgagor or Bond Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Mortgagor or the Bond Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Bond Trustee. For the purposes of defining the standards of care and performance and the protections and indemnities applicable to the Bond Trustee in the performance of its obligations under this Disclosure Agreement, Article XI of the Resolution is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Resolution. Anything herein to the contrary notwithstanding, other than as explicitly set forth herein, the Bond Trustee shall have no duty to investigate or monitor compliance by the Mortgagor with the terms of this Disclosure Agreement, including without limitation, reviewing the accuracy or completeness of any notices or filings filed by the Mortgagor hereunder.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Mortgagor, the Bond Trustee, the Dissemination Agent, if any, the Remarketing Agents and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Governing Law. THIS DISCLOSURE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW AND ANY SUITS OR ACTIONS ARISING OUT OF THIS DISCLOSURE AGREEMENT SHALL BE INSTITUTED IN A COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK; PROVIDED, HOWEVER, THAT TO THE EXTENT THIS DISCLOSURE AGREEMENT ADDRESSES MATTERS OF FEDERAL SECURITIES LAWS, INCLUDING THE RULE, THIS DISCLOSURE AGREEMENT

SHALL BE GOVERNED BY SUCH FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

Section 15. Counterparts. This Disclosure Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Disclosure Agreement as of the day and year first above written.

EAST 124TH STREET LLC, a New York limited liability company

By: ROSE 124TH STREET LLC, a New York limited liability company, its Managing Member

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
as Bond Trustee

By: _____
Name:
Title:

APPENDIX E

AUDITED FINANCIAL STATEMENTS OF THE MORTGAGOR AS OF DECEMBER 31, 2018 AND 2017

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**East 124th Street LLC
And Subsidiaries**

Consolidated Financial Statements

December 31, 2018 and 2017

Independent Auditors' Report

The Members

East 124th Street LLC and Subsidiaries

We have audited the accompanying consolidated financial statements of East 124th Street LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income (loss), members' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of East 124th Street LLC and Subsidiaries as of December 31, 2018 and 2017 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidated Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedules of expenses on page 18 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

Harrison, New York
February 21, 2019

**East 124th Street LLC
and Subsidiaries**

Consolidated Balance Sheets

	December 31,	
	2018	2017
ASSETS		
Investment in Real Estate		
Land	\$ 3,593,320	\$ 3,593,320
Building and building improvements	57,387,732	57,362,664
Furniture, fixtures and equipment	295,719	283,648
Accumulated depreciation	<u>(24,383,231)</u>	<u>(22,547,338)</u>
Total Investment in Real Estate	36,893,540	38,692,294
Other Assets		
Cash and cash equivalents	586,769	413,584
Rent receivables, net	142,476	92,814
Other receivables	8,435	9,975
Reserves	463,967	405,669
Escrows	175,273	133,162
Bond fund principal reserve	2,705,811	2,255,121
Prepaid expenses	61,345	127,593
Tenant security deposits held in trust	473,093	466,232
Utility deposits	35,296	18,674
Capitalized costs, net	<u>80,639</u>	<u>100,281</u>
	<u>\$ 41,626,644</u>	<u>\$ 42,715,399</u>
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Liabilities		
Bonds payable, net	\$ 34,675,740	\$ 34,648,429
Mortgages payable, net	9,640,769	9,697,092
Accounts payable and accrued liabilities	198,237	249,989
Accrued interest	15,786	86,147
Deferred rental income	39,024	68,515
Tenant security deposit liabilities	473,005	560,844
Interest rate swap liability	4,766,296	5,696,913
Deferred developer fee	<u>1,000,000</u>	<u>1,000,000</u>
Total Liabilities	<u>50,808,857</u>	<u>52,007,929</u>
Members' Equity (Deficit)		
East 124th Street LLC Members' Equity (Deficit)		
Members' equity (deficit)	(8,562,206)	(7,746,026)
Accumulated other comprehensive loss	<u>(4,766,296)</u>	<u>(5,696,913)</u>
Total East 124th Street LLC Members' Equity (Deficit)	(13,328,502)	(13,442,939)
Non-controlling interest	<u>4,146,289</u>	<u>4,150,409</u>
Total Members' Equity (Deficit)	<u>(9,182,213)</u>	<u>(9,292,530)</u>
	<u>\$ 41,626,644</u>	<u>\$ 42,715,399</u>

