MEMORANDUM

To: The Chairperson and Members

From: Gary Rodney
President

Date: June 3, 2014

Re: Multi-Family Housing Revenue Bonds, 2014 Series C, D, E and F and Approval of Loans from Unrestricted Reserves

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I am pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Housing Revenue Bonds, 2014 Series C-1, 2014 Series C-2, 2014 Series C-3, 2014 Series D-1, 2014 Series D-2, 2014 Series E, and 2014 Series F (the "2014 Series C-1 Bonds," "2014 Series C-2 Bonds," "2014 Series C-3 Bonds," "2014 Series D-1 Bonds," "2014 Series D-2 Bonds," "2014 Series E Bonds," and "2014 Series F Bonds" respectively, and collectively, the "Bonds"), in a combined amount not expected to exceed $607,155,000.[1]

Interest on the 2014 Series C-1 Bonds, 2014 Series C-2 Bonds and 2014 Series C-3 Bonds (collectively, the "2014 Series C Bonds"), as well as interest on the 2014 Series E Bonds and 2014 Series F Bonds, is expected to be exempt from Federal, state and local income tax and will qualify as tax-exempt private activity bonds with a combination of an allocation of new private activity bond volume cap, an allocation of "recycled" volume cap in accordance with the Housing and Economic Recovery Act of 2008 ("HERA") and the refunding of certain outstanding bonds of the Corporation. Interest on the 2014 Series D-1 Bonds and 2014 Series D-2 Bonds (together, the "2014 Series D Bonds") is not expected to be exempt from Federal income tax, but is expected to be exempt from state and local income tax.

The anticipated interest rate, maturity date and other relevant terms of the Bonds are described herein.

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[1] Together with the issuance of the Bonds, the Corporation expects to remarket $9,205,000 of its Multi-Family Housing Revenue Bonds, 2013 Series F Bonds (the "2013 Series F Bonds") to finance a portion of a mortgage loan for one development pursuant to a Supplemental Resolution previously adopted by the Members.

The Members are further being asked to authorize the use of the Corporation's unrestricted reserves to finance subordinate mortgage loans for certain developments to be financed with the 2014 Series C Bonds and both senior and subordinate mortgage loans for two Mitchell-Lama developments, as described herein.

The Authorizing Resolution will authorize the 192nd through 198th Supplemental Resolutions under the Corporation's Multi-Family Housing Revenue Bonds Bond Resolution originally adopted by the Members in 1993 (the "Open Resolution").

Following is a description of the loans to be authorized with the Corporation's unrestricted reserves, a background of the Open Resolution, the proposed uses of the Bonds, and a description of their structure and security.

Approval of Mitchell-Lama Loans from Unrestricted Reserves

The Members are asked to authorize the use of the Corporation's unrestricted reserves or available prepayments in the Open Resolution in an amount not to exceed $40,000,000, to finance senior and subordinate permanent mortgage loans for the rehabilitation and preservation of Sam Burt Houses, a 147-unit Mitchell-Lama development in Brooklyn, and Cadman Towers Cooperative, a 422-unit Mitchell-Lama development in Brooklyn.

It is expected that the two Mitchell-Lama developments will be financed in accordance with the Corporation's Mitchell-Lama Restructuring Program ("MLRP"), a program which seeks to preserve middle-income housing across all five boroughs. Since December of 2004, the Corporation has successfully refinanced or provided subsidy loans for over 50 Mitchell-Lama properties totaling approximately 32,890 units. The MLRP has preserved the affordability of projects that might have otherwise exited the Mitchell-Lama program and provided construction financing for needed repairs.

It is expected that the Corporation will issue a separate series of Mitchell Lama bonds at a later date, the proceeds of which will be used to reimburse the Corporation for the reserves initially used to fund the loan. The bond financing of this project would require further authorization by the Members at a later date.

For more information on the two projects to be financed with the Corporation's unrestricted reserves, please see Attachment "A-1" and "A-2."

