

**NEW ISSUE—BOOK-ENTRY ONLY**

**Moody's: Aa1**  
(see "RATING" herein)

*In the opinion of Bond Counsel to the Corporation, interest on the 2011 Series A Bonds is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the 2011 Series A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS".*

**\$53,000,000**  
**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**  
**Multi-Family Secured Mortgage Revenue Bonds,**  
**2011 Series A**

**Dated: Date of delivery**

**Due: Feb. 1 and Aug. 1, as shown on the inside cover**

Interest on the Multi-Family Secured Mortgage Revenue Bonds, 2011 Series A (the "2011 Series A Bonds") of the New York City Housing Development Corporation (the "Corporation") is payable semiannually on February 1 and August 1, commencing on February 1, 2012, at the fixed rates set forth on the inside cover page. The 2011 Series A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. See "DESCRIPTION OF THE 2011 SERIES A BONDS—General." The Bank of New York Mellon, located in New York, New York, is the Trustee with respect to the 2011 Series A Bonds.

The 2011 Series A Bonds will be issued in book-entry form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on and principal of the 2011 Series A Bonds will be payable by the Trustee to Cede & Co., as nominee of DTC, which will, in turn, remit such principal and interest to DTC Direct Participants for subsequent disbursement to the Beneficial Owners. Purchasers of the 2011 Series A Bonds will not receive physical delivery of bond certificates. The 2011 Series A Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. See "DESCRIPTION OF THE 2011 SERIES A BONDS—Book-Entry Only System."

The 2011 Series A Bonds are being issued to finance the acquisition of certain permanent multi-family housing mortgage loans described herein (the "2011 Series A Mortgage Loans"). Payment of the principal or redemption price of and interest on the 2011 Series A Bonds will be secured by the Revenues and assets pledged to such payment, including, without limitation, certain payments to be made under or with respect to Mortgage Loans, and monies and/or Cash Equivalents held under the Debt Service Reserve Account. The 2011 Series A Bonds are being issued on a parity with and shall be entitled to the same benefit and security as other Bonds issued and to be issued under the General Resolution (other than Subordinate Bonds).

The 2011 Series A Bonds are subject to redemption prior to maturity as set forth herein.

**The 2011 Series A Bonds are special obligations of the New York City Housing Development Corporation, a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State of New York. The 2011 Series A Bonds are not a debt of the State of New York or The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the 2011 Series A Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.**

The 2011 Series A Bonds are offered when, as and if issued and received by the Underwriters thereof subject to prior sale, to withdrawal or modification of the offer without notice, and to the unqualified approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters related to the 2011 Series A Bonds will be passed upon for the Corporation by its General Counsel. Certain legal matters related to the 2011 Series A Bonds will be passed upon for the Underwriters by their counsel, Harris Beach PLLC, New York, New York. It is expected that the 2011 Series A Bonds will be available for delivery in New York, New York on or about November 22, 2011.

**BofA Merrill Lynch**

**J.P. Morgan**

**Raymond James**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES**

**\$53,000,000**  
**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**  
**Multi-Family Secured Mortgage Revenue Bonds,**  
**2011 Series A**

**\$23,790,000 Serial Bonds**

<u>Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP<sup>(†)</sup> Number</u>	<u>Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP<sup>(†)</sup> Number</u>
Aug. 1, 2015	\$1,630,000	1.708%	100%	64966TCL6	Feb. 1, 2019	\$1,775,000	3.108%	100%	64966TCT9
Feb. 1, 2016	1,655,000	1.908	100	64966TCM4	Aug. 1, 2019	1,805,000	3.258	100	64966TCU6
Aug. 1, 2016	1,665,000	2.108	100	64966TCN2	Feb. 1, 2020	1,830,000	3.428	100	64966TCV4
Feb. 1, 2017	1,685,000	2.308	100	64966TCP7	Aug. 1, 2020	1,865,000	3.578	100	64966TCW2
Aug. 1, 2017	1,710,000	2.508	100	64966TCQ5	Feb. 1, 2021	2,325,000	3.728	100	64966TCX0
Feb. 1, 2018	1,730,000	2.708	100	64966TCR3	Aug. 1, 2021	2,365,000	3.828	100	64966TCY8
Aug. 1, 2018	1,750,000	2.908	100	64966TCS1					

**\$10,445,000 1.264% 2011 Series A Term Bonds due February 1, 2015, Price 100% CUSIP No. 64966TCK8<sup>†</sup>**

**\$18,765,000 4.778% 2011 Series A Term Bonds due August 1, 2026, Price 100% CUSIP No. 64966TCZ5<sup>†</sup>**

<sup>†</sup> Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP number listed above is being provided solely for the convenience of Bondholders only at the time of issuance of the 2011 Series A Bonds and the Corporation does not make any representation with respect to such number nor does it undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2011 Series A Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of such maturity of the 2011 Series A Bonds.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2011 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the New York City Housing Development Corporation or Merrill Lynch Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Raymond James & Associates, Inc. (collectively, the "Underwriters"), to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the New York City Housing Development Corporation and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by any of such sources as to information from any other source. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the New York City Housing Development Corporation or the other matters described herein since the date hereof.

THE 2011 SERIES A BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2011 SERIES A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE 2011 SERIES A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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**\$53,000,000**  
**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**  
**Multi-Family Secured Mortgage Revenue Bonds,**  
**2011 Series A**

This Official Statement (including the cover page, the inside cover page and the appendices) provides certain information concerning the New York City Housing Development Corporation (the “Corporation”) in connection with the sale of \$53,000,000 principal amount of its Multi-Family Secured Mortgage Revenue Bonds, 2011 Series A (the “2011 Series A Bonds”). The 2011 Series A Bonds are to be issued in accordance with the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 44-b of the Consolidated Laws of the State of New York, as amended (the “Act”), and pursuant to a resolution entitled “Multi-Family Secured Mortgage Revenue Bonds Bond Resolution” adopted by the Members of the Corporation on May 10, 2005, as amended from time to time (the “General Resolution”), and a supplemental resolution for the 2011 Series A Bonds entitled “Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Secured Mortgage Revenue Bonds, 2011 Series A” (the “2011 Series A Supplemental Resolution”), adopted by the Members of the Corporation on November 2, 2011. The General Resolution and the 2011 Series A Supplemental Resolution are referred to herein, collectively, as the “Resolutions.” Pursuant to the General Resolution (except as otherwise expressly provided therein or in a Supplemental Resolution authorizing a series of bonds), all bonds issued thereunder are equally and ratably secured by the Revenues and assets pledged thereunder. All bonds issued or to be issued under the General Resolution, including the 2011 Series A Bonds, are herein referred to as the “Bonds” (see “BONDS OUTSTANDING UNDER THE PROGRAM”). Certain defined terms used herein are set forth in “Appendix A—Definition of Certain Terms.”

## **INTRODUCTION**

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

The 2011 Series A Bonds are special revenue obligations of the Corporation, and payment of the principal or redemption price of and interest on the 2011 Series A Bonds will be secured solely by the Revenues and assets pledged to such payment including, without limitation, certain payments to be made under or with respect to the Mortgage Loans, and monies and/or Cash Equivalents held under the Debt Service Reserve Account. The 2011 Series A Bonds are being issued on a parity with, and shall be entitled to the same benefit and security of the General Resolution as, all other Bonds Outstanding (other than Subordinate Bonds) issued and to be issued thereunder. As of October 31, 2011, the aggregate principal balance of Bonds Outstanding was \$13,555,000. See “SECURITY FOR THE BONDS—Pledge of the General Resolution” and “BONDS OUTSTANDING UNDER THE PROGRAM.”

Under the General Resolution, the Corporation is authorized to issue Bonds to finance Mortgage Loans. The activities of the Corporation undertaken pursuant to the General Resolution are hereinafter referred to as the “Program.” Under the Program to date, the Corporation has issued Bonds to finance Mortgage Loans for privately owned multi-family housing. Multi-family housing developments financed by the Corporation under the Program are referred to herein individually as a “Development” or a “Project” and collectively as the “Developments” or the “Projects.” In addition to the Mortgage Loans, other collateral is pledged as security for the Bonds including, among other things, monies and Investment Securities held under certain Accounts established pursuant to the General Resolution. See “SECURITY FOR THE BONDS—Pledge of the General Resolution,” “—Mortgage Loans” and “—Debt Service Reserve Account.”

No Series of Bonds are to be issued pursuant to the General Resolution unless (a) such Bonds are secured by a Credit Facility, or (b)(i) the Mortgage Loans financed by such Bonds are secured by a Credit Facility, (ii) all or a portion of the principal amount of such Mortgage Loans are insured by a policy of Mortgage Insurance, or (iii) such Mortgage Loans are secured or insured by a combination of (i) and (ii) above. Any such Credit Facility, when securing Bonds or a Mortgage Loan, and any such Policy of Mortgage Insurance, when insuring all or a portion of the principal amount of a Mortgage Loan, shall constitute “Supplemental Security.” See “Appendix D—Description of Supplemental Security.” In addition, the Developments related to the Mortgage Loans may, but are not required to, be assisted through local subsidy programs such as various subordinate loan programs of the Corporation. A Mortgage Loan is required to be evidenced by a note and secured by a mortgage (but such mortgage need not create a first mortgage lien on the related Development).

The proceeds of the 2011 Series A Bonds, together with other available monies under the General Resolution, are expected to be used to: (i) finance the acquisition of the permanent multi-family mortgage loans insured by the State of New York Mortgage Agency (“SONYMA”) described herein (collectively, the 2011 Series A Mortgage Loans”); (ii) make a deposit to the Debt Service Reserve Account; and (iii) pay the costs of issuance incurred in connection with the issuance of the 2011 Series A Bonds. For a description of SONYMA Insurance, see “Appendix D—Description of Supplemental Security—SONYMA Insurance Program.” For a more detailed description of the financing plan including, in particular, a description of the 2011 Series A Bonds and the 2011 Series A Mortgage Loans, see “PLAN OF FINANCING.”

The ability of the Corporation to pay the principal or redemption price of and interest on the Bonds, including the 2011 Series A Bonds, is dependent on the Revenues derived from the assets pledged to secure the Bonds, which consist of all the Mortgage Loans (including the 2011 Series A Mortgage Loans). Timely receipt of the proceeds of the Supplemental Security will likely be material to the Corporation’s ability to pay the principal or redemption price of and interest on the Bonds. In cases in which Developments are beneficiaries of subsidy programs, full and timely receipt of subsidies, or loan or grant proceeds, may be necessary for full payment under the Mortgage Loans made with respect to such Developments. In the case of Mortgage Loans whose related Developments are not assisted under a subsidy program, the Revenues derived from such Mortgage Loans are entirely dependent on each Mortgagor’s ability to make payments under its Mortgage Loan. The Mortgagor’s ability to make payments required under its Mortgage Loan is and will be affected by a variety of factors including the maintenance of a sufficient level of occupancy, the level of operating expenses, sound management of a Development, the ability to achieve and maintain income to cover payments under the Mortgage Loan, operating expenses, taxes, utility rates and maintenance costs, and changes in applicable laws and governmental regulations. In addition, the continued feasibility of a Development may depend in part upon general economic conditions and other factors in the surrounding area of a Development. See “THE PROGRAM—Certain Factors Affecting the Mortgage Loans,” and under the subheading “Supplemental Security” in Appendix D hereto.

**Under the General Resolution, the Corporation is authorized to issue additional Bonds (which may be secured on a parity with, or be subordinate in right of payment to, the Bonds which are not Subordinate Bonds) to finance mortgage loans. No such additional Bonds may be issued under the General Resolution unless certain conditions set forth therein are met, including confirmation of the then existing ratings on the Outstanding Bonds (other than Subordinate Bonds) by each of the Rating Agencies then rating such Bonds.**

**If Mortgage Loans are to be financed by any such additional Bonds and pledged to secure the Bonds, such Mortgage Loans need not create a first mortgage lien on such Projects and such Mortgage Loans or the Projects financed thereby, or the related Bonds, are required to be subject to Supplemental Security insuring or securing against Mortgage Loan default losses, or insuring against Bond defaults.**

**The General Resolution does not require that the Corporation pledge its interests in the assets financed with the proceeds of additional Bonds, or the revenues derived therefrom, to secure the Bonds. Moreover, the Corporation may withdraw Mortgage Loans and surplus revenues from the pledge and lien of the General Resolution upon the filing with the Trustee of a Cash Flow Statement as more fully described under the subheading “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates.” On or about the delivery date of the 2011 Series A Bonds, the Corporation expects to withdraw approximately \$300,000 of surplus revenues to pay itself for accumulated servicing fees relating to Mortgage Loans previously financed with proceeds of Bonds.**

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

Descriptions of the Corporation, the 2011 Series A Mortgage Loans, the 2011 Series A Bonds, sources of payment therefor, the Program and the Resolutions are included in this Official Statement. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the 2011 Series A Bonds are qualified in their entirety by reference to the Resolutions and the provisions with respect thereto included in the aforesaid documents and agreements. The Corporation has covenanted in the General Resolution to provide a copy of each annual report of the Corporation (and certain special reports, if any) and any Accountant’s Certificate relating thereto to the Trustee and to each Bond owner who shall have filed such owner’s name and address with the Corporation for such purposes. The Corporation also has committed to provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board (“MSRB”). For a description of the Corporation’s undertaking with respect to ongoing disclosure, see “CONTINUING DISCLOSURE.” Summaries of the Supplemental Security are qualified in their entirety by reference to any statutes, regulations or agreements mentioned in such summaries. See Appendix D hereto.

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## THE CORPORATION

### Purposes and Powers

The Corporation, which commenced operations in 1972, is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State, created for the purposes of providing, and encouraging the investment of private capital in, safe and sanitary dwelling accommodations in the City of New York (the “City”) for families and persons of low income, which include families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, or in areas designated as blighted through the provision of low interest mortgage loans. Powers granted the Corporation under the Act include the power to issue bonds, notes and other obligations to obtain funds to carry out its corporate purposes, and to refund the same; to acquire, hold and dispose of real and personal property; to make mortgage loans to specified private entities; to purchase loans from lending institutions; to make loans insured or co-insured by the Federal government for new construction and rehabilitation of multiple dwellings; to make and to contract for the making of loans for the purpose of financing the acquisition, construction or rehabilitation of multi-family housing accommodations; to acquire and to contract to acquire any Federally-guaranteed security evidencing indebtedness on a mortgage securing a loan; to acquire mortgages from the City, obtain Federal insurance thereon and either sell such insured mortgages or issue its obligations secured by said insured mortgages and to pay the net proceeds of such sale of mortgages or issuance of obligations to the City; and to do any and all things necessary or convenient to carry out its purposes. The Act further provides that the Corporation and its corporate existence shall continue at least so long as its bonds, including the 2011 Series A Bonds, notes, or other obligations are outstanding.

The sale of the 2011 Series A Bonds and the terms of such sale are subject to the approval of the Comptroller of the City. The Corporation is a “covered organization” as such term is defined in the New York State Financial Emergency Act for The City of New York, as amended, and the issuance of the 2011 Series A Bonds is subject to the review of the New York State Financial Control Board for The City of New York.

For a description of the bond, mortgage loan, loan and servicing activities of the Corporation, see “Appendix C—Activities of the Corporation.”

### Organization and Membership

The Corporation, pursuant to the Act, consists of the Commissioner of The City of New York Department of Housing Preservation and Development (“HPD”) (who is designated as Chairperson of the Corporation pursuant to the Act), the Commissioner of Finance of the City and the Director of Management and Budget of the City (such officials to serve ex-officio), and four (4) public members, two (2) appointed by the Mayor of the City (the “Mayor”) and two (2) appointed by the Governor of the State. The Act provides that the powers of the Corporation shall be vested in and exercised by not less than four (4) members. The Corporation may delegate to one or more of its members, officers, agents or employees such powers and duties as it deems proper.

### Members

**MATHEW M. WAMBUA**, Chairperson and Member ex-officio. Mr. Wambua was appointed Commissioner of HPD by Mayor Michael R. Bloomberg, effective April 4, 2011. Prior to becoming Commissioner, Mr. Wambua was Executive Vice President for Real Estate and External Relations of the Corporation. He was a Member and Vice Chairperson of the Corporation from May 2006 through February 2008. Prior to joining the Corporation, Mr. Wambua served as the Senior Policy Advisor for the New York City Deputy Mayor of Economic

Development where he focused on housing issues and large-scale planning projects. Mr. Wambua also was Vice President for Special Projects at the New York City Economic Development Corporation. He previously was a senior investment officer for General Electric Capital Commercial Real Estate. Mr. Wambua earned a B.A. from the University of California at Berkeley and a Masters in Public Policy from Harvard University's John F. Kennedy School of Government. Mr. Wambua previously taught real estate finance at New York University and managerial economics at the New School University.

