

NOT A NEW ISSUE***Federal Tax Exemption***

On December 21, 2006, Bond Counsel to the Corporation rendered its opinion to the effect that, under then existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2006 Series J-1 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2006 Series J-1 Bond for any period during which such 2006 Series J-1 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2006 Series J-1 Bonds or a "related person," and (ii) interest on the 2006 Series J-1 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In the opinion of Bond Counsel to the Corporation, the change in the method of determining the interest rate on the 2006 Series J-1 Bonds, in and of itself, will not adversely affect the exclusion of interest from gross income for Federal income tax purposes pursuant to Section 103 of the Code on any 2006 Series J-1 Bonds, the interest on which is otherwise excluded from gross income for Federal income tax purposes under Section 103 of the Code.

State Tax Exemption

On December 21, 2006, Bond Counsel to the Corporation rendered its opinion to the effect that, under existing statutes, interest on the 2006 Series J-1 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."

\$100,000,000

**REMARKETING CIRCULAR RELATING TO
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Multi-Family Housing Revenue Bonds,
2006 Series J-1 (AMT) (Auction Rate)**

Date of Issuance: December 21, 2006

Date of Remarketing: June 27, 2007

**Due: November 1,
as shown on the inside cover page**

The Multi-Family Housing Revenue Bonds, 2006 Series J-1 (the "2006 Series J-1 Bonds") of the New York City Housing Development Corporation (the "Corporation") were issued on December 21, 2006 as variable rate obligations and are subject to mandatory tender and remarketing on June 27, 2007.

From and after June 27, 2007, the 2006 Series J-1 Bonds will bear interest at an Auction Rate with an Auction Period of generally twenty-eight (28) days until converted to a different Auction Period or another interest rate mode and will be subject to a maximum rate, as described herein. The first Auction for the 2006 Series J-1 Bonds will be held on July 26, 2007; thereafter, while the 2006 Series J-1 Bonds are in an Auction Period of generally twenty-eight (28) days, Auctions will generally occur on Thursday immediately preceding an Interest Payment Date. The Bank of New York is the Auction Agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated is the Broker-Dealer with respect to the 2006 Series J-1 Bonds. **THERE IS NO RIGHT TO TENDER THE 2006 SERIES J-1 BONDS ON THE PART OF THE HOLDERS THEREOF AND THERE IS NO OBLIGATION TO PURCHASE THE 2006 SERIES J-1 BONDS ON THE PART OF THE CORPORATION, THE REMARKETING AGENT, THE BROKER-DEALER, THE TRUSTEE, THE AUCTION AGENT OR ANY OTHER PERSON.** The 2006 Series J-1 Bonds will be fully registered bonds in denominations of \$5,000 and any integral multiple thereof. See "DESCRIPTION OF THE 2006 SERIES J-1 BONDS —2006 Series J-1 Bonds—Auction Rate Bonds." The 2006 Series J-1 Bonds will be subject to mandatory tender for purchase upon a change in the method of determining the interest rate on such 2006 Series J-1 Bonds. *This Remarketing Circular in general describes the 2006 Series J-1 Bonds only while the 2006 Series J-1 Bonds bear interest at an Auction Rate.*

The 2006 Series J-1 Bonds were issued in book-entry form only and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on and principal of the 2006 Series J-1 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 2006 Series J-1 Bonds will not receive physical delivery of bond certificates. The 2006 Series J-1 Bonds are not transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. See "DESCRIPTION OF THE 2006 SERIES J-1 BONDS—Book-Entry Only System." The Bank of New York, located in New York, New York, is the Trustee with respect to the 2006 Series J-1 Bonds.

The 2006 Series J-1 Bonds were issued to finance a construction and permanent mortgage loan for the construction of a certain development. Payment of the principal or redemption price of and interest on the 2006 Series J-1 Bonds is secured by the Revenues and assets pledged to such payment, including, without limitation, certain payments made under or with respect to certain mortgage loans, and monies and/or cash equivalents held under the Debt Service Reserve Account. The 2006 Series J-1 Bonds were 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 2006 Series J-1 Bonds are subject to redemption prior to maturity and the 2006 Series J-1 Bonds are subject to mandatory tender, as set forth herein.

The 2006 Series J-1 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 2006 Series J-1 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 2006 Series J-1 Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

The issuance of the 2006 Series J-1 Bonds was subject to approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters related to the 2006 Series J-1 Bonds will be passed upon for the Corporation by its General Counsel. Certain legal matters related to the 2006 Series J-1 Bonds will be passed upon for the Remarketing Agent by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. It is expected that the 2006 Series J-1 Bonds will be available for delivery in New York, New York on or about June 27, 2007.

Merrill Lynch & Co.

Dated: June 21, 2007

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES

\$100,000,000 2006 Series J-1 Bonds

Price: 100%

Term Bond Due: November 1, 2040* CUSIP No.† 64970MZC0

Initial Auction Date:	Thursday, July 26, 2007
Initial Interest Payment Date:	Friday, July 27, 2007
Subsequent Auction Dates:	Each 4th Thursday thereafter
Subsequent Interest Payment Dates:	Each 4th Friday thereafter
Auction Period:	28 days

† CUSIP numbers have been assigned by an independent company not affiliated with the Corporation and are included solely for the convenience of the owners of the 2006 Series J-1 Bonds. Neither the State nor the Corporation is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2006 Series J-1 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2006 Series J-1 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2006 Series J-1 Bonds.

This Remarketing Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2006 Series J-1 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the New York City Housing Development Corporation or by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as remarketing agent for the 2006 Series J-1 Bonds offered to the public as indicated on the inside cover page (the "Remarketing Agent"), to give any information or to make any representations other than as contained in this Remarketing Circular. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

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

THE 2006 SERIES J-1 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS REMARKETING CIRCULAR.

IN CONNECTION WITH THIS REMARKETING, THE REMARKETING AGENT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2006 SERIES J-1 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE REMARKETING AGENT MAY OFFER AND SELL THE 2006 SERIES J-1 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 REMARKETING AGENT.

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

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REMARKETING CIRCULAR PART I

REMARKETING CIRCULAR RELATING TO
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
\$100,000,000
Multi-Family Housing Revenue Bonds,
2006 Series J-1 (AMT) (Auction Rate)

This Remarketing Circular Part I (“Part I”) provides information as of its date (*except* where otherwise expressly stated) concerning the Corporation’s 2006 Series J-1 Bonds. It contains only a part of the information to be provided by the Corporation in connection with the remarketing of the 2006 Series J-1 Bonds. Additional information concerning Bonds previously issued under the General Resolution, certain sources of payment and security for the Bonds (including the 2006 Series J-1 Bonds), the Corporation, and the mortgage loan program financed with the proceeds of the Bonds is contained in the Remarketing Circular Part II (“Part II”) and is subject in all respects to the information contained herein.

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REMARKETING CIRCULAR PART I

**REMARKETING CIRCULAR RELATING TO
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
\$100,000,000
Multi-Family Housing Revenue Bonds,
2006 Series J-1 (AMT) (Auction Rate)**

This Remarketing Circular consists of Part I and Part II. The purpose of Part I, which includes the cover page and inside cover page to this Remarketing Circular, and the appendices to this Part I, is to set forth certain information concerning the New York City Housing Development Corporation (the "Corporation") in connection with the remarketing of \$100,000,000 principal amount of its Multi-Family Housing Revenue Bonds, 2006 Series J-1 (the "2006 Series J-1 Bonds"), which were issued on December 21, 2006 in accordance with the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 44-b of the Consolidated Laws of the State of New York, as amended (the "Act"), and pursuant to a resolution entitled "Multi-Family Housing Revenue Bonds Bond Resolution" adopted by the Members of the Corporation on July 27, 1993, as amended from time to time (the "General Resolution"), and a supplemental resolution for the 2006 Series J-1 Bonds entitled "Eighty-First Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2006 Series J-1" (the "2006 Series J-1 Supplemental Resolution"), adopted by the Members of the Corporation on December 8, 2006. The General Resolution and the 2006 Series J-1 Supplemental Resolution are referred to herein, collectively, as the "Resolutions." Part II of this Remarketing Circular sets forth additional information concerning the Corporation, the Act, the Program (as such term is defined below) and the Outstanding Bonds.

Pursuant to the General Resolution (except as otherwise expressly provided therein or in a Supplemental Resolution authorizing a series of bonds), all bonds issued thereunder are equally and ratably secured by the Revenues and assets pledged thereunder. All bonds issued or to be issued under the General Resolution, including the 2006 Series J-1 Bonds, are herein referred to as the "Bonds." Under the General Resolution, the Corporation may issue Bonds to finance any corporate purpose for which Bonds may be issued under the Act or any other applicable law hereafter enacted. The activities of the Corporation undertaken pursuant to the General Resolution are hereinafter referred to as the "Program." Under the Program, to date, the Corporation has issued Bonds to finance Mortgage Loans for privately owned multi-family rental housing for low and moderate income tenants. Multi-family housing developments financed by the Corporation under the Program are referred to herein individually as a "Development" or a "Project" and, collectively, as the "Developments" or the "Projects."

The Corporation expects to separately issue \$34,610,000 principal amount of its fixed rate Multi-Family Housing Revenue Bonds, 2007 Series B-1, \$54,340,000 principal amount of its auction rate Multi-Family Housing Revenue Bonds, 2007 Series B-2 and \$5,370,000 principal amount of its fixed rate Multi-Family Housing Revenue Bonds, 2007 Series C (the "2007 Series B/C Bonds") on June 27, 2007. The Corporation also expects to remarket \$17,925,000 principal amount of its Multi-Family Housing Revenue Bonds, 2006 Series J-2-C on June 27, 2007.

INTRODUCTION

The Corporation is a corporate governmental agency, constituting a public benefit corporation, organized and existing under the laws of the State of New York (the "State"). The Corporation was created by the Act for the purpose of providing and encouraging the investment of private capital in safe and sanitary dwelling accommodations in the City of New York within the financial reach of families and persons of low income, which include families and persons whose need for housing accommodations

cannot be provided by the ordinary operations of private enterprise, through the provision of low interest mortgage loans.

The 2006 Series J-1 Bonds are special revenue obligations of the Corporation, and payment of the principal or redemption price of and interest on the 2006 Series J-1 Bonds is 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 2006 Series J-1 Bonds were issued on a parity with, and are 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 May 1, 2007, the aggregate principal balance of Bonds Outstanding was \$1,802,815,000. The Corporation has also contracted to issue and sell the 2007 Series B/C Bonds for delivery on June 27, 2007 and an additional \$31,900,000 principal amount of Bonds for delivery on June 28, 2007. None of the Bonds Outstanding are Subordinate Bonds. See “SECURITY FOR THE BONDS” and “BONDS OUTSTANDING UNDER THE PROGRAM” in Part II of this Remarketing Circular.

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

The proceeds of the 2006 Series J-1 Bonds, together with other available monies of the Corporation, are to be used to finance a construction and permanent mortgage loan (the “2006 Series J-1 Mortgage Loan”) for the construction of a certain development. See “PLAN OF FINANCING.”

The ability of the Corporation to pay the principal or redemption price of and interest on the Bonds, including the 2006 Series J-1 Bonds, is dependent on the Revenues derived from the assets pledged to secure the Bonds, which consist of all the Mortgage Loans (including the 2006 Series J-1 Mortgage Loan) and all other monies and funds pledged under the Resolution. In instances in which Supplemental Security backs a Mortgage Loan, timely receipt of the proceeds of the Supplemental Security may be material to the Corporation's ability to pay the principal or redemption price of and interest on the Bonds. In cases in which Developments are beneficiaries of Subsidy Programs, full and timely receipt of subsidy payments, or loan or grant proceeds, may be necessary for full payment under the Mortgage Loans made with respect to such Developments. In the case of Mortgage Loans which are not secured by Supplemental Security or whose related Developments are not assisted under a Subsidy Program, the Revenues derived from such Mortgage Loans are entirely dependent on each Mortgagor's ability to make payments under its Mortgage Loan. The Mortgagor's ability to make payments required under its Mortgage Loan is and will be affected by a variety of factors including the maintenance of a sufficient level of occupancy, the level of operating expenses, sound management of a Development, the ability to achieve and maintain rents to cover payments under the Mortgage Loan, operating expenses, taxes, utility rates and maintenance costs, and changes in applicable laws and governmental regulations. In addition, the continued feasibility of a Development may depend in part upon general economic conditions and other factors in the surrounding area of a Development. See "THE PROGRAM—Certain Factors Affecting the Mortgage Loans" in Part II of this Remarketing Circular and under the subheadings "Supplemental Security" and "Subsidy Programs" in Appendix G in Part II of this Remarketing Circular.

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

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

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

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 2006 Series J-1 Mortgage Loan, the 2006 Series J-1 Bonds, sources of payment therefor, the Program and the Resolutions are included in Part I and Part II of this Remarketing Circular. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the 2006 Series J-1 Bonds are qualified in their entirety by reference to the Resolutions and the provisions with respect thereto included in the aforesaid documents and agreements. The Corporation has covenanted in the General Resolution to provide a copy of each annual report of the Corporation (and certain special reports, if any) and any Accountant’s Certificate relating thereto to the Trustee and to each Bond owner who shall have filed such owner’s name and address with the Corporation for such purposes. The Corporation also has committed to provide certain information on an ongoing basis to certain repositories. For a description of the Corporation’s undertaking with respect to ongoing disclosure, see “CONTINUING DISCLOSURE.” Summaries of the Supplemental Security and Subsidy Programs are qualified in their entirety by reference to any statutes, regulations or agreements mentioned in such summaries. See Appendix G in Part II of this Remarketing Circular.

PLAN OF FINANCING

General

Upon the remarketing of the 2006 Series J-1 Bonds, the proceeds of the 2006 Series J-1 Bonds initially deposited in the Bond Proceeds Account will be used by the Corporation to finance a Mortgage Loan (the “2006 Series J-1 Mortgage Loan”) for the construction of a certain development (the “2006 Series J-1 Development”). The 2006 Series J-1 Mortgage Loan, upon satisfaction of certain conditions, is expected to be converted to a permanent 2006 Series J-1 Mortgage Loan.

Costs associated with the remarketing of the 2006 Series J-1 Bonds, including the Remarketing Agent’s fee, will be paid by the Corporation with other available moneys of the Corporation.

See “2006 Series J-1 Mortgage Loan” below and “SECURITY FOR THE BONDS –Cash Flow Statements and Cash Flow Certificates” in Part II of this Remarketing Circular.

Debt Service Reserve Account

There is no Debt Service Reserve Account Requirement with respect to the 2006 Series J-1 Bonds.

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

2006 Series J-1 Mortgage Loan

2006 Series J-1 Development

The proceeds of the 2006 Series J-1 Bonds will be used to finance the 2006 Series J-1 Mortgage Loan for the following 2006 Series J-1 Development:

Anticipated Mortgage Loan Supplemental Security	Subsidy Program	Development Name	Borough	Number of Units	Anticipated Construction Loan Amount	Anticipated Permanent Mortgage Loan Amount
REMIC [†]	N/A	Avalon Morningside	Manhattan	296	\$100,000,000	\$100,000,000

[†] It is anticipated that REMIC Insurance will secure the first loss on the Mortgage up to twenty percent (20%) of the original permanent mortgage loan amount for the 2006 Series J-1 Development. For a description of REMIC, see “Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—REMIC Insurance Program” in Part II of this Remarketing Circular.

Construction of the 2006 Series J-1 Development is expected to be completed within 36 months of the making of the 2006 Series J-1 Mortgage Loan. See “HDC Commitments; Construction Letter of Credit” below.

The 2006 Series J-1 Mortgage Loan will be assigned a valuation of 100% pursuant to the 2006 Series J-1 Supplemental Resolution. For a discussion of the valuation process, see “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates” in Part II of this Remarketing Circular.

Mortgage Terms

The 2006 Series J-1 Mortgage Loan will be evidenced by a mortgage note payable to the Corporation and secured by a first mortgage lien on the 2006 Series J-1 Development. The interest rate for the 2006 Series J-1 Mortgage Loan during construction and for the permanent 2006 Series J-1 Mortgage Loan is anticipated to be a floating rate sufficient to pay the interest on the 2006 Series J-1 Bonds when due. The term to maturity for the permanent 2006 Series J-1 Mortgage Loan is anticipated to be approximately 32 years from the end of the period of construction for the 2006 Series J-1 Development.

HDC Commitment; Construction Letter of Credit

The Mortgagor of the 2006 Series J-1 Mortgage Loan has executed an HDC commitment in which the Corporation has agreed to provide a 2006 Series J-1 Mortgage Loan. The HDC Commitment for the 2006 Series J-1 Development requires the Mortgagor to obtain a letter of credit, to be available during construction from a bank acceptable to the Corporation as a condition to the Corporation providing the 2006 Series J-1 Mortgage Loan during construction (a “Construction LOC”). The Construction LOC need not meet the requirements under the Resolution for a Credit Facility. Such letter of credit will not be pledged to the owners of the 2006 Series J-1 Bonds; however, any payments received by the Corporation from the letter of credit provider pursuant to such letter of credit will be pledged for the benefit of the owners of the 2006 Series J-1 Bonds. It is anticipated that such letter of credit may be drawn upon by the Corporation if the Mortgagor fails to make the required debt service payments on the 2006 Series J-1 Mortgage Loan. The amount drawn on the Construction LOC will be the outstanding principal balance of the construction 2006 Series J-1 Mortgage Loan plus the lesser of (i) accrued interest or (ii) the maximum amount available with respect to accrued interest. Such 2006 Series J-1 Mortgage Loan will be immediately assigned to the letter of credit provider, will no longer be pledged for the benefit of the

owners of the 2006 Series J-1 Bonds and will be free and clear of the pledge and lien of the General Resolution.

Following the satisfaction of the conditions of the HDC Commitment which may require, among other things, the provision by the Mortgagor of equity, the satisfactory completion of construction within a certain time schedule from the making of the construction 2006 Series J-1 Mortgage Loan and within a certain construction budget, the issuance of a certificate of occupancy, if applicable, the attainment of a specified minimum rental achievement level, and delivery of other required certificates and legal opinions, the Corporation will release the Construction LOC relating to the construction 2006 Series J-1 Mortgage Loan. If said Construction LOC is not released because of a failure by the Mortgagor of the 2006 Series J-1 Development to comply with the conditions enumerated in the HDC Commitment or if said Construction LOC is not extended beyond its maturity until such conditions are satisfied, it is expected that said Construction LOC will be drawn upon by the Corporation and the proceeds from said draw could be used to redeem a portion of the Outstanding 2006 Series J-1 Bonds (see “DESCRIPTION OF THE 2006 SERIES J-1 BONDS—Redemption Provisions for the 2006 Series J-1 Bonds” and “—Redemption Provisions for the 2006 Series J-1 Bonds—Optional Redemption”). Until such Construction LOC is released, the bank issuing the Construction LOC will service or provide for the servicing of the 2006 Series J-1 Mortgage Loan. Thereafter, it is expected that the Corporation will service the 2006 Series J-1 Mortgage Loan (see “THE PROGRAM—Servicing” in Part II of this Remarketing Circular).

DESCRIPTION OF THE 2006 SERIES J-1 BONDS

General

The 2006 Series J-1 Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Remarketing Circular. The Bank of New York is the Trustee for the 2006 Series J-1 Bonds.

2006 Series J-1 Bonds – Auction Rate Bonds

The 2006 Series J-1 Bonds will be fully registered bonds in denominations of \$5,000 or any integral multiple thereof and will bear interest from the date of remarketing initially payable on July 27, 2007 and thereafter on each fourth Friday or if such day is not a Business Day, the next succeeding Business Day. Interest on the 2006 Series J-1 Bonds will be computed on the basis of a 360-day year and for the actual number of days actually elapsed. The 2006 Series J-1 Bonds are auction rate obligations which will initially bear interest from the date of remarketing to and including July 26, 2007 at a rate per annum determined by the Remarketing Agent as the lowest rate necessary to remarket the 2006 Series J-1 Bonds at par on the remarketing date. Thereafter, the 2006 Series J-1 Bonds will each bear interest at an Auction Rate with an Auction Period of generally twenty-eight (28) days beginning on a Friday and ending on a Thursday (or, if such day is not followed by a Business Day, the day immediately preceding the next Business Day) until converted to a different Auction Period and will be subject to a maximum interest rate of twelve percent (12%) per annum. The first Auction for the 2006 Series J-1 Bonds will be held on July 26, 2007; thereafter, while the 2006 Series J-1 Bonds are in an Auction Period of twenty-eight (28) days, Auctions will generally occur on the Thursday immediately preceding an Interest Payment Date. The Bank of New York is the Auction Agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated is the Broker-Dealer with respect to the 2006 Series J-1 Bonds. THERE IS NO RIGHT TO TENDER THE 2006 SERIES J-1 BONDS ON THE PART OF THE HOLDERS THEREOF AND THERE IS NO OBLIGATION TO PURCHASE THE 2006 SERIES J-1 BONDS ON THE PART OF THE CORPORATION, THE REMARKETING AGENT, THE BROKER-DEALER, THE TRUSTEE, THE AUCTION AGENT OR ANY OTHER PERSON. See “Appendix 2—Description of Tax-Exempt Auction Rate Bonds and Auction Procedures.”