Approval of a Supplemental Loan from Unrestricted Reserves

In June 2011, the Members authorized the origination of a first position loan and a subordinate loan for the Penn South Development, organized under Article V of the Private Housing Finance Law. Pursuant to a participation agreement, Wells Fargo, National Association ("Wells Fargo") acquired a 99% interest in the senior loan. The financing was utilized to fund major capital repairs to the property's HVAC system and preserve it as affordable housing.

To fund the final phases and complete the HVAC renovation project, the Members are asked to approve the origination of a supplemental loan for the Penn South Development and a participation agreement with Wells Fargo pursuant to which Wells Fargo will acquire a 99%

interest in such loan. The Members are further requested to approve the use of the Corporation's unrestricted reserves in an amount not to exceed $500,000 to fund the Corporation's 1% interest in such loan.

For more information on the project to be financed with the Corporation's unrestricted reserves, please see Attachment "A-3."

Background and Status of the Open Resolution

Under the Open Resolution, the Corporation has issued bonds (a) to finance or acquire mortgage loans for multi-family rental and cooperative housing developments throughout New York City, (b) to refund other bond issues of the Corporation, which had financed other multi-family developments, and (c) to acquire a 100% interest in City-owned mortgages. As of January 31, 2014, there were 955 mortgage loans (877 permanent loans and 78 construction loans) held under the Open Resolution with a total outstanding principal balance of approximately $3,967,704,278, with $3,111,922,703 permanent loans and $855,781,575 construction loans. These mortgage loans, together with funds in the Bond Proceeds Account and Debt Service Reserve Account totaled $4,846,441,454 as of January 31, 2014. There are no material monetary defaults on any of the mortgage loans other than temporary financial difficulties with respect to certain developments which are in the process of being cured. As of January 31, 2014, there were $4,057,705,000 of Open Resolution Bonds outstanding, not including bonds issued under the New Issue Bond Program. Subsequent to January 31, 2014, the Corporation issued $158,170,000 principal amount of Open Resolution Bonds.

Proposed Uses for the 2014 Series C Bond Proceeds

It is anticipated that the proceeds of the 2014 Series C Bonds, together with the remarketing proceeds of the 2013 Series F Bonds, will be used to finance mortgage loans for fifteen (15) developments as described in the chart below:

Expected Bond Series	Development Name	Project Type	Expected Not to Exceed Amount
2014 Series C-1	Williamsburg Apartments	LAMP	$13,625,000
2014 Series C-1	655 Morris Avenue	LAMP	34,945,000
2014 Series C-1	810 River Avenue	Mixed Income	31,655,000
2014 Series C-1	Greenpoint Landing Site G2	LAMP	16,095,000
2014 Series C-1	Greenpoint Landing Site E3	Mixed Income	17,975,000
2014 Series C-1	Prospect Plaza Phase I	LAMP	24,945,000
2014 Series C-1	Plover Apartments	LAMP Preservation	14,735,000
2014 Series C-1	Mount Sharon	LAMP Preservation	12,655,000
2014 Series C-1	Edgecombe Preservation	LAMP Preservation	22,080,000
2014 Series C-1/ 2013 Series F-3	1380 University Avenue*	LAMP Preservation	25,575,000
2014 Series C-1	High Hawk Apartments	NewHOP	9,950,000
2014 Series C-1	PRC Monterey	LAMP Preservation	33,880,000
2014 Series C-1 / 2014 Series C-2	Gateway Elton III	LAMP	59,835,000
2014 Series C-3	261 Hudson Street	Bifurcated 80/20	14,300,000
2014 Series C-1	The Henry Apartments	LAMP	34,515,000

Total	$366,765,000

*$9,205,000 of the loan to this development is expected to be funded from the remarketing of the 2013 Series F Bonds, which were issued pursuant to a Supplemental Resolution previously adopted by the Members.