**FELIX CIAMPA**, Vice-Chairperson and Member, serving pursuant to law. Mr. Ciampa is the Senior Vice President, Government Affairs of Madison Square Garden. Before assuming his current position, Mr. Ciampa was the Chief of Staff to the New York City Deputy Mayor for Economic Development and managed the office responsible for implementing the Mayor of New York City's five-borough economic development strategy. Prior to that, Mr. Ciampa served as the Chief Operating Officer for the New York City Economic Development Corporation ("EDC"). At EDC, he worked with the President of EDC to develop and implement a new organizational structure and strategic plan for the corporation. Before assuming the role of Chief Operating Officer, Mr. Ciampa was EDC's Senior Vice President for Government and Community Relations. Previously, Mr. Ciampa was the Deputy Director of the Mayor's Office of City Legislative Affairs. Mr. Ciampa has his B.A. from Fordham University and his J.D. from St. John's University.

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

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

**HARRY E. GOULD, JR.**, Member, serving pursuant to law. Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation, which was, until April 30, 2010, the largest privately owned independent distributor of printing paper in the United States. As of that date, Gould became a 51% owned subsidiary of Japan Pulp & Paper. He was Chairman and President of Cinema Group, Inc., a major independent film financing and production company, from 1982 to May 1986, and is currently Chairman and President of Signature Communications Ltd., a new company that is active in the same field. He is a Life Member of the Executive Branch of the Academy of Motion Picture Arts and Sciences. He is a member of the Board of Directors of the Roundabout Theatre Organization. He was a member of the Board of Directors of Domtar, Inc., North America's largest and second largest global manufacturer of uncoated free sheet papers from 1995 to 2004. He was a member of the Board of Directors of the USO of Metropolitan New York from 1973 to 2004. He was a member of the Board of Trustees of the American Management Association from 1996 to 1999. He was a member of Colgate University's Board of Trustees from 1976 to 1982. He was Vice Chairman of the President's Export Council, was a member of the Executive Committee and was Chairman of the Export Expansion Subcommittee

from 1977 to 1980. He was a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee from 1977 to 1999. He was a member of the Board of United Cerebral Palsy Research and Educational Foundation, and the National Multiple Sclerosis Society of New York from 1972 to 1999. He was a Trustee of the Riverdale Country School from 1990 to 1999. Mr. Gould received his Bachelor of Arts degree from Colgate University magna cum laude. He began his M.B.A. studies at Harvard University and received his degree from Columbia Business School.

**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, term expires December 31, 2012. Ms. Scott has been Managing Director of the Local Initiatives Support Corporation's New York City program (LISC NYC) since 2001. During her tenure, LISC NYC has invested in the development of over 10,000 units of affordable housing. Ms. Scott served as a White House appointee to the United States Department of Housing and Urban Development (HUD) from 1998 to January 2001 responsible for daily operations of HUD's six New York/New Jersey regional offices. She was the Managing Director/Coordinator responsible for launching the Upper Manhattan Empowerment Zone Development Corporation. Ms. Scott served as the Assistant Vice President of the New York City Urban Coalition after serving as Deputy Director of the New York City Mayor's Office of Housing Coordination from 1990-1992. She held several positions at HPD ultimately serving as the Director of its Harlem preservation office. Ms. Scott serves on the U.S. Department of Treasury's Office of Thrift Supervision Minority Depository Institutions Advisory Committee and also serves on several boards including the National Equity Fund, Supportive Housing Network of New York, Citizens Housing and Planning Council, Neighborhood Restore / Restored Homes and the New York Housing Conference. Ms. Scott has a MS in Urban Planning from Columbia University and has taught at its Graduate School of Architecture, Planning and Preservation as a Visiting Assistant Professor.

#### Principal Officers

**MATHEW M. WAMBUA**, Chairperson.

**FELIX CIAMPA**, Vice Chairperson.

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

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

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

**SIMON BACCHUS, Senior Vice President for Development.** Mr. Bacchus was appointed Senior Vice President for Development of the Corporation on June 9, 2011. Mr. Bacchus had served as Vice President of Development since July of 2010. Mr. Bacchus joined the Corporation in 2007 as a project manager structuring financing programs and underwriting transactions. Prior to joining the Corporation, Mr. Bacchus was a Senior Program Associate with Seedco, a national community development intermediary. Mr. Bacchus holds a Master of Public Administration from the New York University's Robert F. Wagner School and a B.A. in Urban Studies from the New School.

**CATHLEEN A. BAUMANN, Treasurer.** Ms. Baumann was appointed Treasurer of the Corporation by the President on July 20, 2009. Prior to such appointment, she held the position of Deputy CFO

since September 2004. Ms. Baumann joined the Corporation in 1988 as an Accountant. She has also held the positions of Senior Accountant and Internal Auditor and Vice President of Internal Audit. Ms. Baumann received her bachelor's degree with majors in Accounting and Economics from Queens College of the City University of New York and her MBA in Finance from Baruch College's Zicklin School of Business of the City University of New York.

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

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

**EILEEN M. O'REILLY**, Senior Vice President. Ms. O'Reilly was appointed Senior Vice President for Loan Servicing of the Corporation on September 15, 2009. Prior to such appointment she acted as Chief Financial Officer of the Corporation since May 2, 2007. She joined the Corporation as Acting Senior Vice President on March 19, 2007. Prior to joining the Corporation, Ms. O'Reilly was a principal of Gramercy Capital Consulting, a consulting firm where she advised clients in implementing financial programs and marketing initiatives. Previously, she held several positions at Fidelity Investments, PaineWebber and Kidder Peabody. Ms. O'Reilly holds a B.A. in Economics from Tufts University and an M.B.A. degree from Columbia Business School.

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

#### 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.

## PLAN OF FINANCING

### General

Upon the issuance of the 2011 Series A Bonds, substantially all of the proceeds of such 2011 Series A Bonds initially will be deposited in the Bond Proceeds Account and are expected to be used by the Corporation to finance the acquisition of the permanent multi-family mortgage loans insured by SONYMA described below under the caption “2011 Series A Mortgage Loans.” A portion of the proceeds of the 2011 Series A Bonds are expected to be used to pay costs incurred by the Corporation in connection with the issuance of the 2011 Series A Bonds. In addition, monies available under the General Resolution are expected to be used to make a deposit to the Debt Service Reserve Account.

### Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the 2011 Series A Bonds are expected to be approximately as follows:

#### **SOURCES**

Principal Amount of 2011 Series A Bonds.....	\$53,000,000.00
Monies Available Under the General Resolution .....	<u>1,906,821.00</u>
TOTAL SOURCES .....	<u>\$54,906,821.00</u>

#### **USES**

Acquisition of 2011 Series A Mortgage Loans .....	\$52,563,347.50
Debt Service Reserve Account .....	1,906,821.00
Underwriters’ Compensation.....	334,152.50
Costs of Issuance .....	<u>102,500.00</u>
TOTAL USES .....	<u>\$54,906,821.00</u>

### Debt Service Reserve Account

Under the terms of the 2011 Series A Supplemental Resolution, the Debt Service Reserve Account Requirement with respect to the 2011 Series A Bonds shall equal, as of any date of calculation, one-third (1/3) of the maximum amount of Debt Service of the 2011 Series A Bonds Outstanding. The Corporation will fund the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Account Requirement for the 2011 Series A Bonds with amounts already on deposit in the Debt Service Reserve Account and the Revenue Account.

For further information on the Debt Service Reserve Account and the Debt Service Reserve Account Requirement for the Bonds, see “SECURITY FOR THE BONDS—Debt Service Reserve Account.”

## 2011 Series A Mortgage Loans

The Corporation anticipates using substantially all of the proceeds of the 2011 Series A Bonds to acquire the following ten (10) permanent multi-family mortgage loans (the “2011 Series A Mortgage Loans”) for ten (10) developments (the “2011 Series A Developments”). Additionally, the Corporation may substitute other Mortgage Loans for those described in the chart below.

### 2011 SERIES A MORTGAGE LOANS AS OF OCTOBER 31, 2011

Development Name (Borough/ Number of Units)	Lien Position	Permanent Mortgage Loan Supplemental Security	2011 Series A Mortgage Loan Amount	Mortgage Interest Rate*	Mortgage Loan Closing Date**	Mortgage Loan Maturity Date	Earliest Prepayment Date
Central Harlem Plaza (Manhattan/ 241)	Senior	SONYMA <sup>†</sup>	\$28,413,698	6.65%	10/25/01	11/1/36	5/1/22
East 119th Street Coop (Manhattan/ 111)	Senior	SONYMA <sup>†</sup>	\$4,794,785	7.00%	8/30/06	9/1/36	6/22/14
South Williamsburg (Brooklyn/ 105)	Senior	SONYMA <sup>†</sup>	\$5,011,860	6.75%	5/17/10**	2/1/28	Currently prepayable
Tremont Vyse I (Bronx/ 24)	Senior	SONYMA <sup>†</sup>	\$956,531	6.50%	10/20/93	9/1/23	Currently prepayable
Tremont Vyse II (Bronx/ 18)	Senior	SONYMA <sup>†</sup>	\$710,661	6.50%	10/20/93	9/1/23	Currently prepayable
Tremont Vyse III (Bronx/ 30)	Senior	SONYMA <sup>†</sup>	\$1,180,416	6.50%	2/8/94	9/1/23	Currently prepayable
Daly Avenue (Bronx/ 32)	Senior	SONYMA <sup>†</sup>	\$1,703,742	6.25%	2/04/10**	9/1/38	2/1/24
Maple Plaza (Manhattan/ 155)	Senior	SONYMA <sup>†</sup>	\$13,387,481	6.25%	1/22/99	11/1/29	Currently Prepayable
Grant Avenue (Bronx/ 162)	Senior	SONYMA <sup>†</sup>	\$10,569,584	1.13%	4/16/10	5/31/40	4/16/20
Beacon Towers (Manhattan/ 73)	Senior	SONYMA <sup>†</sup>	<u>\$6,933,708</u>	3.614%	4/29/10	5/31/40	4/27/20
<b>TOTAL<sup>††</sup></b>			<u>\$73,662,467</u>				

\* Inclusive of servicing and credit enhancement fees except for the Maple Plaza loan for which the rate only includes the servicing fee.

\*\* Indicates refinancing date. The original mortgage loan closing date for South Williamsburg was October 8, 1991 and for Daly Avenue was February 8, 1994.

† SONYMA Insurance insures one hundred percent (100%) of the outstanding principal loan amount for the applicable 2011 Series A Developments. For a description of SONYMA Insurance, see “Appendix D—Description of Supplemental Security—SONYMA Insurance Program.”

†† May not add due to rounding.

All of the 2011 Series A Developments are cooperative housing facilities and each 2011 Series A Mortgage Loan has been made to the related cooperative corporation. As of September 30, 2011, the occupancy rate of all but two 2011 Series A Developments is at least ninety-eight percent (98%). Grant Avenue is ninety-four percent (94%) occupied, waiting to close on the nine (9) last units. Beacon Towers is ninety percent (90%) occupied, waiting to close on the seven (7) last units, with two (2) out of the seven (7) units in contract. All of the 2011 Series A Developments are current in the payment of debt service on their related Mortgage Loans. All four of the Developments financed with outstanding Bonds are current in the payment of debt service on their related Mortgage Loans. See “Appendix E – Developments and Mortgage Loans Outstanding Under the Program”. Each of the Mortgages for the

2011 Developments has entered into a Regulatory Agreement with the Corporation that places limits on income for qualified purchasers of some or all of the individual cooperative units.

The 2011 Series A Mortgage Loans are expected to be assigned a valuation of 100% under the 2011 Series A Supplemental Resolution. For a discussion of the valuation process, see “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates.” It is expected that the Corporation will continue to service the 2011 Series A Mortgage Loans (see “THE PROGRAM—Servicing”).

## **DESCRIPTION OF THE 2011 SERIES A BONDS**

### General

The 2011 Series A Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The Bank of New York Mellon is the Trustee for the Bonds, including the 2011 Series A Bonds.

The 2011 Series A Bonds will be dated the date of delivery thereof and will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the 2011 Series A Bonds will accrue from their dated date and be payable on February 1 and August 1 in each year, commencing February 1, 2012, at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the 2011 Series A Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

### Redemption Provisions

The 2011 Series A Bonds are subject to special redemption, sinking fund redemption and optional redemption prior to maturity, all as described below.

#### Special Redemption from Recoveries of Principal

The 2011 Series A Bonds are subject to redemption, in whole or in part, at any time prior to maturity, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2011 Series A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing: (a) Recoveries of Principal deposited in the Redemption Account and resulting from (i) proceeds from the acceleration of payments due under any 2011 Series A Mortgage Loan or other remedial proceedings taken in the event of a default thereon (ii) proceeds of insurance awards resulting from damage or destruction of a Development financed by any 2011 Series A Mortgage Loan, which proceeds are required to be applied to payment of the applicable mortgage note whether or not required to be so applied pursuant to the applicable mortgage, (iii) proceeds of a condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Development financed by any 2011 Series A Mortgage Loan or any portion thereof, which proceeds are required to be applied to payment of the applicable mortgage note whether or not required to be so applied pursuant to the applicable mortgage or (iv) proceeds of the sale, assignment, endorsement or other disposition of any 2011 Series A Mortgage Loan required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2011 Series A Mortgage Loan is in default, including proceeds of Mortgage Insurance with respect to such 2011 Series A Mortgage Loan, and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above.

The 2011 Series A Bonds are subject to redemption, in whole or in part, at any time prior to maturity on or after February 1, 2021, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2011 Series A Bonds or portions thereof to be so redeemed, plus accrued interest

to the Redemption Date, from amounts representing (a) Recoveries of Principal with respect to the 2011 Series A Mortgage Loans deposited in the Redemption Account and resulting from (i) proceeds of an optional prepayment of any 2011 Series A Mortgage Loan by the mortgagor thereof or (ii) proceeds of the sale, assignment, endorsement or other disposition of any 2011 Series A Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2011 Series A Mortgage Loan is in default, including proceeds of Mortgage Insurance with respect to such 2011 Series A Mortgage Loan) and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above.

Notwithstanding anything to the contrary contained in the Resolutions, so long as the 2011 Series A Bonds remain Outstanding, (i) the only Series of Bonds that may be redeemed in accordance with the redemption provisions described above in connection with Recoveries of Principal deposited in the Redemption Account derived from or with respect to any 2011 Series A Mortgage Loan shall be the 2011 Series A Bonds and (ii) the 2011 Series A Bonds may not be redeemed in accordance with the redemption provisions described above in connection with Recoveries of Principal deposited in the Redemption Account derived from or with respect to any Mortgage Loans or Developments financed in connection with a Series of Bonds other than the 2011 Series A Bonds.

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

See “THE PROGRAM—Certain Factors Affecting the Mortgage Loans” for a general description of the prepayment features applicable to the Mortgage Loans.

### Sinking Fund Redemption

The 2011 Series A Term Bonds maturing on February 1, 2015 are subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption thereof, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem on February 1 and August 1 of each year the principal amount of such 2011 Series A Bonds specified for each of the Redemption Dates shown below:

#### 2011 SERIES A TERM BONDS MATURING FEBRUARY 1, 2015

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Aug. 1, 2012	\$1,720,000	Feb. 1, 2014	\$1,750,000
Feb. 1, 2013	1,730,000	Aug. 1, 2014	1,760,000
Aug. 1, 2013	1,735,000	Feb. 1, 2015 <sup>†</sup>	1,750,000

<sup>†</sup> Stated maturity.

The 2011 Series A Term Bonds maturing on August 1, 2026 are subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption thereof, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem on February 1 and August 1 of each year the principal amount of such 2011 Series A Bonds specified for each of the Redemption Dates shown below:

## 2011 SERIES A TERM BONDS MATURING AUGUST 1, 2026

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Feb. 1, 2022	\$1,685,000	Aug. 1, 2024	\$1,895,000
Aug. 1, 2022	1,725,000	Feb. 1, 2025	1,940,000
Feb. 1, 2023	1,765,000	Aug. 1, 2025	1,985,000
Aug. 1, 2023	1,805,000	Feb. 1, 2026	2,035,000
Feb. 1, 2024	1,850,000	Aug. 1, 2026 <sup>†</sup>	2,080,000

<sup>†</sup> Stated maturity.

The amounts accumulated for each Sinking Fund Payment may be applied by the Trustee, at the direction of the Corporation, prior to the forty-fifth (45<sup>th</sup>) day preceding the due date of such Sinking Fund Payment, to the purchase of the 2011 Series A Bonds to be redeemed from such Sinking Fund Payments, at prices (including any brokerage and other charges) not exceeding the applicable Redemption Price, plus accrued interest to the date of purchase; provided, however, that the purchase of such Bonds may, to the extent permitted by law, be at prices exceeding the applicable Redemption Price if the Corporation files a Cash Flow Statement with the Trustee as provided in the General Resolution.