See notes to consolidated financial statements

**East 124th Street LLC
and Subsidiaries**

Consolidated Statements of Comprehensive Income (Loss)

	Year Ended December 31,	
	2018	2017
REVENUE		
Gross potential tenant rent	\$ 4,995,933	\$ 4,911,339
Gross potential commercial rent	245,829	252,088
Vacancy loss	<u>(254,923)</u>	<u>(273,548)</u>
Rental Income, Net	4,986,839	4,889,879
Parking income	152,596	160,000
Interest income	2,299	1,032
Other income	<u>121,963</u>	<u>146,265</u>
Total Revenue	<u>5,263,697</u>	<u>5,197,176</u>
 EXPENSES		
Administrative	547,569	699,833
Utilities	298,687	325,594
Operating and maintenance	1,086,450	1,049,312
Taxes, insurance and ground lease payments	215,237	285,473
Interest and fees	1,982,352	2,038,555
Asset management fees	<u>98,167</u>	<u>104,139</u>
Total Expenses	<u>4,228,462</u>	<u>4,502,906</u>
Net Income Before Depreciation and Amortization	1,035,235	694,270
Depreciation	1,835,893	1,830,601
Amortization	<u>19,642</u>	<u>19,642</u>
Net Loss Before Non-Controlling Interest in Losses	(820,300)	(1,155,973)
Add Back Non-Controlling Interest in Losses	<u>4,120</u>	<u>6,602</u>
Net Loss attributable to East 124th Street LLC members	(816,180)	(1,149,371)
 OTHER COMPREHENSIVE LOSS		
Change in fair value of interest rate swap liability	<u>930,617</u>	<u>540,348</u>
Total Comprehensive Income (Loss) Attributable to East 124th Street LLC Members	<u>\$ 114,437</u>	<u>\$ (609,023)</u>

See notes to consolidated financial statements

**East 124th Street LLC
and Subsidiaries**

Consolidated Statements of Members' Equity (Deficit)
Year Ended December 31,

	Rose 124th Street, LLC	Lettire 124th Street, LLC	Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total Equity (Deficit)
Balance at January 1, 2017	\$ (3,328,659)	\$ (3,267,996)	\$ (6,237,261)	\$ 4,157,011	\$ (8,676,905)
Change in fair value of interest rate swap liability	-	-	540,348	-	540,348
Net loss	<u>(574,685)</u>	<u>(574,686)</u>	<u>-</u>	<u>(6,602)</u>	<u>(1,155,973)</u>
Balance at December 31, 2017	(3,903,344)	(3,842,682)	(5,696,913)	4,150,409	(9,292,530)
Change in fair value of interest rate swap liability	-	-	930,617	-	930,617
Net loss	<u>(408,090)</u>	<u>(408,090)</u>	<u>-</u>	<u>(4,120)</u>	<u>(820,300)</u>
Balance at December 31, 2018	<u>\$ (4,311,434)</u>	<u>\$ (4,250,772)</u>	<u>\$ (4,766,296)</u>	<u>\$ 4,146,289</u>	<u>\$ (9,182,213)</u>