The Corporation may direct that all or a portion of the 2006 Series J-1 Bonds be converted from time to time on any Business Day to another rate period (including to a fixed rate to maturity) *This Remarketing Circular in general describes the 2006 Series J-1 Bonds only while the 2006 Series J-1 Bonds bear interest at an Auction Rate.*

The 2006 Series J-1 Bonds or applicable portion thereof shall be subject to mandatory tender for purchase on any date on which the 2006 Series J-1 Bonds or such portion are to be converted to a different interest rate mode (including to a fixed rate to maturity) at a purchase price equal to 100% of the principal amount (the "Purchase Price"). If only a portion of the 2006 Series J-1 Bonds are to be subject to mandatory tender for purchase, the particular 2006 Series J-1 Bonds to be tendered (which shall be in authorized denominations) shall be selected by the Trustee by lot, using such method as it shall determine in its sole discretion except that the Trustee shall not select any 2006 Series J-1 Bond for tender which would result in any remaining 2006 Series J-1 Bond not being in an authorized denomination as provided in the Resolution.

The Trustee is required to deliver, or mail by first class mail, postage prepaid, to the owner of each 2006 Series J-1 Bond subject to mandatory tender for purchase, at its address shown on the registration books of the Corporation held by the Trustee, a notice not later than fifteen (15) days prior to the mandatory tender date. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. Such notice shall set forth, in substance, that such owners of 2006 Series J-1 Bonds shall be deemed to have tendered their 2006 Series J-1 Bonds for purchase on such mandatory tender date, and the Purchase Price for such 2006 Series J-1 Bonds.

Owners of affected 2006 Series J-1 Bonds shall be required to tender their 2006 Series J-1 Bonds to the Tender Agent for purchase at the Purchase Price on the mandatory tender with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power of attorney endorsed in blank. Any Undelivered 2006 Series J-1 Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of such Undelivered 2006 Series J-1 Bonds shall be deemed to have been purchased at the Purchase Price on the mandatory tender date. IN THE EVENT OF A FAILURE BY AN OWNER OF AFFECTED 2006 SERIES J-1 BONDS TO DELIVER ITS 2006 SERIES J-1 BONDS ON OR PRIOR TO THE MANDATORY TENDER DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE MANDATORY TENDER DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2006 SERIES J-1 BONDS, AND ANY UNDELIVERED 2006 SERIES J-1 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Certain Considerations Affecting Auction Rate Securities

Role of Broker-Dealer

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Broker-Dealer" or "Merrill Lynch") has been appointed by the issuers or obligors of various auction rate securities to serve as a dealer in the auctions for those securities and is paid by the issuers or obligors for its services. The Broker-Dealer receives broker-dealer fees from such issuers or obligors at an agreed-upon annual rate that is applied to the principal amount of securities sold or successfully placed through the Broker-Dealer in such auctions.

The Broker-Dealer is designated in the Broker-Dealer Agreement as the Broker-Dealer to contact Existing Owners and Potential Owners and solicit Bids for the 2006 Series J-1 Bonds. The Broker-Dealer will receive Broker-Dealer Fees from the Corporation with respect to the 2006 Series J-1 Bonds sold or

successfully placed through it in Auctions for the 2006 Series J-1 Bonds. The Broker-Dealer may share a portion of such fees with other dealers that submit Orders through it that are filled in the Auction for the 2006 Series J-1 Bonds.

Bidding by Broker-Dealer

The Broker-Dealer is permitted, but not obligated, to submit Orders in Auctions for the 2006 Series J-1 Bonds for its own account either as a buyer or seller and routinely does so in the auction rate securities market in its sole discretion. If the Broker-Dealer submits an Order for its own account, it would have an advantage over other Bidders because Broker-Dealer would have knowledge of the other Orders placed through it in that Auction for the 2006 Series J-1 Bonds and thus, could determine the rate and size of its Order so as to increase the likelihood that (i) its Order will be accepted in the Auction for the 2006 Series J-1 Bonds and (ii) the Auction for the 2006 Series J-1 Bonds will clear at a particular rate. For this reason, and because the Broker-Dealer is appointed and paid by the Corporation to serve as a Broker-Dealer in the Auctions for the 2006 Series J-1 Bonds, the Broker-Dealer's interests in serving as Broker-Dealer in an Auction for the 2006 Series J-1 Bonds may differ from those of Existing Owners and Potential Owners who participate in Auctions for the 2006 Series J-1 Bonds. *See* "Role of Broker-Dealer." The Broker-Dealer would not have knowledge of Orders submitted to the Auction Agent by any other firm that may in the future be appointed to accept Orders pursuant to a Broker-Dealer Agreement.

The Broker-Dealer is the only Broker-Dealer appointed by the Corporation to serve as Broker-Dealer in the Auctions for the 2006 Series J-1 Bonds, and as long as that remains the case it will be the only Broker-Dealer that submits Orders to the Auction Agent in the Auctions for the 2006 Series J-1 Bonds. As a result, in such circumstances, the Broker-Dealer may discern the clearing rate before the Orders are submitted to the Auction Agent and set the clearing rate with its Order.

The Broker-Dealer routinely places bids in auctions generally for its own account to acquire securities for its inventory, to prevent an "Auction Failure" (which occurs if there are insufficient clearing bids and results in the auction rate being set at the maximum rate) or to prevent an auction from clearing at a rate that the Broker-Dealer believes does not reflect the market for such securities. The Broker-Dealer may place one or more Bids in an Auction for the 2006 Series J-1 Bonds for its own account to acquire the 2006 Series J-1 Bonds for its inventory, to prevent an Auction Failure or to prevent Auctions for the 2006 Series J-1 Bonds from clearing at a rate that the Broker-Dealer believes does not reflect the market for the 2006 Series J-1 Bonds. The Broker-Dealer may place such Bids even after obtaining knowledge of some or all of the other Orders submitted through it. When Bidding in an Auction for the 2006 Series J-1 Bonds for its own account, the Broker-Dealer also may Bid inside or outside the range of rates that it posts in its Price Talk. *See* "Price Talk."

The Broker-Dealer routinely encourages bidding by others in auctions generally for which it serves as broker-dealer. The Broker-Dealer also may encourage Bidding by others in Auctions for the 2006 Series J-1 Bonds, including to prevent an Auction Failure or to prevent an Auction for the 2006 Series J-1 Bonds from clearing at a rate that the Broker-Dealer believes does not reflect the market for the 2006 Series J-1 Bonds. The Broker-Dealer may encourage such Bids even after obtaining knowledge of some or all of the other Orders submitted through it.

Bids by the Broker-Dealer or by those it may encourage to place Bids are likely to affect (i) the Auction Rate — including preventing the Auction Rate from being set at the Maximum Rate or otherwise causing Bidders to receive a lower rate than they might have received had the Broker-Dealer not Bid or not encouraged others to Bid and (ii) the allocation of the 2006 Series J-1 Bonds being auctioned — including displacing some Bidders who may have their Bids rejected or receive fewer 2006 Series J-1 Bonds than they would have received if the Broker-Dealer had not Bid or encouraged others to Bid.

Because of these practices, the fact that an Auction for the 2006 Series J-1 Bonds clears successfully does not mean that an investment in the 2006 Series J-1 Bonds involves no significant liquidity or credit risk. The Broker-Dealer is not obligated to continue to place such Bids or to continue to encourage other Bidders to do so in any particular Auction for the 2006 Series J-1 Bonds to prevent an Auction Failure or an Auction for the 2006 Series J-1 Bonds from clearing at a rate the Broker-Dealer believes does not reflect the market for the 2006 Series J-1 Bonds. Investors should not assume that the Broker-Dealer will place Bids or encourage others to do so or that Auction Failures will not occur. Investors should also be aware that Bids by the Broker-Dealer or by those it may encourage to place Bids may cause lower Auction Rates to occur.

The statements herein regarding Bidding by a Broker-Dealer apply only to a Broker-Dealer's auction desk and any other business units of the Broker-Dealer that are not separated from the auction desk by an information barrier designed to limit inappropriate dissemination of bidding information.

In any particular Auction for the 2006 Series J-1 Bonds, if all outstanding 2006 Series J-1 Bonds are the subject of Submitted Hold Orders, the Auction Rate for the next succeeding Auction Period will be the All Hold Rate (such a situation is called an "All Hold Auction"). If the Broker-Dealer holds any 2006 Series J-1 Bonds for its own account on an Auction Date, it is the Broker-Dealer's practice to submit a Sell Order into the Auction for the 2006 Series J-1 Bonds with respect to such 2006 Series J-1 Bonds, which would prevent that Auction for the 2006 Series J-1 Bonds from being an All Hold Auction. The Broker-Dealer may, but is not obligated to, submit Bids for its own account in that same Auction for the 2006 Series J-1 Bonds, as set forth above.

Price Talk

Before the start of an Auction for the 2006 Series J-1 Bonds, the Broker-Dealer, in its discretion, may make available to its customers who are Existing Owners and Potential Owners the Broker-Dealer's good faith judgment of the range of likely clearing rates for the Auction for the 2006 Series J-1 Bonds based on market and other information. This is known as "Price Talk." Price Talk is not a guaranty that the Auction Rate established through the Auction for the 2006 Series J-1 Bonds will be within the Price Talk, and Existing Owners and Potential Owners are free to use it or ignore it. The Broker-Dealer occasionally may update and change the Price Talk based on changes in the Corporation's credit quality or macroeconomic factors that are likely to result in a change in interest rate levels, such as an announcement by the Federal Reserve Board of a change in the Federal Funds rate or an announcement by the Bureau of Labor Statistics of unemployment numbers. Potential Owners should confirm with the Broker-Dealer the manner by which the Broker-Dealer will communicate Price Talk and any changes to Price Talk.

"All-or-Nothing" Bids

The Broker-Dealer will not accept "all-or-nothing" Bids (*i.e.*, Bids whereby the Bidder proposes to reject an allocation smaller than the entire quantity Bid) or any other type of Bid that allows the Bidder to avoid Auction Procedures that require the pro rata allocation of 2006 Series J-1 Bonds where there are not sufficient Sell Orders to fill all Bids at the Winning Bid Rate.

No Assurances Regarding Auction Outcomes

The Broker-Dealer provides no assurance as to the outcome of any Auction. The Broker-Dealer also does not provide any assurance that any Bid will be successful, in whole or in part, or that the Auction for the 2006 Series J-1 Bonds will clear at a rate that a Bidder considers acceptable. Bids may be only partially filled, or not filled at all, and the Auction Rate on any 2006 Series J-1 Bonds purchased or

retained in the Auction for the 2006 Series J-1 Bonds may be lower than the market rate for similar investments.

The Broker-Dealer will not agree before an Auction to buy 2006 Series J-1 Bonds from or sell 2006 Series J-1 Bonds to a customer after the Auction.

Deadlines

Each particular Auction for the 2006 Series J-1 Bonds has a formal deadline by which all Bids must be submitted by the Broker-Dealer to the Auction Agent. This deadline is called the “Submission Deadline.” To provide sufficient time to process and submit customer Bids to the Auction Agent before the Submission Deadline, the Broker-Dealer imposes an earlier deadline for all customers— called the “Broker-Dealer Deadline” — by which Bidders must submit Bids to the Broker-Dealer. The Broker-Dealer Deadline is subject to change by the Broker-Dealer. Potential Owners should consult with the Broker-Dealer as to its Broker-Dealer Deadline. The Broker-Dealer may allow for correction of clerical errors after the Broker-Dealer Deadline and prior to the Submission Deadline. The Broker-Dealer may submit Bids for its own account at any time until the Submission Deadline and may change Bids it has submitted for its own account at any time until the Submission Deadline.

Existing Owner’s Ability to Resell Auction Rate Securities May Be Limited

An Existing Owner may sell, transfer or dispose of a 2006 Series J-1 Bond (i) in an Auction for the 2006 Series J-1 Bonds, only pursuant to a Bid or Sell Order in accordance with the Auction Procedures, or (ii) outside an Auction for the 2006 Series J-1 Bonds, only to or through a Broker-Dealer.

Existing Owners will be able to sell all of the 2006 Series J-1 Bonds that are the subject of their Submitted Sell Orders only if there are Bidders willing to purchase all those 2006 Series J-1 Bonds in the Auction for the 2006 Series J-1 Bonds. If Sufficient Clearing Bids have not been made, Existing Owners that have submitted Sell Orders will not be able to sell in the Auction for the 2006 Series J-1 Bonds all, and may not be able to sell any, of the 2006 Series J-1 Bonds subject to such Submitted Sell Orders. As discussed above (*see* “Bidding by Broker-Dealer”), the Broker-Dealer may submit a Bid in an Auction for the 2006 Series J-1 Bonds to avoid an Auction Failure, but it is not obligated to do so. There may not always be enough Bidders to prevent an Auction Failure in the absence of the Broker-Dealer Bidding in the Auction for the 2006 Series J-1 Bonds for its own account or encouraging others to Bid. Therefore, Auction Failures are possible, especially if the Corporation’s credit were to deteriorate, if a market disruption were to occur or if, for any reason, the Broker-Dealer were unable or unwilling to Bid.

Between Auctions for the 2006 Series J-1 Bonds, there can be no assurance that a secondary market for the 2006 Series J-1 Bonds will develop or, if it does develop, that it will provide Existing Owners the ability to resell the 2006 Series J-1 Bonds on the terms or at the times desired by an Existing Owner. The Broker-Dealer, in its own discretion, may decide to buy or sell the 2006 Series J-1 Bonds in the secondary market for its own account from or to investors at any time and at any price, including at prices equivalent to, below, or above par for the 2006 Series J-1 Bonds. However, the Broker-Dealer is not obligated to make a market in the 2006 Series J-1 Bonds and may discontinue trading in the 2006 Series J-1 Bonds without notice for any reason at any time. Existing Owners who resell between Auctions for the 2006 Series J-1 Bonds may receive an amount less than par, depending on market conditions.

If an Existing Owner purchased a 2006 Series J-1 Bond through a dealer which is not the Broker-Dealer for the 2006 Series J-1 Bonds, such Existing Owner’s ability to sell its 2006 Series J-1 Bonds may

be affected by the continued ability of its dealer to transact trades for the 2006 Series J-1 Bonds through the Broker-Dealer.

The ability to resell the 2006 Series J-1 Bonds will depend on various factors affecting the market for the 2006 Series J-1 Bonds, including news relating to the Corporation, the attractiveness of alternative investments, investor demand for short term securities, the perceived risk of owning the 2006 Series J-1 Bonds (whether related to credit, liquidity or any other risk), the tax or accounting treatment accorded the 2006 Series J-1 Bonds (including U.S. generally accepted accounting principles as they apply to the accounting treatment of auction rate securities), reactions of market participants to regulatory actions (such as those described in “Securities and Exchange Commission Settlements” *below*) or press reports, financial reporting cycles and market conditions generally. Demand for the 2006 Series J-1 Bonds may change without warning, and declines in demand may be short-lived or continue for longer periods.

Resignation of the Auction Agent or the Broker-Dealer Could Impact the Ability to Hold Auctions

The Auction Agent Agreement provides that the Auction Agent may resign from its duties as Auction Agent by giving at least ninety (90) days notice to the Trustee and the Corporation and does not require, as a condition to the effectiveness of such resignation, that a replacement Auction Agent be in place if its fee has not been paid. The Broker-Dealer Agreement provides that the Broker-Dealer thereunder may resign upon thirty (30) days notice or immediately, in certain circumstances, and does not require, as a condition to the effectiveness of such resignation, that a replacement Broker-Dealer be in place. For any Auction Period during which there is no duly appointed Auction Agent or Broker-Dealer, it will not be possible to hold Auctions for the 2006 Series J-1 Bonds, with the result that the interest on the 2006 Series J-1 Bonds will be determined as described in “Appendix 2 – Description of Tax-Exempt Auction Rate Bonds and Auction Rate Procedures.”

Securities and Exchange Commission Settlements

On May 31, 2006, the U.S. Securities and Exchange Commission (the “SEC”) announced that it had settled its investigation of fifteen firms, including Merrill Lynch, that participate in the auction rate securities market regarding their respective practices and procedures in this market. The SEC alleged in the settlement that the firms had managed auctions for auction rate securities in which they participated in ways that were not adequately disclosed or that did not conform to disclosed auction procedures. As part of the settlement, Merrill Lynch agreed to pay a civil penalty. In addition, Merrill Lynch, without admitting or denying the SEC’s allegations, agreed to provide to customers written descriptions of its material auction practices and procedures, and to implement procedures reasonably designed to detect and prevent any failures by Merrill Lynch to conduct the auction process in accordance with disclosed procedures. No assurance can be offered as to how the settlement may affect the market for auction rate securities or the 2006 Series J-1 Bonds.

In addition on January 9, 2007, the SEC announced that it had settled its investigation of three banks, including The Bank of New York (the “Settling Auction Agents”), that participate as auction agents in the auction rate securities market, regarding their respective practices and procedures in this market. The SEC alleged in the settlement that the Settling Auction Agents allowed broker-dealers in auctions to submit bids or revise bids after the submission deadlines and allowed broker-dealers to intervene in auctions in ways that affected the rates paid on the auction rate securities. As part of the settlement, the Settling Auction Agents agreed to pay civil penalties. In addition, each Settling Auction Agent, without admitting or denying the SEC’s allegations, agreed to provide to broker-dealers and issuers written descriptions of its material auction practices and procedures and to implement procedures reasonably designed to detect and prevent any failures by that Settling Auction Agent to conduct the

auction process in accordance with disclosed procedures. No assurance can be offered as to how the settlement may affect the market for auction rate securities or the 2006 Series J-1 Bonds.

Redemption Provisions for the 2006 Series J-1 Bonds

The 2006 Series J-1 Bonds are subject to sinking fund redemption and optional redemption prior to maturity, as described below.

Optional Redemption

The 2006 Series J-1 Bonds are subject to redemption, at the option of the Corporation, from any source of funds, in whole or in part, on the first Business Day of any Auction Period, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2006 Series J-1 Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date.

Sinking Fund Redemption for the 2006 Series J-1 Bonds

The 2006 Series J-1 Term Bonds maturing on November 1, 2040 are subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption thereof, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem on May 1 and November 1 of each year the principal amount of such 2006 Series J-1 Bonds specified for each of the Redemption Dates shown below:

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2006 SERIES J-1 TERM BONDS
MATURING ON NOVEMBER 1, 2040

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
May 1, 2021	\$190,000	May 1, 2031	\$ 615,000
November 1, 2021	195,000	November 1, 2031	625,000
May 1, 2022	215,000	May 1, 2032	695,000
November 1, 2022	220,000	November 1, 2032	695,000
May 1, 2023	240,000	May 1, 2033	780,000
November 1, 2023	250,000	November 1, 2033	785,000
May 1, 2024	270,000	May 1, 2034	875,000
November 1, 2024	280,000	November 1, 2034	880,000
May 1, 2025	305,000	May 1, 2035	985,000
November 1, 2025	310,000	November 1, 2035	990,000
May 1, 2026	345,000	May 1, 2036	1,105,000
November 1, 2026	345,000	November 1, 2036	1,115,000
May 1, 2027	385,000	May 1, 2037	1,245,000
November 1, 2027	390,000	November 1, 2037	1,245,000
May 1, 2028	435,000	May 1, 2038	1,400,000
November 1, 2028	440,000	November 1, 2038	1,400,000
May 1, 2029	490,000	May 1, 2039	1,570,000
November 1, 2029	490,000	November 1, 2039	1,575,000
May 1, 2030	550,000	May 1, 2040	1,765,000
November 1, 2030	550,000	November 1, 2040 [†]	72,760,000

[†] Stated maturity

The amounts accumulated for each Sinking Fund Payment may be applied by the Trustee, at the direction of the Corporation, prior to the forty-fifth (45th) day preceding the due date of such Sinking Fund Payment, to the purchase of the 2006 Series J-1 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 2006 Series J-1 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 2006 Series J-1 Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 2006 Series J-1 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.

Selection of Bonds to be Redeemed

In the event of redemption of less than all the 2006 Series J-1 Bonds, the Trustee shall select the 2006 Series J-1 Bonds to be redeemed 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 Series of 2006 Series J-1 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 Series of 2006 Series J-1 Bonds. See "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates" in Part II of this Remarketing Circular.

Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem a Series of 2006 Series J-1 Bonds, or is otherwise required to redeem a Series of 2006 Series J-1 Bonds, the Trustee will give notice, in the name of the Corporation, of the redemption of such Series of 2006 Series J-1 Bonds. Such notice will specify the Series and maturities of the 2006 Series J-1 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 fifteen (15) days before the Redemption Date for 2006 Series J-1 Bonds in any Auction Period other than a Special Auction Period exceeding thirty-five (35) days and not less than thirty (30) days before the Redemption Date for 2006 Series J-1 Bonds in any Special Auction Period exceeding thirty-five (35) days, the Trustee is to mail a copy of such notice to the registered owners of any 2006 Series J-1 Bonds, or portions of 2006 Series J-1 Bonds, which are to be redeemed, at their last addresses appearing upon the registry books. Interest will not be payable on any Series of 2006 Series J-1 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 Series of 2006 Series J-1 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 the securities depository for the 2006 Series J-1 Bonds. The 2006 Series J-1 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 2006 Series J-1 Bond certificate will be issued for each maturity of the 2006 Series J-1 Bonds, totaling in the aggregate the principal amount of the 2006 Series J-1 Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include

both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (“NSCC”, “FICC” and “EMCC”, respectively, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”, and together with Direct Participants, “Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the 2006 Series J-1 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2006 Series J-1 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2006 Series J-1 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2006 Series J-1 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 2006 Series J-1 Bonds, except in the event that use of the book-entry system for such 2006 Series J-1 Bonds is discontinued.