Upon the purchase or redemption of any 2011 Series A Bonds for which Sinking Fund Payments shall have been established, other than by application of Sinking Fund Payments, an amount equal to the principal amount of the 2011 Series A Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 2011 Series A Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer at the time of such purchase or redemption.

### Optional Redemption

The 2011 Series A Bonds are also subject to redemption at the option of the Corporation, in whole or in part, at any time prior to maturity on or after February 1, 2021, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2011 Series A Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date.

### Selection of Bonds to be Redeemed

Subject to the redemption requirements set forth in a Supplemental Resolution authorizing a particular Series of Bonds, in the event of a partial redemption of Bonds in connection with Recoveries of Principal, the Series, the maturity or maturities, and the amount thereof, to be so redeemed shall be selected as directed by the Corporation in written instructions filed with the Trustee accompanied by a Cash Flow Statement. In the absence of such direction, (i) Bonds of each Series subject to redemption shall be redeemed in connection with Recoveries of Principal derived from or with respect to the Mortgage Loans financed from or allocated to such Bonds and (ii) Bonds of each maturity within each Series of Bonds subject to redemption shall be redeemed in the proportion that the amount Outstanding of each such maturity bears to the total amount of all Outstanding Bonds of such Series. The Series and maturities of 2011 Series A Bonds to be redeemed in accordance with the optional redemption provisions described above shall be selected as directed by the Corporation. In the event of redemption of less than all the Bonds of the same Series and maturity, the Trustee shall select the Bonds by lot, using such method of selection as it shall deem proper in its sole discretion.

### Corporation's Right to Purchase Bonds

The Corporation retains the right to purchase any 2011 Series A Bonds, at such times, in such amounts and at such prices as the Corporation shall determine, subject to the provisions of the General Resolution, and, thereby, reduce its obligations, including Sinking Fund Payments, for such 2011 Series A Bonds. See "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates."

### Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem 2011 Series A Bonds, or is otherwise required to redeem 2011 Series A Bonds, the Trustee will give notice, in the name of the Corporation, of the redemption of such 2011 Series A Bonds or portion thereof. Such notice will specify the maturities of the 2011 Series A Bonds to be redeemed, the Redemption Date, any conditions precedent to such redemption and the place or places where amounts due upon such redemption will be payable. Not less than thirty (30) days before the Redemption Date for such 2011 Series A Bonds, the Trustee is to mail a copy of such notice to the registered owners of any 2011 Series A Bonds which are to be redeemed at their last addresses appearing upon the registry books. Interest will not be payable on any 2011 Series A Bonds after the Redemption Date if notice has been given and if sufficient monies have been deposited with the Trustee to pay the principal or applicable Redemption Price of and interest on such 2011 Series A Bonds on such date and all conditions precedent, if any, to such redemption shall have been satisfied.

### Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2011 Series A Bonds. The 2011 Series A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2011 Series A Bond certificate will be issued for each maturity of the 2011 Series A Bonds, totaling in the aggregate the principal amount of the 2011 Series A 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 2011 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2011 Series A Bonds on DTC's records. The ownership

interest of each actual purchaser of each 2011 Series A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase; 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 2011 Series A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2011 Series A Bonds, except in the event that use of the book-entry system for the 2011 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2011 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2011 Series A Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2011 Series A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2011 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the 2011 Series A Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant of the 2011 Series A Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2011 Series A Bonds unless authorized by a Direct Participant in accordance with DTC’s procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2011 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2011 Series A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Corporation or 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 Underwriters, 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.

DTC may discontinue providing its services as securities depository with respect to the 2011 Series A Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2011 Series A 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, 2011 Series A 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 Underwriters believe to be reliable, but neither the Corporation nor the Underwriters take any responsibility for the accuracy thereof.**

Each person for whom a Participant acquires an interest in the 2011 Series A 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 UNDERWRITERS 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 2011 SERIES A BONDS.

So long as Cede & Co. is the registered owner of the 2011 Series A Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the 2011 Series A Bonds (other than under the heading "TAX MATTERS" and "CONTINUING DISCLOSURE" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2011 Series A Bonds.

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

For every transfer and exchange of 2011 Series A 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 2011 Series A Bonds if the Corporation determines that (i) DTC is unable to discharge its responsibilities with respect to the 2011 Series A Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Corporation or restricted registration is no longer in effect, 2011 Series A Bond certificates will be delivered as described in the Resolutions.

NONE OF THE CORPORATION, THE UNDERWRITERS 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 2011 SERIES A BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2011 SERIES A BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2011 SERIES A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2011 SERIES A BONDS; OR (VI) ANY OTHER MATTER.

## BONDS OUTSTANDING UNDER THE PROGRAM

As of October 31, 2011, the following Series of Bonds are Outstanding under the Program:

<u>Series Designation</u>	<u>Original Par Amount</u>	<u>Outstanding Par Amount</u>	<u>Date of Issue</u>
2005 Series A-1	\$ 6,185,000	\$ 5,930,000	December 1, 2005
2005 Series A-2	4,505,000	4,295,000	August 1, 2007
2005 Series B	<u>3,465,000</u>	<u>3,330,000</u>	January 14, 2008
	<u>\$14,155,000</u>	<u>\$13,555,000</u>	

As of the date hereof, there are no Subordinate Bonds Outstanding under the Program.

## SECURITY FOR THE BONDS

### Pledge of the General Resolution

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

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

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

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

### Mortgage Loans

Under the General Resolution, the Corporation is authorized to issue Bonds to finance one or more Mortgage Loans. The term Mortgage Loan is defined under the General Resolution as a loan for a Project, evidenced by a note, secured by a Mortgage (but such Mortgage need not create a first mortgage lien on such Project) and specified in a Supplemental Resolution as being subject to the lien of the General Resolution. The term Mortgage Loan also includes a participation by the Corporation with another party or parties, public or private, in a loan made to a Mortgagor with respect to a Project, and any instrument evidencing an ownership in any such loan or the cash flow therefrom, including, but not limited to, guaranteed mortgage-backed securities. See “Appendix E – Developments and Mortgage Loans Outstanding Under the Program” for information with respect to individual Developments and permanent Mortgage Loans financed with the proceeds of each Series of Bonds as of October 31, 2011. In addition to Mortgage Loans, the Corporation may finance mortgage loans and other assets that are not subject to the pledge of the General Resolution.

If Mortgage Loans are financed under the General Resolution, such Mortgage Loans or the related Bonds are required to be subject to Supplemental Security insuring or securing against Mortgage Loan default losses, or insuring against Bond defaults. Such Supplemental Security is required to be specified in the Supplemental Resolution authorizing the related Series of Bonds and may be in the form of (a) a Credit Facility securing the Bonds, or (b) (i) a Credit Facility securing each Mortgage Loan, (ii) a policy of Mortgage Insurance insuring all or a portion of the principal amount of such Mortgage Loans or (iii) a combination of items (i) and (ii) above.

In the case of most of its programs, the Corporation has not assumed sole responsibility for the underwriting of mortgage loans financed thereunder. For the Mortgage Loans in the Program, the Corporation will rely on the underwriting criteria and expertise of other parties, including SONYMA and/or credit facility providers. In the future, the Corporation may determine to undertake such underwriting responsibility by itself. In the General Resolution, the Corporation has covenanted to retain and employ competent personnel for the purposes of carrying out its powers thereunder.

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

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

## Cash Flow Statements and Cash Flow Certificates

The General Resolution provides that the Corporation shall file with the Trustee a current Cash Flow Statement: (i) upon purchase or redemption of Bonds of a Series in a manner other than (a) as contemplated in the last Cash Flow Statement filed by the Corporation with the Trustee or (b) on a basis whereby the Bonds of each maturity of such Series are purchased or redeemed in the proportion that the amount Outstanding of such maturity bears to the total amount of all Outstanding Bonds of such Series, with respect to purchases or redemptions to be made in connection with Recoveries of Principal; (ii) prior to withdrawing monies for payment to the Corporation, pursuant to the General Resolution, free and clear of the pledge and lien of the General Resolution, in an amount in excess of the amounts determined to be available for such purpose in the last Cash Flow Statement filed with the Trustee; (iii) prior to selling Mortgage Loans not in default; (iv) prior to the financing of or amending Mortgage Loans to contain terms that would adversely affect the cash flow projections contained in the last Cash Flow Statement filed with the Trustee; (v) prior to the releasing of any Mortgage Loan from the pledge and lien of the General Resolution; (vi) prior to the application of Recoveries of Principal to any use other than the purchase or redemption of Bonds; (vii) prior to the purchase of Bonds pursuant to certain provisions of the General Resolution at prices in excess of those specified in the General Resolution; or (viii) prior to the application of monies in the Redemption Account resulting from Recoveries of Principal derived from or with respect to any Mortgage Loans to the purchase or redemption of Bonds of a Series other than the Series issued to finance such Mortgage Loans.

In addition, the Corporation shall not take any of the actions described in clauses (i) through (viii) of the preceding paragraph unless subsequent to such action the amount of monies and Investment Securities held in the Bond Proceeds Account, the Redemption Account, the Revenue Account and the Debt Service Reserve Account (valued at their cost to the Corporation, as adjusted by amortization of the discount or premium paid upon purchase of such obligations ratably to their respective maturities), together with accrued but unpaid interest thereon, and the outstanding principal balance of Mortgage Loans, together with accrued but unpaid interest thereon and any other assets, valued at their realizable value, pledged for the payment of the Bonds will exceed the aggregate principal amount of and accrued but unpaid interest on Outstanding Bonds; provided, however, that in the event that a Supplemental Resolution authorizing the issuance of a Series of Bonds specifies that, for purposes of the requirements of this paragraph, the Mortgage Loans financed by such Series of Bonds shall be valued at other than their outstanding principal balance, then, with respect to such Mortgage Loans, such other value shall be used in the calculations required by this paragraph. Each Supplemental Resolution assigns a valuation to the Mortgage Loans financed thereunder; each such valuation had been established by the Corporation as a result of discussions with the Rating Agencies during the ratings process for each particular Series of Bonds. However, with respect to certain Mortgage Loans financed and expected to be financed by a Series of Bonds, the Corporation may increase or decrease the foregoing percentage with respect to any such Mortgage Loan by furnishing to the Trustee (i) a Certificate of an Authorized Officer specifying such higher or lower percentage and (ii) evidence satisfactory to the Trustee that each Rating Agency shall have approved the use of such higher or lower percentage without such use having an adverse effect on its rating on the Bonds. Pursuant to the respective Supplemental Resolutions and for purposes of the requirements of this paragraph, the value of the Mortgage Loans with respect to each Series of Bonds is 100%.

A Cash Flow Statement consists of a statement of an Authorized Officer of the Corporation giving effect to actions proposed to be taken and demonstrating in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding that amounts then expected to be on deposit in the Accounts in each such Bond Year will be at least equal to all amounts required by the General Resolution to be on deposit in the Accounts for the payment of the principal and Redemption Price of and interest on the Bonds and for the funding of the Debt Service Reserve Account to the Debt Service Reserve Account Requirement. However, a Supplemental Resolution may provide that an Account established in such Supplemental Resolution not be taken into account when preparing the Cash Flow Statement. The Cash

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

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

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

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

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

#### Debt Service Reserve Account

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

Under the General Resolution, the Debt Service Reserve Account Requirement is the aggregate of the amounts specified as the Debt Service Reserve Account Requirement for each Series of Bonds in a Supplemental Resolution authorizing the issuance of such Series of Bonds. There is no minimum Debt Service Reserve Account Requirement under the General Resolution. The General Resolution further

provides that the Debt Service Reserve Account Requirement for any Series of Bonds may be funded, in whole or in part, through Cash Equivalents if so provided in a Supplemental Resolution authorizing such Series. The Debt Service Reserve Account Requirement, assuming the issuance of the 2011 Series A Bonds, is \$2,239,761 and such amount will be on deposit in the Debt Service Reserve Account on the date of delivery of the 2011 Series A Bonds. See “Appendix B—Summary of Certain Provisions of the General Resolution—Debt Service Reserve Account.”

### Additional Bonds

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

### Bonds Not a Debt of the State or the City

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

### Certain Investments

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

## **THE PROGRAM**

### General

Under the Program, the Corporation may issue Bonds to finance Mortgage Loans. The Bonds have been issued to, among other things, finance construction Mortgage Loans (the “Construction Mortgage Loans”), and/or finance permanent Mortgage Loans and/or the acquisition of permanent Mortgage Loans (collectively, the “Permanent Mortgage Loans”), for certain newly constructed or rehabilitated Developments. Construction Mortgage Loans and Permanent Mortgage Loans are referred to herein, collectively, as the “Mortgage Loans.”

The General Resolution provides for the issuance of additional Bonds to be used for financing of Mortgage Loans and Developments, which Bonds or Mortgage Loans are secured by Supplemental

Security. The General Resolution does not require Mortgage Loans to be secured by first mortgage liens on their respective Developments. Moreover, the Corporation may withdraw Mortgage Loans and surplus revenues from the pledge and lien of the General Resolution upon the filing with the Trustee of a Cash Flow Statement or Cash Flow Certificate. See “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates.”

### Servicing

All of the construction mortgage loans are, or are anticipated to be, serviced by the bank making the construction loan or providing a construction letter of credit during construction. All of the Permanent Mortgage Loans are, or are anticipated to be, serviced by the Corporation. Servicing by the Corporation includes the collection of mortgage payments from the Mortgagors of the applicable Developments.

With respect to Mortgage Loans to be serviced by the Corporation, an escrow account for the payment of taxes, hazard insurance and mortgage insurance, if any, will be maintained by the Corporation for each Development and is funded from the monthly revenues of each such Development. With respect to Mortgage Loans to be serviced by the Corporation, each Mortgagor will also be required to maintain a reserve fund for replacements with the Corporation. These reserve funds for replacements are funded from the monthly revenues of their respective Development. The Corporation requires financial statements for each Development to be serviced by the Corporation to be furnished to the Corporation annually.

The Corporation conducts an annual site review of each Development with a Permanent Mortgage Loan serviced by the Corporation to monitor its physical condition. During this review, the Corporation undertakes various procedures to monitor the exterior and interior physical condition of the Developments.

The Corporation’s inspection ratings for the Developments include four rating levels: superior, satisfactory, below average and unsatisfactory.

The Corporation’s inspection reviews include recommendations for curing deficiencies. The Corporation monitors those Developments which receive below average and unsatisfactory ratings in order to determine whether (i) required reports have been made and/or (ii) curative work has been undertaken and completed within a prescribed time frame. In order to cure deficiencies and thus improve the ratings of such Developments, the Corporation may advise the Mortgagor to request a drawdown on its respective reserve fund for replacements. If the reserves are not sufficient to cover the work required to improve a Development’s rating or if the Corporation has determined that the low rating is due to Mortgagor neglect, the Corporation will meet with the Mortgagor to discuss corrective actions in all review reporting areas which include management practices and financial operations, as well as physical condition. In addition, the Corporation conducts an annual review of the inspected Developments to monitor their financial condition.

The Corporation requires property, liability, boiler and machinery, and fidelity insurance for the Mortgage Loans that it services. Property insurance must cover at least the outstanding Mortgage Loan amount and at least one year’s income at the Development.

### Certain Factors Affecting the Mortgage Loans

#### Scheduled Payments of Principal and Interest

The ability of the Corporation to pay the principal or redemption price of and interest on the Bonds is dependent on the Revenues derived from the assets pledged to secure the Bonds, including the Mortgage Loans, and, with respect to such Mortgage Loans or related Bonds, the proceeds under the

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

Accordingly, in the event of the occurrence of substantial increases in operating costs without corresponding increases in income levels on a timely basis, substantial reductions in occupancy or a reduction, loss or termination of subsidies, there may be a default with regard to one or more of the Mortgage Loans. In the event of any such default, the Corporation is required to apply for payment of proceeds under the applicable Supplemental Security due with regard to any such Mortgage Loan which is secured or insured by Supplemental Security. Such proceeds, when received, together with other monies available under or pursuant to the General Resolution may be applied to redeem an allocable portion of the related Series of Bonds. For a discussion of Supplemental Security, see Appendix D hereto.

#### Prepayments of Principal

The Corporation may receive amounts relating to the principal of the Mortgage Loans financed with the proceeds of the Bonds prior to the scheduled due date of such principal. Generally, principal prepayments, at the option of the applicable Mortgagor, will be prohibited for approximately ten (10) years after the closing of the applicable permanent Mortgage Loan. All of the Mortgage Loans will be subject to prepayment of principal in whole or in part from proceeds of insurance or condemnation. Prepayments of principal may be subject to other terms and conditions, including the payment of penalties and premiums. There may be certain other restrictions outside the Mortgage Loan documents that limit the ability of the applicable Mortgagor to prepay. In accordance with the applicable Supplemental Resolution, any such prepayment could result in the special redemption from Recoveries of Principal of the related Series of Bonds.

In general, prepayments are subject to the payment of certain fees and expenses, and any prepayment premium or penalty will not constitute a Pledged Receipt or Recovery of Principal. In addition, prior written notice of any optional prepayment to the Corporation generally will be required.