See notes to consolidated financial statements

**East 124th Street LLC
and Subsidiaries**

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before non-controlling interest in losses	\$ (820,300)	\$ (1,155,973)
Non-Controlling Interest	<u>4,120</u>	<u>6,602</u>
Net Loss Attributable to East 124th Street LLC Members	(816,180)	(1,149,371)
Adjustments to reconcile net loss attributable to East 124th Street LLC members to net cash from operating activities		
Depreciation	1,835,893	1,830,601
Amortization	19,642	19,642
Interest - amortization of debt issuance costs	35,469	35,468
Bad debt expense	-	35,416
Non-controlling interest in losses	(4,120)	(6,602)
Changes in operating assets and liabilities		
Rent receivables	(49,662)	(32,193)
Prepaid expenses	66,248	47,281
Tenant security deposits held in trust	(6,861)	24,463
Utility deposits	(16,622)	-
Other receivables	1,540	(8,475)
Accrued construction costs	-	(2,584)
Accounts payable and accrued liabilities	(51,752)	39,459
Accrued interest	(70,361)	(17,146)
Deferred rental income	(29,491)	21,859
Tenant security deposit liabilities	<u>(87,839)</u>	<u>15,884</u>
Net Cash from Operating Activities	<u>825,904</u>	<u>853,702</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of building improvements	(25,068)	-
Purchase of furniture	(12,071)	(69,635)
Changes in reserves, net	(58,298)	(82,713)
Changes in escrows, net	<u>(42,111)</u>	<u>(12,711)</u>
Net Cash from Investing Activities	<u>(137,548)</u>	<u>(165,059)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits to bond fund principal reserve	(450,690)	(429,479)
Repayment of mortgages payable	<u>(64,481)</u>	<u>(63,840)</u>
Net Cash from Financing Activities	<u>(515,171)</u>	<u>(493,319)</u>
Net Change in Cash and Cash Equivalents	173,185	195,324
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>413,584</u>	<u>218,260</u>
End of year	<u>\$ 586,769</u>	<u>\$ 413,584</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 1,021,991	\$ 1,922,552
Non-cash Investing and Financing Activities		
Decrease in interest rate swap liability	930,617	540,348

See notes to consolidated financial statements

East 124th Street LLC and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

1. Organization

East 124th Street LLC (“East”), a New York Limited Liability Company, was formed on July 20, 2004 in order to construct, manage and maintain a multi-purpose real estate project located in Manhattan, New York (the “Project”). The Project includes market rate, middle income and low income housing with street level retail units and a parking garage. East is owned by Rose 124th Street, LLC (the “Managing Member”) and Lettire 124th Street, LLC, each with a 50% share.

East has entered into a Master Lease Agreement with New East 124th Street LLC (“New East”), a related party, to which it has leased the low-income designated units. The designated units qualify for low-income housing tax credits pursuant to Internal Revenue Code Section 42. These credits are attributable to the low-income designated units and will be taken by New East. New East is owned by PNC Multifamily Capital Institutional Fund XL Limited Partnership (the “Investor Member” with a 99.98% share), Columbia House SLP Company (the “Special Member” with a 0.01% share) and East 124th Street TC LLC, a wholly owned subsidiary of East (the “Managing Member” with a 0.01% share).

East has also entered into a Master Lease Agreement with East 124th Street Retail LLC (a wholly owned subsidiary of East) to which it has leased the street level retail units and parking garage.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Some of the more significant estimates required to be made by management include allowance for doubtful accounts and depreciation expense.

Principles of Consolidation

The consolidated financial statements of East 124th Street LLC and subsidiaries (the “Company”) include the assets, liabilities, equity and results of operations of the following entities:

- East 124th Street LLC
- New East 124th Street LLC
- East 124th Street TC LLC
- East 124th Street Retail LLC
-

**East 124th Street LLC
and Subsidiaries**

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Principles of Consolidation (continued)

East has controlling interest in New East through its ownership of East 124th Street TC LLC, the managing member of New East. Due to the controlling interest, US GAAP requires consolidation of New East. All material inter-company balances and transactions have been eliminated in the consolidated financial statements.

Non-Controlling Interest

Non-controlling interest in the Company's consolidated statements of comprehensive loss represents the profits and losses of New East allocated to the Investor Member for that period. Investor Member's interest in the Company's balance sheets represents the undistributed profits and losses and equity of New East owned by the Investor Member.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with a maturity of three months or less at time of purchase to be cash equivalents. At times cash deposits may exceed the federally insured limits and expose the Company to credit risk. The Company believes it is not exposed to any significant risk of loss on these funds.