A portion of the 2014 Series C Bonds is expected to be used to provide financing under the LAMP and LAMP Preservation Programs for the new construction or acquisition and rehabilitation of twelve (12) developments with a total of 1,817 units located in the Bronx, Brooklyn and Manhattan.

A portion of the 2014 Series C Bonds is expected to be used to provide financing under the Mixed Income Program for the new construction of two (2) developments with a total of 232 units located in the Bronx and Brooklyn.

In addition, a portion of the 2014 Series C Bonds is expected to be used to provide financing for the new construction of one (1) NewHOP development with a total of 73 units located in the Bronx.

A portion of the 2014 Series C Bonds is expected to be used to provide the financing for the low-income portion of one (1) new construction development in Manhattan with a total of 201 units using a bifurcated 80/20 structure. The low income portion of the development will consist of 41 units that will be reserved for households earning no more than 60% of the Area Median Income ("AMI"), which is currently $50,340 for a family of four. The remaining 160 units will be market rate and financed with a construction loan originated by the Corporation and funded by T.D. Bank, N.A. and other such participants, pursuant to a participation agreement with the Corporation.

Five (5) of the LAMP developments, one (1) of the Mixed Income developments, and the one (1) New HOP development will receive subordinate financing from the Corporation's unrestricted reserves in an amount not to exceed $35,905,000.

Four (4) LAMP developments and one (1) of the Mixed Income developments will receive subordinate financing in an amount not to exceed $48,335,000 to be funded from the 421-a Affordable Housing Trust Fund established by the Corporation using money transferred to it from the Battery Park City Authority ("421-a Affordable Housing Trust Fund").

The subordinate loans will have an interest rate of 1%, will be advanced during construction and remain in the projects as permanent loans.

For more information on the individual projects, please see Attachments "B-1" through "B-15".

<u>Proposed Uses for the 2014 Series D Bond Proceeds</u>

It is anticipated that the 2014 Series D Bonds will be issued in an amount not to exceed $150,000,000. A portion of the proceeds of the 2014 Series D Bonds is expected to be used 1) to acquire approximately $50,000,000 principal amount of mortgage loans previously funded by the Corporation with its own corporate funds, including certain 1% mortgage loans, 2) to refund certain bonds in the Open Resolution which will re-leverage assets currently held under the Open Resolution and lock in funding at the current low rates, and 3) to finance the costs of issuance for the 2014 Series D Bonds.

For more information on the loans requested to be acquired through the issuance of the 2014 Series D Bonds, please see Attachment "C".

Proposed Uses for the 2014 Series E Bond Proceeds

The 2014 Series E Bonds, in an amount not expected to exceed $39,595,000, are expected to be used to refund the Corporation's Multi-Family Housing Revenue Bonds, 2004 Series E-1 associated with fourteen (14) senior Mitchell-Lama tax-exempt loans. The refunding will create significant interest rate savings for the Corporation.

Proposed Uses for the 2014 Series F Bond Proceeds

The 2014 Series F Bonds will be issued as Convertible Option Bonds (a "COB") to preserve tax-exempt "recycled" volume cap. The proceeds of the 2014 Series F Bonds, in an amount not to exceed $60,000,000, are expected to provide first position construction and permanent financing for the new construction or acquisition and rehabilitation of certain developments, all of which will reserve a minimum of 20% of the units for households earning no more than 50% of the AMI or 25% of the units for households earning no more than 60% of the AMI. The mortgage loans for these projects are expected to close in the second half of 2014 or in early 2015.

More specifically, the proceeds of the 2014 Series F Bonds are expected to be used to fund first position construction and permanent mortgage loans for one or more of the developments listed in Attachment "D". Most of the projects listed will not be funded from the 2014 Series F Bond proceeds but all will be eligible for such financing.