Under the General Resolution, advance payments of amounts to become due pursuant to a Mortgage Loan, including those made at the option of a Mortgagor, shall be deposited in the Redemption Account. Unless specifically directed otherwise by written instructions of an Authorized Officer of the Corporation and accompanied by a Cash Flow Statement, any monies in the Redemption Account resulting from such Recoveries of Principal shall be applied to the purchase or redemption of Bonds of the Series issued to finance the Mortgage Loans which gave rise to the Recoveries of Principal.

Notwithstanding the preceding paragraph, if the Corporation files a Cash Flow Statement with the Trustee, it may deposit such Recoveries of Principal in the Bond Proceeds Account or the Revenue Account in lieu of applying such monies to purchase or redeem Bonds. See “Appendix B—Summary of Certain Provisions of the General Resolution—Bond Proceeds Account” and “—Revenue Account” with respect to the right of the Corporation to apply prepayments of the Mortgage Loans for purposes other than the purchase or redemption of Bonds, and the right of the Corporation to withdraw surplus revenues in the Revenue Account from the pledge and lien of the General Resolution. See “DESCRIPTION OF

THE 2011 SERIES A BONDS—Redemption Provisions—Special Redemption from Recoveries of Principal.”

## **UNDERWRITING**

The Underwriters have agreed, subject to certain conditions, to purchase the 2011 Series A Bonds from the Corporation at an aggregate purchase price of \$53,000,000 and to make a public offering of the such bonds at prices that are not in excess of the public offering price stated on the inside cover page of this Official Statement. The Underwriters will be obligated to purchase all of the 2011 Series A Bonds if any are purchased. The 2011 Series A Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters. The Underwriters will receive an underwriting fee in the amount of \$334,152.50, which includes its expenses for the 2011 Series A Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Corporation or the Mortgagors, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation or the Mortgagors.

## **RATING**

Moody’s Investors Service, Inc. has assigned the 2011 Series A Bonds a rating of “Aa1”. Such rating will reflect only the view of such rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will be obtained or retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating, once obtained, may have an adverse effect on the market price of the 2011 Series A Bonds.

## **AGREEMENT OF THE STATE**

Section 657 of the Act provides that the State pledges to and agrees with the holders of obligations of the Corporation, including owners of the 2011 Series A 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 2011 Series A Bonds, or in any way impair the rights and remedies of such owners until the 2011 Series A 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 2011 Series A Bonds, are fully met and discharged.

## **TAX MATTERS**

In the opinion of Bond Counsel to the Corporation, interest on the 2011 Series A Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the 2011 Series A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel to the Corporation expresses no opinion regarding any other Federal or state tax consequences with respect to the 2011 Series A Bonds. Bond Counsel to the Corporation renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the Corporation expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exemption from personal income taxes of interest on the 2011 Series A Bonds under state and local tax law.

The following discussion is a brief summary of certain United States Federal income tax consequences of the acquisition, ownership and disposition of the 2011 Series A Bonds by original purchasers of the 2011 Series A Bonds who are “U.S. Holders,” as defined herein. This summary does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules.

Holders of the 2011 Series A Bonds should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the 2011 Series A Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

#### Disposition and Defeasance

Generally, upon the sale, exchange, redemption or other disposition (which would include a legal defeasance) of a 2011 Series A Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder’s adjusted tax basis in the 2011 Series A Bond. The Corporation may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the 2011 Series A Bonds to be deemed to be no longer outstanding under the Resolutions (a “defeasance”) (see “Appendix B—Summary of Certain Provisions of the General Resolution”). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the 2011 Series A Bonds subsequent to any such defeasance could also be affected.

#### Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest and the proceeds of the same of a 2011 Series A Bond before maturity within the United States. Backup withholding may apply to holders of 2011 Series A Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States Federal income tax provided the required information is furnished to the U.S. Internal Revenue Service (“IRS”).

#### U.S. Holders

The term “U.S. Holder” means a beneficial owner of a 2011 Series A Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust

whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

#### IRS Circular 230 Disclosure

To ensure compliance with requirements imposed by the IRS, Bond Counsel to the Corporation informs you that (i) any U.S. federal tax advice contained in this offering material (including any attachments) is not intended or written by the Bond Counsel to the Corporation to be used, and that it cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer under the Code; (ii) such advice is written to support the promotion or marketing of the transaction or matter addressed herein; and (iii) the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

#### **NO LITIGATION**

At the time of delivery and payment for the 2011 Series A Bonds, the Corporation will deliver, or cause to be delivered, a certificate of the Corporation substantially to the effect that there is no litigation or other proceeding of any nature now pending or threatened against or adversely affecting the Corporation of which the Corporation has notice or, to the Corporation's knowledge, any basis therefor, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2011 Series A Bonds, or in any way contesting or affecting the validity of the 2011 Series A Bonds, the Resolutions, the 2011 Disclosure Agreement (as defined below) or any proceedings of the Corporation taken with respect to the issuance or sale of the 2011 Series A Bonds, or the pledge, collection or application of any monies or security provided for the payment of the Bonds (including the 2011 Series A Bonds), or the financing of the acquisition of the 2011 Series A Mortgage Loans, or the existence, powers or operations of the Corporation, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, if any.

#### **CERTAIN LEGAL MATTERS**

All legal matters incident to the authorization, issuance, sale and delivery of the 2011 Series A Bonds by the Corporation are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Harris Beach PLLC, New York, New York.

#### **LEGALITY OF 2011 SERIES A BONDS FOR INVESTMENT AND DEPOSIT**

Under the provisions of Section 662 of the Act, the 2011 Series A Bonds are securities in which all public officers and bodies of the State of New York and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. The 2011 Series A 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.

## CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Corporation and the Trustee will enter into a written agreement for the benefit of the holders of the 2011 Series A Bonds (the “2011 Disclosure Agreement”) to provide continuing disclosure. The Corporation will undertake to provide to the Municipal Securities Rulemaking Board (“MSRB”), on an annual basis on or before 150 days after the end of each fiscal year of the Corporation commencing with the fiscal year ended October 31, 2011, certain financial information and operating data, referred to herein as “Corporation Annual Information,” including, but not limited to annual financial statements of the Corporation. In addition, the Corporation will undertake for the benefit of the holders of the 2011 Series A Bonds, to provide to the MSRB, in a timely manner (not in excess of ten (10) Business Days after the occurrence of the event, the notices required to be provided by Rule 15c2-12 and described below.

The Corporation Annual Information shall consist of the following: (a) financial information and operating data of the Corporation prepared in conformity with accounting principles generally accepted in the United States and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States; provided, however, that if audited financial statements are not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to the MSRB when they become available; (b) a statement setting forth the amount on deposit in the Debt Service Reserve Account; (c) a statement setting forth the valuations of the Mortgage Loans with respect to each Series of Bonds; (d) financial information and operating data of the type set forth in “Appendix C—Activities of the Corporation” and in “Appendix E—Developments and Mortgage Loans Outstanding under the Program”; and (e) information regarding amendments to the 2011 Disclosure Agreement required pursuant thereto; together with (f) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the Corporation and in judging the financial information about the Corporation.

Pursuant to the 2011 Disclosure Agreement, the Corporation will further undertake to use its best efforts to provide to the MSRB, on an annual basis on or before 150 days after the end of each fiscal year of any Mortgagor whose payment obligations due under its Mortgage Note equals or exceeds twenty percent (20%) of the aggregate payment obligations due under all outstanding Mortgage Notes (a “Major Obligated Mortgagor”), annual financial statements of such Major Obligated Mortgagor, prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with generally accepted auditing standards if so required by the applicable Mortgage; provided, however, that if audited financial statements are required but not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to the MSRB when they become available. Upon the delivery of the 2011 Series A Bonds, there will be one Major Obligated Mortgagor.

With respect to the 2011 Series A Bonds and the 2011 Disclosure Agreement, the notices required to be provided by Rule 15c2-12, which the Corporation will undertake to provide as described above, include notices of any of the following events: (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 2011 Series A Bonds or other material events affecting the tax status of the 2011 Series A Bonds; (7) modification to the rights of holders of 2011 Series A Bonds, if material; (8) 2011 Series A Bond calls, if material, and tender offers; (9) defeasances of all or a portion of the 2011 Series A Bonds;

(10) the release, substitution or sale of property securing repayment of the 2011 Series A Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar events of the Corporation or a Major Obligated Mortgagor; (13) the consummation of a merger, consolidation or acquisition involving the Corporation or a Major Obligated Mortgagor or the sale of all or substantially all of the assets of the Corporation or a Major Obligation 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; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and to the MSRB, in a timely manner, notice of a failure by the Corporation to provide the Corporation Annual Information or the Mortgagor Annual Information required by the 2011 Disclosure Agreement.

If any party to the 2011 Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to the 2011 Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of the 2011 Series A Bonds may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the 2011 Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach or default under the 2011 Disclosure Agreement to provide the continuing disclosure described above is an action to compel specific performance of the undertakings contained therein, and no person or entity may recover monetary damages thereunder under any circumstances; provided, however, that the rights of any holder of 2011 Series A Bonds to challenge the adequacy of the information provided by the Corporation are conditioned upon the provisions of the General Resolution with respect to the enforcement of remedies of holders of the 2011 Series A Bonds upon the occurrence of an Event of Default described in the General Resolution. A breach or default under the 2011 Disclosure Agreement shall not constitute an Event of Default under the General Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the 2011 Disclosure Agreement, insofar as the provisions of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided. Beneficial Owners of the 2011 Series A Bonds are third-party beneficiaries of the 2011 Disclosure Agreement and, as such, are deemed to be holders of the 2011 Series A Bonds of the purposes of exercising remedies.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data. Where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The 2011 Disclosure Agreement, however, may be amended or modified without the consent of the holders of the 2011 Series A Bonds under certain circumstances set forth in the 2011 Disclosure Agreement.

Copies of the 2011 Disclosure Agreement, when executed and delivered by the parties thereto on the date of the initial delivery of the 2011 Series A Bonds, will be on file at the office of the Corporation.

With regard to each Series of Bonds issued under the General Resolution to which Rule 15c2-12 applies, the Corporation has entered into agreements substantially identical to the 2011 Disclosure Agreement and has complied with the provisions of such agreements.

From time to time the Corporation has entered into other agreements to provide continuing disclosure (each, a "CDA") with regard to bonds that were not issued under the General Resolution. The Corporation has fully complied with such CDAs during the previous five years.



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**DEFINITIONS OF CERTAIN TERMS**

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

In some instances, the General Resolution permits the modification of certain of its provisions by a Supplemental Resolution relating to a specific Series of Bonds. Certain of such permitted modifications, which have been made with respect to the 2011 Series A Bonds by the provisions of the 2011 Series A Supplemental Resolution, are reflected in the defined terms set forth below. This Appendix A does not purport to be comprehensive or definitive and is qualified by reference to the Resolutions and the Supplemental Resolutions relating to the Bonds issued prior to the issuance of the 2011 Series A Bonds, copies of which may be obtained from the Corporation.

The following terms shall have the following meanings in this Official Statement and in the Resolutions unless the context shall clearly indicate otherwise:

“Account” means one of the special accounts (other than the Rebate Fund) created and established pursuant to the General Resolution or a Supplemental Resolution.

“Acquired Project” means a Project financed by a 2011 Series A Mortgage Loan, title to or the right to possession of which has been acquired by or on behalf of the Corporation through protection and enforcement of rights conferred by law or the Mortgage upon such Project.

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

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

“Acquired Project Net Operating Income” means Acquired Project Gross Operating Income less Acquired Project Expenses.

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

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

“Bond Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporation and satisfactory to the Trustee.

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

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

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

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

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

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

“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.

“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 printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, and any other cost, charge or fee in connection with the original issuance of Bonds.

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

insurance policy, surety bond or financial security bond or any combination thereof, which is approved by each of the Rating Agencies.

“Credit Facility Provider” means the issuer of or obligor under a Credit Facility and the issuer of a policy of Mortgage Insurance.

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

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

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

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

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

“General Resolution” means the Multi-Family Secured Mortgage Revenue Bonds Bond Resolution adopted by the Corporation on May 10, 2005, and any amendments thereof or supplements thereto made in accordance with its terms.

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

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

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

(1) Government Obligations;

(2) any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks,

Federal Farm Credit Systems Banks Consolidated Obligations, Banks for Cooperatives, Tennessee Valley Authority, Washington Metropolitan Area Transportation Authority, United States Postal Service, Farmers' Home Administration and Export-Import Bank of the United States;

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

(4) any other obligation of the United States of America or any Federal agencies which may be purchased by New York State savings banks;

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

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

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

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

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

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

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

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

"Moody's" means Moody's Investors Service Inc. and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

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

"Mortgage Insurance" means a policy of mortgage insurance for multi-family housing facilities that is satisfactory in form and substance to the Corporation.

"Mortgage Loan" means a loan, evidenced by a note, for a Project, secured by a Mortgage and specified in a Supplemental Resolution as being subject to the lien of the General Resolution; provided, that Mortgage Loan shall also mean a participation by the Corporation with another party or parties, public or private, in a loan made to a Mortgagor with respect to a Project; provided, further, that Mortgage Loan shall also mean an instrument evidencing an ownership in such loans, including, but not

limited to, a mortgage-backed security guaranteed by the Government National Mortgage Association, Fannie Mae or the Federal Home Loan Mortgage Corporation (Freddie Mac).

“Mortgage Note” means the note evidencing a Mortgage Loan.

“Mortgagor” means a mortgagor with respect to any Mortgage Loan.

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

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

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

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

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

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

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

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

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

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

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\* The 2011 Series A Supplemental Resolution, with respect to the 2011 Series A Mortgage Loans, provides that any prepayment premium or penalty shall not constitute a Pledged Receipt. The 2011 Series A Supplemental Resolution provides that, with respect to any Acquired Project, Acquired Project Net Operating Income shall constitute a Pledged Receipt. The 2011 Series A Supplemental Resolution, with respect to the 2011 Series A Mortgage Loans, provides that any amounts received by the Corporation representing profits resulting from the resale of an individual cooperative unit shall constitute Pledged Receipts. The 2011 Series A Supplemental Resolution, with respect to the 2011 Series A Mortgage Loans, provides that amounts obtained pursuant to Mortgage Insurance with respect to scheduled principal and/or interest payments required by a 2011 Series A Mortgage Loan shall constitute Pledged Receipts.

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

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

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

“Rating Agencies” means, collectively, (i) Moody’s when the Bonds are rated by Moody’s and (ii) any other nationally recognized rating agency when the Bonds are rated by such agency, pursuant to a request for a rating by the Corporation.

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

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

“Recoveries of Principal” means, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, all amounts received by the Corporation as a recovery of the principal amount disbursed by the Corporation in connection with any Mortgage Loan, including any premium or penalty with respect thereto, on account of (i) the advance payment of amounts to become due pursuant to such Mortgage Loan, at the option of the Mortgagor, (ii) the sale, assignment, endorsement or other disposition thereof, (iii) the acceleration of payments due thereunder or other remedial proceedings taken in the event of the default thereon, (iv) proceeds of any insurance award resulting from the damage or destruction of a Project which are required to be applied to payment of a Mortgage Note pursuant to a Mortgage, (v) proceeds of any condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Project or any portion thereof, which proceeds are required to be applied to payment of a Mortgage Note pursuant to a Mortgage or (vi) proceeds of any Mortgage Insurance or credit enhancement with respect to a Mortgage Loan which is in default.\*

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\* The 2011 Series A Supplemental Resolution, with respect to the 2011 Series A Mortgage Loans, provides that any prepayment premium or penalty shall not constitute a Recovery of Principal. The 2011 Series A Supplemental Resolution provides that, with respect to any Acquired Project, the proceeds of sale of any Acquired Project shall constitute a Recovery of Principal. The 2011 Series A Supplemental Resolution provides that, with respect to the 2011 Series A Mortgage Loans, amounts obtained under Mortgage Insurance, other than with respect to scheduled principal and/or interest payments required by a 2011 Series A Mortgage Loan, shall constitute Recoveries of Principal.

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

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

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

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

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

“S&P” means Standard & Poor’s Rating 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.

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

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

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

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

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

“State” means the State of New York.

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

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

“Supplemental Security” means (a) a Credit Facility securing a Series of Bonds, or (b) (i) a Credit Facility securing each Mortgage Loan, (ii) a policy of Mortgage Insurance insuring all or a portion of the principal amount of such Mortgage Loan or (iii) a combination of items (i) and (ii) above.

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

“2011 Series A Mortgage Loan” means a permanent mortgage loan acquired with the proceeds of the 2011 Series A Bonds.