To facilitate subsequent transfers, all 2006 Series J-1 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 2006 Series J-1 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 2006 Series J-1 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the 2006 Series J-1 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2006 Series J-1 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 2006 Series J-1 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2006 Series J-1 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit

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

The requirement for physical delivery of the 2006 Series J-1 Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the 2006 Series J-1 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2006 Series J-1 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the 2006 Series J-1 Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the 2006 Series J-1 Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the 2006 Series J-1 Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Participant acquires an interest in the 2006 Series J-1 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE CORPORATION, THE REMARKETING AGENT 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 2006 SERIES J-1 BONDS.

So long as Cede & Co. is the registered owner of the 2006 Series J-1 Bonds, as nominee for DTC, references herein to the Bondowners or registered owners of the 2006 Series J-1 Bonds (other than under the caption "TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2006 Series J-1 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 2006 Series J-1 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 2006 Series J-1 Bonds if the Corporation determines that (i) DTC is unable to discharge its responsibilities with respect to the 2006 Series J-1 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, 2006 Series J-1 Bond certificates will be delivered as described in the Resolution.

NONE OF THE CORPORATION, THE REMARKETING AGENT 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 2006 SERIES J-1 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 2006 SERIES J-1 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 2006 SERIES J-1 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2006 SERIES J-1 BONDS; OR (VI) ANY OTHER MATTER.

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REMARKETING

Merrill Lynch, Pierce, Fenner & Smith Incorporated has agreed, subject to certain conditions, to purchase the 2006 Series J-1 Bonds that are tendered at a purchase price of par and to remarket the 2006 Series J-1 Bonds at par. Merrill Lynch, Pierce, Fenner & Smith Incorporated will receive a remarketing agent's fee for its services in the amount of \$345,553.

RATINGS

Standard & Poor's Ratings Services and Moody's Investors Service, Inc. have assigned the 2006 Series J-1 Bonds ratings of "AA" and "Aa2." Such ratings reflect only the respective views of such rating agencies, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that either or both of such ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the 2006 Series J-1 Bonds.

TAX MATTERS

Opinion of Bond Counsel to the Corporation

On December 21, 2006, Bond Counsel to the Corporation rendered its opinion to the effect that, under existing statutes and court decisions, (i) interest on the 2006 Series J-1 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2006 Series J-1 Bond for any period during which any such 2006 Series J-1 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2006 Series J-1 Bonds or a "related person"; and (ii) interest on the 2006 Series J-1 Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

In rendering such opinion, Bond Counsel to the Corporation relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation and others in connection with the issuance of the 2006 Series J-1 Bonds and Bond Counsel to the Corporation assumed compliance by the Corporation and the Mortgagor of the 2006 Series J-1 Development with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2006 Series J-1 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Corporation rendered on December 21, 2006, under existing statutes, interest on the 2006 Series J-1 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).

In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions, the change in the method of determining the interest rate on the 2006 Series J-1 Bonds, in and of itself, will not adversely affect the exclusion of interest from gross income for Federal income tax purposes under Section 103 of the Code on any 2006 Series J-1 Bonds, the interest on which is otherwise excluded from gross income for Federal income tax purposes under Section 103 of the Code.

Bond Counsel to the Corporation expresses no opinion regarding any other Federal or state tax consequences with respect to the 2006 Series J-1 Bonds. Bond Counsel to the Corporation renders its

opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the Corporation expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2006 Series J-1 Bonds, or the exemption of interest on the 2006 Series J-1 Bonds from personal income taxes under state and local tax law.

Tax-Exempt Bonds

Summary of Certain Federal Tax Requirements

Under applicable provisions of the Code, the exclusion from gross income of interest on the 2006 Series J-1 Bonds for purposes of Federal income taxation requires that either (i) at least 20% of the units in a Project financed by the 2006 Series J-1 Bonds be occupied during the “Qualified Project Period” (defined below) by individuals whose incomes, determined in a manner consistent with Section 8 of the United States Housing Act of 1937, as amended, do not exceed 50% of the median income for the area, as adjusted for family size, or (ii) at least 25% of the units in a Project financed by the 2006 Series J-1 Bonds be occupied during the “Qualified Project Period” by individuals whose incomes, determined in a manner consistent with Section 8 of the United States Housing Act of 1937, as amended, do not exceed 60% of the median income for the area, as adjusted for family size, and (iii) all of the units of each Project be rented or available for rental on a continuous basis during the Qualified Project Period. “Qualified Project Period” for each such Project means a period commencing upon the later of (a) occupancy of 10% of the units in each such Project or (b) the date of issue of the 2006 Series J-1 Bonds and running until the later of (i) the date which is 15 years after occupancy of 50% of the units in each such Project, (ii) the first date on which no tax-exempt private activity bonds issued with respect to each such Project are outstanding or (iii) the date on which any assistance provided with respect to such Project under Section 8 of the 1937 Housing Act terminates. Such Project will meet the continuing low income requirement as long as the income of the individuals occupying the unit does not increase to more than 140% of the applicable limit. Upon an increase over 140% of the applicable limit, the next available unit of comparable or smaller size in the Project must be rented to an individual having an income that does not exceed the applicable income limitation. An election may be made to treat a Project as a deep rent skewed project which requires that (i) at least 15% of the low income units in the Project be occupied during the Qualified Project Period by individuals whose income is 40% or less of the median income for the area, (ii) the gross rent of each low income unit in the Project not exceed 30% of the applicable income limit which applies to the individuals occupying the unit and (iii) the gross rent with respect to each low income unit in the Project not exceed one-half of the average gross rent with respect to units of comparable size which are not occupied by individuals who meet the applicable income limit. Under the deep rent skewing election, the Project will meet the continuing low income requirement as long as the income of the individuals occupying the unit does not increase to more than 170% of the applicable limit. Upon an increase over 170% of the applicable limit, the next available low income unit must be rented to an individual having an income of 40% or less of the area median income.

In the event of noncompliance with the requirements described in the preceding paragraph arising from events occurring after the issuance of the 2006 Series J-1 Bonds, the Treasury Regulations provide that the exclusion of interest from gross income for Federal income tax purposes will not be impaired if the Corporation takes appropriate corrective action within a reasonable period of time after such noncompliance is first discovered or should have been discovered by the Corporation.

Compliance and Additional Requirements

The Code establishes certain additional requirements which must be met subsequent to the issuance and delivery of the 2006 Series J-1 Bonds in order that interest on the 2006 Series J-1 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of the proceeds of the 2006 Series J-1 Bonds, yield and other limits regarding investments of the proceeds of the 2006 Series J-1 Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the United States.

The Corporation has covenanted in the Resolutions that it shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the 2006 Series J-1 Bonds is excluded from gross income for Federal income tax purposes. The Corporation has included provisions in the Resolutions and its Tax Regulatory Certificate, and has established procedures in order to assure compliance with the requirements which must be met subsequent to the issuance of the 2006 Series J-1 Bonds. In connection with the issuance of the 2006 Series J-1 Bonds, the Corporation will receive certain certifications from Mortgagor of the Development to be financed with the proceeds of the 2006 Series J-1 Bonds to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the provisions, procedures or certifications set forth therein, the remedies available to the Corporation and/or the owners of the 2006 Series J-1 Bonds can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the 2006 Series J-1 Bonds is payable.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the 2006 Series J-1 Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2006 Series J-1 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own advisors regarding the Federal tax consequences of owning and disposing of the 2006 Series J-1 Bonds.

Prospective owners of the 2006 Series J-1 Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property, casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the 2006 Series J-1 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid after March 31, 2007 on tax-exempt obligations, including the 2006 Series J-1 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means

that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2006 Series J-1 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2006 Series J-1 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2006 Series J-1 Bonds under federal or state law and could affect the market price for, or the marketability of, the 2006 Series J-1 Bonds. Currently, litigation in various jurisdictions (including *Davis v. Kentucky Dep’t of Revenue of the Finance and Admin. Cabinet*, 197 S.W.3d 557 (2006), which the U.S. Supreme Court has agreed to hear pursuant to a writ of *certiorari* granted on May 21, 2007) has called into question the permissibility under the U.S. Constitution of disparate state tax treatment of interest on bonds issued by a state and its political subdivisions and on obligations issued by other states and their political subdivisions. New York State statutes currently result in such disparate treatment. Prospective purchasers of the 2006 Series J-1 Bonds should consult their own tax advisers regarding the foregoing matters.

NO LITIGATION

Upon the remarketing of the 2006 Series J-1 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 remarketing of the 2006 Series J-1 Bonds, or in any way contesting or affecting the validity of the 2006 Series J-1 Bonds, the Resolutions, the Disclosure Agreement (as defined below), any investment agreement related to the 2006 Series J-1 Bonds or any proceedings of the Corporation taken with respect to the issuance, sale or remarketing of the 2006 Series J-1 Bonds, or the pledge, collection or application of any monies or security provided for the payment of the Bonds (including the 2006 Series J-1 Bonds), or the financing of any 2006 Series J-1 Mortgage Loan, or the existence, powers or operations of the Corporation, or contesting the completeness or accuracy of the Remarketing Circular or any supplement or amendment thereto, if any.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the 2006 Series J-1 Bonds by the Corporation were subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation, which rendered its opinion, dated the date of the closing of the 2006 Series J-1 Bonds, on December 21, 2006 (a copy of which is attached as Appendix 1-1). The remarketing of the 2006 Series J-1 Bonds is subject to the delivery by Bond Counsel to the Corporation of its opinion substantially in the form attached as Appendix 1-2. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for the Remarketing Agent by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. Orrick, Herrington & Sutcliffe LLP has represented one Mortgagee, which Mortgagee has an aggregate

outstanding Mortgage Loan of approximately \$6,000,000 that was financed with the proceeds of the 2004 Series C Bonds.

FINANCIAL STATEMENTS

The financial statements of the Corporation for the year ended October 31, 2006, which are included as Appendix C to Part II of this Remarketing Circular, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing therein. The information contained in these financial statements, which are provided for informational purposes only, should not be used in any way to modify the description of the security for the Bonds contained herein. The assets of the Corporation, other than those pledged pursuant to the General Resolution including certain instruments of the Corporation with respect to the Debt Service Reserve Account, are not pledged to nor are they available to Bond owners.

CONTINUING DISCLOSURE

In order to assist the initial 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 entered into a written agreement for the benefit of the holders of the 2006 Series J-1 Bonds (the “Disclosure Agreement”) to provide continuing disclosure. The Corporation undertook to provide to each nationally recognized municipal securities information repository designated by the Securities and Exchange Commission (a “Repository”), and if and when one is established, a state information depository for the State of New York (the “State Information Depository”), on an annual basis on or before 150 days after the end of each fiscal year of the Corporation commencing with the fiscal year ended October 31, 2006, certain financial and operating data, referred to herein as “Corporation Annual Information,” including, but not limited to annual financial statements of the Corporation. In addition, the Corporation undertook in the Disclosure Agreement, for the benefit of the holders of the 2006 Series J-1 Bonds, to provide to each such Repository or to the Municipal Securities Rulemaking Board (“MSRB”), and to the State Information Depository, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below.

The Corporation Annual Information shall consist of the following: (a) annual financial statements of the Corporation prepared in conformity with accounting principles generally accepted in the United States and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States; provided, however, that if financial statements are not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to each Repository and to the State Information Depository when they become available; (b) a statement setting forth the amount on deposit in the Debt Service Reserve Account; (c) a statement setting forth the valuations of the Mortgage Loans with respect to each Series of Bonds; and (d) financial and operating data of the type set forth in the Part II of this Remarketing Circular under the headings or subheadings “BONDS OUTSTANDING UNDER THE PROGRAM,” “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates,” “SECURITY FOR THE BONDS—Summary of Program Assets and Revenues,” “THE PROGRAM—Mortgage Loans” (charts only), “Appendix D—Activities of the Corporation,” “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program,” “Appendix E-2—Mortgage Loan Prepayment Provisions” (chart only), “Appendix E-3—Permanent Mortgage Loan Physical Inspection Ratings” (chart only), “Appendix E-4—Cross-Call Provisions and Related Information,” “Appendix F-1—Certain Investments under the General Resolution” and “Appendix F-2—Interest Rate Cap Agreements,” together with (e) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the Corporation and in judging the financial information about the Corporation.

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

The notices required to be provided by Rule 15c2-12, which the Corporation undertook to provide as described above, include notices of any of the following events with respect to the 2006 Series J-1 Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the 2006 Series J-1 Bonds; (7) modification to the rights of holders of 2006 Series J-1 Bonds; (8) 2006 Series J-1 Bond calls; (9) defeasances of all or a portion of the 2006 Series J-1 Bonds; (10) the release, substitution or sale of property securing repayment of the 2006 Series J-1 Bonds and (11) rating changes; and to each Repository or to the MSRB and to the State Information Depository, in a timely manner, notice of a failure by the Corporation to provide the Corporation Annual Information or the Mortgagor Annual Information required by the Disclosure Agreement.

If any party to the Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to the Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of the 2006 Series J-1 Bonds may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach or default under the Disclosure Agreement to provide the continuing disclosure described above is an action to compel specific performance of the undertakings contained therein, and no person or entity may recover monetary damages thereunder under any circumstances; provided, however, that the rights of any holder of 2006 Series J-1 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 2006 Series J-1 Bonds upon the occurrence of an Event of Default described in the General Resolution. A breach or default under the Disclosure Agreement shall not constitute an Event of Default under the General Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Disclosure Agreement, insofar as the provisions of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided. Beneficial Owners of the 2006 Series J-1 Bonds are third-party beneficiaries of the Disclosure Agreement and, as such, are deemed to be holders of the 2006 Series J-1 Bonds of the purposes of exercising remedies.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data. Where an undertaking calls for

information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Disclosure Agreement, however, may be amended or modified without the consent of the holders of the 2006 Series J-1 Bonds under certain circumstances set forth in the Disclosure Agreement.

Copies of the Disclosure Agreement are on file at the office of the Corporation.

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

From time to time the Corporation has entered into other agreements to provide continuing disclosure (each, a “CDA”) with regard to bonds that were not issued under the General Resolution. The Corporation has fully complied with such CDAs to date except with respect to one financing. In that instance, the underlying obligor failed to provide certain of the information required by the CDA to the Corporation and the Corporation did not provide notice of such failure as required by the CDA. Subsequently, the Corporation (i) provided notice of the failure of such underlying obligor to provide such information as required by the CDA and (ii) provided such information as required by the CDA promptly upon receipt by the Corporation.

FURTHER INFORMATION

The information contained in this Remarketing Circular is subject to change without notice and no implication should be derived therefrom or from the remarketing of the 2006 Series J-1 Bonds that there has been no change in the affairs of the Corporation from the date hereof. Pursuant to the General Resolution, the Corporation has covenanted to keep proper books of record and account in which full, true and correct entries will be made of all its dealings and transactions under the General Resolution, and to cause such books to be audited for each fiscal year. The General Resolution requires that such books be open to inspection by the Trustee and the owners of not less than five percent (5%) of the 2006 Series J-1 Bonds issued thereunder during regular business hours of the Corporation, and that the Corporation furnish a copy of the auditor’s report, when available, upon the request of the owner of any Outstanding 2006 Series J-1 Bonds.

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

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MISCELLANEOUS

Any statements in this Remarketing Circular involving matters of opinions, whether or not expressly so stated, are intended as such, and not as representations of fact. This Remarketing Circular is not to be construed as an agreement or contract between the Corporation and the purchasers or owners of any 2006 Series J-1 Bonds.

This Remarketing Circular is submitted in connection with the remarketing of the 2006 Series J-1 Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Remarketing Circular and the distribution thereof has been duly authorized and approved by the Corporation, and duly executed and delivered on behalf of the Corporation.

NEW YORK CITY HOUSING DEVELOPMENT
CORPORATION

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

Dated: June 21, 2007

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**FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION DELIVERED UPON
ISSUANCE OF THE 2006 SERIES J-1 BONDS**

Upon delivery of the 2006 Series J-1 Bonds, Hawkins Delafield & Wood
LLP, Bond Counsel to the Corporation, issued its approving opinion in
substantially the following form:

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$25,005,000 Multi-Family Housing Revenue Bonds, 2006 Series H-1 (the “2006 Series H-1 Bonds”), \$55,180,000 Multi-Family Housing Revenue Bonds, 2006 Series H-2 (the “2006 Series H-2 Bonds” and, together with the 2006 Series H-1 Bonds, the “2006 Series H Bonds”), \$100,000,000 Multi-Family Housing Revenue Bonds, 2006 Series J-1 (the “2006 Series J-1 Bonds”) and \$54,475,000 Multi-Family Housing Revenue Bonds, 2006 Series J-1 (the “2006 Series J-2 Bonds,” and, together with the 2006 Series J-1 Bonds, the “2006 Series J Bonds”; the 2006 Series J Bonds together with the 2006 Series H Bonds, the “2006 Series H/J 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 2006 Series H/J Bonds are authorized to be issued pursuant to the Act, the Multi-Family Housing Revenue Bonds Bond Resolution of the Corporation, adopted July 27, 1993, as amended (the “General Resolution”), and with respect to the 2006 Series H-1 Bonds, the Seventy-Eighth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2006 Series H-1 of the Corporation, with respect to the 2006 Series H-2 Bonds, the Seventy-Ninth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2006 Series H-2 of the Corporation, with respect to the 2006 Series J-1 Bonds, the Eighty-First Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2006 Series J-1 of the Corporation, and with respect to the 2006 Series J-2 Bonds, the Eighty-Second Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2006 Series J-2 of the Corporation, each adopted December 8, 2006, (collectively, the “Supplemental Resolutions”; the General Resolution and the Supplemental Resolutions being collectively referred to as the “Resolutions”). The 2006 Series H Bonds are being issued for the purpose of financing the 2006 Series H Mortgage Loans (as defined in the Resolutions). The 2006 Series J Bonds are being issued for the purpose of financing the 2006 Series J Mortgage Loans (as defined in the Resolutions).

The 2006 Series H/J 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 2006 Series H/J 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 2006 Series H Mortgage Loans, to finance the 2006 Series J Mortgage Loans, to provide sufficient funds therefor by the adoption of the Resolutions and the issuance and sale of the 2006 Series H/J 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 2006 Series H/J 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 2006 Series H/J 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 2006 Series H/J 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 2006 Series H/J Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2006 Series H/J Bonds be payable out of any funds other than those of the Corporation pledged for the payment thereof.

7. Under existing statutes and court decisions, (i) interest on the 2006 Series H/J Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2006 Series H/J Bonds for any period during which any such 2006 Series H/J Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed with the proceeds of the 2006 Series H/J Bonds or a "related person;" and (ii) interest on the 2006 Series H/J Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation and others in connection with the issuance of the 2006 Series H/J Bonds and we have assumed compliance by the Corporation and the Mortgagors (as defined in the General Resolution) of the 2006 Series H Mortgage Loans and the 2006 Series J Mortgage Loans with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2006 Series H/J Bonds from gross income under Section 103 of the Code. In addition, under existing statutes, interest on the 2006 Series H/J 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).

We express no opinion regarding any other Federal or state tax consequences with respect to the 2006 Series H/J 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 exclusion from gross income for Federal income tax purposes of interest on the 2006 Series H/J Bonds, or the exemption of interest on the 2006 Series H/J Bonds from personal income taxes under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2006 Series H/J 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 2006 Series H-1 Bond, an executed 2006 Series H-2 Bond, an executed 2006 Series J-1 Bond and an executed 2006 Series J-2 Bond, and in our opinion the form of such Bonds and their execution are regular and proper.

Very truly yours,

**PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION TO BE
DELIVERED UPON REMARKETING OF THE 2006 SERIES J-1 BONDS**

Upon remarketing of the 2006 Series J-1 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

THE BANK OF NEW YORK,
as Trustee
101 Barclay Street
New York, New York 10286

Ladies and Gentlemen:

We are bond counsel to the New York City Housing Development Corporation (the “Corporation”), a corporate governmental agency, constituting a public benefit corporation created and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the “Act”). On December 21, 2006, we rendered our approving opinion (the “Approving Opinion”) with respect to the issuance by the Corporation of its Multi-Family Housing Revenue Bonds, 2006 Series J-1, in the original aggregate principal amount of \$100,000,000 (the “Bonds”). The Bonds were issued under and pursuant to the Act, the Multi-Family Housing Revenue Bonds Bond Resolution of the Corporation, adopted July 27, 1993, as amended (the “General Resolution”), and the Eighty-First Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2006 Series J-1 of the Corporation, adopted December 8, 2006 (the “Supplemental Resolution;” the General Resolution and the Supplemental Resolution being collectively referred to as the “Resolutions”). Unless otherwise defined in this opinion, all capitalized terms used herein shall have the meanings ascribed thereto in the Resolutions.

Initially, the Bonds bore interest at a Term Rate to be in effect from their date of issuance through and including October 31, 2007. The Resolutions provide that the method of determining the interest rate on the Bonds may be changed on an Interest Method Change Date, subject to the terms and provisions of the Resolutions. Today, pursuant to the provisions of the Resolutions, is an Interest Method Change Date and on and after the date hereof, the Bonds will bear interest at the ARS Rate pursuant to the terms and provisions of the Resolutions. This opinion is being delivered in connection with the change in the method of determining the interest rate on the Bonds.

We are of the opinion that the change in the method of determining the interest rate on the Bonds is consistent with the provisions of the Resolutions.

We express no opinion as to whether, as of the date hereof, the interest on the Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue

Code of 1986, as amended (the “Code”). We are of the opinion, however, that, under existing statutes and court decisions, the change in the method of determining the interest rate on the Bonds, in and of itself, will not adversely affect the exclusion of interest from gross income for Federal income tax purposes under Section 103 of the Code on any Bonds, the interest on which is otherwise excluded from gross income for Federal income tax purposes under Section 103 of the Code.