Rent Receivables

Rent receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of rent receivables. It is reasonably possible that management's estimate of the allowance will change.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Capitalization and Depreciation

Land, building and improvements, furniture, fixtures and equipment are recorded at cost. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight line method. Costs incurred in relation to development of the project for interest, property taxes and insurance are capitalized only during periods in which activities necessary to prepare the property for its intended use are in progress. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

**East 124th Street LLC
and Subsidiaries**

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Capitalization and Depreciation (continued)

The estimated service life of the assets for depreciation purposes is as follows:

Building - residential	27.5 years
Building - commercial	39 years
Building improvements	27.5 years
Furniture and fixtures	7 - 15 years
Equipment	5 years

Amortization

Tax credit costs and deferred leasing commissions are amortized over the term of each agreement using the straight-line method.

Debt Issuance Cost

Debt issuance costs are reported on the consolidated balance sheets as a direct deduction from the face amount of the related debt. The debt issuance costs are being amortized over the term of the related debt on a method that approximates the interest method. The Company reflects amortization of debt issuance costs within interest expense.

Fair Value Measurements

The Company follows US GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable and are used to the extent that observable inputs do not exist.

Investments Valuation

Management determines the appropriate classification of its interest rate swap transaction at the time the agreement was entered into and re-evaluates such determinations at each balance sheet date. Unrealized gains or losses are reported with accumulated other comprehensive loss as a component of members' equity (deficit).

**East 124th Street LLC
and Subsidiaries**

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Investment in Real Estate

The Company reviews its investment in real estate for impairment annually and whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. For assets held and used, if management's estimate of the aggregate future cash flows to be generated by the property, undiscounted and without interest charges, by the rental property, including the low income housing tax credits, and any estimated proceeds from the eventual disposition of the real estate are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. The determination of undiscounted cash flows requires significant estimates by management. Subsequent changes in estimated undiscounted cash flows could impact the determination of whether impairment exists. No impairment loss has been recognized during the years ended December 31, 2018 and 2017.

Rental Income

Rental income is recognized as it accrues. Advance receipts of rental income are deferred and classified as liabilities until earned or recouped. All leases between the Company and the tenants of the property are operating leases. Commercial leases are recognized over the noncancelable term of the related leases on a straight-line basis which includes the effects of rent steps and rent abatements under the leases.

Other Comprehensive Income (Loss)

For the years ending December 31, 2018 and 2017, the change in fair value of the interest rate swap liability was the only component of other comprehensive income (loss) and is included in the statements of comprehensive income (loss).

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the members individually.

The Company recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that the Company had no uncertain tax positions that would require financial statement recognition or disclosure. The Company is no longer subject to U.S. federal, state or local income tax examinations for periods prior to December 31, 2015.

Evaluation of Subsequent Events by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 21, 2019.

**East 124th Street LLC
and Subsidiaries**

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

3. Rent Receivables

At December 31, rent receivables consists of the following:

	<u>2018</u>	<u>2017</u>
Rent receivable – residential	\$ 96,687	\$ 46,207
Rent receivable – commercial	86,957	94,943
Allowance for doubtful accounts	<u>(41,168)</u>	<u>(48,336)</u>
	<u>\$ 142,476</u>	<u>\$ 92,814</u>

4. Capitalized Costs

Costs incurred by the Company to obtain the tax credits and lease units have been capitalized and are being amortized as described below:

	<u>Amortization Period</u>	<u>2018</u>	<u>2017</u>
Deferred leasing commissions	1-10 Years	\$ 267,350	\$ 217,520
Tax credit costs	15 Years	12,760	12,760
Accumulated amortization		<u>(199,471)</u>	<u>(129,999)</u>
		<u>\$ 80,639</u>	<u>\$ 100,281</u>

Amortization expense charged to operations was \$69,472 and \$19,642 for the years ended December 31, 2018 and 2017.