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**SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION**

Set forth below are abridged or summarized excerpts of certain sections of the General Resolution. In some instances, the General Resolution permits the modification of certain of its provisions by a Supplemental Resolution relating to a specific Series of Bonds. Certain of such permitted modifications, which have been made with respect to the 2011 Series A Bonds, by the provisions of the 2011 Series A Supplemental Resolution, have been summarized below. The excerpts set forth below do not purport to be complete or to cover all sections of the General Resolution. Reference is made to the General Resolution and the 2011 Series A Supplemental 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 General Resolution shall be deemed to be and shall constitute a contract among the Corporation, the Trustee and the owners from time to time of such Bonds. The pledges and assignments made in the General Resolution and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Corporation shall be for the benefit, protection and security of the owners of any and all of such Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the General Resolution or a Supplemental Resolution authorizing a Series of Bonds. The Corporation pledges the Revenues and all amounts held in any Account established under the General Resolution to the payment of the principal or Redemption Price of and interest on the Bonds, subject to provisions permitting the use and application of such amounts for stated purposes, as provided in the General Resolution; provided, however, that notwithstanding anything to the contrary contained in the General Resolution, the Corporation may, pursuant to a Supplemental Resolution authorizing the issuance of a Series of Bonds, also pledge such Revenues and amounts to one or more Credit Facility Providers who have provided Credit Facilities to secure such Series of Bonds and such further pledge may be either on a parity with or subordinate to the pledge set forth in this paragraph to secure the payment of the Bonds, all as set forth in such Supplemental Resolution; and provided further, however, that the Corporation may, pursuant to a Supplemental Resolution, provide that amounts in an Account established pursuant to such Supplemental Resolution be excluded from the pledge set forth in this paragraph to secure the payment of the Bonds or otherwise limit such pledge with respect to such Account. The foregoing pledge does not include amounts on deposit in or required to be deposited in the Rebate Fund. The Bonds shall be special revenue obligations of the Corporation payable solely from the revenues and assets pledged therefor pursuant to the General Resolution.

Provisions for Issuance of Bonds

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

- (a) a Bond Counsel's Opinion to the effect that (i) the General Resolution and the Supplemental Resolution have been duly adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their

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

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

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

(d) (i) a Credit Facility securing the Bonds, or (ii) (x) a Credit Facility securing each Mortgage Loan, (y) a policy of Mortgage Insurance insuring all or a portion of the principal amount of such Mortgage Loans or (z) a combination of items (x) and (y) hereof; and

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

### Refunding Bonds

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

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

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

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

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

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

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

#### Application and Disbursement of Bond Proceeds

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

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

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

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

(4) the amount, if any, necessary to cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement immediately following the time of such delivery shall be deposited in the Debt Service Reserve Account together with such additional amount, if any, as may be specified in the Supplemental Resolution authorizing such Bonds; and

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

Except as otherwise provided in the applicable Supplemental Resolution, amounts in the Bond Proceeds Account shall not be disbursed for financing a Mortgage Loan, including either advances during construction or permanent financing thereof, unless, among other things, (1) the instrument evidencing such Mortgage Loan and the Mortgage and any other document securing such Mortgage Loan shall have been duly executed and delivered and, in the opinion of counsel, who may be counsel to the Mortgagor,

constitute valid and binding agreements between the parties thereto enforceable in accordance with their terms, except as such enforcement may be limited by operation of bankruptcy, insolvency or similar laws affecting the rights and remedies of creditors; (2) there shall have been filed with the Trustee, an opinion of counsel, who may be counsel to the Corporation, to the effect that such Mortgage Loan complies with all provisions of the Act or otherwise applicable law and the General Resolution; (3) the Mortgage is the subject of a policy of title insurance, in an amount not less than the amount of the unpaid principal balance of the Mortgage Loan, insuring in favor of the Corporation, a mortgage lien (which need not be a first mortgage lien, if so provided in the applicable Supplemental Resolution), subject only to Permitted Encumbrances, on the real property securing the Mortgage Loan; (4) (a) the Bonds are secured by a Credit Facility, or (b) the Mortgage Loan is (i) secured by a Credit Facility, (ii) insured by a policy of Mortgage Insurance insuring all or a portion of the principal amount of such Mortgage Loan or (iii) secured by a combination of items (i) and (ii) hereof; and (5) the Project is insured against loss by fire and other hazards as required by the Corporation.

### Deposits and Investments

Any amounts that are pledged pursuant to the General Resolution and held by the Trustee in any Accounts under or pursuant to the General Resolution may be invested in Investment Securities. In computing the amount in any Account, obligations purchased as an investment of monies therein shall be valued at amortized value or if purchased at par value, at par.

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

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

### Establishment of Accounts

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

- (1) Bond Proceeds Account;
- (2) Revenue Account;
- (3) Redemption Account; and
- (4) Debt Service Reserve Account.

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

Amounts in the Bond Proceeds Account shall be expended only (i) to finance Mortgage Loans, in accordance with the General Resolution, which may include making Mortgage Loans, acquiring Mortgage Loans or refinancing Mortgage Loans; (ii) to pay Costs of Issuance; (iii) to pay principal of and interest on the Bonds when due, in accordance with the General Resolution, to the extent amounts in the Revenue Account are insufficient for such purpose; (iv) to purchase or redeem Bonds in accordance with the General Resolution; (v) to pay, purchase or redeem bonds, notes or other obligations of the Corporation or any other entity in accordance with the General Resolution; and (vi) if so provided in a Supplemental Resolution, to reimburse a Credit Facility Provider for amounts obtained under a Credit Facility for the purposes described in clauses (iii), (iv) or (v) of this paragraph.

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

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

### Revenue Account

The Corporation shall cause all Pledged Receipts to be deposited promptly with the Trustee in the Revenue Account. There shall also be deposited in the Revenue Account any other amounts required to be deposited therein pursuant to the General Resolution and any Supplemental Resolution. Earnings on all Accounts established under the General Resolution not required to be deposited in the Rebate Fund shall be deposited, as realized, in the Revenue Account.

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

payments referred to in this paragraph, then amounts in the Revenue Account which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

Any amount accumulated in the Revenue Account up to the unsatisfied balance of each Sinking Fund Payment may, and if so directed in writing by the Corporation shall, be applied (together with amounts accumulated in the Revenue Account with respect to interest on the Bonds for which such Sinking Fund Payment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Payment (i) to the purchase of Bonds of the maturity for which such Sinking Fund Payment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price plus accrued interest, or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above; provided, however, that the purchase of such Bonds may be at prices exceeding that set forth in clause (i) of this paragraph if the Corporation shall have filed with the Trustee a Cash Flow Statement pursuant to the General Resolution, and provided further, however, that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to make the purchases referred to in this paragraph, then amounts in the Revenue Account which would have otherwise been used to make such purchases may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

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

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

On each Interest Payment Date, the Trustee shall transfer from the Revenue Account (i) first, to the Debt Service Reserve Account, an amount equal to the amount necessary to be transferred to such Account in order that the amount on deposit therein be equal to the Debt Service Reserve Account Requirement (or such lesser amount as may be available), (ii) second, to the Bond Proceeds Account, such amount as the Corporation determines is required to finance the Mortgage Loans, as evidenced by a Certificate of an Authorized Officer, (iii) third, if so directed by the Corporation, to the Trustee, an amount equal to the Trustee's unpaid fees and expenses, (iv) fourth, if so directed by the Corporation, to any Credit Facility Providers, an amount equal to any fees due and owing to such Credit Facility Providers, (v) fifth, to the Corporation, an amount equal to the administrative fee, if any, of the Corporation, to the extent unpaid and (vi) sixth, to the entities providing Investment Securities with respect to the Accounts or any arrangements or agreements with respect thereto, amounts equal to the fees due and payable on or before the next succeeding Interest Payment Date to such entities, as designated in a Certificate of an Authorized Officer. At any time after the transfers described in (i), (ii), (iii), (iv), (v) and (vi) above have been made, except as otherwise provided in a Supplemental Resolution, the Corporation may, upon the written request of an Authorized Officer and upon filing with the Trustee of a Cash Flow Statement or a Cash Flow Certificate pursuant to the General Resolution, withdraw free and clear of the lien of the General Resolution any amount remaining in the Revenue Account.

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

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

#### Redemption Account

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

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

#### Debt Service Reserve Account

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

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

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

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

If on any Interest Payment Date or Redemption Date for the Bonds the amount in the Revenue Account and the Redemption Account, as applicable, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee

shall apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency.

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

#### Rebate Fund

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

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

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

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

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

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

## Payment of Bonds

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

## Tax Covenants

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

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

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

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

Pursuant to the provisions of the 2011 Series A Supplemental Resolution, the Corporation has designated the 2011 Series A Bonds to which the Corporation intends the provisions under this heading to not apply.

## Covenants with Respect to Mortgage Loans

The Corporation pledges for the benefit of the Bond owners all of its right, title and interest in and to the Mortgage Loans, which pledge shall be valid and binding from and after the date of adoption of the General Resolution. Such Mortgage Loans shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation, irrespective of whether such parties have notice thereof. Notwithstanding anything to the contrary contained in the General Resolution, the Corporation may, pursuant to a Supplemental Resolution authorizing a Series of Bonds, (i) also pledge one or more Mortgage Loans for the benefit of one or more Credit Facility Providers who have provided Credit Facilities to secure such Series of Bonds and such further pledge may be either on a parity with or subordinate to the pledge set forth in this paragraph to secure the payment of the Bonds, all as set forth in such Supplemental Resolution or (ii) provide that any or all of the mortgage loans financed by the Series of Bonds authorized pursuant to such Supplemental Resolution be excluded from the pledge set forth in this paragraph to secure the payment of the Bonds or otherwise limit such pledge with respect to such mortgage loans. In addition, notwithstanding the foregoing, any Mortgage Loan pledged under the General Resolution may, at the written direction of the Corporation, be released from such pledge upon the filing with the Trustee of a Cash Flow Statement pursuant to the General Resolution. Upon the happening of an event of default specified under the

heading “Events of Default” and the written request of the Trustee or the owners of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds (other than Subordinate Bonds), the Corporation shall effectuate the assignment and deliver the Mortgage Loans to the Trustee. If, however, the Trustee and the Bond owners are restored to their positions in accordance with the General Resolution, the Trustee shall assign such Mortgage Loans with respect thereto back to the Corporation.

In order to pay the Principal Installments of and interest on the Bonds when due, the Corporation shall, except as otherwise provided in a Supplemental Resolution authorizing the issuance of a Series of Bonds, from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, any other applicable law, the provisions of the General Resolution and sound banking practices and principles, (i) use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the kind permitted by the General Resolution, to finance the Mortgage Loans pursuant to the Act, any other applicable law and the General Resolution and any applicable Supplemental Resolution, (ii) do all such acts and things as shall be necessary to receive and collect Revenues (including diligent enforcement of the prompt collection of all arrears on Mortgage Loans), (iii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Corporation to protect its rights with respect to or to maintain any insurance on Mortgage Loans or any subsidy payments in connection with the Projects securing the Mortgage Loans or the occupancy thereof and to enforce all terms, covenants and conditions of the Mortgage Loans, including the collection, custody and prompt application of all Escrow Payments for the purposes for which they were made.

Pursuant to the 2011 Series A Supplemental Resolution, with respect to the 2011 Series A Mortgage Loans, the following additional provisions shall apply:

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

(2) Whenever, in the Corporation’s judgment, it shall be necessary in order to protect and enforce the rights of the Corporation under a Mortgage securing a 2011 Series A Mortgage Loan, and to protect and enforce the rights and interests of Bondholders, the Corporation may, in its discretion, commence foreclosure proceedings against each Mortgagor in default under the provisions of such Mortgage and/or, in protection and enforcement of its rights under such Mortgage, the Corporation may, in its discretion, acquire and take possession of the Project covered by such Mortgage by bidding for and purchasing such Project at the foreclosure sale thereof, by deed in lieu of foreclosure or otherwise.

(3) Upon acquisition by the Corporation of a Project securing a 2011 Series A Mortgage Loan by foreclosure, deed in lieu of foreclosure or otherwise, and so long as the Corporation shall have title thereto or be in possession thereof, the Corporation shall, as the case may be, operate and administer such Project in the place and stead of the Mortgagor and in the manner required of such Mortgagor by the terms and provisions of such Mortgage. The Corporation shall pay the Acquired Project Net Operating Income derived from such Acquired Project to the Trustee for deposit into the Revenue Fund.

(4) Notwithstanding the provisions of paragraph (3) above, upon acquisition by the Corporation of a Project securing a 2011 Series A Mortgage Loan, whether by foreclosure, deed in lieu of foreclosure or otherwise:

(a) The Corporation may at any time thereafter sell such Project to another qualified entity and make a Mortgage Loan with respect thereto as if such entity were the

original Mortgagor, provided that (i) the Mortgage securing such a Mortgage Loan shall contain the terms, conditions, provisions and limitations substantially similar to the Mortgage of such Project which had previously secured a 2011 Series A Mortgage Loan, (ii) said new Mortgage Loan shall automatically become subject to the lien of the General Resolution and (iii) the Corporation shall file with the Trustee a Certificate of an Authorized Officer describing said replacement Mortgage Loan and specifying which 2011 Series A Mortgage Loan has been so replaced; or

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

(5) In addition, and as an alternative to the rights of the Corporation described above, following a default under a 2011 Series A Mortgage Loan, the Corporation may, in its discretion, cause or consent to the sale of a Project to another qualified entity and, in connection with any such sale (a) allow the purchaser to assume the related Mortgage, or (b) make a Mortgage Loan with respect thereto as if such entity were the original Mortgagor, if such sale shall occur after the original Mortgage shall have been discharged, provided, however, that (i) the Mortgage securing such a Mortgage Loan shall contain the terms, conditions, provisions and limitations substantially similar to the Mortgage of such Project which had previously secured a 2011 Series A Mortgage Loan, (ii) said new Mortgage Loan shall automatically become subject to the lien of the General Resolution and (iii) the Corporation shall file with the Trustee a Certificate of an Authorized Officer describing said replacement Mortgage Loan and specifying which 2011 Series A Mortgage Loan has been so replaced.

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

(7) For so long as SONYMA Insurance is in effect with respect to such 2011 Series A Mortgage Loan and SONYMA has not failed to honor its payment obligations thereunder, the provisions of (1)–(6) above shall not apply.

Pursuant to the 2011 Series A Supplemental Resolution, with respect to a 2011 Series A Mortgage Loan, in addition, and as a further alternative to the rights of the Corporation described in (1)–(6) above, following a default under a 2011 Series A Mortgage Loan, the Corporation may, in its discretion, obtain amounts under any letter of credit or other credit enhancement securing such 2011 Series A Mortgage Loan, or under any agreement entered into by the Corporation and the provider of such letter of credit or other credit enhancement in connection with the providing of such letter of credit or credit enhancement, in accordance with the terms thereof; provided that if the Corporation obtains funds in an amount equal to the outstanding principal balance of such 2011 Series A Mortgage Loan, plus the lesser of (i) accrued interest thereon or (ii) the maximum amount available with respect to accrued interest thereon, pursuant to any such letter of credit, credit enhancement or other agreement, the Corporation shall immediately assign such 2011 Series A Mortgage Loan to or upon the order of the provider thereof free and clear of the lien of the General Resolution.

#### Additional Covenants with Respect to Mortgage Loans

(A) (i) Except as otherwise provided in a Supplemental Resolution, with respect to any Mortgage Loan insured by Mortgage Insurance, for so long as the Mortgage Insurance is in effect with respect to such Mortgage Loan and the Credit Facility Provider providing such Mortgage Insurance has not failed to honor a claim thereunder, any assignment or reassignment of such Mortgage Loan pursuant

to the first paragraph of the foregoing section shall be effected in accordance with such Mortgage Insurance.

(ii) With respect to any Mortgage Loan insured by Mortgage Insurance, the Corporation shall not take any action in conflict with the Mortgage Insurance or any applicable regulations of the Credit Facility Provider providing such Mortgage Insurance or Mortgage Loan documents approved by such Credit Facility Provider so as to jeopardize the procurement or continuation of the Mortgage Insurance. The Corporation shall promptly advise the Trustee of the occurrence of a default on any such Mortgage Loan and shall keep the Trustee advised as to any actions taken either to cure such default and/or to claim the benefits of Mortgage Insurance including, but not limited to, the filing of a claim with respect to such Mortgage Insurance. In addition, the Corporation shall not take any action with respect to any such Mortgage Loan that would cause the loss or diminution of benefits receivable as Mortgage Insurance with respect to such Mortgage Loan. The Corporation shall assign such Mortgage Loan in default to the Credit Facility Provider providing such Mortgage Insurance or take such other actions in timely fashion so as to receive the benefits of the Mortgage Insurance and avoid any loss or diminution of benefits receivable as Mortgage Insurance, and shall take any and all action necessary or desirable to ensure that all benefits of Mortgage Insurance are paid to the Corporation or the Trustee, as the case may be, in cash, in accordance with the Mortgage Insurance and any applicable regulations of such Credit Facility Provider. The foregoing provisions of this paragraph (A) shall apply only from and after the date of issuance of Mortgage Insurance with respect to such Mortgage Loan.