Structure of the Bonds

The Bonds are expected to be issued in the modes described below, however, the Authorizing Resolution relating to the Bonds will provide that a senior officer of the Corporation may determine to combine supplemental resolutions or issue the bonds in multiple issuances pursuant to the same supplemental resolution as long as the total amount of Bonds issued does not exceed $607,155,000. The Corporation expects to issue the 2014 Series C Bonds in June, the 2014 Series D Bonds in June or July and the 2014 Series E and 2014 Series F Bonds in July or August.

A. **2014 Series C-1 Bonds**

It is anticipated that the 2014 Series C-1 Bonds, in an amount not expected to exceed $303,790,000, will be issued as fixed rate tax-exempt bonds. The Members are asked to authorize a not-to-exceed true interest cost of 10% for fixed rate bonds; however, it is expected that the 2013 Series B-1 Bonds will have a true interest cost that does not exceed 5% and an approximate final maturity of November 1, 2048.

B. **2014 Series C-2 Bonds**

It is anticipated that the 2014 Series C-2 Bonds, in an amount not to exceed $39,470,000, will be issued as variable rate tax-exempt bonds. The Members are asked to authorize a not-to-exceed interest rate of 15% for variable rate bonds; however, it is expected that the

2014 Series C-2 Bonds will have a maximum interest rate of 10%, an initial interest rate of less than 1%, and an approximate final maturity of May 1, 2019. It is anticipated that the 2014 Series C-2 Bonds will provide financing for the Gateway Elton III development described in Attachment "B-14" and that liquidity for the 2014 Series C-2 Bonds will be provided by a stand-by bond purchase agreement from Wells Fargo, N.A. or an affiliate thereof.

C. 2014 Series C-3 Bonds

It is anticipated that the 2014 Series C-3 Bonds, in an amount not to exceed $14,300,000, will be issued as variable rate tax-exempt bonds. The Members are asked to authorize a not-to-exceed interest rate of 15% for variable rate bonds; however, it is expected that the 2014 Series C-3 Bonds will have a maximum interest rate of 10%, an initial interest rate of less than 1%, and an approximate final maturity of May 1, 2019. It is anticipated that 2014 Series C-3 Bonds will be used to provide financing for the 261 Hudson Street development described in Attachment "B-15" and that liquidity for the 2014 Series C-3 Bonds will be provided by a stand-by bond purchase agreement from TD Bank, N.A. or an affiliate thereof.

D. 2014 Series D-1 Bonds

It is anticipated that the 2014 Series D-1 Bonds will be issued as fixed rate bonds in an amount not expected to exceed $50,000,000. However, the Members are asked to authorize a not-to-exceed amount of $75,000,000, which includes the amount expected to be issued under the Multi-Family Housing Pass-Through Revenue Bonds, 2014 Series A, which members are being asked to authorize separately, to allow the Corporation the flexibility to make changes to the proposed structure. The Members are asked to authorize a not-to-exceed true interest cost of 10% for fixed rate bonds; however, it is expected that the 2014 Series D-1 Bonds will have a true interest cost that does not exceed 4.5% and an approximate final maturity of November 1, 2027.

E. 2014 Series D-2 Bonds

It is anticipated that the 2014 Series D-2 Bonds, in an amount not expected to exceed $50,000,000, will be issued as variable rate index bonds purchased by the Federal Home Loan Bank of New York ("FHLBNY") with an approximate final maturity of November 1, 2037. However, the Members are asked to authorize a not-to-exceed amount of $75,000,000, which includes the amount expected to be issued under the Multi-Family Housing Pass-Through Revenue Bonds, 2014 Series A, which members are being asked to authorize separately, to allow the Corporation the flexibility to make changes to the proposed structure. The Members are asked to authorize a not-to-exceed rate of 15% for variable rate bonds; however, it is expected that FHLBNY will agree to a maximum interest rate on the 2014 Series D-2 Bonds of 7.5%. FHLBNY will have the right to give notice on a quarterly basis to put the 2014 Series D-2 Bonds back to the Corporation effective twelve (12) months after such notice. The right to put is only available after an initial eighteen (18) month period. If the Corporation cannot repay the principal remaining on the 2014 Series D-2 Bonds put then the Corporation will repay FHLBNY the principal amount over a period, anticipated to be between seven to ten years, from excess cash in the

Open Resolution.