Amortization of these costs over the next five years and thereafter is as follows:

2019	\$ 14,659
2020	14,659
2021	14,598
2022	9,068
2023	6,758
Thereafter	<u>20,897</u>
	<u>\$ 80,639</u>

5. Reserves and Escrows

As required by the Company's loan documents and other Regulatory Agreements, the Company is required to maintain the following reserves and escrows. All reserves and escrows are held by Wells Fargo Commercial Mortgage Servicing and New York City Housing Development Corporation ("HDC") in interest bearing cash accounts. All

**East 124th Street LLC
and Subsidiaries**

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

withdrawals from these accounts require the approval of HDC and the Managing Member.

5. Reserves and Escrows (continued)

The following shows the activity in such accounts during the years ended December 31, 2018 and 2017:

	Balance January 1, 2018	Additions and Interest	Withdrawals and Transfers	Balance December 31, 2018
Swap reserves	\$ 121,275	\$ -	\$ -	\$ 121,275
Operating reserves	32,414	-	-	32,414
Replacement reserves	<u>251,980</u>	<u>58,298</u>	<u>-</u>	<u>310,278</u>
Total Reserves	<u>\$ 405,669</u>	<u>\$ 58,298</u>	<u>\$ -</u>	<u>\$ 463,967</u>
Insurance escrow	\$ 122,388	\$ 136,982	\$ (116,315)	\$ 143,055
Real estate tax escrow	<u>10,774</u>	<u>50,748</u>	<u>(29,304)</u>	<u>32,218</u>
Total Escrows	<u>\$ 133,162</u>	<u>\$ 187,730</u>	<u>\$ (145,619)</u>	<u>\$ 175,273</u>
Bond Fund Principal Reserve	<u>\$ 2,255,121</u>	<u>\$ 450,690</u>	<u>\$ -</u>	<u>\$ 2,705,811</u>
	Balance January 1, 2017	Additions and Interest	Withdrawals and Transfers	Balance December 31, 2017
Swap reserves	\$ 80,819	\$ 2,148,817	\$ (2,108,361)	\$ 121,275
Operating reserves	32,414	-	-	32,414
Replacement reserves	<u>209,723</u>	<u>42,257</u>	<u>-</u>	<u>251,980</u>
Total Reserves	<u>\$ 322,956</u>	<u>\$ 2,191,074</u>	<u>\$ (2,108,361)</u>	<u>\$ 405,669</u>
Insurance escrow	\$ 112,700	\$ 132,675	\$ (122,987)	\$ 122,388
Real estate tax escrow	<u>7,751</u>	<u>59,755</u>	<u>(56,732)</u>	<u>10,774</u>
Total Escrows	<u>\$ 120,451</u>	<u>\$ 192,430</u>	<u>\$ (179,719)</u>	<u>\$ 133,162</u>
Bond Fund Principal Reserve	<u>\$ 1,825,642</u>	<u>\$ 429,479</u>	<u>\$ -</u>	<u>\$ 2,255,121</u>

**East 124th Street LLC
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Notes to Consolidated Financial Statements
December 31, 2018 and 2017

6. Bonds Payable

	2018	2017
<p>HDC has provided construction and permanent financing to the Project through the issuance of tax exempt bonds (the "Bonds") in the original amount of \$40,000,000 which carries a floating rate of interest. During 2011, there was a one-time pay-down of the Bond principal which reduced the Bonds to \$35,400,000. The Bonds require no payment of principal until they mature in 2046. Interest expense for the years ended December 31, 2018 and 2017 was \$1,853,518 and \$1,909,027 which includes the rate swap and other related financing fees. Accrued interest as of December 31, 2018 and 2017 was \$8,030 and \$78,338.</p>	\$35,400,000	\$ 35,400,000
<p>Unamortized debt issuance costs</p>	<u>(724,260)</u>	<u>(751,571)</u>
	<u>\$34,675,740</u>	<u>\$ 34,648,429</u>

On November 6, 2008, the Company entered into an interest rate swap transaction with J.P. Morgan Chase (the "Swap") to effectively fix the floating interest rate on the outstanding bond principal under the bond financing agreement. At the closing date, the notional amount of the Swap was \$40,000,000, which agreement effectively fixed the rate of interest on the bond financing agreement until November 1, 2026 at 4.06%. The notional value of the Swap amortizes in concert with the monthly principal amounts due under the financing agreement.