(B) (i) Except as otherwise provided in a Supplemental Resolution, with respect to any Mortgage Loan secured by a Credit Facility, for so long as the Credit Facility is in effect with respect to such Mortgage Loan and the Credit Facility Provider providing such Credit Facility has not failed to honor a draw thereunder, any assignment or reassignment of such Mortgage Loan pursuant to the first paragraph of the foregoing section shall be effected in accordance with such Credit Facility.

(ii) With respect to any Mortgage Loan secured by a Credit Facility, the Corporation shall not take any action in conflict with the Credit Facility or any applicable regulations of the Credit Facility Provider providing such Credit Facility or Mortgage Loan documents approved by such Credit Facility Provider so as to jeopardize the procurement or continuation of the Credit Facility. The Corporation shall promptly advise the Trustee of the occurrence of a default on any such Mortgage Loan and shall keep the Trustee advised as to any actions taken either to cure such default and/or to draw on the Credit Facility including, but not limited to, the filing of a request for a draw with respect to such Credit Facility. In addition, the Corporation shall not take any action with respect to any such Mortgage Loan that would cause the loss or diminution of payments receivable pursuant to the Credit Facility with respect to such Mortgage Loan. The Corporation shall assign such Mortgage Loan in default to the Credit Facility Provider providing such Credit Facility or take such other actions in timely fashion so as to receive the payments pursuant to the Credit Facility and avoid any loss or diminution of payments receivable pursuant to the Credit Facility, and shall take any and all action necessary or desirable to ensure that all payments pursuant to the Credit Facility are paid to the Corporation or the Trustee, as the case may be, in cash, in accordance with the Credit Facility and any applicable regulations of such Credit Facility Provider. The foregoing provisions of this paragraph (B) shall apply only from and after the date of issuance of a Credit Facility with respect to such Mortgage Loan.

#### Issuance of Additional Obligations

The Corporation shall not hereafter create or permit the creation of or issue any obligations or create any indebtedness which will be secured by a superior charge and lien on the Revenues and assets pledged under or pursuant to the General Resolution for the payment of the Bonds (other than Subordinate Bonds). In addition, the Corporation shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Bonds and except as

expressly permitted by the General Resolution with respect to pledges made for the benefit of Credit Facility Providers) which will be secured by an equal charge and lien on the Revenues and assets pledged under or pursuant to the General Resolution. The Corporation expressly reserves the right (i) to issue one or more Series of Subordinate Bonds pursuant to Supplemental Resolutions and (ii) to issue one or more series of bonds, notes or other obligations pursuant to other resolutions which will be secured by a subordinate charge and lien on the Revenues and assets pledged under the General Resolution.

#### Sale of Mortgage Loans

The Corporation is authorized to sell, assign or otherwise dispose of a Mortgage Loan, in addition to a sale, assignment or disposition required pursuant to the General Resolution or any applicable Supplemental Resolution, provided the proceeds of such sale, assignment or disposition shall be treated as Recoveries of Principal for purposes of the General Resolution and provided, further, that, with respect to any Mortgage Loan not in default, a Cash Flow Statement is filed with the Trustee.

#### Disposition of Recoveries of Principal

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

#### Powers of Amendment

Any modification of or amendment to the provisions of the General Resolution and of the rights and obligations of the Corporation and of the owners of the Bonds may be made by a Supplemental Resolution, with the written consent (given as provided in the General Resolution), (i) of the owners of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the owners of at least two-thirds in principal amount of the Bonds so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the owners of at least two-thirds in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given; provided, however, that in addition to the foregoing and notwithstanding anything to the contrary contained in the General Resolution, any modification of or amendment to a Supplemental Resolution authorizing the issuance of a Series of Bonds and of the rights and obligations of the Corporation and of the owners of the Bonds of such Series thereunder, in any particular, may, if no Bonds other than the Bonds of such Series are affected by the modification or amendment, be made by a Supplemental Resolution, but only, in the event such Supplemental Resolution shall require the consent of Bond owners, with the written consent given as provided in the General Resolution, of at least two-thirds in principal amount of the Bonds of such Series Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified Series and maturity remain Outstanding however, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

The Corporation may adopt, without the consent of any owners of the Bonds, Supplemental Resolutions to, among other things, provide limitations and restrictions in addition to the limitations and restrictions contained in the General Resolution on the issuance of other evidences of indebtedness; add to the covenants and agreements of limitations and restrictions on, the Corporation's other covenants and agreements or limitations and restrictions which are not contrary to or inconsistent with the General Resolution; surrender any right, power or privilege of the Corporation under the General Resolution, but only if the surrender is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the General Resolution; confirm any pledge under the General Resolution of the Revenues or of any other revenues or assets; modify any of the provisions of the General Resolution in any respect whatever (but no such modification shall be effective until all Bonds theretofore issued are no longer Outstanding); provide for the issuance of Bonds in coupon form payable to bearer; authorize the issuance of a Series of Bonds and prescribe the terms and conditions thereof; cure any ambiguity or correct any defect or inconsistent provision in the General Resolution (provided that the Trustee shall consent thereto); comply with the Code; pledge under the General Resolution any additional collateral as further security for the Bonds or specific Series of Bonds, including, but not limited to, additional Mortgage Loans or other assets or revenues; appoint a trustee (other than the Trustee) with respect to any Subordinate Bonds; or make any additions, deletions or modifications to the General Resolution which, in the opinion of the Trustee, are not materially adverse to the interests of the Bond owners.

#### Events of Default

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

#### Remedies

Upon the happening and continuance of any Event of Default specified in clause (1) of the preceding paragraph, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in clause (2) of the preceding paragraph, the Trustee may proceed and, upon the written request of the owners of not less than 25% in principal amount of the Outstanding Bonds (other than Subordinate Bonds), shall proceed, in its own name, subject to the provisions of the General Resolution, to protect and enforce the rights of the Bond owners by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bond owners, including the right to require the Corporation to receive and collect Revenues adequate to carry out the covenants and agreements as to the Mortgage Loans and to require the Corporation to carry out any other covenants or agreements with such Bond owners, including the assignment of the Mortgage Loans, and to perform its duties under the Act; (2) by bringing suit upon the Bonds; (3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds; (4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; (5) by declaring all Outstanding Bonds due and payable (provided that with respect to an Event of Default specified in clause (2) of the preceding paragraph, no such declaration shall be made without the consent of the owners of 100% in principal amount of the Outstanding Bonds (other than Subordinate Bonds)), and if all defaults shall be cured, then, with the written consent of the owners of not less than 25% in principal amount of the Outstanding Bonds (other than Subordinate Bonds), by

annulling such declaration and its consequences; or (6) in the event that all Outstanding Bonds are declared due and payable, by selling Mortgage Loans and any Investment Securities securing such Bonds.

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

Anything in the General Resolution to the contrary notwithstanding, the owners of the majority in principal amount of the Bonds then Outstanding (other than Subordinate Bonds) shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the General Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions of the General Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond owners not parties to such direction.

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

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

#### Priority of Payments After Default

In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of the principal or Redemption Price, if any, of and interest then due on the Bonds affected, such funds (other than funds held for the payment or redemption

of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other amounts received or collected by the Trustee acting pursuant to the Act and the General Resolution, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the owners of such Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under the General Resolution, shall be applied as follows:

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

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

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any such Bonds (other than Subordinate Bonds) which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds (other than Subordinate Bonds) due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference,

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

FOURTH: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Subordinate Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Subordinate Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all such Bonds shall have become or have been declared due and payable, first to the payment of the principal and interest then due and unpaid upon such Bonds (other than Subordinate Bonds) without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond (other than Subordinate Bonds) over any other such Bond (other than Subordinate Bonds), ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds (other than Subordinate Bonds), and second, to the payment of the principal and interest then due and unpaid upon the Subordinate Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such

Subordinate Bond over any other such Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Subordinate Bonds.

### Defeasance

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

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

dispose of the obligations described in clauses (b) and (c) above deposited with the Trustee pursuant to the General Resolution; provided that the amounts received upon any such sale, transfer or other disposition, or a portion of such amounts, shall be applied to the purchase of other obligations described in clauses (b) and (c) above, the principal of and the interest on which when due will provide monies which, together with the monies on deposit with the Trustee, shall be sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, in accordance with the General Resolution.

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

## ACTIVITIES OF THE CORPORATION

The Corporation is engaged in the various activities and programs described below.

**I. BOND PROGRAMS.** The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the programs described below. The multi-family residential developments financed under the Corporation's Multi-Family Secured Mortgage Revenue Bonds Bond Resolution adopted by its Members on May 10, 2005, as amended from time to time (the "General Resolution") are described below in "Section G – Secured Mortgage Revenue Bond Program." As of July 31, 2011, the Corporation had bonds outstanding in the aggregate principal amount of approximately \$8,327,576,006. All of the bonds are separately secured, except for (i) the bonds issued under the General Resolution which are equally and ratably secured by the assets pledged under the General Resolution, and (ii) the bonds described in Section C – Housing Revenue Bond Program below which are equally and ratably secured by the assets pledged under the general resolution under which they were issued. None of the bonds under the bond programs described in "Section A–Multi-Family Program", "Section B–Military Housing Revenue Bond Program", "Section C – Housing Revenue Bond Program", "Section D–Liberty Bond Program", "Section E–Section 223(f) Refinancing Program," and "Section F–Capital Fund Revenue Bond Program" provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

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

(1) Rental Projects; Fannie Mae or Freddie Mac Enhanced: The Corporation has issued tax-exempt and/or taxable bonds which either (i) are secured by mortgage loan payments, which payments are secured by obligations of Fannie Mae under various collateral agreements, (ii) are secured by a Direct Pay Credit Enhancement Instrument issued by Fannie Mae or (iii) are secured by a Direct Pay Credit Enhancement Agreement with Federal Home Loan Mortgage Corporation ("Freddie Mac").

(2) Rental Projects; Letter of Credit Enhanced: The Corporation has issued tax-exempt and/or taxable bonds to finance a number of mixed income projects and entirely low income projects, which bonds are secured by letters of credit issued by investment-grade rated commercial lending institutions.

(3) Residential Housing; Credit Enhanced: The Corporation has issued bonds to provide financing for residential facilities for hospital staff and for post-secondary students, faculty and staff which bonds are secured by letters of credit issued by investment-grade rated institutions.

(4) Rental Project; REMIC-Insured Mortgage Loan: The Corporation has issued tax-exempt bonds to finance a mortgage loan for a residential facility, which mortgage loan is insured by the New York City Residential Mortgage Insurance Corporation ("REMIC"), which is a subsidiary of the Corporation.

(5) Senior Housing; Letter of Credit Enhanced: The Corporation has issued tax-exempt obligations to finance a mortgage loan for low-income senior housing, which obligations are secured by letters of credit issued by investment-grade rated commercial lending institutions.

(6) Cooperative Housing; Letter of Credit Enhanced: The Corporation has issued taxable obligations in order to fund underlying mortgage loans to cooperative housing developments, which bonds are secured by letters of credit issued by investment-grade rated commercial lending institutions.

B. Military Housing Revenue Bond Program. Under this program, the Corporation has issued taxable obligations in order to fund a portion of the costs of the design, demolition, renovation, construction and operation of housing units in residential family housing areas located at Fort Hamilton.

C. Housing Revenue Bond Program. Under its Housing Revenue Bond Program, the Corporation may issue bonds payable solely from and secured by the assets held under the General Resolution which include a pool of mortgage loans, some of which are construction loans (which pool contains FHA-insured mortgage loans, REMIC-insured mortgage loans, SONYMA-insured mortgage loans, GNMA mortgage-backed securities, other mortgage loans and participation interests in mortgage loans), the revenues received on account of all such loans and securities, and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments. As of July 31, 2011, one hundred and fifty two (152) series of bonds have been issued under the Housing Revenue Bond Program including the Corporation's Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program), 2009 Series 1 and 2009 Series 2, which are not secured by the General Resolution.

D. Liberty Bond Program. In accordance with Section 301 of the Job Creation and Worker Assistance Act of 2002, the Corporation has issued tax-exempt and taxable bonds, each secured by a letter of credit, to finance the development of multi-family housing within an area of lower Manhattan designated in such legislation as the "Liberty Zone."

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

F. Capital Fund Revenue Bond Program. Under this program, the Corporation has issued tax-exempt obligations in order to assist the New York City Housing Authority with the execution of a multi-year construction initiative that will address critical capital improvement needs of their aging housing portfolio.

G. Secured Mortgage Revenue Bond Program. Under this program, the Corporation may issue bonds to finance loans evidenced by a note and secured by a mortgage for privately owned multi-family housing. Such mortgage loans or the related bonds are required to be subject to supplemental security as defined in the applicable bond resolution. As of July 31, 2011, three (3) series of bonds have been issued under the Secured Mortgage Revenue Bond Program.

The following table summarizes bonds outstanding under these bond programs as of July 31, 2011:

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
<b><u>MULTI-FAMILY PROGRAM</u></b>				
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>				
Related-Carnegie Park	461	\$66,800,000	\$66,800,000	1997
Related-Monterey	522	\$104,600,000	\$104,600,000	1997
Related-Tribeca Tower	440	\$55,000,000	\$55,000,000	1997
One Columbus Place Development	729	\$150,000,000	\$142,300,000	1998
100 Jane Street Development	148	\$17,875,000	\$16,450,000	1998
Brittany Development	272	\$57,000,000	\$57,000,000	1999
West 43 <sup>rd</sup> Street Development	375	\$55,820,000	\$51,900,000	1999

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Related-West 89 <sup>th</sup> Street Development	265	\$53,000,000	\$53,000,000	2000
Queenswood Apartments	296	\$10,800,000	\$10,800,000	2001
Related-Lyric Development	285	\$91,000,000	\$89,000,000	2001
James Tower Development	201	\$22,200,000	\$20,220,000	2002
The Foundry	222	\$60,400,000	\$55,100,000	2002
Related Sierra Development	212	\$56,000,000	\$56,000,000	2003
West End Towers	1,000	\$135,000,000	\$135,000,000	2004
Related Westport Development	371	\$124,000,000	\$123,800,000	2004
Atlantic Court Apartments	321	\$104,500,000	\$100,300,000	2005
Progress of Peoples Developments	1,008	\$83,400,000	\$50,925,000	2005
Royal Charter Properties East, Inc. Project	615	\$98,775,000	\$89,850,000	2005
The Nicole	149	\$65,000,000	\$62,500,000	2005
Rivereast Apartments	196	\$56,800,000	\$55,200,000	2006
Seaview Towers	462	\$32,000,000	\$22,400,000	2006
155 West 21st Street Development	110	\$52,700,000	\$51,500,000	2007
Ocean Gate Development	542	\$48,500,000	\$22,075,000	2007
West 61st Street Apartments	211	\$68,000,000	\$64,795,000	2007
Linden Plaza	1527	\$73,900,000	\$70,280,000	2008
Gateways Apartments	365	\$22,190,000	\$21,920,000	2009
Lexington Courts (Met Paca)	229	\$25,500,000	\$25,500,000	2010
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>				
Columbus Apartments Project	166	\$23,570,000	\$21,870,000	1995
West 48 <sup>th</sup> Street Development	109	\$22,500,000	\$20,000,000	2001
First Avenue Development	231	\$44,000,000	\$44,000,000	2002
Renaissance Court	158	\$35,200,000	\$35,200,000	2004
Nagle Courtyard Apartments	100	\$9,000,000	\$4,200,000	2004
Ogden Avenue Apartments	130	\$10,500,000	\$4,760,000	2004
Peter Cintron Apartments	165	\$14,400,000	\$7,840,000	2004
Aldus Street Apartments	164	\$14,200,000	\$8,100,000	2004
Courtlandt Avenue Apartments	167	\$15,000,000	\$7,905,000	2004
Hoe Avenue Apartments	136	\$11,900,000	\$6,660,000	2004
Louis Nine Boulevard Apartments	95	\$9,500,000	\$7,300,000	2004
270 East Burnside Avenue Apartments	114	\$13,000,000	\$6,400,000	2005