F. <u>2014 Series E Bonds</u>

It is anticipated that the 2014 Series E Bonds, in an amount not expected to exceed $39,595,000, will be issued as fixed rate tax-exempt bonds. The Members are asked to authorize a not-to-exceed true interest cost of 10% for fixed rate bonds; however, it is expected that the 2014 Series E Bonds will have a true interest cost of 5.00% and an approximate final maturity of November 1, 2033. The 2014 Series E Bonds will be designated Mitchell-Lama Restructuring Bonds.

G. <u>2014 Series F Bonds</u>

The 2014 Series F Bonds will be a "recycled" private activity volume cap COB. It is anticipated that the 2014 Series F Bonds will be issued in an amount not expected to exceed $20,000,000. However, the Members are asked to authorize a not-to-exceed amount of $60,000,000, to allow the flexibility to make changes based on the recycling availability and needs of both the Corporation and the New York State Housing Finance Agency ("HFA").

The 2014 Series F Bonds are expected to be issued as variable rate obligations initially in the Term Rate mode. The 2014 Series F Bonds will have an approximate final maturity of May 1, 2046. In the Term Rate mode, interest is reset at specific intervals. The first Term Rate Term will begin on the date of issuance and run through approximately June 30, 2015. The Members are asked to authorize a not-to-exceed true interest cost of 15% for the 2014 Series F Bonds; however, it is expected that the interest rate on the 2014 Series F Bonds will not exceed 1.00% during the first Term Rate Term.

The Corporation may direct that all or a portion of the 2014 Series F Bonds be converted from time to time to another interest rate mode (including to a fixed rate to maturity) at any time approximately from November 1, 2014 to and including June 30, 2014 and thereafter in accordance with any new Term Rate Term.

The 2014 Series F Bonds or applicable portion thereof shall be subject to mandatory tender for purchase on any date on which such Bonds or such portion are to be converted to a different interest rate mode and on the last day of any Term Rate Term. It is expected that as mortgage loans are ready to close, a portion of such Bonds will be subject to mandatory tender and either converted to another interest rate mode or refunded for the financing of an applicable project. In order to utilize the recycling authorization in HERA, the Corporation must issue refunding bonds prior to the redemption of the 2014 Series F Bonds from prepayment proceeds. The Corporation will be obligated to pay the purchase price of those Bonds subject to mandatory tender for purchase and not remarketed. No liquidity facility has been obtained to fund such obligation. However, the unexpended proceeds are expected to be available to pay the purchase price of any 2014 Series F Bonds that are subject to mandatory tender for purchase and are not remarketed. To provide assurances to the bondholders that sufficient monies will be available to fund the purchase price for the 2014 Series F Bonds, the Corporation may covenant to maintain unencumbered cash or cash equivalents (U.S. Treasury Notes, STRIPS or Agencies) under the Open Resolution available to pay the purchase price of all unremarketed 2014 Series F Bonds.

Security for the Bonds

The Bonds will be issued on a parity basis with all outstanding previous series of bonds issued under the Open Resolution from July 1993 to date. As a result, the Bonds will be secured on a parity basis with all the collateral currently held under the Open Resolution. As of January 31, 2014, that collateral consisted of the following:

TYPE OF COLLATERAL	# OF LOANS	AMOUNT	% OF TOTAL
FHA Insured Mortgage Loans	21	$ 47,356,010	0.98%
Fannie Mae/Freddie Mac Enhanced Mortgage Loans	21	248,537,514	5.13%
GNMA Insured Mortgages	3	131,123,015	2.71%
SONYMA Insured Mortgages	27	275,538,552	5.69%
REMIC Partially Insured Mortgages	184	990,705,794	20.44%
LOC Secured Mortgages	11	61,245,970	1.26%
Uninsured Permanent Mortgages	303	1,099,427,554	22.69%
Uninsured 2006 Series A Mortgages[1]	307	257,988,294	5.32%
Partially Funded Construction Loans Secured by LOC	67	683,091,340	14.09%
Partially Funded Construction Loans Not Secured by LOC	11	172,690,234	3.56%
Sub-Total	955	3,967,704,277	81.87%
Undisbursed Funds in Bond Proceeds Account[2]		788,923,796	16.28%
Debt Service Reserve Account[3]		89,813,381	1.85%
Total	955	$4,846,441,454	100%

Risks and Risk Mitigation

2014 Series C Bonds

The primary risk to the Corporation related to the 2014 Series C Bonds during the period the developments are under construction or rehabilitation is the potential failure of commercial banks to honor their obligations to pay the Corporation under their standby letters of credit (each an "LOC") in an event of a default by the related borrower. The ratings of banks are monitored by the

[1] Subsequent to January 31, 2014, the Corporation issued 2014 Series A and the Uninsured 2006 Series A Mortgages were re-designated the Uninsured 2014 Series A Mortgages.

[2] Undisbursed Funds in Bond Proceeds Accounts are monies held by the Trustee for construction financing of projects under the Open Resolution.

[3] Includes a payment obligation of $1,560,750 of the Corporation which constitutes a general obligation.

Corporation's Credit Risk department and the Corporation's documents require replacement of an LOC or a confirmatory letter of credit if the bank's ratings fall below a long-term rating of A from Standard & Poor's Ratings Services and a long-term and short-term rating of A2/P-1 from Moody's Investors Service. All mortgage loans to be financed with the 2014 Series C Bond proceeds during the permanent financing period will be secured by a mortgage insurance policy provided by the New York City Residential Mortgage Insurance Corporation ("REMIC"), the State of New York Mortgage Agency ("SONYMA") or through the FHA Risk-Sharing Program ("FHA Risk-Share").

An additional risk related to the 2014 Series C-2 and 2014 Series C-3 Bonds is the potential failure of the commercial bank to honor its obligation to purchase such bonds from tendering bondholders under the standby bond purchase agreement in the event the remarketing agent is not able to remarket the variable rate bonds. Bondholders would continue to have the right to tender their bonds but they would be payable solely from remarketing proceeds. Neither the Open Resolution nor the Corporation is responsible to purchase bonds in such an event; however, the Corporation could decide to purchase such bonds in accordance with the Open Resolution.

2014 Series D Bonds and 2014 Series E Bonds

The primary risk associated with the portion of the 2014 Series D Bonds financing the acquisition of mortgage loans previously funded by the Corporation with its own corporate funds and the portion of the 2014 Series D Bonds and the 2014 Series E Bonds re-leveraging certain permanent mortgage loans already pledged to the Open is repayment risk from the borrowers. This risk is mitigated through conservative underwriting incorporating a mix of low loan-to-value, substantial debt service coverage and income to expense ratios. The mortgage loans that are already pledged to the Open Resolution are well-seasoned and have a consistent payment history. Most of the mortgage loans that are expected to be re-leveraged with a portion of the 2014 Series D Bonds and 2014 Series E Bonds are also insured by REMIC or SONYMA and one mortgage loan is insured by FHA and backed by a mortgage-backed security guaranteed by the Government National Mortgage Association ("GNMA").

2014 Series F Bonds

The primary risk associated with the 2014 Series F Bonds is that the mortgage loan closings would not be able to take place. The Corporation believes that it has sufficiently mitigated this risk. The projects that are anticipated to close with funding from the proceeds of the 2014 Series F Bonds have been reviewed by Corporation staff, and are expected to be taken through the underwriting process, obtain credit enhancement and satisfy all other matters relating to closing preparation. In addition, projects totaling at least $703,793,000 in projected development costs were or will be publicly noticed pursuant to Federal tax rules and may be financed using the tax exempt bond proceeds issued by the Corporation in the event that replacement project(s) would be necessary.