Except as stated above, we express no opinion regarding any Federal, state, local or foreign tax consequences with respect to the Bonds. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state, local and foreign tax law.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Pursuant to Section 104(A)(3)(i) of Appendix A to the Supplemental Resolution, the Trustee is hereby permitted to deliver a copy of our Approving Opinion in connection with the Bonds.

Very truly yours,

**DESCRIPTION OF TAX-EXEMPT AUCTION RATE BONDS
AND AUCTION RATE PROCEDURES**

Definitions

All capitalized terms not defined herein shall have the meanings assigned to them in the General Resolution and the 2006 Series J-1 Supplemental Resolution. With respect to the 2006 Series J-1 Bonds, in the event of any conflict of meanings between the definitions contained herein and the definitions contained in the General Resolution and the 2006 Series J-1 Supplemental Resolution, as summarized in Appendix A hereto, the definitions contained herein shall control. The following terms shall have the following meanings:

“Agent Member” means a member of, or participant in, the Securities Depository who shall act on behalf of a Bidder.

“All Hold Rate” means, as of any Auction Date, with respect to the 2006 Series J-1 Bonds, 55% of the Index in effect on such Auction Date.

“Auction” means each periodic implementation of the Auction Procedures.

“Auction Agent” means The Bank of New York, or any successor Auction Agent appointed by the Corporation.

“Auction Agreement” means an agreement among the Corporation, the Auction Agent and the Trustee pursuant to which the Auction Agent agrees to follow the procedures specified in this Appendix, with respect to the 2006 Series J-1 Bonds, as such agreement may from time to time be amended or supplemented.

“Auction Date” means during any period in which the Auction Procedures are not suspended in accordance with the provisions hereof:

(a) if the 2006 Series J-1 Bonds are in a Special Auction Period, the last Business Day of the Special Auction Period; and

(b) if the 2006 Series J-1 Bonds are in a daily Auction Period, each Business Day;
and

(c) if the 2006 Series J-1 Bonds are in any other Auction Period, the Business Day next preceding each Interest Payment Date for such 2006 Series J-1 Bonds (whether or not an Auction shall be conducted on such date); provided, however, that the last Auction Date with respect to the 2006 Series J-1 Bonds in an Auction Period other than a Special Auction Period shall be the Business Day next preceding the Interest Payment Date next preceding the maturity date for such 2006 Series J-1 Bonds.

The last Business Day of a Special Auction Period shall be the Auction Date for the Auction Period which begins on the next succeeding Business Day, if any.

“Auction Period” means:

(a) a Special Auction Period;

(b) with respect to 2006 Series J-1 Bonds in a daily Auction Period, a period beginning on each Business Day and extending to but not including the next succeeding Business Day;

(c) with respect to 2006 Series J-1 Bonds in a seven day Auction Period and with Auctions generally conducted on (i) Fridays, a period of generally seven days beginning on a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally seven days beginning on a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally seven days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally seven days beginning on a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally seven days beginning on a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);

(d) with respect to 2006 Series J-1 Bonds in a 14-day Auction Period and with Auctions generally conducted on (i) Fridays, a period of generally 14 days beginning on a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the fourth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally 14 days beginning on a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the fourth Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally 14 days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fourth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally 14 days beginning on a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the fourth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally 14 days beginning on a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the fourth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);

(e) with respect to 2006 Series J-1 Bonds in a 28-day Auction Period and with Auctions generally conducted on (i) Fridays, a period of generally 28 days beginning on a Monday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the fourth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally 28 days beginning on a Tuesday (or the last day of the prior Auction Period if the prior Auction Period does not

end on a Monday) and ending on the fourth Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally 28 days beginning on a Wednesday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fourth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally 28 days beginning on a Thursday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the fourth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally 28 days beginning on a Friday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the fourth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day); and

(f) with respect to 2006 Series J-1 Bonds in a 35-day Auction Period and with Auctions generally conducted on (i) Fridays, a period of generally 35 days beginning on a Monday (or the last day of the prior Auction Period if the prior Auction Period does not end on Sunday) and ending on the fifth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally 35 days beginning on a Tuesday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the fifth Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally 35 days beginning on a Wednesday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fifth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally 35 days beginning on a Thursday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the fifth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally 35 days beginning on a Friday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the fifth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);

provided however that,

(a) if there is a conversion of a series of Auction Rate Bonds with Auctions generally conducted on Fridays (i) from a daily Auction Period to a seven day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 14-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than seven days but not more than 14 days from such date of conversion, (iii) from a daily Auction Period to a 28 day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iv) from a daily Auction Period to a 35 day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and

shall end on Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(b) if there is a conversion of a series of Auction Rate Bonds with Auctions generally conducted on Mondays (i) from a daily Auction Period to a seven day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 14-day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on the Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than seven days but not more than 14 days from such date of conversion, (iii) from a daily Auction Period to a 28 day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on the Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iv) from a daily Auction Period to a 35 day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(c) if there is a conversion of a series of Auction Rate Bonds with Auctions generally conducted on Tuesdays (i) from a daily Auction Period to a seven day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 14-day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than seven days but not more than 14 days from such date of conversion, (iii) from a daily Auction Period to a 28 day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iv) from a daily Auction Period to a 35 day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(d) if there is a conversion of a series of Auction Rate Bonds with Auctions generally conducted on Wednesdays (i) from a daily Auction Period to a seven day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 14-day Auction Period, the next Auction Period will begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and will end on the Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than seven days but not more than 14 days from such date of

conversion, (iii) from a daily Auction Period to a 28 day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on the Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iv) from a daily Auction Period to a 35 day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion; and

(e) if there is a conversion of a series of Auction Rate Bonds with Auctions generally conducted on Thursdays (i) from a daily Auction Period to a seven day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 14-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than seven days but not more than 14 days from such date of conversion, (iii) from a daily Auction Period to a 28 day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on the Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iv) from a daily Auction Period to a 35 day Auction Period, the next Auction Period shall begin on the date of the conversion (i. e. the Interest Payment Date for the prior Auction Period) and shall end on Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion.

Notwithstanding the foregoing, if an Auction is for an Auction Period of more than seven days and the Auction Rate on such Auction Date is the Maximum Rate because Sufficient Clearing Bids do not exist, the Auction Period will automatically change to a seven-day Auction Period.

further provided, that any Auction Period that is greater than thirty-five (35) days may be extended as described in paragraph (d) in the subsection entitled “Auction Procedures—Determination of Auction Period Rate” below.

“Auction Period Rate” means the rate of interest to be borne by the 2006 Series J-1 Bonds during each Auction Period determined in accordance with the section entitled “Auction Procedures—Determination of Auction Period Rate” below; provided, however, in no event may the Auction Period Rate exceed the Maximum Rate.

“Auction Procedures” means the procedures for conducting Auctions for the 2006 Series J-1 Bonds set forth in the section entitled “Auction Procedures” below.

“Auction Rate” means for each Auction Period, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate; provided, however, if all of the 2006 Series J-1 Bonds are the subject of Submitted Hold Orders, the All Hold Rate with respect to the 2006 Series J-1 Bonds and (ii) if Sufficient Clearing Bids do not exist, the Maximum Auction Rate with respect to the 2006 Series J-1 Bonds.

“Authorized Denominations” means \$5,000 and any integral multiple thereof.

“Available Bonds” means on each Auction Date, the aggregate principal amount of the 2006 Series J-1 Bonds that are not the subject of Submitted Hold Orders.

“Bid” has the meaning specified in paragraph (a) of the section entitled “Auction Procedures—Orders by Existing Owners and Potential Owners” below.

“Bidder” means each Existing Owner and Potential Owner who places an Order.

“Broker-Dealer” means, with respect to the 2006 Series J-1 Bonds, (i) Merrill Lynch, Pierce, Fenner & Smith Incorporated, and (ii) any entity that is permitted by law to perform the function required of a Broker-Dealer described in the section entitled “Auction Procedures” below that is a member of, or a direct participant in, the Securities Depository, that has been selected by the Corporation, and that is a party to a Broker-Dealer Agreement with the Auction Agent.

“Broker-Dealer Agreement” means an agreement among the Auction Agent, the Corporation and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described in the section entitled “Auction Procedures” below, as such agreement may from time to time be amended or supplemented.

“Broker-Dealer Deadline” means the internal deadline established by each Broker-Dealer after which it will not accept Orders or any change in any Order previously placed with such Broker-Dealer. Initially, the Broker-Dealer Deadline shall be 12:15 P.M. New York City time for any Auction in an Auction period other than a daily Auction Period and 10:15 A.M. New York City time for any Auction in a daily Auction Period. Any Broker-Dealer may change the times referred to in the prior sentence as they relate to such Broker-Dealer by giving notice to the Auction Agent. Notwithstanding the foregoing, the Broker-Dealer Deadline is implemented for the benefit of the Broker-Dealers and may be waived by any individual Broker-Dealer in any particular circumstance in the sole discretion of such Broker-Dealer.

“Business Day” means a day other than (i) a Saturday and Sunday, (ii) a day on which the Trustee, the Auction Agent, the Broker-Dealer or banks and trust companies in New York, New York are authorized or required to remain closed, or (iii) a day on which the New York Stock Exchange is closed.

“Default Rate” means the Maximum Rate.

“Effective Rate” means the rate of interest, which rate shall be less than or equal to the Maximum Rate, payable on a series of the 2006 Series J-1 Bonds bearing interest at the Auction Rate, determined for each Auction Period as herein described.

“Effective Rate Date” means the first Business Day of each Auction Period.

“Effective Rate Period” means the period during which interest accrues from one Effective Rate Date to and including the day preceding the next Effective Rate Date.

“Existing Owner” means a Person who is listed as the beneficial owner of 2006 Series J-1 Bonds in the records of the Auction Agent; provided, however, that for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as an Existing Owner.

“Hold Order” has the meaning specified in paragraph (a) of the subsection entitled “Auction Procedures—Orders by Existing Owners and Potential Owners” below.

“Index” shall have the meaning specified in the subsection entitled “Auction Procedures—Index” below.

“Interest Payment Date” means:

(a) when used with respect to any Auction Period other than a daily Auction Period or a Special Auction Period, the Business Day immediately following such Auction Period;

(b) when used with respect to a daily Auction Period, the first Business Day of each month; and

(c) when used with respect to a Special Auction Period of (i) more than seven but fewer than 92 days, the Business Day immediately following such Special Auction Period, or (ii) 92 or more days, (A) in the case of 2006 Series J-1 Bonds with Auctions generally conducted on Fridays, each thirteenth Monday after the first day of such Special Auction Period or the next Business Day if such Monday is not a Business Day and on the Business Day immediately following such Special Auction Period, (B) in the case of 2006 Series J-1 Bonds with Auctions generally conducted on Mondays, each thirteenth Tuesday after the first day of such Special Auction Period or the next Business Day if such Tuesday is not a Business Day and on the Business Day immediately following such Special Auction Period, (C) in the case of 2006 Series J-1 Bonds with Auctions generally conducted on Tuesdays, each thirteenth Wednesday after the first day of such Special Auction Period or the next Business Day if such Wednesday is not a Business Day and on the Business Day immediately following such Special Auction Period, (D) in the case of 2006 Series J-1 Bonds with Auctions conducted on Wednesdays, each thirteenth Thursday after the first day of such Special Auction Period or the next Business Day if such Thursday is not a Business Day and on the Business Day immediately following such Special Auction Period and (E) in the case of 2006 Series J-1 Bonds with Auctions generally conducted on Thursdays, each thirteenth Friday after the first day of such Special Auction Period or the next Business Day if such Friday is not a Business Day and on the Business Day immediately following such Special Auction Period.

“Maximum Auction Rate” means the Maximum Rate.

“Maximum Rate” means, with respect to the 2006 Series J-1 Bonds, twelve percent (12%) per annum; provided, however, that in no event shall the Maximum Rate on any such 2006 Series J-1 Bonds exceed the maximum rate permitted by applicable law.

“Order” means a Hold Order, Bid or Sell Order.

“Owner” means any person who shall be the registered owner of any Outstanding Bond or Bonds.

“Potential Owner” means any Person, including any Existing Owner, who may be interested in acquiring a beneficial interest in the 2006 Series J-1 Bonds in addition to the 2006 Series J-1 Bonds currently owned by such Person, if any.

“Principal Office” means, with respect to the Auction Agent, the office thereof designated in the Auction Agreement as the office of the Auction Agent to which notices, requests or communications should be sent.

“Rate Determination Date” means the date on which the Effective Rate for the Effective Rate Period following each such Rate Determination Date is determined, which shall be not later than 4:00 p.m. EST on the Auction Date.

“Securities Depository” means The Depository Trust Company and its successors and assigns or any other securities depository selected by the Corporation which agrees to follow the procedures required to be followed by such securities depository in connection with the 2006 Series J-1 Bonds.

“Sell Order” has the meaning specified in paragraph (a) of the subsection entitled “Auction Procedures—Orders by Existing Owners and Potential Owners” below.

“Special Auction Period” means any period of more than seven but less than 1,092 days which is not another Auction Period and which begins on an Interest Payment Date and ends (i) in the case of 2006 Series J-1 Bonds with Auctions generally conducted on Fridays, on a Sunday unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (ii) in the case of 2006 Series J-1 Bonds with Auctions generally conducted on Mondays, on a Monday unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (iii) in the case of 2006 Series J-1 Bonds with Auctions generally conducted on Tuesdays, on a Tuesday unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (iv) in the case of 2006 Series J-1 Bonds with Auctions generally conducted on Wednesdays, on a Wednesday unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, and (v) in the case of 2006 Series J-1 Bonds with Auctions generally conducted on Thursdays, on a Thursday unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day.

“Submission Deadline” means 1:00 p.m., New York City time, on each Auction Date, or such other time on such date as shall be specified from time to time by the Auction Agent pursuant to the Auction Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent.

“Submitted Bid” has the meaning specified in paragraph (b) of the section entitled “Auction Procedures—Determination of Auction Period Rate” below.

“Submitted Hold Order” has the meaning specified in paragraph (b) of the section entitled “Auction Procedures—Determination of Auction Period Rate” below.

“Submitted Order” has the meaning specified in paragraph (b) of the section entitled “Auction Procedures—Determination of Auction Period Rate” below.

“Submitted Sell Order” has the meaning specified in paragraph (b) of the section entitled “Auction Procedures—Determination of Auction Period Rate” below.

“Sufficient Clearing Bids” means an Auction for which the aggregate principal amount of 2006 Series J-1 Bonds that are the subject of Submitted Bids by Potential Owners specifying one or more rates not higher than the Maximum Auction Rate is not less than the aggregate principal amount of 2006 Series J-1 Bonds that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Owners specifying rates higher than the Maximum Auction Rate.

“Winning Bid Rate” means the lowest rate specified in any Submitted Bid which if selected by the Auction Agent as the Auction Period Rate would cause the aggregate principal amount of 2006 Series J-1 Bonds that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the aggregate principal amount of Available Bonds.

Auction Procedures

Orders by Existing Owners and Potential Owners.

(a) Prior to the Submission Deadline on each Auction Date:

(i) each Existing Owner may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, information as to:

(A) the principal amount of 2006 Series J-1 Bonds, if any, held by such Existing Owner which such Existing Owner commits to continue to hold for the next succeeding Auction Period without regard to the rate determined by the Auction Procedures for such Auction Period,

(B) the principal amount of 2006 Series J-1 Bonds, if any, held by such Existing Owner which such Existing Owner commits to continue to hold for the next succeeding Auction Period if the rate determined by the Auction Procedures for such Auction Period shall not be less than the rate per annum then specified by such Existing Owner (and which such Existing Owner offers to sell on the next succeeding Interest Payment Date if the rate determined by the Auction Procedures for the next succeeding Auction Period shall be less than the rate per annum then specified by such Existing Owner), and/or

(C) the principal amount of 2006 Series J-1 Bonds, if any, held by such Existing Owner which such Existing Owner offers to sell on the next succeeding Interest Payment Date without regard to the rate determined by the Auction Procedures for the next succeeding Auction Period; and

(ii) for the purpose of implementing the Auctions and thereby to achieve the lowest possible interest rate on the 2006 Series J-1 Bonds, the Broker-Dealers shall contact Potential Owners, including Persons that are Existing Owners, to determine the principal amount of 2006 Series J-1 Bonds, if any, which each such Potential Owner offers to purchase if the rate determined by the Auction Procedures for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Owner.

For the purposes hereof, an Order containing the information referred to in clause (i)(A) above is herein referred to as a "Hold Order," an Order containing the information referred to in clause (i)(B) or (ii) above is herein referred to as a "Bid," and an Order containing the information referred to in clause (i)(C) above is herein referred to as a "Sell Order."

(b) (i) A Bid by an Existing Owner shall constitute an offer to sell:

(A) the principal amount of 2006 Series J-1 Bonds specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be less than the rate specified therein; or

(B) such principal amount or a lesser principal amount of 2006 Series J-1 Bonds to be determined as described in paragraph (a)(v) of the subsection entitled "Allocation of 2006 Series J-1 Bonds" below if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate; or

(C) a lesser principal amount of 2006 Series J-1 Bonds to be determined as described in paragraph (b)(iv) of the subsection entitled "Allocation of 2006 Series J-1 Bonds" below if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

- (ii) A Sell Order by an Existing Owner shall constitute an offer to sell:
 - (A) the principal amount of 2006 Series J-1 Bonds specified in such Sell Order; or
 - (B) such principal amount or a lesser principal amount of 2006 Series J-1 Bonds as described in paragraph (b)(iv) of the subsection entitled “Allocation of 2006 Series J-1 Bonds” below if Sufficient Clearing Bids do not exist.
- (iii) A Bid by a Potential Owner shall constitute an offer to purchase:
 - (A) the principal amount of 2006 Series J-1 Bonds specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be higher than the rate specified therein; or
 - (B) such principal amount or a lesser principal amount of 2006 Series J-1 Bonds as described in paragraph (a)(vi) of the subsection entitled “Allocation of 2006 Series J-1 Bonds” below if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate.
- (c) Anything herein to the contrary notwithstanding:
 - (i) any Order which specifies 2006 Series J-1 Bonds to be held, purchased or sold in a principal amount which is not equal to the Authorized Denomination for 2006 Series J-1 Bonds or an integral multiple thereof shall be rounded down to the nearest amount that is equal to the Authorized Denomination for 2006 Series J-1 Bonds, and the Auction Agent shall conduct the Auction Procedures as if such Order had been submitted in such lower amount;
 - (ii) any portion of an Order of an Existing Owner which relates to a 2006 Series J-1 Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be invalid with respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted;
 - (iii) no portion of a 2006 Series J-1 Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be included in the calculation of Available Bonds for such Auction; and
 - (iv) the Auction Procedures shall be suspended with respect to the 2006 Series J-1 Bonds during the period commencing on the date of the Auction Agent’s receipt of notice from the Trustee of the occurrence of a default of the Corporation in the payment of principal, sinking fund installment, interest or premium, if any, on any 2006 Series J-1 Bond after the same shall have become due, whether at maturity, upon call for redemption or on an Interest Payment Date but shall resume two Business Days after the date on which the Auction Agent receives notice from the Trustee that such default has been waived or cured, with the next Auction to occur on the next regularly scheduled Auction Date occurring thereafter.

Submission of Orders by Broker-Dealers to Auction Agent.

- (a) Each Broker-Dealer shall submit to the Auction Agent in writing or by such other method as shall be reasonably acceptable to the Auction Agent, including such electronic communication acceptable to the parties, prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer and, if requested, specifying with respect to each Order:

- (i) the name of the Bidder placing such Order;
- (ii) the aggregate principal amount of 2006 Series J-1 Bonds, if any, that are the subject of such Order;
- (iii) to the extent that such Bidder is an Existing Owner;
 - (A) the principal amount of 2006 Series J-1 Bonds, if any, subject to any Hold Order placed by such Existing Owner;
 - (B) the principal amount of 2006 Series J-1 Bonds, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and
 - (C) the principal amount of 2006 Series J-1 Bonds, if any, subject to any Sell Order placed by such Existing Owner;
- (iv) to the extent such Bidder is a Potential Owner, the rate specified in such Bid.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth of one percent (0.001%).

(c) If an Order or Orders covering all of the 2006 Series J-1 Bonds held by an Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of 2006 Series J-1 Bonds held by such Existing Owner and not subject to Orders submitted to the Auction Agent; provided, however, that if there is a conversion from one Auction Period to another Auction Period or an amendment or modification to the General Resolution in accordance with paragraph (b) of the subsection entitled "Miscellaneous Provisions Regarding Auctions" below and Orders have not been submitted to the Auction Agent prior to the Submission Deadline covering the aggregate principal amount of 2006 Series J-1 Bonds to be converted held by such Existing Owner, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Existing Owner covering the principal amount of 2006 Series J-1 Bonds to be converted held by such Existing Owner not subject to Orders submitted to the Auction Agent.