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Highbridge Apartments	296	\$32,500,000	\$13,600,000	2005
Morris Avenue Apartments	210	\$22,700,000	\$14,700,000	2005
Ogden Avenue Apartments II	59	\$5,300,000	\$2,500,000	2005
White Plains Courtyard Apartments	100	\$9,900,000	\$4,900,000	2005
89 Murray Street Development	232	\$49,800,000	\$49,800,000	2005
33 West Tremont Avenue Apartments	84	\$8,450,000	\$3,490,000	2005
1904 Vyse Avenue Apartments	96	\$9,650,000	\$4,335,000	2005
Reverend Ruben Diaz Gardens Apartments	111	\$13,300,000	\$6,400,000	2006
Villa Avenue Apartments	111	\$13,700,000	\$5,990,000	2006
Bathgate Avenue Apartments	89	\$12,500,000	\$4,435,000	2006
Spring Creek Apartments I and II	582	\$24,000,000	\$24,000,000	2006
Linden Boulevard Apartments	300	\$14,000,000	\$13,610,000	2006
Markham Gardens Apartments	240	\$25,000,000	\$16,000,000	2006
245 East 124 <sup>th</sup> Street	185	\$40,000,000	\$40,000,000	2008
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>				
Related-Upper East	262	\$70,000,000	\$70,000,000	2003
Brookhaven Apartments	95	\$9,100,000	\$8,500,000	2004
East 165 <sup>th</sup> Street Development	136	\$13,800,000	\$7,665,000	2004
Manhattan Court Development	123	\$17,500,000	\$17,500,000	2004
Marseilles Apartments	135	\$13,625,000	\$12,325,000	2004
Parkview Apartments	110	\$12,605,000	\$5,935,000	2004
Thessalonica Court Apartments	191	\$19,500,000	\$18,200,000	2004
15 East Clarke Place Apartments	102	\$11,600,000	\$5,430,000	2005
1090 Franklin Avenue Apartments	60	\$6,200,000	\$2,320,000	2005
2007 La Fontaine Avenue Apartments	88	\$8,500,000	\$3,825,000	2005
Grace Towers Apartments	168	\$11,300,000	\$10,700,000	2005
La Casa del Sol	114	\$12,800,000	\$4,850,000	2005
Parkview II Apartments	88	\$10,900,000	\$4,255,000	2005
Urban Horizons II Development	128	\$19,600,000	\$5,865,000	2005
500 East 165 <sup>th</sup> Street Apartments	128	\$17,810,000	\$7,255,000	2006
1405 Fifth Avenue Apartments	80	\$14,190,000	\$14,190,000	2006
Beacon Mews Development	125	\$23,500,000	\$23,500,000	2006
Granite Terrace Apartments	77	\$9,300,000	\$4,060,000	2006

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Granville Payne Apartments	103	\$12,250,000	\$5,560,000	2006
Intervale Gardens Apartments	66	\$8,100,000	\$3,115,000	2006
Target V Apartments	83	\$7,200,000	\$6,900,000	2006
550 East 170th Street Apartments	98	\$14,300,000	\$5,500,000	2007
Boricua Village Apartments	85	\$28,300,000	\$11,550,000	2007
Cook Street Apartments	152	\$26,600,000	\$4,680,000	2007
Queens Family Courthouse Apartments	277	\$120,000,000	\$118,190,000	2007
Susan's Court	125	\$24,000,000	\$24,000,000	2007
The Dorado Apartments	58	\$8,750,000	\$3,470,000	2007
The Plaza	383	\$30,000,000	\$11,800,000	2007
Las Casas Development	227	\$36,880,000	\$36,880,000	2008
Bruckner by the Bridge	419	\$68,500,000	\$68,500,000	2008
Hewitt House Apartments	83	\$11,000,000	\$11,000,000	2008
Sons of Italy Apartments	106	\$7,670,000	\$7,670,000	2009
Beekman Tower <sup>3</sup>	N/A	\$431,100,000	\$335,100,000	2009- 2010
Via Verde Apartments	151	\$33,690,000	\$33,690,000	2010
101 Avenue D Apartments	78	\$25,000,000	\$25,000,000	2010
Eliot Chelsea Development	168	\$41,440,000	\$41,440,000	2010
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>				
The Balton	156	\$29,750,000	\$29,750,000	2009
<i>Residential Revenue Bonds – Letter of Credit Enhanced</i>				
Montefiore Medical Center Project	116	\$8,400,000	\$7,000,000	1993
Queens College Residences	144	\$69,865,000	\$69,295,000	2009
<i>Multi-Family Mortgage Revenue Bonds – Rental Project; REMIC Insured Mortgage Loan</i>				
The Balton	156	\$29,750,000	\$29,750,000	2009
<i>Multi-Family Mortgage Revenue Bonds – Senior Housing; Letter of Credit Enhanced</i>				
55 Pierrepont Development	189	\$6,100,000	\$4,600,000	2000
<i>Mortgage Revenue Bonds – Cooperative Housing Letter of Credit Enhanced</i>				
Prospect Macy	63	\$8,565,000	\$8,565,000	2008

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Via Verde Cooperative Apartments	71	\$7,440,000	\$7,440,000	2010
<b><u>MILITARY HOUSING REVENUE BOND PROGRAM</u></b>				
Fort Hamilton Housing	228	\$47,545,000	\$46,600,000	2004
<b><u>HOUSING REVENUE BOND PROGRAM*</u></b>				
<i>Multi-Family Housing Revenue Bonds*</i>	96,998	\$5,823,210,000	\$3,318,530,000	1993- 2011
<i>Multi-Family Housing Revenue Bonds – Federal New Issue Bond Program†</i>		\$500,000,000	\$499,870,000	2009
<b><u>LIBERTY BOND PROGRAM</u></b>				
<i>Multi-Family Mortgage Revenue Bonds</i>				
90 Washington Street <sup>1</sup>	398	\$74,800,000	\$74,800,000	2005
The Crest <sup>2</sup>	476	\$143,800,000	\$141,700,000	2005
2 Gold Street <sup>1</sup>	650	\$217,000,000	\$212,200,000	2006
20 Exchange Place <sup>2</sup>	366	\$210,000,000	\$203,500,000	2006
90 West Street <sup>1</sup>	410	\$112,000,000	\$112,000,000	2006
201 Pearl Street Development <sup>1</sup>	189	\$90,000,000	\$90,000,000	2006
Beekman Tower <sup>3</sup>	904	\$203,900,000	\$203,900,000	2008
<b><u>SECTION 223(f) REFINANCING PROGRAM</u></b>				
<i>Multifamily Housing Limited Obligations Bonds</i>	724	\$79,998,100	\$4,261,750	1977
<i>FHA-Insured Mortgage Loans</i>	2,219	\$299,886,700	\$21,889,256	1978
<b><u>CAPITAL FUND REVENUE BOND PROGRAM</u></b>				
<i>New York City Housing Authority Program</i>	N/A	\$281,610,000	\$225,410,000	2005
<b><u>SECURED MORTGAGE REVENUE BOND PROGRAM</u></b>				
<i>Multi-Family Secured Mortgage Revenue Bonds</i>	401	\$14,155,000	\$13,635,000	2005- 2008
<b>TOTAL</b>	<b><u>125,538</u></b>	<b><u>\$11,758,964,800</u></b>	<b><u>\$8,327,576,006</u></b>	

\* Information for all one hundred and fifty-two (152) series of bonds that the Corporation has issued under its Housing Revenue Bond Program from 1993 through 2010 as described in Section C above.

† The Corporation has pledged certain amounts held under the General Resolution to secure both the Multi-Family Housing Revenue Bonds and the Multi-Family Housing Revenue Bonds - Federal New Issue Bond Program; however, amounts held under the Supplemental Resolutions for the Multi-Family Housing Revenue Bonds - Federal New Issue Bond Program are not pledged to secure the Multi-Family Housing Revenue Bonds.

<sup>1</sup> This project was also financed under the “Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced” Program as described in Section A above.

<sup>2</sup> This project was also financed under the “Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced” Program as described in Section A above.

<sup>3</sup> This project was financed with separate series of bonds issued under the Multi-Family Program described in section I(A) above and the Liberty Bond Program described in section I(D) above.

**II. MORTGAGE LOAN PROGRAMS.** The Corporation funds mortgage loans under various mortgage loan programs, including the significant programs described below. These mortgage loans are funded from bond proceeds and/or the Corporation's unrestricted reserves. See "PART I—BOND PROGRAMS" above.

A. *Affordable Housing Permanent Loan Program.* The Corporation established a program to make permanent mortgage loans for projects constructed or rehabilitated, often in conjunction with The City of New York Department of Housing Preservation and Development ("HPD") and other lender loan programs.

B. *Low-Income Affordable Marketplace Program.* The Corporation has established a Low-income Affordable Marketplace Program ("LAMP") to finance the construction or substantial rehabilitation of developments affordable to low-income tenants. LAMP projects are financed primarily with a first mortgage loan funded from tax-exempt bonds proceeds, as of right 4% Federal tax credits and a subordinate mortgage loan funded from the Corporation's reserves. The subordinate loan is provided at 1% interest with fixed minimum payments of at least interest only but may provide for amortization.

C. *Low-Income Affordable Marketplace Preservation Program.* The Corporation has established a Low-income Affordable Marketplace Preservation Program ("LAMP Preservation") to finance the acquisition and moderate rehabilitation of developments affordable to low-income tenants. LAMP Preservation projects are financed with a mortgage loan funded by tax-exempt bonds proceeds and as of right 4% Federal tax credits.

D. *Mitchell-Lama Program.* The Corporation has established the Mitchell-Lama Restructuring Program and the Mitchell Lama Repair Loan Program. The Mitchell Lama Restructuring Program preserves Mitchell-Lama projects as affordable housing by restructuring existing mortgage loans into new mortgage loans which contain an extended maturity date and a lower rate of interest. The Mitchell Lama Repair Loan Program provides Mitchell-Lama projects with additional loans to fund system modernizations, capital improvements or repairs.

E. *Mixed Income Program.* The Corporation has established a Mixed-Income Program to finance the construction or substantial rehabilitation of mixed-income multi-family rental housing. Mixed Income projects are financed with a first mortgage loan funded from tax-exempt bond proceeds, a subordinate mortgage loan funded from the Corporation's reserves and in some cases, as of right 4% Federal tax credits. Typically, the developments reserve 50% of the units for market rate tenants, 30% of the units for moderate to middle income tenants and 20% of the units for low income tenants.

F. *New Housing Opportunities Program.* The Corporation has established a New Housing Opportunities Program ("New HOP") to finance the construction or substantial rehabilitation of developments affordable to low and moderate income tenants. New HOP projects are financed with a first mortgage loan funded from taxable or tax-exempt bonds proceeds and a subordinate mortgage loan funded from the Corporation's reserves. The subordinate loan is provided at 1% interest with fixed minimum payments of at least interest only but may provide for amortization.

**III. OTHER LOAN PROGRAMS.** In addition to funding mortgage loans, the Corporation funds loans not secured by a mortgage under various programs, including the programs described below.

A. *New Ventures Incentive Program.* The Corporation participated in the New Ventures Incentive Program ("NewVIP"), a multi-million dollar public-private partnership between the City and member banks established in the fall of 2003. The Corporation originated three NewVIP loans, all of which have been repaid.

B. *Other.* Among other programs, the Corporation has funded a loan to finance the construction of military housing at Fort Hamilton in Brooklyn, New York secured by notes and financed through the issuance of bonds. The Corporation has funded a loan to the New York City Housing Authority ("NYCHA") to provide funds for modernization and to make certain improvements to numerous various public housing projects owned by NYCHA in the City. The Corporation has provided interest-free working capital loans to not-for-profit sponsors of

projects through HPD's Special Initiatives Program. The proceeds of such loans are used for rent-up expenses and initial operation costs of such projects. The Corporation also has provided interim assistance in the form of unsecured, interest-free loan to the Neighborhood Partnership Housing Development Fund Company, Inc. to fund certain expenses associated with HPD's Neighborhood Entrepreneurs Program.

**IV. LOAN SERVICING.** The Corporation services the majority of its own loans and also services loans for others. Such loan servicing activities, which are described below, relate to over 1,499 mortgage loans with an approximate aggregate face amount of \$12.49 billion.

A. Portfolio Servicing. The Corporation acts as loan servicer in connection with the permanent mortgage loans made to approximately 658 developments under its bond, mortgage loan and other loan programs (including its Housing Revenue Bond Program) in the approximate aggregate face amount of \$7.5 billion.

B. HPD Loan Servicing. The Corporation acts as loan servicer in connection with certain construction and permanent housing loan programs of HPD pursuant to several agreements with HPD. As of July 31, 2011, the Corporation was servicing construction and permanent loans made to approximately 620 developments in the approximate aggregate face amount of \$2.4 billion.

C. Loan Servicing Monitoring. In addition to the Corporation's loan servicing activities, the Corporation monitors the loan servicing activities of other servicers who service approximately 221 mortgage loans made under the Corporation's various bond, mortgage loan and other loan programs in the approximate aggregate face amount of \$3.0 billion.

## DESCRIPTION OF SUPPLEMENTAL SECURITY

**SONYMA Insurance Program**

As further described below, the State of New York Mortgage Agency (“SONYMA”) operates a mortgage insurance program. Mortgage Loans insured by SONYMA are referred to as the “SONYMA-insured Mortgage Loans.” *The Bonds are not insured by SONYMA and SONYMA is not liable on the Bonds.*

General. SONYMA was established pursuant to the State of New York Mortgage Agency Act, Chapter 612 of the Laws of New York, 1970, as amended (the “SONYMA Act”). The directors of SONYMA consist of the State Comptroller or his appointee, the Director of the Budget of the State of New York, the Commissioner of the New York State Division of Housing and Community Renewal, one director appointed by the Temporary President of the State Senate, one director appointed by the Speaker of the State Assembly, and four directors appointed by the Governor with the advice and consent of the State Senate. SONYMA employs a staff of approximately 113 employees, including 11 persons who staff the legal, underwriting and risk evaluation, administrative and servicing units of the SONYMA Mortgage Insurance Fund. The issuance of commitments to insure loans of greater than \$2,000,000 requires the approval of SONYMA’s Mortgage Insurance Committee and the issuance of commitments to insure loans of greater than \$7,000,000 also requires the approval of the directors of SONYMA.

The SONYMA Act authorizes SONYMA to enter into commitments to insure mortgages and contracts of mortgage insurance and to contract to facilitate the financial activities of the Convention Center Development Corporation (the “CCDC”), a subsidiary of the New York State Urban Development Corporation, and to fulfill SONYMA’s obligations and enforce its rights under any insurance or financial support so furnished. Part II of the SONYMA Act, authorizing the mortgage insurance program, was adopted by the State Legislature in 1978 to encourage financial institutions to make mortgage loans in neighborhoods suffering from disinvestment by providing mortgage insurance to minimize the investment risk. In 1989, the SONYMA Act was amended to authorize SONYMA to provide insurance for a loan or pool of loans (a) when the property is located in an “economic development zone” as defined under State law, (b) when the property will provide affordable housing, (c) when the entity providing the mortgage financing was or is created by local, State or Federal legislation, and certifies to SONYMA that the project meets the program criteria applicable to such entity or (d) when the property will provide a retail or community service facility that would not otherwise be provided.

In December 2004, the SONYMA Act was amended to authorize SONYMA to enter into agreements with CCDC to provide a source or potential source of financial support to bonds of the CCDC and, to the extent not otherwise provided in respect of the support of bonds, for its ancillary bond facilities.

**The SONYMA Act authorizes SONYMA to create a mortgage insurance fund (the “SONYMA Mortgage Insurance Fund”). The SONYMA Mortgage Insurance Fund is used as a revolving fund for carrying out the provisions of the SONYMA Act with respect to mortgages insured thereunder and with respect to providing credit support for the CCDC bonds or ancillary bond facilities. The Bonds are not secured by monies held in the SONYMA Mortgage Insurance Fund and SONYMA is not liable on the Bonds. The SONYMA Act provides that all monies held in the SONYMA Mortgage Insurance Fund, with certain exceptions, shall be used solely for the payment of its liabilities arising from mortgages insured by SONYMA or for providing credit support for the CCDC bonds or ancillary bond facilities pursuant to the SONYMA Act. Only**

**monies in the appropriate accounts of the SONYMA Mortgage Insurance Fund will be available to SONYMA for payment of SONYMA's liabilities under the SONYMA mortgage insurance policies for the SONYMA-insured Mortgage Loans (the "SONYMA Insurance").**

The SONYMA Act establishes within the SONYMA Mortgage Insurance Fund a project pool insurance account with respect to insurance on properties other than one to four dwelling units (the "Project Pool Insurance Account"), a special account (the "Special Account"), a single family pool insurance account with respect to insurance related to one to four dwelling units (the "Single Family Pool Insurance Account"), and a development corporation credit support account with respect to providing credit support for the bonds or ancillary bond facilities of the CCDC (the "Development Corporation Credit Support Account"). The Development Corporation Credit Support Account is a source or potential source of payment of the sum of the respective amounts (or percentages) of required or permissive funding by the CCDC of each reserve and financial support fund established by the CCDC for its bonds and, to the extent not otherwise provided in respect of the support of bonds, for its ancillary bond facilities for which SONYMA has determined that the Development Corporation Credit Support Account is or will be a source or potential source of funding.

The SONYMA Act provides that assets of the Project Pool Insurance Account, the Special Account, the Single Family Pool Insurance Account and the Development Corporation Credit Support Account shall be kept separate and shall not be commingled with each other or with any other accounts which may be established from time to time, except as authorized by the SONYMA Act. The SONYMA-insured Mortgage Loans are insured by SONYMA under the Project Pool Insurance Account.