Furthermore, the Corporation has the option to remarket the 2014 Series F Bonds at the end of their initial term into subsequent term rate terms.

Deposits and Fees

With respect to developments financed with the 2014 Series C Bonds, the Corporation will charge the borrowers for all LAMP, LAMP Preservation and Mixed Income developments, an up-front commitment fee equal to 0.75% and the borrower for the Bifurcated 80/20 development, an up-front commitment fee equal to 1.00% of the bond financed mortgage loan amount. In addition, the borrowers will pay an amount equal to their pro-rata share of costs of issuance, including the fees of the underwriter, bond counsel, rating agencies and the Trustee plus any additional funds that are required to compensate HDC for its management of the Bonds or to reimburse the Corporation for certain costs incurred during the construction of the Project.

The borrowers for the developments financed with 2014 Series C-2 Bonds and 2014 Series C-3 Bonds will be responsible for all costs and fees due by the Corporation under the Standby Bond Purchase Agreements, the Remarketing Agreements and the Tender Agent Agreements.

As with other Open Resolution transactions completed by the Corporation, the Corporation also will charge each borrower an annual servicing fee of at least 0.20% on the outstanding principal balance of each first permanent mortgage loan or other applicable fees.

Ratings

The Fixed Rate Bonds, including the 2014 Series C-1 Bonds, 2014 Series D-1 Bonds, and 2014 Series E Bonds are expected to be rated AA by Standard and Poor's Rating Service ("S&P") and Aa2 by Moody's Investors Service ("Moody's").

The Variable Rate Bonds, including the 2014 Series C-2 Bonds and 2014 Series C-3 Bonds are expected to be rated AA/A-1+ by S&P and Aa2/VMIG1 by Moody's.

The Floating Index Rate Bonds, the 2014 Series D-2 Bonds, are expected to be rated AA/NR by S&P and Aa2 by Moody's.

The Term Rate Bonds, the 2014 Series F Bonds, are expected to be rated A-1+ by S&P and Aa2/VMIG1 by Moody's.

Senior Managing Underwriters regarding 2014 Series C-1 Bonds

J. P. Morgan Securities LLC *(book-running manager)*
RBC Capital Markets, LLC

Senior Managing Underwriter and Remarketing Agent regarding 2014 Series C-2 Bonds

Bank of America Merrill Lynch

Senior Managing Underwriter and Remarketing Agent regarding 2014 Series C-3 Bonds

RBC Capital Markets, LLC

Senior Managing Underwriters regarding 2014 Series D-1 Bonds

Raymond James & Associates, Inc. *(book-running manager)*
Blaylock Beal Van, LLC

Senior Managing Underwriters regarding 2014 Series D-2 Bonds

J. P. Morgan Securities LLC *(book-running manager)*
Blaylock Beal Van, LLC

Senior Managing Underwriters regarding 2014 Series E Bonds

Wells Fargo Securities *(book-running manager)*
Citigroup Global Markets Inc.

Senior Managing Underwriter and Remarketing Agent regarding 2014 Series F Bonds

Morgan Stanley & Co. LLC

Co-Managing Underwriters 2014 Series C-1 Bonds

Academy Securities, Inc.
Bank of America Merrill Lynch
Blaylock Beal Van, LLC
Citigroup Global Markets Inc.
Morgan Stanley & Co. LLC
Samuel A. Ramirez & Co., Inc.
Raymond James & Associates, Inc.
Roosevelt and Cross, Incorporated
Stern Brothers & Co.
Wells Fargo Securities