(d) If one or more Orders covering in the aggregate more than the principal amount of Outstanding 2006 Series J-1 Bonds held by any Existing Owner are submitted to the Auction Agent, such Orders shall be considered valid as follows:

(i) all Hold Orders shall be considered Hold Orders, but only up to and including in the aggregate the principal amount of 2006 Series J-1 Bonds held by such Existing Owner;

(ii) any Bid of an Existing Owner shall be considered valid as a Bid of an Existing Owner up to and including the excess of the principal amount of 2006 Series J-1 Bonds held by such Existing Owner over the principal amount of the 2006 Series J-1 Bonds subject to Hold Orders referred to in paragraph (i) above;

(B) subject to clause (A) above, all Bids of an Existing Owner with the same rate shall be aggregated and considered a single Bid of an Existing Owner up to and including the excess of the principal amount of 2006 Series J-1 Bonds held by such Existing Owner over the principal amount of

2006 Series J-1 Bonds held by such Existing Owner subject to Hold Orders referred to in paragraph (i) above;

(C) subject to clause (A) above, if more than one Bid with different rates is submitted on behalf of such Existing Owner, such Bids shall be considered Bids of an Existing Owner in the ascending order of their respective rates up to the amount of the excess of the principal amount of 2006 Series J-1 Bonds held by such Existing Owner over the principal amount of 2006 Series J-1 Bonds held by such Existing Owner subject to Hold Orders referred to in paragraph (i) above; and

(D) the principal amount, if any, of such 2006 Series J-1 Bonds subject to Bids not considered to be Bids of an Existing Owner under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Owner;

(iii) all Sell Orders shall be considered Sell Orders, but only up to and including a principal amount of 2006 Series J-1 Bonds equal to the excess of the principal amount of 2006 Series J-1 Bonds held by such Existing Owner over the sum of the principal amount of the 2006 Series J-1 Bonds considered to be subject to Hold Orders pursuant to paragraph (i) above and the principal amount of 2006 Series J-1 Bonds considered to be subject to Bids of such Existing Owner pursuant to paragraph (ii) above.

(e) If more than one Bid is submitted on behalf of any Potential Owner, each Bid submitted with the same rate shall be aggregated and considered a single Bid and each Bid submitted with a different rate shall be considered a separate Bid with the rate and the principal amount of 2006 Series J-1 Bonds specified therein.

(f) Any Order by any Existing Owner or Potential Owner shall be revocable until the Broker-Dealer Deadline. After the Broker-Dealer Deadline all Orders shall be irrevocable.

(g) Neither the Corporation, the Trustee nor the Auction Agent shall be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

Determination of Auction Period Rate.

(a) Not later than 9:30 a.m., New York City time, on each Auction Date, the Auction Agent shall advise each Broker-Dealer and the Trustee by telephone or other electronic communication acceptable to the parties of the All Hold Rate, the Maximum Auction Rate and the Index for the 2006 Series J-1 Bonds.

(b) Promptly after the Submission Deadline on each Auction Date, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, and collectively as a "Submitted Order") and shall determine (i) the Available Bonds, (ii) whether there are Sufficient Clearing Bids, and (iii) the Auction Rate.

(c) Promptly after the Auction Agent has made the determinations pursuant to paragraph (b) above, the Auction Agent shall advise the Trustee by facsimile transmission or other electronic communication acceptable to the parties of the Auction Rate for the next succeeding Auction Period and the Trustee shall promptly notify the Securities Depository of such Auction Rate.

(d) In the event the Auction Agent fails to calculate or, for any reason, fails to timely provide the Auction Rate for any Auction Period, (i) if the preceding Auction Period was a period of 35 days or less, the new Auction Period shall be the same as the preceding Auction Period and the Auction Period Rate for the new Auction Period shall be the same as the Auction Period Rate for the preceding Auction Period, and (ii) if the preceding Auction Period was a period of greater than 35 days, the preceding Auction Period shall be extended to the seventh day following the day that would have been the last day of such Auction Period had it not been extended (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) and the Auction Period Rate in effect for the preceding Auction Period will continue in effect for the Auction Period as so extended. In the event an Auction Period is extended as set forth in clause (ii) of the preceding sentence, an Auction shall be held on the last Business Day of the Auction Period as so extended to take effect for an Auction Period beginning on the Business Day immediately following the last day of the Auction Period as extended which Auction Period will end on the date it would otherwise have ended on had the prior Auction Period not been extended.

(e) In the event that the Auction Procedures are suspended pursuant to subparagraph (c)(iv) of the subsection entitled "Orders by Existing Owners and Potential Owners" above with respect to any 2006 Series J-1 Bond, the Auction Period Rate for the next succeeding Auction Period shall be the Default Rate.

(f) In the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the Auction Period Rate for the next Auction Period shall be the Maximum Auction Rate and the Auction Period shall be a seven-day Auction Period.

(g) If the 2006 Series J-1 Bonds are not rated or if the 2006 Series J-1 Bonds are no longer maintained in book-entry form by the Securities Depository, then the Auction Period Rate shall be the Maximum Auction Rate.

Allocation of 2006 Series J-1 Bonds.

(a) In the event of Sufficient Clearing Bids for 2006 Series J-1 Bonds, subject to the further provisions of paragraphs (c) and (d) below, Submitted Orders shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the 2006 Series J-1 Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Sell Order of each Existing Owner shall be accepted and the Submitted Bid of each Existing Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Owner to sell the 2006 Series J-1 Bonds that are the subject of such Submitted Sell Order or Submitted Bid;

(iii) the Submitted Bid of each Existing Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the 2006 Series J-1 Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Bid of each Potential Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the 2006 Series J-1 Bonds that are the subject of such Submitted Bid;

(v) the Submitted Bid of each Existing Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the 2006 Series J-1 Bonds that are the subject of such Submitted Bid, but only up to and including the principal amount of 2006 Series J-1 Bonds obtained by multiplying (A) the aggregate principal amount of Outstanding 2006 Series J-1 Bonds which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii) or (iv) above by (B) a fraction the numerator of which shall be the principal amount of Outstanding 2006 Series J-1 Bonds held by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the aggregate principal amount of Outstanding 2006 Series J-1 Bonds subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate, and the remainder, if any, of such Submitted Bid shall be rejected, thus requiring each such Existing Owner to sell any excess amount of 2006 Series J-1 Bonds;

(vi) the Submitted Bid of each Potential Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the 2006 Series J-1 Bonds that are the subject of such Submitted Bid, but only in an amount equal to the principal amount of 2006 Series J-1 Bonds obtained by multiplying (A) the aggregate principal amount of Outstanding 2006 Series J-1 Bonds which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii), (iv) or (v) above by (B) a fraction the numerator of which shall be the principal amount of Outstanding 2006 Series J-1 Bonds subject to such Submitted Bid and the denominator of which shall be the sum of the aggregate principal amount of Outstanding 2006 Series J-1 Bonds subject to such Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid shall be rejected; and

(vii) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected.

(b) In the event there are not Sufficient Clearing Bids, subject to the further provisions of subsections (c) and (d) below, Submitted Orders, for each 2006 Series J-1 Bonds shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the 2006 Series J-1 Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Bid of each Existing Owner specifying any rate that is not higher than the Maximum Auction Rate with respect to the 2006 Series J-1 Bonds, shall be accepted, thus requiring each such Existing Owner to continue to hold the 2006 Series J-1 Bonds that are the subject of such Submitted Bid;

(iii) the Submitted Bid of each Potential Owner specifying any rate that is not higher than the Maximum Auction Rate with respect to the 2006 Series J-1 Bonds, shall be accepted, thus requiring each such Potential Owner to purchase the 2006 Series J-1 Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Sell Orders of each Existing Owner shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Owner specifying any rate that is higher than the Maximum Auction Rate with respect to the 2006 Series J-1 Bonds, shall be deemed to be and shall be accepted as Submitted Sell Orders, in both cases only up to and including the principal amount of 2006 Series J-1 Bonds obtained by multiplying (A) the aggregate principal amount of 2006 Series J-1 Bonds

subject to Submitted Bids described in paragraph (iii) of this subsection (b) by (B) a fraction the numerator of which shall be the principal amount of Outstanding 2006 Series J-1 Bonds held by such Existing Owner subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which shall be the principal amount of Outstanding 2006 Series J-1 Bonds subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or Submitted Bid shall be deemed to be and shall be accepted as a Hold Order and each such Existing Owner shall be required to continue to hold such excess amount of 2006 Series J-1 Bonds; and

(v) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Maximum Auction Rate with respect to the 2006 Series J-1 Bonds shall be rejected.

(c) If, as a result of the procedures described in paragraph (a) or (b) above, any Existing Owner or Potential Owner would be required to purchase or sell an aggregate principal amount of 2006 Series J-1 Bonds which is not an integral multiple of the Authorized Denomination for 2006 Series J-1 Bonds on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, round up or down the principal amount of 2006 Series J-1 Bonds to be purchased or sold by any Existing Owner or Potential Owner on such Auction Date so that the aggregate principal amount of 2006 Series J-1 Bonds purchased or sold by each Existing Owner or Potential Owner on such Auction Date shall be an integral multiple of the Authorized Denomination for 2006 Series J-1 Bonds, even if such allocation results in one or more of such Existing Owners or Potential Owners not purchasing or selling any 2006 Series J-1 Bonds on such Auction Date.

(d) If, as a result of the procedures described in paragraph (a) above, any Potential Owner would be required to purchase a principal amount of 2006 Series J-1 Bonds that is less than the Authorized Denomination on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, allocate such 2006 Series J-1 Bonds for purchase among Potential Owners so that the principal amount of 2006 Series J-1 Bonds purchased on such Auction Date by any Potential Owner shall be an integral multiple of the Authorized Denomination, even if such allocation results in one or more of such Potential Owners not purchasing such 2006 Series J-1 Bonds on such Auction Date.

Notice of Auction Period Rate.

(a) On each Auction Date, the Auction Agent shall notify by telephone or other telecommunication device or other electronic communication acceptable to the parties or in writing each Broker-Dealer that participated in the Auction held on such Auction Date of the following with respect to 2006 Series J-1 Bonds for which an Auction was held on such Auction Date:

(i) the Auction Period Rate determined on such Auction Date for the succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Winning Bid Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected and the principal amount of 2006 Series J-1 Bonds, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected and the principal amount of 2006 Series J-1 Bonds, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of the 2006 Series J-1 Bonds to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of 2006 Series J-1 Bonds to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker Dealer) and the principal amount of 2006 Series J-1 Bonds to be (A) purchased from one or more Existing Owners on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Owners on whose behalf such Broker-Dealer submitted Bids; and

(vi) the immediately succeeding Auction Date.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall: (i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted an Order as to (A) the Auction Period Rate determined on such Auction Date, (B) whether any Bid or Sell Order submitted on behalf of each such Owner was accepted or rejected and (C) the immediately succeeding Auction Date; (ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of 2006 Series J-1 Bonds to be purchased pursuant to such Bid against receipt of such 2006 Series J-1 Bonds; and (iii) instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected, in whole or in part, to instruct such Existing Owner's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of such 2006 Series J-1 Bonds to be sold pursuant to such Bid or Sell Order against payment therefor.

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The Index on any Auction Date in any Auction Period of thirty five (35) days or less shall be the One Month LIBOR Rate on such date. The Index with respect to 2006 Series J-1 Bonds in any Auction Period greater than thirty-five (35) days shall be the rate on United States Treasury securities having a maturity which most closely approximates the length of the Auction Period, as last published in The Bond Buyer. If either rate is unavailable, the Index for the 2006 Series J-1 Bonds shall be an index or rate agreed to by all Broker-Dealers and consented to by the Corporation.

"One Month LIBOR Rate" means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

If for any reason on any Auction Date the Index shall not be determined as provided above, the Index shall be the Index for the Auction Period ending on such Auction Date.

The determination of the Index as provided herein shall be conclusive and binding upon the Corporation, the Trustee, the Broker-Dealers, the Auction Agent and the Owners of the 2006 Series J-1 Bonds.

Miscellaneous Provisions Regarding Auctions.

(a) In this section, each reference to the purchase, sale or holding of “Bonds” shall refer to beneficial interests in such 2006 Series J-1 Bonds, unless the context clearly requires otherwise.

(b) The provisions of the 2006 Series J-1 Supplemental Resolution and the definitions contained herein and therein, including without limitation the definitions of All Hold Rate, the Auction Period Rate, Default Rate, Index, Maximum Auction Rate and Maximum Rate, may be amended pursuant to the General Resolution by obtaining the consent of the owners of all Outstanding 2006 Series J-1 Bonds as follows; provided, however, that no such amendments that adversely affect the rights, duties or obligations of the Auction Agent shall be made without the consent of the Auction Agent. If on the first Auction Date occurring at least twenty (20) days after the date on which the Trustee mailed notice of such proposed amendment to the registered owners of the Outstanding 2006 Series J-1 Bonds as required by the General Resolution, (i) the Auction Period Rate which is determined on such date is the Winning Bid Rate and (ii) there is delivered to the Corporation and the Trustee a Bond Counsel’s Opinion to the effect that such proposed modification or amendment is authorized or permitted by the Act and the Resolutions and will not adversely affect the exclusion of interest on the 2006 Series J-1 Bonds from gross income for Federal income tax purposes, the proposed amendment shall be deemed to have been consented to by the owners of all affected Outstanding 2006 Series J-1 Bonds.

(c) If the Securities Depository notifies the Corporation that it is unwilling or unable to continue as Owner of the 2006 Series J-1 Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to the Securities Depository is not appointed by the Corporation within ninety (90) days after the Corporation receives notice or becomes aware of such condition, as the case may be, the Corporation shall execute and the Trustee shall authenticate and deliver certificates representing the 2006 Series J-1 Bonds. Such 2006 Series J-1 Bonds shall be authorized in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Corporation and the Trustee.

(d) So long as the ownership of the 2006 Series J-1 Bonds is maintained in book-entry form by the Securities Depository, an Existing Owner or a beneficial owner may sell, transfer or otherwise dispose of a 2006 Series J-1 Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker-Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions such Existing Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of 2006 Series J-1 Bonds from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the holder of such 2006 Series J-1 Bonds to that Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this paragraph if such Broker-Dealer remains the Existing Owner of 2006 Series J-1 Bonds so sold, transferred or disposed of immediately after such sale, transfer or disposition.

Changes in Auction Period or Auction Date.

(a) Changes in Auction Period. (i) The Corporation may from time to time on any Interest Payment Date, change the length of the Auction Period with respect to all of the 2006 Series J-1 Bonds among seven-days, 28-days, 35-days and a Special Auction Period in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by 2006 Series J-1 Bonds. The Corporation shall initiate the change in the length of the Auction Period by giving written notice to the Auction Agent, the Broker-Dealers and the Securities Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed

effective date of the change, at least ten (10) Business Days prior to the Auction Date for such Auction Period; provided, however, that in the case of a change from a Special Auction Period of 92 or more days, the date of such change shall be the Interest Payment Date immediately following the last day of such Special Auction Period.

(ii) Any such changed Auction Period shall be for a period of seven-days, 28-days, 35-days or a Special Auction Period and shall be for all of the 2006 Series J-1 Bonds.

(iii) The change in the length of the Auction Period shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in this subsection (a) and the Auction immediately preceding the proposed change.

(iv) The change in length of the Auction Period for 2006 Series J-1 Bonds shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day before the Auction Date for the first such Auction Period, a certificate from the Corporation consenting to the change in the length of the Auction Period specified in such certificate and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. For purposes of the Auction for such first Auction Period only, each Existing Owner shall be deemed to have submitted Sell Orders with respect to all of its 2006 Series J-1 Bonds for which there is to be a change in the length of the Auction Period except to the extent such Existing Owner submits an Order with respect to such 2006 Series J-1 Bonds. If the condition referred to in (A) above is not met, the Auction Rate for the next Auction Period shall be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (A) is met but the condition referred to in (B) above is not met, the Auction Rate for the next Auction Period shall be the Maximum Auction Rate and the Auction Period shall be a seven-day Auction Period.

(v) On the conversion date for 2006 Series J-1 Bonds from one Auction Period to another, any 2006 Series J-1 Bonds which are not the subject of a specific Hold Order or Bid shall be deemed to be subject to a Sell Order.

(b) Changes in Auction Date. The Auction Agent, with the written consent of the Corporation, may specify an earlier Auction Date for the 2006 Series J-1 Bonds (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on such 2006 Series J-1 Bonds. The Auction Agent shall provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least forty-five (45) days prior to the proposed changed Auction Date to the Trustee, the Corporation, the Broker-Dealers and the Securities Depository.

Auction Agent

Auction Agent.

(a) The Auction Agent shall be appointed by the Trustee at the written direction of the Corporation, to perform the functions specified herein. The Auction Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it under the 2006 Series J-1 Supplemental Resolution by an Auction Agreement delivered to the Corporation, the Trustee and each

Broker-Dealer which shall set forth such procedural and other matters relating to the implementation of the Auction Procedures as shall be satisfactory to the Corporation and the Trustee.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in 2006 Series J-1 Bonds with the same rights as if such entity were not the Auction Agent.

Qualifications of Auction Agent; Resignation; Removal.

The Auction Agent shall be (a) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$30,000,000, or (b) a member of National Association of Securities Dealers having a capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by the 2006 Series J-1 Supplemental Resolution and a member of or a participant in, the Securities Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created by the 2006 Series J-1 Supplemental Resolution by giving at least ninety (90) days notice or thirty (30) days notice, if it has not been paid, to the Corporation, each Broker-Dealer and the Trustee and does not require, as a condition to the effectiveness of such resignation, that a replacement Auction Agent be in place if its fee has not been paid. The Auction Agent may be removed at any time by the Corporation by written notice, delivered to the Auction Agent, the Corporation, each Broker-Dealer and the Trustee. Upon any such resignation or removal, the Corporation shall appoint a successor Auction Agent meeting the requirements of this section. In the event of the resignation or removal of the Auction Agent, the Auction Agent shall pay over, assign and deliver any moneys and 2006 Series J-1 Bonds held by it in such capacity to its successor.

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REMARKETING CIRCULAR PART II
relating to
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
MULTI-FAMILY HOUSING REVENUE BONDS

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

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PART II

relating to

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Multi-Family Housing Revenue Bonds

INTRODUCTION

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

THE CORPORATION

Purposes and Powers

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

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

The Corporation’s audited financial statements for the fiscal year ended October 31, 2006, including as Schedule 2 supplemental information related to the Program, are contained in Appendix C hereto. In addition, a summary of assets and revenues related to the Program are described, in part, under “SECURITY FOR THE BONDS—Summary of Program Assets and Revenues.” For a description of the bond, mortgage loan, loan and servicing activities of the Corporation, see “Appendix D—Activities of the Corporation.”

Organization and Membership

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

Members

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

MATHEW M. WAMBUA, Vice Chairperson and Member, term expires December 31, 2009. Mr. Wambua is the Senior Policy Advisor for the New York City Deputy Mayor of Economic Development. Prior to joining the Mayor’s Office, Mr. Wambua was Vice President for Special Projects at the New York City Economic Development Corporation. He previously was a senior investment officer for General Electric Capital Commercial Real Estate. Mr. Wambua has a B.A. from the University of California at Berkeley and a Masters in Public Policy from Harvard University’s John F. Kennedy School of Government. Mr. Wambua also is an adjunct professor of real estate finance at New York University and previously taught managerial economics at the New School University.

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

MARTHA E. STARK, Member ex-officio. Ms. Stark was appointed New York City Commissioner of Finance by Mayor Michael R. Bloomberg on February 11, 2002. From 1990 to 1993, Ms. Stark held several senior management positions in the Department of Finance, including Acting Director of the Conciliations Bureau and Assistant Commissioner. She served as a White House Fellow in the U.S. Department of State in 1993 to 1994, and later became Director and Deputy Counsel for Policy and Development in the Manhattan Borough President’s Office. Ms. Stark consulted on a Brookings Institution report on the District of Columbia’s fiscal health and co-authored a study for the New York University School of Law that analyzed the high cost of building

and renovating housing in New York City. Prior to her appointment, Ms. Stark was a Portfolio Manager at the Edna McConnell Clark Foundation. She also taught budget and finance courses at Hunter College and business law at Baruch College. Born in the Brownsville section of Brooklyn, Ms. Stark attended Brooklyn Technical High School, earned an A.A.S. degree from New York City Community College, a B.A. degree from New York University, where she captained the varsity basketball team, and a law degree from New York University School of Law.

HARRY E. GOULD, JR., Member, term expires December 31, 2007. Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation, the largest privately owned independent distributor of printing paper in the United States. He was Chairman and President of Cinema Group, Inc., a major independent film financing and production company, from 1982 to May 1986, and is currently Chairman and President of Signature Communications Ltd., a new company that is active in the same field. He is a Life Member of the Executive Branch of the Academy of Motion Picture Arts and Sciences. He was a member of the Board of Directors of Domtar, Inc., the largest Canadian manufacturer of packaging and fine paper from 1995 to 2003. He is a member of the Board of Directors of the USO of Metropolitan New York. He was a member of the Board of Trustees of the American Management Association from 1996 to 1999. He was a member of Colgate University's Board of Trustees from 1976 to 1982. He was Vice Chairman of the President's Export Council, was a member of the Executive Committee and was Chairman of the Export Expansion Subcommittee from 1977 to 1980. He was a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee from 1977 to 1999. He was a member of the Board of United Cerebral Palsy Research and Educational Foundation, and the National Multiple Sclerosis Society of New York from 1972 to 1999. He was a Trustee of the Riverdale Country School from 1990 to 1999.

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

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

Principal Officers

SHAUN DONOVAN, Chairperson.

MATHEW M. WAMBUA, Vice Chairperson.

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

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

RICHARD M. FROEHLICH, Senior Vice President and General Counsel. Mr. Froehlich, an attorney and member of the New York State Bar, was appointed Senior Vice President and General Counsel of the Corporation effective November 17, 2003. Prior to joining the Corporation, he was Counsel at the law firm of O'Melveny & Myers LLP in its New York City office, where Mr. Froehlich's practice focused on real estate and public finance with a particular emphasis on affordable housing. From 1993 to 1998, Mr. Froehlich was an Assistant Counsel at the New York State Housing Finance Agency. Upon graduation from law school, he practiced law at the New York City office of Skadden, Arps, Slate, Meagher & Flom. Mr. Froehlich received his B.A. degree from Columbia College, Columbia University and his J.D. from Columbia University School of Law. Mr. Froehlich is on the board of directors of New Destiny Housing Corp., a New York non-profit corporation.