The difference between the Swap fixed and floating rate of interest will be settled on a monthly basis with the net result being recorded within interest expense. The Swap is recorded at fair value each reporting period with changes in its fair value being recognized within the other comprehensive income (loss). At December 31, 2018 and 2017, the fair value of the Swap was \$ 4,766,296 and \$5,696,913. The Swap is classified as Level 3 in the fair value hierarchy due to the fair value being based predominantly on unobservable inputs

The Company does not speculate using derivative instruments.

**East 124th Street LLC
and Subsidiaries**

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

6. Bonds Payable (continued)

Costs incurred to obtain bond financing by the Company have been capitalized and are being amortized at December 31, as described below:

	Amortization Period	2018	2017
Bond financing costs	30 Years	\$ 918,585	\$ 918,585
Accumulated amortization		<u>(194,325)</u>	<u>(167,014)</u>
Unamortized Debt Issuance Costs		<u>\$ 724,260</u>	<u>\$ 751,571</u>

Amortization expense charged to operations related to these costs, and included as a component of interest, was \$27,311 in 2018 and 2017.

7. Mortgages Payable

At December 31, 2018 and 2017, the Company had outstanding mortgage debt as follows:

	2018	2017
The first mortgage note, originated in 2011, is a Subordinate Building Loan Mortgage from HDC in the amount of \$9,745,000. The note bears interest at 1% per annum. Monthly installments of principal and interest are based on a 35 year amortization through 2046. The mortgage is collateralized by investment in real estate. Interest expense for the years ended December 31, 2018 and 2017 was \$93,365 and \$94,060. Accrued interest as of December 31, 2018 and 2017 was \$7,756 and \$7,809.	\$ 9,306,877	\$ 9,371,358
The second mortgage note, originated in 2011, is held by Homes for New Yorkers, Inc. in the maximum amount of \$564,768 and is subordinated to the first mortgage and bond. The note bears no interest and is due in full upon maturity in 2046. The mortgage is collateralized by investment in real estate. In April of 2017 this debt was assigned to the Community Opportunity Fund.	<u>550,230</u>	<u>550,230</u>
Subtotal	9,857,107	9,921,588
Unamortized debt issuance costs	<u>(216,338)</u>	<u>(224,496)</u>
	<u>\$ 9,640,769</u>	<u>\$ 9,697,092</u>

**East 124th Street LLC
and Subsidiaries**

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

7. Mortgages Payable (continued)

Costs incurred to obtain bond financing by the Company have been capitalized and are being amortized at December 31, as described below:

	Amortization Period	2018	2017
Mortgage financing costs	30 Years	\$ 274,383	\$ 274,383
Accumulated amortization		<u>(58,045)</u>	<u>(49,887)</u>
Unamortized Debt Issuance Costs		<u>\$ 216,338</u>	<u>\$ 224,496</u>

Amortization expense charged to operations related to these costs, and included as a component of interest, was \$8,158 and \$8,157 in 2018 and 2017.

Aggregate maturities of mortgages payable for the next five years and thereafter are payable as follows:

	HDC Subordinate Mortgage	Homes for New Yorkers	Total
2019	\$ 65,184	\$ -	\$ 65,184
2020	65,838	-	65,838
2021	66,500	-	66,500
2022	67,112	-	67,112
2023	67,786	-	67,786
Thereafter	<u>8,974,457</u>	<u>550,230</u>	<u>9,524,687</u>
	<u>\$9,306,877</u>	<u>\$ 550,230</u>	<u>\$ 9,857,107</u>

8. Members' Capital Contributions

Subject to the provisions of the Operating Agreement, the Members shall make capital contributions of \$15,659,823 to the Company. As of December 31, 2018 and 2017, all the required contributions have been made.