Co-Managing Underwriters 2014 Series D-1 Bonds

Academy Securities
Bank of America Merrill Lynch
Citigroup Global Markets Inc.
J. P. Morgan Securities LLC
Morgan Stanley & Co. LLC
Samuel A. Ramirez & Co., Inc.
RBC Capital Markets, LLC
Roosevelt and Cross, Incorporated
Stern Brothers & Co.
Wells Fargo Securities

Co-Managing Underwriters 2014 Series E Bonds

Academy Securities
Bank of America Merrill Lynch
Blaylock Beal Van, LLC
JP Morgan Securities LLC
Morgan Stanley & Co. LLC
Samuel A. Ramirez & Co., Inc

Raymond James & Associates, Inc.
RBC Capital Markets, LLC
Roosevelt and Cross, Incorporated
Stern Brothers & Co.

Standby Bond Purchase Agreement Provider for 2014 Series C-2 Bonds

Wells Fargo Bank, National Association

Standby Bond Purchase Agreement Provider for 2014 Series C-3 Bonds

TD Bank, N.A.

Underwriter's Counsel

Orrick, Herrington & Sutcliffe LLP

Bond Trustee

The Bank of New York Mellon

Bond Counsel

Hawkins Delafield & Wood LLP

Action by the Members

The Members are requested to approve an authorizing resolution that provides for (i) the adoption of Supplemental Resolutions to the Open Resolution providing for the issuance of the Bonds; (ii) the distribution of preliminary and final Official Statement(s) for the Bonds; (iii) the execution of bond purchase agreement(s) with the Underwriter(s) of the Bonds or a direct purchaser of any or all of the Bonds; (iv) the use of the Corporation's unrestricted reserves to fund costs of issuance, capitalized interest and mortgage reserves for Bonds, as may be required; (v) the use of the Corporation's general obligation as a "Cash Equivalent" (under the Open Resolution) to satisfy the Debt Service Reserve Account requirement with respect to the Bonds; (vi) the execution of standby bond purchase agreements with respect to the Bonds; (vii) the refunding of certain bonds of the Corporation; (viii) the execution of amendments to the existing Participation Agreement with the City of New York relating to designating certain Bonds financing mortgage loans as Mitchell-Lama Restructuring Bonds; and (ix) the execution of one or more Purchase and Sale Agreements with the City of New York relating to restructuring existing mortgage loans; and (x) the execution by the President or any authorized officer of the Corporation of any and all documents necessary to issue the Bonds and to make the mortgage loans relating to the Bonds.

Further, the Members are requested to approve the making of subordinate loans for 4 LAMP developments, one Mixed Income development and one NewHOP development from the Corporation's unrestricted reserves in an amount not expected to exceed $35,905,000 and subordinate loans for four (4) LAMP developments and one Mixed Income Development to be funded from the 421-a Affordable Housing Trust Fund in an amount not to exceed $48,355,000.

The Members are being requested to approve the origination of a construction loan to finance the market rate portion of the construction of the 261 Hudson development and a participation agreement with TD Bank pursuant to which TD Bank and other participants will acquire a 100% interest in such loan.

The Members are asked to approve the Corporation to enter into a Purchase and Sale Agreement with the City of New York relating to the existing subordinate debt on a portfolio of projects in Manhattan with a total of 254 units.

~~Finally,~~The Members are being asked to authorize the use of the Corporation's unrestricted reserves in an amount not to exceed $40,000,000, to finance senior and subordinate permanent mortgage loans for the rehabilitation and preservation of Sam Burt Houses, a 147-unit Mitchell-Lama development in Brooklyn, and Cadman Towers Cooperative, a 422-unit Mitchell-Lama development in Brooklyn.

Finally, the Members are being requested to approve the origination of a supplemental loan for the Penn South Development and a participation agreement with Wells Fargo pursuant to which Wells Fargo will acquire a 99% interest in such loan. The Members are further requested to approve the use of the Corporation's unrestricted reserves in an amount not to exceed $500,000 to fund the Corporation's 1% interest in such loan.

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