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

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

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

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

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BONDS OUTSTANDING UNDER THE PROGRAM

The first Series of Bonds were issued in 1993 and approximately \$3,035,215,000 of Bonds have been issued under the Resolution. As of May 1, 2007, the following Series of Bonds were Outstanding under the Program.

<u>Series Designation</u>	<u>Original Par Amount</u>	<u>Outstanding Par Amount</u>	<u>Date of Issue</u>
1995 Series A	\$ 49,635,000	25,000	August 3, 1995
1996 Series A	217,310,000	10,045,000	September 10, 1996
1997 Series C	30,000,000	12,590,000	October 15, 1997
1998 Series A	57,800,000	52,300,000	May 21, 1998
1998 Series B	21,380,000	19,475,000	September 24, 1998
1999 Series A-1	49,100,000	30,300,000	March 3, 1999
1999 Series B-2	30,200,000	25,000,000	August 19, 1999
1999 Series C	9,800,000	3,225,000	September 16, 1999
1999 Series E	10,715,000	9,610,000	January 13, 2000
2000 Series B	24,800,000	23,600,000	September 13, 2000
2001 Series A	30,115,000	29,155,000	May 16, 2001
2001 Series C-2	17,770,000	16,675,000	November 6, 2001
2002 Series A	36,370,000	34,175,000	June 20, 2002
2002 Series B	7,150,000	6,665,000	June 20, 2002
2002 Series C	49,500,000	47,910,000	June 20, 2002
2002 Series E-2	19,300,000	18,350,000	December 19, 2002
2002 Series F	4,600,000	4,350,000	December 19, 2002
2003 Series A	81,170,000	17,695,000	March 31, 2003
2003 Series B-2	33,175,000	29,085,000	July 16, 2003
2003 Series E-2	28,690,000	28,490,000	December 22, 2003
2004 Series A	147,150,000	139,270,000	June 18, 2004
2004 Series B-2	22,625,000	22,355,000	June 29, 2004
2004 Series C-2	47,920,000	47,890,000	June 29, 2004
2004 Series E-1	39,595,000	39,595,000	December 29, 2004
2004 Series E-2	28,700,000	8,980,000	December 29, 2004
2004 Series F	33,970,000	33,060,000	December 29, 2004
2004 Series G	10,680,000	10,505,000	December 29, 2004
2004 Series H	9,395,000	9,275,000	December 29, 2004
2004 Series I-1	325,000	325,000	December 29, 2004
2004 Series I-2	26,320,000	25,905,000	December 29, 2004
2004 Series J	27,900,000	25,925,000	December 29, 2004
2005 Series A-1	9,735,000	9,735,000	May 25, 2005
2005 Series B	51,750,000	48,525,000	May 25, 2005
2005 Series C	17,015,000	17,015,000	June 30, 2005
2005 Series D	13,145,000	13,145,000	June 30, 2005
2005 Series E	3,900,000	3,770,000	September 23, 2005
2005 Series F-1	65,410,000	65,410,000	September 23, 2005
2005 Series F-2	80,935,000	73,440,000	September 23, 2005
2005 Series G	4,840,000	4,620,000	December 28, 2005
2005 Series H	30,100,000	30,100,000	December 28, 2005
2005 Series I	3,445,000	3,395,000	December 28, 2005
2005 Series J-1	20,495,000	20,495,000	December 28, 2005
2005 Series K	12,730,000	12,730,000	December 28, 2005
2005 Series L	37,145,000	37,145,000	December 28, 2005
2006 Series A	306,100,000	249,240,000	April 28, 2006
2006 Series C	81,635,000	81,635,000	June 29, 2006
2006 Series D-1	2,510,000	2,510,000	June 29, 2006
2006 Series D-2	7,495,000	7,320,000	June 29, 2006
2006 Series E	27,685,000	27,685,000	June 29, 2006
2006 Series F	2,655,000	2,655,000	June 29, 2006
2006 Series G-1	25,665,000	25,665,000	November 1, 2006
2006 Series G-2	17,725,000	17,725,000	November 1, 2006
2006 Series H-1	25,005,000	25,005,000	December 21, 2006
2006 Series H-2	55,180,000	55,180,000	December 21, 2006
2006 Series I	6,700,000	6,700,000	December 21, 2006
2006 Series J-1	100,000,000	100,000,000	December 21, 2006
2006 Series J-2	54,475,000	54,475,000	December 21, 2006
2007 Series A	25,690,000	25,690,000	March 22, 2007
TOTAL	\$2,322,595,000	\$1,802,815,000	

None of the Bonds Outstanding are Subordinate Bonds. As of May 1, 2007, approximately \$1,599,805,000, or eighty-nine percent (89%), of the Bonds Outstanding bear interest at a fixed rate and approximately \$203,010,000 or eleven percent (11%) of the Bonds Outstanding bear interest at a variable rate. The Corporation has also contracted to issue and sell an additional \$39,980,000 principal amount of fixed rate 2007 Series B/C Bonds and \$54,340,000 principal amount of variable rate 2007 Series B/C Bonds for delivery on June 27, 2007 and an additional \$31,900,000 principal amount of fixed rate Bonds for delivery on June 28, 2007. The Corporation has entered into interest rate caps to hedge the variable interest rate exposure associated with its variable interest rate bond program. See “SECURITY FOR THE BONDS – Interest Rate Caps” and “Appendix F-2 —Interest Rate Cap Agreements” herein. See “Appendix E-4—Cross Call Provisions and Related Information” for more information regarding the interest rates and final maturities of the Outstanding Bonds.

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SECURITY FOR THE BONDS

Pledge of the General Resolution

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

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

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

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

Mortgage Loans

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

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

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

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

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

Cash Flow Statements and Cash Flow Certificates

The General Resolution provides that the Corporation shall file with the Trustee a current Cash Flow Statement: (i) whenever any Series of Bonds is issued; (ii) upon purchase or redemption of Bonds of

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

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

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

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

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

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

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

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

Debt Service Reserve Account

The Corporation is required to establish a Debt Service Reserve Account for the Bonds pursuant to the General Resolution. If on any Interest Payment Date or Redemption Date the amount available in

the Revenue Account and Redemption Account, as applicable, is insufficient to pay Principal Installments and interest due on any Bonds, the Trustee must apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency.

Under the General Resolution, the Debt Service Reserve Account Requirement is the aggregate of the amounts specified as the Debt Service Reserve Account Requirement for each Series of Bonds in a Supplemental Resolution authorizing the issuance of such Series of Bonds. There is no minimum Debt Service Reserve Account Requirement under the General Resolution. The General Resolution further provides that the Debt Service Reserve Account Requirement for any Series of Bonds may be funded, in whole or in part, through Cash Equivalents if so provided in a Supplemental Resolution authorizing such Series. See “Appendix B—Summary of Certain Provisions of the General Resolution—Debt Service Reserve Account.” As of January 31, 2007, the Debt Service Reserve Account had a balance of \$73,191,782.98 including a payment obligation of \$13,676,250 by the Corporation which constitutes a general obligation of the Corporation; the aggregate Debt Service Reserve Account Requirement for all of the Bonds Outstanding was met as of such date. See “Appendix F-1—Certain Investments under the General Resolution—Debt Service Reserve Account.”

Mortgage Loan Reserve Account

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

Interest Rate Caps

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

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

Additional Bonds

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

Bonds) by each of the Rating Agencies then rating such Bonds. See “Appendix B—Summary of Certain Provisions of the General Resolution” for a description of the requirements that must be met under the General Resolution prior to the issuance of additional Bonds.

Bonds Not a Debt of the State or the City

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

Summary of Program Assets and Revenues

Accompanying the audited financial statements of the Corporation for the fiscal year ended October 31, 2006 is supplemental information related to the Program (referred to therein as the “Housing Revenue Bond Program”) which is specifically set forth in Schedule 2, all as set forth in Appendix C hereto. Schedule 2 is supplemental information primarily related to the Program for the Corporation’s fiscal years ended October 31, 2006 and 2005. Said schedule includes (i) a balance sheet with assets, liabilities and net assets substantially related to the assets pledged under the General Resolution and (ii) a schedule of revenues, expenses and changes in fund net assets substantially related to the revenues pledged under the General Resolution. Said schedule does not include financial information with respect to activities under the General Resolution subsequent to October 31, 2006, including the issuance of Bonds or the making of Mortgage Loans after such date.

Schedule 2 contains a schedule of balance sheet information which reflects net assets of approximately \$382,739,000 for the fiscal year ended October 31, 2006, an increase of 9% from the 2005 fiscal year. This schedule also provides information pertaining to revenues, expenses and changes in fund net assets that reflects changes in net assets of approximately \$33,017,000 in the fiscal year ended October 31, 2006, a decrease from \$62,619,000 in the 2005 fiscal year.

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

Certain Investments

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

Account except as otherwise provided by the General Resolution. See “Appendix B—Summary of Certain Provisions of the General Resolution—Deposits and Investments” and “—Revenue Account.”

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

THE PROGRAM

General

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

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

The information below is as of January 31, 2007. Subsequent to January 31, 2007, the Corporation issued the 2007 Series A Bonds on March 22, 2007 to finance \$25,690,000 principal amount of the 2007 Series A Mortgage Loan. See “BONDS OUTSTANDING UNDER THE PROGRAM” and “Developments and Mortgage Loans Outstanding under the Program Subsequent to January 31, 2007” in Appendix E-1.

Mortgage Loans

General

The Mortgage Loans financed Developments located throughout the City of New York. Approximately 160 Developments have more than one Mortgage Loan. The following table summarizes all of the Mortgage Loans outstanding under the Program as of January 31, 2007 other than the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest (which are described under “2004 Participant Interest,” “2005 Series F Participant Interest and 2005 Series J Participant Interest” below) and the 2004 Series E Second Mortgage Loans, the 2005 Series A Second Mortgage Loans, the 2005 Series E Second Mortgage Loan, the 2005 Series F Second Mortgage Loans,

the 2005 Series J Second Mortgage Loans and the 2006 Series D Second Mortgage Loans, (such second Mortgage Loans are collectively referred to as the “ML Restructuring Second Mortgage Loans”), (which are described under “ML Restructuring Mortgage Loans” below).

Summary of All Mortgage Loans

	Number of Mortgage Loans	Outstanding Principal Balance of Mortgage Loans	Percentage of Total Outstanding Principal Balance of Mortgage Loans
Permanent Mortgage Loans	837	\$1,768,069,086	89.26%
Construction Mortgage Loans	55	212,681,255	10.74%
TOTAL†	892	\$1,980,750,341	100.00%

† May not add due to rounding.

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

Approximately 552 of the Permanent Mortgage Loans relate to the 2006 Series A Participant Interest and are subject to a participation interest (see “2006 Series A Participant Interest” below).

There have been no material monetary defaults on any of the Mortgage Loans (generally loans that are sixty (60) to ninety (90) days delinquent in payment of debt service) other than (i) temporary financial difficulties with respect to certain Developments which have since been cured and (ii) certain of the mortgage loans underlying the 2006 Series A Participant Interest prior to the acquisition by the Corporation of a participation interest with respect to such mortgage loans or the cash flow therefrom, and, currently, with respect to one (1) such mortgage loan with an aggregate outstanding principal balance of \$5,779,050 (see “Mortgage Loans with Current Financial Difficulties” below). In addition, the Corporation is currently aware that one (1) Development under the Program with an FHA-insured Mortgage Loan, with an aggregate outstanding principal balance of \$906,869 as of January 31, 2007, has received a Notice of Violation/Default of Regulatory Agreement and Housing Assistance Payment Contract from HUD (see “FHA-Insured Mortgage Loans with Low Inspection Ratings” below), one (1) property with a 236 Subsidy Contract, with an aggregate outstanding principal balance of \$32,218,403 received a Notice of Default of Interest Reduction Payments Agreement from HUD, and one (1) Development under the Program with a Mortgage Loan with an aggregate outstanding principal balance of \$991,546.04 has received notice of a default for failure to timely complete the Project.

The mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest, the ML Restructuring Second Mortgage Loans, certain of the mortgage loans underlying the 2006 Series A Participant Interest and certain of the 2005 Series B Mortgage Loans are secured by second mortgage liens on their respective Developments. Nearly all of the other outstanding Mortgage Loans under the Program are secured by first mortgage liens on their respective Developments. For a description of the valuations assigned to the Mortgage Loans pursuant to the respective Supplemental Resolutions, see “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates.” As further security, as of January 31, 2007, approximately one hundred eleven (111) Permanent Mortgage Loans, with an aggregate outstanding principal balance of approximately \$771,371,205, and thirty-six (36) Construction Mortgage Loans, with an aggregate outstanding principal balance of \$129,899,685, were subject to Supplemental Security. The balance of the Mortgage Loans was not secured by Supplemental Security. In the event of a default on the Mortgage Loans that are not secured by Supplemental Security, the related mortgage liens would likely be the sole security for repayment (see “Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures” below). The information in this

paragraph with respect to Supplemental Security excludes information relating to the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest, the 2005 Series J Participant Interest, and the 2006 Series A Participant Interest.

In addition, Developments related to most of the Mortgage Loans outstanding under the Program are beneficiaries of one or more Subsidy Programs. However, Developments relating to approximately forty-three (43) Permanent Mortgage Loans, with an aggregate outstanding principal balance of approximately \$63,364,373 as of January 31, 2007 (38 of which, with an aggregate outstanding principal balance of approximately \$55,264,054, are regulated by HPD under the Mitchell-Lama Law), are neither secured by Supplemental Security nor subsidized through Subsidy Programs. Each Supplemental Security program and Subsidy Program is implemented under different Federal, State or local statutes, and is subject to its own rules and guidelines. See Appendix E-1 hereto and “Appendix G—Description of Supplemental Security and Subsidy Programs.”

Permanent Mortgage Loans

A majority of the Developments with Permanent Mortgage Loans, as measured by outstanding principal balance, have been in operation since at least 2000. As of January 31, 2007, two hundred six (206) of the Developments (which Developments represent approximately ninety percent (90%) of the aggregate outstanding principal balance of Permanent Mortgage Loans) were at least ninety-five (95%) occupied. Twenty (20) of the Developments (which Developments represent approximately 7% of the aggregate outstanding principal balance of Permanent Mortgage Loans) were at least ninety (90%) and less than ninety-five (95%) occupied. Eight (8) of the Developments (which Developments represent approximately three percent (3%) of the aggregate outstanding principal balance of Permanent Mortgage Loans) were less than ninety (90%) occupied. The information contained in this paragraph excludes information relating to the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest, the 2005 Series J Participant Interest and the 2006 Series A Participant Interest and the related Developments, which are generally seasoned Mortgage Loans with Developments that have been in operation on average for more than 14.5 years.

The following table summarizes the Supplemental Security and Subsidy Programs, if any, relating to the completed Developments and Permanent Mortgage Loans (excluding the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest, the ML Restructuring Second Mortgage Loans) outstanding under the Program as of January 31, 2007.

Summary of Permanent Mortgage Loans

Supplemental Security	Subsidy Program	Number of Permanent Mortgage Loans	Outstanding Principal Balance of Permanent Mortgage Loans	Percentage of Total Outstanding Principal Balance of Permanent Mortgage Loans
FHA	Section 8	9	\$36,398,853	2.06%
FHA	Subordinate Loan/Grant Program	6	7,409,060	0.42%
FHA	Section 236 [†]	2	5,020,436	0.28%
SONYMA	Subordinate Loan/Grant Program	4	60,855,579	3.44%
SONYMA	None	3	7,418,311	0.42%
REMIC	Subordinate Loan/Grant Program	74	334,841,652	18.94%
GNMA	Subordinate Loan/ Grant Program	1	7,849,240	0.44%
GNMA	None	1	29,305,959	1.66%
GNMA	Section 8	1	149,677,082	8.47%
LOC	Subordinate Loan/ Grant Program	1	1,186,002	0.07%
None	ML Repair Loan	9	34,765,833	1.97%
None	ML Restructuring	21	79,637,474	4.50%
None	ML Restructuring, Section 236	2	44,232,039	2.50%
Fannie Mae	ML Restructuring, Section 236	8	131,409,041	7.43%
None	Section 8	14	3,868,965	0.22%
None	Subordinate Loan/Grant Program [†]	631	675,179,287	38.19%
None	Section 236 ^{††}	6	95,649,900	5.41%
None	None ^{††}	43	63,364,373	3.58%
TOTAL ^{†††}		837	\$1,768,069,086	100.00%

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

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

^{†††} May not add due to rounding.

See “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding under the Program as of January 31, 2007.”

Construction Mortgage Loans

The following table summarizes the Supplemental Security and Subsidy Programs, if any, relating to the Developments under construction and Construction Mortgage Loans outstanding under the Program as of January 31, 2007:

Summary of Construction Mortgage Loans

Anticipated Permanent Mortgage Loan Supplemental Security	Subsidy Program	Number of Construction Mortgage Loans	Anticipated Amount of Permanent Mortgage Loans	Amount of Construction Mortgage Loans	Outstanding Principal Balance of Construction Mortgage Loans Advanced
SONYMA	Subordinate Loan/Grant Program	4	\$31,675,000	\$46,635,000	\$31,400,293
REMIC	Subordinate Loan/Grant Program	22	74,325,000	218,595,000	44,182,079
FHA	Section 8	1	30,098,700	30,098,700	1,998,834
GNMA [†]	Section 8/ LAMP	1	13,145,000	13,145,000	10,748,653
None	Subordinate Loan/Grant Program	19	87,327,485	99,292,485	82,781,570
Long-term LOC	LAMP	8	47,080,000	53,730,000	41,569,823
TOTAL^{††}		55	\$283,651,185	\$461,496,185	\$212,681,255

[†] GNMA also provides supplemental security for construction loan advances.

^{††} May not add due to rounding.

All of the Construction Mortgage Loans (other than the ML Repair Mortgage Loans, which have an aggregate outstanding construction mortgage loan amount of approximately \$25,000,000) are secured by standby letters of credit; such letters of credit need not meet the requirements under the General Resolution for Credit Facilities. Such letters of credit may be drawn upon by the Corporation if a Mortgagor fails to make the required payments of interest and principal on the related Construction Mortgage Loan. Such letters of credit are not pledged to the owners of the Bonds; however, any payments received by the Corporation from the letter of credit providers pursuant to such letters of credit will be pledged for the benefit of the owners of the Bonds. It is anticipated that upon conversion of the Construction Mortgage Loans secured by letters of credit to Permanent Mortgage Loans, the letters of credit will be released and such Permanent Mortgage Loans (other than those secured by REMIC Insurance, SONYMA Insurance, GNMA or a Long-term LOC) will not be secured by Supplemental Security. See “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Construction Mortgage Loans Outstanding under the Program as of January 31, 2007.”

2004 Participant Interest

In connection with the issuance of the 2004 Series D Bonds, the Corporation entered into a Participation Agreement (the “2004 Participation Agreement”) with the City and purchased a 100% beneficial ownership interest (the “2004 Participant Interest”) in all cash flow (with certain exceptions) to be paid to the City as owner of the Class B Certificates (the “Class B Certificates”) issued under the NYC Mortgage Loan Trust, Multifamily Mortgage Pass-Through Certificates, Series 1996, created by the REMIC Pooling and Servicing Agreement, dated as of June 1, 1996, among the City, as depositor, the Corporation, as servicer, and State Street Bank and Trust Company, as trustee (collectively, the “Certificates Trust”). The Certificates Trust consists of a trust fund made up primarily of Section 236 Contracts related to 11 permanent second mortgage loans. As of January 31, 2007, such mortgage loans had an aggregate outstanding principal balance of approximately \$46,894,348. However, for purposes of the General Resolution, the 2004 Participant Interest constitutes a “Mortgage Loan” and for purposes of valuation under the General Resolution the principal balance of such Mortgage Loan is the amount of the projected cash flow to be paid under the Class B Certificates and not the principal amount of the underlying mortgage loans. As of January 31, 2007, the 2004 Participant Interest was valued at \$18,025,053. Subject to prepayments of the second mortgage loans, the monthly Section 236 contract

payments are projected to begin on April 1, 2017 and end on September 1, 2025 and range from \$13,870 to \$222,448 per year.

The Class B Certificates are subordinate in right of payment to the \$18,146,445 principal amount outstanding, as of January 31, 2007, of the Class A-3 NYC Mortgage Loan Trust, Multifamily Mortgage Pass-Through Certificate, Series 1996 (the “Class A Certificates”). The Class A Certificates are secured by an insurance policy issued by AMBAC Indemnity Corporation (the “Class A Certificates Insurance Policy”). Based upon the Class A Certificates Insurance Policy, the Class A Certificates are rated “AAA” by S&P and “Aaa” by Moody’s. There are currently no defaults under the pooling and servicing agreement related to the Class A Certificates or the Class B Certificates.