**East 124th Street LLC
and Subsidiaries**

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

9. Transaction with Affiliates and Related Parties (*not disclosed elsewhere*)

Developer Fee

As provided in the Development Services Agreement, the Company shall pay a Developer Fee in the amount of \$2,019,876 to the developers, Urban Builders Collaborative, LLC ("UBC") and Affordable Housing Development Company, LLC ("AHDC"), for services rendered in the development of the Project. Of that fee, \$494,876 was paid from capital contributions. The remaining \$1,525,000 is payable from future cash flows. As of December 31, 2018 and 2017, the Company owed \$1,000,000 of deferred developer fees.

Asset Management Fee

Pursuant to the Operating Agreement, the Company is required to pay the Managing Member an annual fee of 2% of gross rents collected. As of December 31, 2018 and 2017, the fees totaled \$98,167 and \$104,139.

10. Contingency

The Company's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest.

The Company, as owner of real estate, is subject to various federal, state and local environmental laws. The Company is currently in compliance with existing laws; however, the Company cannot predict the impact of new or changed laws or regulations.

11. Commercial Leases

The Company has entered into lease agreements with various commercial tenants. Commercial leases are recognized over the noncancelable term of the related leases. The lease agreements provide for monthly lease payments ranging from \$1,194 to \$6,592, which expire at various dates through 2025.

**East 124th Street LLC
and Subsidiaries**

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

12. Restrictions

The Company has signed a Regulatory Agreement with the NYCHDC, which restricts the use of the low-income units, specifies tenant eligibility and limits the rents that can be charged until the expiration of the tax credit compliance period in 2025.

13. Real Estate Tax Abatement

The Company has received a 25 year real estate tax abatement from New York City Department of Housing Preservation and Development under Section 421(a) of the New York State Real Property Tax Law.

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**East 124th Street LLC
And Subsidiaries**

Consolidated Supplemental Information
December 31, 2018 and 2017

**East 124th Street LLC
and Subsidiaries**

Consolidated Schedules of Expenses

	Year Ended	
	December 31,	
	<u>2018</u>	<u>2017</u>
ADMINISTRATIVE EXPENSES		
Property management fees	\$ 112,527	\$ 118,771
Marketing	100,231	122,143
Property management salaries	189,237	214,529
Investor service fee	3,413	3,314
Office supplies	4,083	5,796
Tenant activities	-	173
Legal	52,577	54,664
Auditing	15,000	37,350
Telephone	17,034	28,550
Miscellaneous	53,467	79,127
Bad debt expense	<u>-</u>	<u>35,416</u>
Total Administrative Expenses	<u>\$ 547,569</u>	<u>\$ 699,833</u>
UTILITIES		
Water and sewer	\$ 107,188	\$ 121,767
Electric	123,130	146,252
Heating, gas and oil	<u>68,369</u>	<u>57,575</u>
Total Utilities	<u>\$ 298,687</u>	<u>\$ 325,594</u>
OPERATING AND MAINTENANCE		
Building maintenance salaries and benefits	\$ 446,315	\$ 420,329
Maintenance and repairs	381,581	355,815
Security	208,907	212,805
Maintenance supplies	45,510	55,422
Exterminating	<u>4,137</u>	<u>4,941</u>
Total Operating and Maintenance	<u>\$1,086,450</u>	<u>\$1,049,312</u>
TAXES, INSURANCE AND GROUND LEASE PAYMENTS		
Insurance	\$ 117,383	\$ 124,074
Real estate taxes	56,521	59,399
Ground lease payments	<u>41,333</u>	<u>102,000</u>
Total Taxes, Insurance and Ground Lease Payments	<u>\$ 215,237</u>	<u>\$ 285,473</u>
INTEREST AND FEES		
Interest expense	\$1,851,629	\$1,905,406
Interest - amortization of debt issuance costs	35,469	35,468
Miscellaneous fees	<u>95,254</u>	<u>97,681</u>
Total Interest and Fees	<u>\$1,982,352</u>	<u>\$2,038,555</u>

See independent auditors' report