The SONYMA Act provides that all monies held in the Project Pool Insurance Account, with certain exceptions, shall be used solely for the payment of its liabilities arising from mortgages insured by SONYMA pursuant to the SONYMA Act. The claims-paying ability of each of the Project Pool Insurance Account and the Single Family Pool Insurance Account of the SONYMA Mortgage Insurance Fund are rated "Aa1" by Moody's Investors Service. The claims-paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account of the SONYMA Mortgage Insurance Fund are rated "AA-" and "AA+," respectively, by Fitch, Inc. Such ratings reflect only the views of such organizations; an explanation of the significance of such ratings may be obtained from the respective rating agencies. There is no assurance that such ratings will continue for any period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. These ratings were established subsequent to SONYMA's change in its procedures to now require that reserves established with respect to project primary insurance it provides be deposited to the Project Pool Insurance Account. The claims paying ability of the Development Corporation Credit Support Account has not been rated. The SONYMA Act provides that SONYMA may not execute a contract to provide credit support to the bonds or ancillary bond facilities of the CCDC if, at the time such contract is executed, such execution would impair any then existing credit rating of the Single Family Pool Insurance Account or the Project Pool Insurance Account.

The SONYMA Mortgage Insurance Fund is funded primarily by a surtax on the State mortgage recording tax. Section 253(1-a) of the State Tax Law (the "State Tax Law") imposes a surtax (the "Tax") on recording mortgages of real property situated within the State. Excluded from the Tax are, among others, recordings of mortgages executed by voluntary nonprofit hospital corporations, mortgages executed by or granted to the Dormitory Authority of the State of New York and mortgages, wherein the mortgagee is a natural person, on mortgaged premises consisting of real property improved by a structure containing six or fewer residential dwelling units, each with separate cooking facilities. The Tax is equal to \$0.25 for each \$100 (and each remaining major fraction thereof) of principal debt which is secured by the mortgage. Section 261 of the State Tax Law requires the respective recording officers of each county

of the State, on or before the tenth day of each month, after deducting certain administrative expenses incident to the maintenance of their respective recording offices, to pay SONYMA for deposit to the credit of the SONYMA Mortgage Insurance Fund the portion of the Tax collected by such counties during the preceding month, except that: (i) with respect to mortgages recorded on and after May 1, 1987, the balance of the Tax paid during each month to the recording officers of the counties comprising the Metropolitan Commuter Transportation District on mortgages of any real property improved by a structure containing six residential dwelling units or less with separate cooking facilities, shall be paid over to the Metropolitan Transportation Authority; (ii) with respect to mortgages recorded on and after May 1, 1987, the balance of the Tax paid during each month to the recording officers of the County of Erie on mortgages of any real property improved by a structure containing six residential dwelling units or less with separate cooking facilities, shall be paid over to the State Comptroller for deposit into the Niagara Frontier Transportation Authority light rail rapid transit special assistance fund; and (iii) Taxes paid upon mortgages covering real property situated in two or more counties shall be apportioned by the State Tax Commission among SONYMA, the Metropolitan Transportation Authority and the Niagara Frontier Transportation Authority, as appropriate.

Mortgage recording taxes have been collected in the State for more than 75 years. SONYMA has been entitled to receive Tax receipts since December 1978. Under existing law, no further action on the part of the State legislature is necessary for the SONYMA Mortgage Insurance Fund to continue to receive such monies. However, the State is not bound or obligated to impose, or to impose at current levels, the mortgage recording taxes described above or to direct the proceeds to SONYMA as currently provided. The SONYMA Mortgage Insurance Fund's receipt of Tax receipts is dependent upon the performance by the county recording officers of their collection and remittance obligations; the State Tax Commission is given general supervisory power over such officers. Tax receipts paid to the Mortgage Insurance Fund in calendar years 2006, 2007, 2008, 2009 and 2010 were approximately \$184 million, \$210 million, \$140 million, \$73 million and \$64 million respectively. Through and including September 30, 2011, the tax receipts payable to the Mortgage Insurance Fund in calendar year 2011 were approximately \$61 million. Tax receipts have fluctuated over the period they have been payable to the Mortgage Insurance Fund, due to changing conditions in the State's real estate market.

The SONYMA Act provides that SONYMA must credit the amount of money received from the recording officer of each county to the Special Account. The SONYMA Act provides that SONYMA may credit from the Special Account to the Project Pool Insurance Account, the Single Family Pool Insurance Account or the Development Corporation Credit Support Account, such moneys as are needed to satisfy the mortgage insurance fund requirement (as defined in the SONYMA Act) (the "Mortgage Insurance Fund Requirement") of the Project Pool Insurance Account, the Single Family Pool Insurance Account and the Development Corporation Credit Support Account, respectively, except that during any twelve-month period ending on March thirty-first the aggregate amount credited to the Development Corporation Credit Support Account (excluding investment earnings thereon) shall not exceed the lesser of (i) fifty million dollars or (ii) the aggregate of the amounts required under the contracts executed by SONYMA to provide credit support to the CCDC's bonds or ancillary bond facilities. The SONYMA Act also provides that if at any time the moneys, investments and cash equivalents (valued as determined by SONYMA) of the Project Pool Insurance Account, the Single Family Pool Insurance Account or the Development Corporation Credit Support Account exceed the amount necessary to attain and maintain the credit rating or, with respect to credit support to the CCDC's bonds or ancillary bond facilities, credit worthiness (as determined by SONYMA) required to accomplish the purposes of either of such Accounts, SONYMA shall transfer such excess to the Special Account. Any excess balance in the Special Account is required to be remitted to the State annually. The SONYMA Act provides that no monies shall be withdrawn from any account within the SONYMA Mortgage Insurance Fund at any time in such amount as would reduce the amount in each account of such Fund to less than its applicable Mortgage Insurance Fund Requirement, except for the purpose of paying liabilities as they become due and for the payment of which other monies are not available. There can be no assurance that the amounts on deposit in the

Project Pool Insurance Account will not be depleted through payment of liabilities arising with respect to insured mortgage loans other than the SONYMA-insured Mortgage Loans.

The Mortgage Insurance Fund Requirement as of any particular date of computation is equal to an amount of money or cash equivalents equal to (a) the aggregate of (i) the insured amounts of loans and such amount of credit support for the CCDC's bonds or ancillary bond facilities that SONYMA has determined to be due and payable as of such date pursuant to its contracts to insure mortgages or provide credit support for the CCDC's bonds or ancillary bond facilities plus (ii) an amount equal to twenty per centum (20%) of the amounts of loans insured under SONYMA's insurance contracts plus twenty per centum (20%) of the amounts to be insured under SONYMA's commitments to insure less the amounts payable pursuant to subparagraph (i) above (provided, however, that if the board of directors of SONYMA shall have established a higher per centum for a category of loans pursuant to the SONYMA Act, such per centum shall be substituted for twenty per centum (20%) in this paragraph as, for example, the March 2001 board of directors determination that the per centum for special needs facilities was forty per centum (40%)), plus (iii) an amount equal to the respective amounts established by contracts under which SONYMA has determined that the Development Corporation Credit Support Account will provide credit support for CCDC, less the amounts payable with respect to credit support for CCDC's bonds or ancillary bond facilities pursuant to subparagraph (i) above less (b) the aggregate of the amount of each reinsurance contract procured in connection with obligations of SONYMA determined by SONYMA to be a reduction pursuant to this paragraph in calculating the Mortgage Insurance Fund Requirement. Pursuant to the SONYMA Act, the board of directors of SONYMA may, from time to time, establish a Mortgage Insurance Fund Requirement in an amount higher than the twenty per centum (20%) set forth above. There can be no assurance that, in the future, there will not be additional changes in the Mortgage Insurance Fund Requirement for any category of loans.

As of March 31, 2011, the amount of reserves (money or cash equivalents) in the Project Pool Insurance Account was \$1,271,856,016 and the Mortgage Insurance Fund Requirement related to such Account was \$645,323,234. Amounts on deposit in the Project Pool Insurance Account may be transferred to other accounts or withdrawn as described in the second preceding paragraph.

As of March 31, 2011, the SONYMA Mortgage Insurance Fund's total liability against project mortgage insurance commitments and policies in force was \$2,860,212,748 and the SONYMA Mortgage Insurance Fund had a total loan amount on outstanding project mortgage insurance commitments and policies in force of \$3,044,464,838.

As of March 31, 2011, the Project Pool Insurance Account had paid 52 project mortgage insurance claims for loss in the aggregate amount of \$114,272,185. As of March 31, 2011, the SONYMA Mortgage Insurance Fund had 20 project mortgage insurance policies in force on which claims for loss had been submitted. SONYMA estimates that its total liability thereon is \$39,239,355.

On September 28, 2005, the board of directors of SONYMA authorized SONYMA to enter into a credit support agreement with CCDC, pursuant to which SONYMA has agreed to provide credit support for the New York Convention Center Development Corporation Revenue Bonds (Hotel Unit Fee Secured) Series 2005 (the "CCDC Series 2005 Bonds") issued by CCDC. SONYMA has made an initial deposit of \$33.8 million into the Development Corporation Credit Support Account and, thereafter, will maintain a minimum balance of \$25 million in such Account. These moneys will be used to support the payment of an amount equal to up to one-third of the scheduled principal and interest due on the CCDC Series 2005 Bonds.

In addition to the mortgage insurance program and the credit support program, the SONYMA Act authorizes SONYMA to purchase and make commitments to purchase mortgage loans on single-family (one- to four-unit) housing and home improvement loans from certain lenders in the State. The SONYMA Act also empowers SONYMA to make and purchase certain student loans. SONYMA may issue its bonds to finance purchases of loans.

Copies of SONYMA's audited financial statements for the fiscal year ended October 31, 2010 are available from the State of New York Mortgage Agency, 641 Lexington Avenue, New York, New York 10022, telephone (212) 688-4000.

SONYMA makes no representation as to the contents of this Official Statement (other than this section), the suitability of the Bonds for any investor, the feasibility of any Project or compliance with any securities or tax laws and regulations which may relate to the issuance and sale of the Bonds.

SONYMA's role is limited to providing the coverage set forth in the SONYMA Insurance.

#### Collection of SONYMA Mortgage Insurance Benefits.

All of the 2011 Series A Mortgage Loans have been insured by SONYMA for 100% of the outstanding principal balance thereof. See "PLAN OF FINANCING—2011 Series A Mortgage Loans." The following description relates only to Mortgage Loans that are insured by SONYMA for 100% of the outstanding principal balance thereof.

Pursuant to the SONYMA Insurance with respect to Mortgage Loans that are insured by SONYMA for 100% of the outstanding principal balance thereof, following certain defaults under the respective Mortgage securing such Mortgage Loan, the Corporation shall file a claim for loss with SONYMA. Thereupon, SONYMA has the option to either (i) make periodic payments of its obligation under the SONYMA Insurance in amounts equal to the scheduled principal and interest payments due with respect to such Mortgage Loan plus certain other amounts expended by the Corporation (for which the Corporation has not been reimbursed) or (ii) make a lump sum payment under the SONYMA Insurance in an amount equal to the sum of the principal outstanding and interest accrued on such Mortgage Loan from the date of such claim for loss to the date of payment in respect of such claim for loss and certain other amounts expended by the Corporation (for which the Corporation has not been reimbursed). Periodic payments are to be made monthly. In addition, if SONYMA has chosen initially to make periodic payments it may nevertheless exercise its option to make a lump sum payment in the full amount of its then outstanding obligation under the SONYMA Insurance at any time while SONYMA is making periodic payments. Upon a lump sum payment by SONYMA, the Corporation shall assign such Mortgage to SONYMA. The SONYMA Insurance with respect to such Mortgage Loan may terminate pursuant to its terms upon the occurrence of certain events including the nonpayment of renewal premium. For specific information on the coverage provided by the SONYMA Insurance with respect to such Mortgage Loan, reference should be made to the policy related to such SONYMA Insurance which is available for inspection at the office of the Corporation.

The Corporation has covenanted not to take any action to conflict with SONYMA regulations so as to jeopardize the SONYMA Insurance. In addition, in the event of a default under any SONYMA-insured Mortgage Loan, the Corporation has covenanted to undertake to assign such Mortgage Loan to SONYMA or take such other actions in timely fashion so as to avoid any loss or diminution of benefits receivable as SONYMA Insurance.

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**APPENDIX E**

**DEVELOPMENTS AND MORTGAGE LOANS  
OUTSTANDING UNDER THE PROGRAM**

The table below sets forth information with respect to individual Developments and permanent Mortgage Loans financed with the proceeds of each Series of Bonds as of October 31, 2011.

<b>Supplemental Security</b>	<b>Development Name</b>	<b>Applicable Supplemental Resolution</b>	<b>Borough</b>	<b>No. of Units</b>	<b>Occupancy Rate<sup>†</sup></b>	<b>Outstanding Mortgage Balance</b>	<b>Original Mortgage Amount</b>	<b>Mortgage Interest Rate</b>	<b>Mortgage Loan Closing Date</b>	<b>Final Mortgage Maturity</b>	<b>Earliest Prepayment Date</b>
SONYMA	Bradhurst Court	2005 Series A-1	Manhattan	128	100%	\$ 8,928,313	\$10,000,000	4.390%	7/22/2005	7/22/2030	Currently prepayable
SONYMA	Lenox (Shabazz) Gardens	2005 Series A-1	Manhattan	51	100%	3,960,409	4,590,000	3.925%	11/30/2005	12/1/2030	Currently prepayable
SONYMA	Sutton Apartments	2005 Series A-2	Manhattan	135	100%	9,628,637	10,580,000	3.960%	7/24/2007	8/31/2037	Currently prepayable
SONYMA	Bushwick Gardens	2005 Series B	Brooklyn	<u>88</u>	98%	<u>7,059,676</u>	<u>7,425,000</u>	4.110%	12/4/2008	12/4/2038	12/4/2018
Total <sup>††</sup>				<u>402</u>		<u>\$29,577,036</u>	<u>\$32,595,000</u>				

<sup>†</sup> As of September 30, 2011

<sup>††</sup> May not add due to rounding.

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**PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION**

Upon delivery of the 2011 Series A Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, proposes to issue its approving opinion in substantially the following form:

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$53,000,000 Multi-Family Secured Mortgage Revenue Bonds, 2011 Series A (the “2011 Series A Bonds”) of the New York City Housing Development Corporation (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation, organized and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”).

The 2011 Series A Bonds are authorized to be issued pursuant to the Act, the Multi-Family Secured Mortgage Revenue Bonds Bond Resolution of the Corporation, adopted May 10, 2005 (the “General Resolution”), and the Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Secured Mortgage Revenue Bonds, 2011 Series A of the Corporation, adopted November 2, 2011 (the “Supplemental Resolution”; the General Resolution and the Supplemental Resolution being collectively referred to as the “Resolutions”). The 2011 Series A Bonds are being issued for the purpose of financing the acquisition of the 2011 Series A Mortgage Loans (as defined in the Resolutions).

The 2011 Series A Bonds are dated, mature, are payable, bear interest and are subject to redemption as provided in the Resolutions.

We have not examined nor are we passing upon matters relating to the real and personal property referred to in the mortgages which are to secure the 2011 Series A Bonds.

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

1. The Corporation has been duly created and validly exists as a corporate governmental agency constituting a public benefit corporation, under and pursuant to the laws of the State of New York (including the Act), and has good right and lawful authority, among other things, to finance the acquisition of the 2011 Series A Mortgage Loans, to provide sufficient funds therefor by the adoption of the Resolutions and the issuance and sale of the 2011 Series A Bonds, and to perform its obligations under the terms and conditions of the Resolutions, as covenanted in the Resolutions.

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

3. The 2011 Series A Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolutions and the laws of the State of New York (the “State”), including the Act.

4. The 2011 Series A Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or monies pledged for the payment thereof pursuant to the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions, and are entitled to the benefit, protection and security of the provisions, covenants and agreements of the Resolutions.

5. The 2011 Series A Bonds are secured by a pledge in the manner and to the extent set forth in the Resolutions. The Resolutions create the valid pledge of and lien on the Revenues (as defined in the Resolutions) and all the Accounts established by the Resolutions and monies and securities therein, which the Resolutions purport to create, subject only to the provisions of the Resolutions permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolutions.

6. The 2011 Series A Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2011 Series A Bonds be payable out of any funds other than those of the Corporation pledged for the payment thereof.

7. Interest on the 2011 Series A Bonds is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended. Under existing statutes, interest on the 2011 Series A Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other Federal or state tax consequences with respect to the 2011 Series A Bonds. We render this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exemption from personal income taxes of interest on the 2011 Series A Bonds under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2011 Series A Bonds and the Resolutions may be limited by bankruptcy, insolvency and other laws affecting creditors’ rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed 2011 Series A Bond, and in our opinion the form of such Bond and its execution are regular and proper.

Very truly yours,