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

The second mortgage loans deposited with the Certificates Trust contain terms permitting prepayment thereof at the option of the mortgagors at any time. Except as stated below, the portion of such payments distributable under the Certificates Trust after required payments on the Senior Class Certificates (the “Excess Prepayment Distribution”) will be paid as a cash distribution under the 2004 Participant Interest and will constitute a Recovery of Principal under the General Resolution which the Corporation can determine to apply to the redemption of any Series of Mitchell-Lama Restructuring Bonds. The Corporation has offered to each of the mortgagors with mortgage loans deposited with the Certificates Trust the opportunity to receive new mortgage financing under the ML Restructuring Program of the Corporation, which new mortgage financing will cause prepayment of the related mortgages deposited with the Certificates Trust and, to the extent of any Excess Prepayment Distribution, be paid as a cash distribution under the 2004 Participant Interest. Any such cash distributions under the 2004 Participant Interest will not constitute Recoveries of Principal under the General Resolution and the Corporation expects to cause the release of such amounts from the lien of the General Resolution (in accordance with the requirements of the General Resolution) to reimburse it for funds advanced by the Corporation for the restructuring. To the extent that any of such mortgagors with mortgage loans deposited with the Certificates Trust do not participate in the ML Restructuring Program but obtain other sources for prepayment of their mortgage loans, any prepayment of the related mortgages deposited with the Certificates Trust by such mortgagors, to the extent of any Excess Prepayment Distribution and less any amounts owed to the Corporation, will be paid as a cash distribution under the 2004 Participant Interest and will constitute a Recovery of Principal under the General Resolution and may only be used to redeem Mitchell-Lama Restructuring Bonds. See “Appendix E-4—Cross-Call Provisions and Related Information.” Mortgagors of eleven (11) Developments have prepaid their mortgage loans as part of their participation in the ML Restructuring Program. Mortgagors of nine (9) Developments have prepaid their mortgage loans with their own financing. The Mortgagors of two (2) additional applicable Developments have notified the Corporation of their intent to prepay with their own financing. For additional information regarding the 2004 Participant Interest, see “Certain Factors Affecting the Mortgage Loans—Subsequent Prepayments” and “—Prepayment Notifications,” “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—2004 Series D Second Mortgage Loans Held as Assets of the Certificates Trust Underlying the 2004 Participant Interest as of January 31, 2007.”

2005 Series F Participant Interest and the 2005 Series J Participant Interest

In connection with the issuance of the 2005 Series F-2 Bonds, the Corporation entered into a Participation Agreement (the “2005 Series F Participation Agreement”) with the City and purchased a

100% participation interest in twelve (12) second mortgage loans. In connection with the issuance of the 2005 Series J-2 Bonds, the Corporation entered into a Participation Agreement (the “2005 Series J Participation Agreement”) with the City and purchased a 100% participation interest in eleven (11) second mortgage loans. The mortgage notes relating to such mortgage loans are held by the City and secured by second mortgage liens on the applicable Developments (the “2005 Series F Participant Interest Developments” and the “2005 Series J Participant Interest Developments,” respectively). Such mortgage loans are not secured by Supplemental Security (see “THE PROGRAM—Certain Factors Affecting the Mortgage Loans—New York Foreclosure Procedures and Bankruptcy—New York Foreclosure Procedures” and “Appendix B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Covenants with Respect to the Mortgage Loans”). The City of New York Department of Housing Preservation and Development (“HPD”) services all of such mortgage loans. All of the 2005 Series F Participant Interest Developments and 2005 Series J Participant Interest Developments have first mortgage loans that are held and serviced by the Corporation.

The aggregate number of dwelling units in the 2005 Series F Participant Interest Developments is approximately 2,196. The aggregate outstanding principal balance of the second mortgage loans underlying the 2005 Series F Participant Interest is approximately \$35,602,914. No principal or interest payments are due on the underlying mortgage loans for approximately twelve years. The current accrued and unpaid interest on the mortgage loans is approximately \$33,003,599. An additional approximately \$17,489,386 of interest is scheduled to accrue to the commencement date of the payment of debt service on the mortgage loans absent any prepayments and without taking into account certain interest earnings for which the mortgagors receive credit. Debt service payments are scheduled to commence between August 1, 2017 and November 1, 2018. The mortgage loans mature between July 1, 2027 and October 1, 2028 and the weighted average interest rate for the mortgage loans is 4.45%. The aggregate number of dwelling units in the 2005 Series J Participant Interest Developments is approximately 2,270. The aggregate outstanding principal balance of the second mortgage loans underlying the 2005 Series J Participant Interest is approximately \$19,227,196. No principal or interest payments are due on the underlying mortgage loans for approximately thirteen years. The current accrued and unpaid interest on the mortgage loans is approximately \$11,768,475. An additional approximately \$9,996,137 of interest is scheduled to accrue to the commencement date of the payment of debt service on the mortgage loans absent any prepayments and without taking into account certain interest earnings for which the mortgagors receive credit. Debt service payments are scheduled to commence between August 1, 2017 and April 1, 2024. The mortgage loans mature between July 1, 2027 and March 1, 2039 and the weighted average interest rate for the mortgage loans is 3.42%.

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

Recoveries of Principal under the General Resolution and the Corporation expects to cause the release of such amounts from the lien of the General Resolution (in accordance with the requirements of the General Resolution) to reimburse it for funds advanced by the Corporation for the restructuring.

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

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

For additional information regarding the 2005 Series F Participant Interest and the 2005 Series J Participant Interest, see “Certain Factors Affecting the Mortgage Loans—Subsequent Prepayments” and “—Prepayment Notifications” and “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Mortgage Loans Underlying the 2005 Series F Participant Interest and the 2005 Series J Participant Interest Outstanding Under the Program as of January 31, 2007.”

2006 Series A Participant Interest

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

Such participation interests in the aggregate consist of (i) a 100% participation interest in certain permanent mortgage loans for multi-family housing developments (the “2006 Series A Purchased Mortgage Loans”), (ii) a 100% participation interest in a portion of the cash flow derived from the Class B-1 Sheridan Trust II Multifamily Mortgage Pass-Through Certificate, Series 1996M-1 (the “Class B-1 Sheridan Trust II Certificate”), at a pass-through rate of 3.197%, which certificate evidences a beneficial ownership interest in the Class B Sheridan Trust Multifamily Mortgage Pass-Through Certificate, Series 1995M-1 (the “Class B Sheridan Trust Certificate”), which certificate, in turn, represents a beneficial ownership interest in certain permanent mortgage loans (the “2006 Series A Trust Mortgage Loans”) excluding certain voting rights with respect to the Class B-1 Sheridan Trust II Certificate, (iii) all rights, but not the obligations, of the “owner” of the 2006 Series A Purchased Mortgage Loans under the servicing agreements with respect to the 2006 Series A Purchased Mortgage Loans, and (iv) all rights of the Facilitation Trusts under the Purchase and Sale Agreements between the City and each Facilitation Trust (collectively, the “Purchase and Sale Agreements”), pursuant to which the City assigned the 2006

Series A Purchased Mortgage Loans and the Class B-1 Sheridan Trust II Certificate to the applicable Facilitation Trust (such interests, net of certain amounts payable to the Corporation and other servicers for servicing the underlying mortgage loans are referred to collectively as the “2006 Series A Participant Interest”).

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

Approximately 34.75% of the aggregate outstanding principal balance of the mortgage loans underlying the 2006 Series A Mortgage Loan are secured by a first mortgage lien on the applicable Development and approximately 65.25% of the aggregate outstanding principal balance of the mortgage loans underlying the 2006 Series A Mortgage Loan are secured by a second mortgage lien on the applicable Development. The mortgage loans underlying the 2006 Series A Mortgage Loan are generally seasoned mortgage loans with Developments that have been in operation on average for more than 14.5 years.

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

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

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

For additional information regarding the mortgage loans underlying the 2006 Series A Participant Interest, see “Certain Factors Affecting the Mortgage Loans—Subsequent Prepayments” and “-Prepayment Notifications” and “Appendix E-1—Developments and Mortgage Loans Outstanding under

the Program—2006 Series A Purchased Mortgage Loans and 2006 Series A Trust Mortgage Loans as of January 31, 2007.”

ML Restructuring Mortgage Loans

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

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

Prepayments of the ML Restructuring First Mortgage Loans and prepayments of the ML Restructuring Second Mortgage Loans may be used to redeem only Mitchell-Lama Restructuring Bonds. See “Appendix E-4—Cross-Call Provisions and Related Information.” For additional information regarding the ML Restructuring Second Mortgage Loans, see “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program— ML Restructuring Second Mortgage Loans Outstanding Under the Program as of January 31, 2007.”

Servicing

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

With respect to Mortgage Loans serviced by the Corporation and not regulated by HPD, an escrow account for the payment of taxes, hazard insurance and mortgage insurance, if any, is maintained

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

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

The Corporation’s inspection ratings for the Developments, which incorporate HUD’s inspection ratings for FHA-insured mortgage loans, include four rating levels: superior (HUD score: 90-100), satisfactory (HUD score: 60-89), below average (HUD score: 46-59) and unsatisfactory (HUD score: 0-45). Developments with FHA-insured mortgage loans with a physical condition that is below average or unsatisfactory may be subject to certain actions by HUD (see “FHA-Insured Mortgage Loans with Low Inspection Ratings” below). As of January 31, 2007, the physical condition of the inspected Developments (other than those related to the 2006 Series A Participant Interest), based upon the aggregate outstanding principal balance of Permanent Mortgage Loans, was approximately 16.9% superior, 73.4% satisfactory, 6% below average and 3.7% unsatisfactory. The foregoing information excludes information with respect to the Developments related to the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest. As of January 31, 2007, the physical condition of the inspected Developments related to the 2006 Series A Participant Interest, based upon the aggregate outstanding principal balance of the mortgage loans underlying the 2006 Series A Participant Interest, was approximately 38.39% superior, 41.18% satisfactory, 5.38% below average and 2.88% unsatisfactory. Developments subject to approximately 12.07% in outstanding principal balance of mortgage loans underlying the 2006 Series A Participant Interest have not been inspected recently. See “THE PROGRAM – Servicing” in Part II of this Remarketing Circular.

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

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

available to pay debt service on such Mortgage Loan, which could result in a default on such Mortgage Loan.

The Corporation's inspection reviews include recommendations for curing deficiencies. The Corporation monitors those Developments which receive below average and unsatisfactory ratings in order to determine whether (i) required reports have been made and/or (ii) curative work has been undertaken and completed within a prescribed time frame. In order to cure deficiencies and thus improve the ratings of such Developments, the Corporation may advise the Mortgagor to request a drawdown on its respective reserve fund for replacements. If the reserves are not sufficient to cover the work required to improve a Development's rating or if the Corporation has determined that the low rating is due to Mortgagor neglect, the Corporation will meet with the Mortgagor to discuss corrective actions in all review reporting areas which include management practices, financial operations, and vouchering procedures, as well as physical condition. For additional information concerning the Permanent Mortgage Loans and the related Developments, their respective physical inspection ratings, and the Corporation's inspection procedures and rating categories, see "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding under the Program as of January 31, 2007" and "Appendix E-3—Permanent Mortgage Loan Physical Inspection Ratings." In addition, the Corporation conducts an annual review of (i) the inspected Developments to monitor their financial condition and (ii) the Developments subsidized through the Section 8 program to monitor their financial management controls.

In addition to the Corporation, CPC and Wachovia Multifamily Capital Inc. ("Wachovia"), both of which are experienced mortgage loan servicers, service the mortgage loans underlying the 2006 Series A Participant Interest. Approximately 210 of the mortgage loans underlying the 2006 Series A Participant Interest (representing \$303,901,694 of the outstanding principal balance) are serviced by CPC, approximately 44 of the mortgage loans underlying the 2006 Series A Participant Interest (representing \$87,407,335 of the outstanding principal balance) are serviced by Wachovia and the remainder of the mortgage loans underlying the 2006 Series A Participant Interest are serviced by the Corporation. In addition to collecting mortgage payments, required escrows and reserves from the Mortgagors of the applicable Developments, CPC and Wachovia currently conduct annual physical inspections of the Developments that are subject to the mortgage loans underlying the 2006 Series A Participant Interest that they service. The Corporation currently conducts annual inspections of the Developments that it services that are subject to first mortgage liens.

In addition to insurance coverage required by FHA, the Corporation requires property, liability, boiler and machinery, and fidelity insurance for the Mortgage Loans that it services (see "Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—FHA Insurance Program—General"). Property insurance must cover at least the outstanding Mortgage Loan amount and lost rental value of at least one year's rental income at the Development. As of January 31, 2007, all such Developments were in compliance with the Corporation's insurance requirements. With respect to the mortgage loans underlying the 2006 Series A Participant Interest serviced by CPC, CPC has agreed to monitor, pursuant to servicing agreements, compliance by the applicable Mortgagor with the insurance requirements set forth in the loan documents related to such mortgage loans underlying the 2006 Series A Participant Interest.

Certain Factors Affecting the Mortgage Loans

Scheduled Payments of Principal and Interest

The ability of the Corporation to pay the principal or redemption price of and interest on the Bonds is dependent on the Revenues derived from the assets pledged to secure the Bonds, including the

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

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

Prepayments of Principal

General. The Corporation may receive amounts relating to the principal of the Mortgage Loans financed with the proceeds of the Bonds prior to the scheduled due date of such principal. As of January 31, 2007, (i) principal prepayments, at the option of the applicable Mortgagor, are permitted with respect to approximately 544 Mortgage Loans with an aggregate outstanding principal balance of approximately \$726,435,476 (the “Unrestricted Prepayment Mortgage Loans”) and the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest and (ii) principal prepayments, at the option of the applicable Mortgagor, are (A) not permitted at all or only after a prescribed time period, or (B) permitted only with the approval of FHA and/or the Corporation and, under certain circumstances, only after a prescribed time period, with respect to approximately 348 Mortgage Loans with an aggregate outstanding principal balance of approximately \$1,254,314,865 (the “Restricted Prepayment Mortgage Loans”) and the ML Restructuring Second Mortgage Loans. All of the Mortgage Loans and the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest are subject to prepayment of principal in whole or in part from proceeds of insurance or condemnation. Prepayments of principal may be subject to other terms and conditions, including the payment of penalties and premiums. There may be certain other restrictions outside the Mortgage Loan documents that limit the ability of the applicable Mortgagor to prepay. Any such prepayment could result in the special redemption from Recoveries of Principal of certain Bonds at any time. For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “Appendix E-4—Cross-Call Provisions and Related Information.”

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

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

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

Subsequent Prepayments. Subsequent to January 31, 2007, one (1) Unrestricted Prepayment Mortgage Loan, relating to Revive 103 Apartments, with an aggregate outstanding principal balance of \$3,759,982 was prepaid. Additionally, with respect to two (2) Restricted Prepayment Mortgage Loans, 243-249 13th Street and 1037-39 Bergen Street, with an aggregate outstanding principal balance of \$4,751,469 were prepaid. A portion of such prepayments was used to redeem Bonds. See “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding under the Program as of January 31, 2007.” For a discussion of redemption provisions of the Bonds in the event of a prepayment and the application of prepayments, see “General” above.

Subsequent to January 31, 2007, eleven (11) mortgage loans underlying the 2006 Series A Participant Interest, with an aggregate outstanding principal balance of approximately \$10,945,288 have been prepaid. Six (6) of these loans with an aggregate balance of \$7,305,313 prepaid before April 1, 2007 and the funds were used to redeem the Corporation’s 2006 Series A Bonds. The remaining five (5) loans with an aggregate balance of \$3,639,975 prepaid after March 31, 2007. The Corporation expects to use a substantial portion of this money to redeem outstanding 2006 Series A Bonds.

Prepayment Notifications. With respect to four (4) Developments with Restricted Prepayment Mortgage Loans, 50 Greene Avenue, 201 Pulaski Street & 305 Franklin Avenue, 709-715 Lafayette Avenue, and 1469-71 Bedford Avenue, the Corporation has been notified in writing of the respective

Mortgagor's intent to prepay their Mortgage Loans. Additionally, with respect to two (2) Developments with Restricted Prepayment Mortgage Loans, President Arms and Woodycrest Courts II, the Corporation has been notified that the respective Mortgagors are in the process of restructuring their Mortgage Loans; such restructurings may include the possible prepayment of such Mortgage Loans. Such Restricted Prepayment Mortgage Loans had an aggregate outstanding principal balance of \$8,813,301 as of January 31, 2007. With respect to one (1) of the Developments, 50 Greene Avenue, the Corporation has also been notified that the subordinate Unrestricted Prepayment Mortgage Loan with an aggregate principal balance of \$1,255,250 as of January 31, 2007 of the respective Mortgagor's intent to prepay. There can be no assurance as to whether such prepayments and/or restructurings will occur. See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding under the Program as of January 31, 2007." For a description of redemption provisions of the Bonds in the event of a prepayment, see "General" above.

The Corporation expects that there will be significant prepayments of the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest, the 2005 Series J Participant Interest and the 2006 Series A Participant Interest. The Corporation has received two (2) prepayment notifications with respect to mortgage loans underlying the 2004 Participant Interest with an aggregate outstanding principal balance of \$7,023,402, one (1) prepayment notification with respect to mortgage loans underlying the 2005 Series F Participant Interest with an aggregate outstanding principal balance of \$3,856,300 and three (3) prepayment notifications with respect to mortgage loans underlying the 2006 Series A Participant Interest with an aggregate outstanding principal balance of \$5,896,573.

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

New York Foreclosure Procedures and Bankruptcy

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

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

Where a foreclosure action is brought, every person having an estate or interest in possession or otherwise in the property whose interest is claimed to be subject and subordinate to the mortgage must be

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

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

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

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

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

Section 236 Contract not subject to FHA Insurance (which also would include 2006 Series A Trust Mortgage Loans with Section 236 Contracts), the Secretary would enter into a contract for Section 236 interest reduction payments with the new owner, subject to the satisfaction of statutory eligibility requirements, the availability of appropriations and the willingness of the mortgagee to enter into a new contract for interest reduction payments.

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

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

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

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

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

Mortgage Loans with Current Financial Difficulties

As of January 31, 2007, the mortgagor of one 2006 Series A Purchased Mortgage Loan, which is secured by a second mortgage lien, with an outstanding principal balance of \$5,779,050, has failed to make full payments since July 2006. The borrower has submitted a proposed work-out plan. The

proposal is currently under review by the Corporation, CPC, which holds the first mortgage lien, and HPD, the named mortgagee.

FHA-Insured Mortgage Loans with Low Inspection Ratings

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

The Corporation is currently aware that one (1) Development (other than those that relate to the 2006 Series A Mortgage Loan) with an FHA-insured Mortgage Loan, with an aggregate outstanding Mortgage Loan balance of \$906,869 as of January 31, 2007, has received a Notice of Violation/Default of Regulatory Agreement and Housing Assistance Payment Contract from HUD. This Development is required to maintain certain reserves for replacements for capital improvements; such reserves, with HUD's consent, could be applied to rectify the Notice of Violation/Default of Regulatory Agreement and Housing Assistance Payment Contract. However, the Corporation can give no assurance as to whether such reserves will, in fact, be used by the Mortgagor in such manner or whether the amount of such reserves will be sufficient to correct all violations. If this Mortgage Loan is accelerated, the Corporation anticipates receiving the full principal amount of the outstanding Mortgage Loan from FHA and utilizing such amount to proportionally redeem a portion of the 2003 Series A Bonds. The Corporation can give no assurance as to whether such restructuring (including the prepayment of this Mortgage Loan) will occur and, if such restructuring and prepayment occurs, when such restructuring will occur or when such prepayment will be made. See "Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Permanent Mortgage Loans Outstanding under the Program as of January 31, 2007." For information or procedures upon default, see "Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—FHA Insurance Program" and "—Subsidy Programs—Section 8 Program."

AGREEMENT OF THE STATE

Section 657 of the Act provides that the State pledges to and agrees with the holders of obligations of the Corporation, including owners of the Bonds, that it will not limit or alter the rights vested by the Act in the Corporation to fulfill the terms of any agreements made with the owners of the Bonds, or in any way impair the rights and remedies of such owners until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such owners of the Bonds, are fully met and discharged.

LEGALITY OF THE BONDS FOR INVESTMENT AND DEPOSIT

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

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DEFINITIONS OF CERTAIN TERMS

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

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

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

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

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

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

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

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

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

“AHPLP” means the Corporation’s Affordable Housing Permanent Loan Program.

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

“Authorized Officer” means the Chairperson, Vice-Chairperson, President, First Senior Vice President or any other Senior Vice President of the Corporation and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Corporation then authorized to perform such act or discharge such duty.

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

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

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

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

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

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

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

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

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

long as the providing of such Cash Equivalent does not, as of the date it is provided, in and of itself, result in the reduction or withdrawal of the then existing rating assigned to the Bonds (other than Subordinate Bonds) by any of the Rating Agencies.

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

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

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

“Certificate Program” means the §421-a Negotiable Certificate Program.

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

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

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

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

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

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

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

“Credit Facility” means (i) an unconditional and irrevocable letter of credit in form and drawn on a bank or banks acceptable to the Corporation (which bank or banks must be rated by each of the Rating Agencies in a category at least equal to the rating category of the Bonds (other than Subordinate Bonds) (or “A-1+” or “P-1,” as applicable, if the Credit Facility has a remaining term at the time it is provided not exceeding one year); provided, however, that such letter of credit may be provided by a bank or banks whose rating is lower than that set forth above, so long as the providing of such letter of credit does not, as of the date it is provided, in and of itself, result in a reduction or withdrawal of the then existing rating

assigned to the Bonds (other than Subordinate Bonds) by any of the Rating Agencies, (ii) cash, (iii) a certified or bank check, (iv) Investment Securities, or (v) any other credit facility similar to the above in purpose and effect, including, but not limited to, a guaranty, standby loan or purchase commitment, insurance policy, surety bond or financial security bond or any combination thereof, which is approved by each of the Rating Agencies.

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

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

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

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

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

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

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

“FHA” means the Federal Housing Administration.

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

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

“GML Article 16” means General Municipal Law Article 16.

“GNMA” means the Government National Mortgage Association.

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

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

“HAC” means the Housing Assistance Corporation.

“HoDAG” means the Housing Development Grant.

“HTF” means the New York State Housing Trust Fund Corporation.

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

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

“Interest Rate Cap” means a Cap.

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

- 1) Government Obligations;
- 2) any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Farm Credit System Banks, Federal Home Loan Banks, Tennessee Valley Authority and Export-Import Bank of the United States;
- 3) any bond, debenture, note, participation certificate or other similar obligation issued by Fannie Mae to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by any other Federal agency and backed by the full faith and credit of the United States of America;
- 4) any other obligation of the United States of America or any Federal agencies guaranteed by the full faith and credit of the United States of America which may then be purchased with funds belonging to the Corporation;
- 5) deposits in interest-bearing time or demand deposits, or certificates of deposit, secured by any of the obligations described above or fully insured by the Federal Deposit Insurance Corporation or its successor;
- 6) any participation certificate of the Federal Home Loan Mortgage Corporation (Freddie Mac) guaranteeing timely payment of principal and any mortgage-backed securities of Fannie Mae; and

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

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

"MIRP" means the Mixed Income Rental Program.

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

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

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

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

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

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

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

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

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

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

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

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

a. monies in an amount sufficient to effect payment of the principal or applicable Redemption Price thereof, together with accrued interest on such Bond to the payment date or Redemption Date, which payment date or Redemption Date shall be specified in

irrevocable instructions to the Trustee to apply such monies to such payment or redemption on the date so specified; or

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

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

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

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

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

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

* The 2006 Series J-1 Supplemental Resolution, with respect to the 2006 Series J-1 Mortgage Loan, provides that any prepayment premium or penalty shall not constitute a Pledged Receipt. The 2006 Series A Supplemental Resolution, with respect to the underlying mortgage loans securing the 2006 Series A Mortgage Loan, provides that any prepayment premium or penalty shall constitute a Pledged Receipt. The 2006 Series A Supplemental Resolution and the 2006 Series J-1 Supplemental Resolution each provides that, with respect to any Acquired Project, Acquired Project Net Operating Income shall constitute a Pledged Receipt. The 2006 Series A Supplemental Resolution, with respect to the mortgage loans underlying the 2006 Series A Mortgage Loan subsidized through Section 8, provides that, with respect to Section 8 housing assistance payments, only those payments duly and properly paid and actually received by the holder of such mortgage loan and thereafter passed through to the holder of the 2006 Series A Participant Interest shall constitute Pledged Receipts. The 2006 Series A Supplemental Resolution, with respect to the 2006 Series A Bonds, provides that any Cap Receipts paid to the Corporation or the Trustee under a Cap shall constitute a Pledged Receipt but shall not constitute a payment related to the 2006 Series A Mortgage Loan and therefore will not be credited to reduce the amount of 2006 Series A net debt service for purposes of the calculation of the amount of 2006 Series A Bonds to be redeemed pursuant to Special Mandatory Redemption. The 2006 Series A Supplemental Resolution and the 2006 Series J-1 Supplemental Resolution, each provides that, with respect to any Acquired Project, the proceeds of sale of any Acquired Project shall constitute a Pledged Receipt. The 2006 Series A Supplemental Resolution, with respect to the 2006 Series A Purchased Mortgage Loans, provides that any amounts required to be passed through the 2006 Series A Purchased Mortgage Loans as a result of (i) the advance payment of principal amounts to become due with respect to any 2006 Series A Purchased Mortgage Loan insured by FHA, at the option or direction of FHA, (ii) proceeds from the acceleration of payments due under any 2006 Series A Purchased Mortgage Loan or other remedial proceedings taken in the event of a default thereon, including proceeds of the sale of any Acquired Project, (iii) proceeds of insurance awards resulting from damage or destruction of a Development financed by any 2006 Series A Purchased Mortgage Loan, which proceeds are applied to payment of the applicable underlying mortgage note whether or not required to be so applied pursuant to the applicable underlying mortgage, (iv) proceeds of a condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Development financed by any 2006 Series A Purchased Mortgage Loan or any portion thereof, which proceeds are applied to payment of the applicable underlying mortgage note

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

“PLP” means the Participation Loan Program.

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

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

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

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

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

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

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

governmental body or by any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Project or any portion thereof, which proceeds are required to be applied to payment of a Mortgage Note pursuant to a Mortgage or (vi) proceeds of any mortgage insurance or credit enhancement with respect to a Mortgage Loan which is in default.

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

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

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

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

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

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

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

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

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

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

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

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

“State” means the State of New York.

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

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

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

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

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

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

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

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

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

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

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

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

“2006 Series J-1 Mortgage Loan” means the mortgage loan for the development financed in connection with the 2006 Series J-1 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 modifications to the General Resolution, which have been made with respect to the 2006 Series A Bonds by the provisions of the 2006 Series A Supplemental Resolution, have also been summarized below. These have been included because the outstanding principal balance of the mortgage loans underlying the 2006 Series A Mortgage Loan (most of which are not secured by Supplemental Security and, in some cases, the related Developments are not subsidized under any Subsidy Program), exceeds 10% of the aggregate outstanding principal balance of all Mortgage Loans financed under the General Resolution. Other Supplemental Resolutions authorizing other Series of Bonds have also modified certain provisions of the General Resolution with respect to the Series of Bonds authorized thereunder and such modifications have not been summarized below because the foregoing test has not been met. The excerpts set forth below do not purport to be complete or to cover all sections of the General Resolution. Reference is made to the General Resolution and the Supplemental Resolutions relating to each Series of Bonds, copies of which are on file with the Corporation and the Trustee, for a complete statement of the rights, duties and obligations of the Corporation, the Trustee and the Bond owners thereunder.

Contract With Bond Owners—Security for Bonds—Limited Obligation

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

Provisions for Issuance of Bonds

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

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

Refunding Bonds

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

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

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

- (a) the documents specified under the heading "Provisions for Issuance of Bonds";
- (b) a certificate of an Authorized Officer stating that the proceeds (excluding accrued interest but including any premium) of such refunding Bonds, together with any monies which have been made available to the Trustee for the purpose of paying Debt Service, or the principal of and the interest on the investment of such proceeds or any such monies, will be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded and the interest which will become due and payable on or prior to the date of their payment or redemption and the expenses in connection with such refunding and to make any required deposits to the Debt Service Reserve Account; and
- (c) if all or part of the refunded Bonds are to be redeemed prior to maturity, irrevocable instructions from an Authorized Officer to the Trustee to redeem the applicable Bonds.

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

Application and Disbursement of Bond Proceeds

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

- (1) the amount, if any, received at such time as a premium above the aggregate principal amount of such Bonds shall be applied as specified in the Certificate of an Authorized Officer, and such portion of the amount, if any, received as accrued interest shall be deposited in the Revenue Account as shall be directed by an Authorized Officer;
- (2) with respect to any Series issued for the purpose of refunding Bonds or any other bonds, notes or other obligations of the Corporation or other entity, the amount, if any, required to pay Costs of Issuance, as designated by an Authorized Officer of the Corporation, shall be deposited in the Bond Proceeds Account;
- (3) with respect to any Series issued for the purpose of refunding Bonds or any other bonds, notes or other obligations of the Corporation or other entity, the balance remaining after such deposits have been made as specified in (1) and (2) above shall be applied as specified in the Supplemental Resolution authorizing such Series;
- (4) the amount, if any, necessary to cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement immediately following

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

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

Except as otherwise provided in the applicable Supplemental Resolution, amounts in the Bond Proceeds Account shall not be disbursed for financing a Mortgage Loan, including either advances during construction or permanent financing thereof, unless, among other things, (1) the instrument evidencing such Mortgage Loan and the Mortgage and any other document securing such Mortgage Loan shall have been duly executed and delivered and, in the opinion of counsel, who may be counsel to the Mortgagor, constitute valid and binding agreements between the parties thereto enforceable in accordance with their terms, except as such enforcement may be limited by operation of bankruptcy, insolvency or similar laws affecting the rights and remedies of creditors; (2) there shall have been filed with the Trustee, an opinion of counsel, who may be counsel to the Corporation, to the effect that such Mortgage Loan complies with all provisions of the Act or otherwise applicable law and the General Resolution; (3) the Mortgage is the subject of a policy of title insurance, in an amount not less than the amount of the unpaid principal balance of the Mortgage Loan, insuring in favor of the Corporation, a mortgage lien (which need not be a first mortgage lien, if so provided in the applicable Supplemental Resolution), subject only to Permitted Encumbrances, on the real property securing the Mortgage Loan; and (4) the Project is insured against loss by fire and other hazards as required by the Corporation.

Deposits and Investments

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

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

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

Establishment of Accounts

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

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

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

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

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

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 Corporation Corporate Purposes, as evidenced by a Certificate of an Authorized Officer, (iii) third, if so directed by the Corporation, to the

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

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

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

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.

The 2006 Series A Supplemental Resolution, with respect to the 2006 Series A Bonds, provides that, notwithstanding anything to the contrary contained in the General Resolution, the Corporation may, at any time, provide to the Trustee one or more Cash Equivalents for deposit in the Debt Service Reserve Account with respect to such Bonds.

Rebate Fund

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

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

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

Amounts on deposit in the Rebate Fund shall be invested in the same manner as amounts on deposit in the Accounts, except as otherwise specified by an Authorized Officer to the extent necessary to comply with the covenant set forth in the General Resolution, and except that the income or interest

earned and gains realized in excess of losses suffered by the Rebate Fund due to the investment thereof shall be deposited in or credited to the Rebate Fund from time to time and reinvested.

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

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

Payment of Bonds

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

Tax Covenants

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

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

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

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

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

Covenants with Respect to Mortgage Loans

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

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

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

including the collection, custody and prompt application of all Escrow Payments for the purposes for which they were made.

Pursuant to the 2006 Series A Supplemental Resolution, with respect to the 2006 Series A Purchased Mortgage Loans and pursuant to the 2006 Series J-1 Supplemental Resolution with respect to the 2006 Series J-1 Mortgage Loan, the following additional provisions shall apply:

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

(2) Whenever, in the Corporation's judgment, it shall be necessary in order to protect and enforce the rights of the Corporation under a Mortgage securing a 2006 Series A Purchased Mortgage Loan or a 2006 Series J-1 Mortgage Loan, as the case may be, and to protect and enforce the rights and interests of Bondholders, the Corporation may, in its discretion, commence foreclosure proceedings against each Mortgagor in default under the provisions of such mortgage and/or, in protection and enforcement of its rights under such Mortgage, the Corporation may, in its discretion, acquire and take possession of the Project covered by such Mortgage by bidding for and purchasing such Project at the foreclosure sale thereof, by deed in lieu of foreclosure or otherwise.

(3) Upon acquisition by the Corporation of a Project securing a 2006 Series A Purchased Mortgage Loan or a 2006 Series J-1 Mortgage Loan, as the case may be, by foreclosure, deed in lieu of foreclosure or otherwise, the Corporation shall have title thereto or be in possession thereof, the Corporation shall, as the case may be, operate and administer such Project in the place and stead of the Mortgagor and in the manner required of such Mortgagor by the terms and provisions of such Mortgage. The Corporation shall pay the Acquired Project Net Operating Income derived from such Acquired Project to the Trustee for deposit into the Revenue Account.

(4) Notwithstanding the provisions of paragraph (3) above, upon acquisition by the Corporation of a Project securing a 2006 Series A Purchased Mortgage Loan or a 2006 Series J-1 Mortgage Loan, as the case may be, whether by foreclosure, deed in lieu of foreclosure or otherwise:

(a) The Corporation may at any time thereafter sell such Project to another qualified entity and make a Mortgage Loan with respect thereto as if such entity were the original Mortgagor, provided that (i) the Mortgage securing such a Mortgage Loan shall contain the terms, conditions, provisions and limitations substantially similar to the mortgage of such Project which had previously secured the related 2006 Series A Purchased Mortgage Loan or 2006 Series J-1 Mortgage Loan, as the case may be, (ii) said new mortgage loan shall automatically become subject to the lien of the General Resolution and (iii) the Corporation shall file with the Trustee a Certificate of an Authorized Officer describing said replacement mortgage loan and specifying which 2006 Series A Purchased Mortgage Loan or 2006 Series J-1 Mortgage Loan, as the case may be, has been so replaced; or

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

(5) In addition, and as an alternative to the rights of the Corporation described above, following a default under a 2006 Series A Purchased Mortgage Loan or a 2006 Series J-1 Mortgage Loan, as the case may be, the Corporation may, in its discretion, cause or consent to the sale of a Project to another qualified entity and, in connection with any such sale (a) allow the purchaser to assume the related Mortgage, or (b) make a Mortgage Loan with respect thereto as if such entity were the original mortgagor, if such sale shall occur after the original mortgage shall have been discharged, provided, however, that (i) the Mortgage securing such a Mortgage Loan shall contain the terms, conditions, provisions and limitations substantially similar to the Mortgage of such Project which had previously secured the related 2006 Series A Purchased Mortgage Loan or 2006 Series J-1 Mortgage Loan, as the case may be, (ii) said new Mortgage Loan shall automatically become subject to the lien of the General Resolution and (iii) the Corporation shall file with the Trustee a Certificate of an Authorized Officer describing said replacement Mortgage Loan and specifying which underlying 2006 Series A Purchased Mortgage Loan or 2006 Series J-1 Mortgage Loan, as the case may be, has been so replaced.

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

Issuance of Additional Obligations

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

Sale of Mortgage Loans

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

Disposition of Recoveries of Principal

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

Powers of Amendment

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

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

Events of Default

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

Remedies

Upon the happening and continuance of any Event of Default specified in clause (1) of the preceding paragraph, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in clause (2) of the preceding paragraph, the Trustee may proceed and, upon the written request of the owners of not less than 25% in principal amount of the Outstanding Bonds (other than Subordinate Bonds), shall proceed, in its own name, subject to the provisions of the General Resolution, to protect and enforce the rights of the Bond owners by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bond owners, including the right to require the Corporation to receive and collect Revenues adequate to carry out the covenants and agreements as to the Mortgage Loans and to require the Corporation to carry out any other covenants or agreements with such Bond owners, including the assignment of the Mortgage Loans, and to perform its duties under the Act; (2) by bringing suit upon the Bonds; (3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds; (4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; (5) by declaring all Outstanding Bonds due and payable (provided that with respect to an Event of Default specified in clause (2) of the preceding paragraph, no such declaration shall be made without the consent of the owners of 100% in principal amount of the Outstanding Bonds (other than Subordinate Bonds)), and if all defaults shall be cured, then, with the written consent of the owners of not less than 25% in principal amount of the Outstanding Bonds (other than Subordinate Bonds), by annulling such declaration and its consequences; or (6) in the event that all Outstanding Bonds are declared due and payable, by selling Mortgage Loans and any Investment Securities securing such Bonds.

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

Anything in the General Resolution to the contrary notwithstanding, the owners of the majority in principal amount of the Bonds then Outstanding (other than Subordinate Bonds) shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the

method of conducting all remedial proceedings to be taken by the Trustee under the General Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions of the General Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond owners not parties to such direction.

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

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

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:

(a) To the payment to the persons entitled thereto of all installments of interest then due (other than with respect to Subordinate Bonds) in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the

persons entitled thereto, without any discrimination or preference,

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

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

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

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

Defeasance

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

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

which, together with the monies on deposit with the Trustee, shall be sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, in accordance with the General Resolution.

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

**AUDITED FINANCIAL STATEMENTS OF THE CORPORATION
FOR FISCAL YEAR ENDED OCTOBER 31, 2006
INCLUDING AS SCHEDULE 2 SUPPLEMENTAL INFORMATION
RELATED TO THE HOUSING REVENUE BOND PROGRAM**

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Report of Independent Auditors

The Members of the
New York City Housing Development Corporation

We have audited the accompanying basic financial statements of the New York City Housing Development Corporation (the Corporation), a component unit of the City of New York, and its discretely presented component units, as of and for the year ended October 31, 2006, which collectively comprise the Corporation's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2005 financial statements and, in our report dated January 31, 2006 we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation and its discretely presented component units, as of October 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 13 to the financial statements, effective October 31, 2006, the Corporation adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employer's for Postemployment Benefits Other Than Pensions*.

Management's discussion and analysis and the schedule of funding progress on pages 3 to 9 and page 56 are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purposes of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule 2 on pages 57 to 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst + Young LLP

January 26, 2007

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Management's Discussion and Analysis
Year Ended October 31, 2006

INTRODUCTION

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

HDC currently has two active subsidiaries that are discretely presented as component units in the financial statements. The Residential Mortgage Insurance Corporation ("REMIC") insures residential mortgages in New York City. The Housing Assistance Corporation ("HAC") made mortgage loans for affordable housing in the 1980s and provides rental subsidy assistance to a small number of residential developments.

The Corporation's annual financial report consists of three parts: *management's discussion and analysis* (this section), the basic *financial statements*, and *required supplementary information* which is the schedule of funding program and follows directly after the notes to the financial statements.

This section of the Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the fiscal year that ended on October 31, 2006. This period is also referred to as Fiscal Year 2006. Data is presented for the primary governmental entity HDC only. Figures have been rounded to facilitate reading.

FINANCIAL HIGHLIGHTS

- Significant growth in assets and liabilities due to ongoing financing activities and the acquisition of loan assets.
- Thirty-Eight bond series sold, totaling \$1.56 billion, to create and preserve affordable housing. Of the total issued, \$907.8 million was new money and \$656.5 million was refinancing of previously issued debt.
- Total assets of \$7.35 billion, an increase of \$713.0 million or 10.7% from 2005
 - Cash and investments of \$1.71 billion.
 - Mortgages, notes and loan participation interests receivable, and purpose investments of \$5.52 billion.
 - Other assets totaling \$119.2 million.
- Total liabilities of \$6.37 billion, an increase of \$529.8 million or 9.0% from 2005
 - Bonds payable of \$5.15 billion.
 - Other liabilities of \$1.22 billion.
- Total net assets of \$984.7 million, an increase of \$183.1 million or 22.8% from 2005
 - Income before Special Item of \$85.0 million, an increase of \$40.6 million from 2005. This increase was mainly due to income on loan participation interest on the REMIC loan trust and purchased non-participation 2nd mortgage loans in Mitchell Lama Restructuring Programs.
 - Loan participation agreement resecuritization proceeds of \$98.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Enterprise fund statements offer short-term and long-term financial information about the Corporation's activities. While detailed sub-fund information is not presented in the Corporation's financial statements, separate accounts are maintained for each bond issue and component unit, as well as the Corporation's general operating fund, known as the Corporate Services Fund. In addition, HDC also services construction and permanent loans on behalf of New York City's Department of Housing Preservation and Development ("HPD"). These sub-funds permit HDC to control and manage money for particular purposes and to demonstrate that the Corporation is properly using specific resources.

HDC's Assets and Liabilities

The Combined Balance Sheet in the financial statements presents the Corporation's assets, liabilities, and net assets as of October 31, 2006. The following table represents the changes in the primary entity HDC's net assets between October 31, 2005 and 2006 and should be read in conjunction with the financial schedules. Dollars are in thousands.

	2006	2005	Change	Percent Change	2004
Assets:					
Cash and Investments	\$1,710,341	\$1,578,221	\$132,120	8.4%	\$1,251,638
Mortgage Loans	4,995,116	4,450,301	544,815	12.2	3,651,489
Notes Receivable	110,469	61,376	49,093	80.0	47,545
Loan Participation Interests Receivable	217,150	233,054	(15,904)	(6.8)	-
Purpose Investments	198,590	196,284	2,306	1.2	189,672
Other	119,166	118,669	497	0.4	89,952
Total Assets	7,350,832	6,637,905	712,927	10.7	5,230,296
Liabilities					
Bonds Payable (net)	5,149,414	4,607,370	542,044	11.8	3,806,116
Payable to Mortgagors	250,153	231,167	18,986	8.2	200,649
Payable to New York City	795,736	854,339	(58,603)	(6.9)	351,073
Deferred Income	104,571	92,307	12,264	13.3	74,509
Other	66,219	51,115	15,104	29.5	40,810
Total Liabilities	6,366,093	5,836,298	529,795	9.0	4,473,157
Net Assets					
Restricted	417,997	388,148	29,849	7.7	334,706
Unrestricted	566,742	413,459	153,283	37.0	422,433
Total Net Assets	\$984,739	\$801,607	\$183,132	22.8%	\$757,139

Assets of the Corporation consist largely of mortgage loans; participation interests in cash flows from pools of mortgage loans; housing-related notes receivable and purpose investments; and cash and investments, including bond proceeds, debt service and other reserves, funds designated for various housing programs, and working capital. Total assets grew 10.7% or \$713.0 million from 2005. In the prior fiscal year, total assets increased \$1.4 billion or 26.9% mainly due to the Corporation's ongoing debt issuance and lending activities, and acquisition of loan assets.

The growth in total assets in 2006 was due primarily to the Corporation's ongoing debt issuance, and lending activities and acquisition of loan assets. When HDC sells bonds, the bond

proceeds are an investment asset until converted to a loan asset once disbursed. The asset value is generally offset by the related bond liability. The second significant source of Fiscal Year 2006 growth in assets, also arising from HDC's ongoing housing activities, was the origination or purchase of various loan interests that will transfer to New York City at a future date when the related HDC bonds are retired. Because the City holds a residual interest in these various loan interests, the asset value in excess of the related bonds is generally offset by a corresponding Payable to New York City liability.

Liabilities of the Corporation can be grouped in to three main categories. By far the largest is HDC bonds outstanding, which totaled \$5.15 billion at October 31, 2006. The second largest category is payables. This includes funds which are held and administered by HDC but are the property of others, such as escrows held by HDC in the course of its loan servicing functions, and construction loan funds administered on behalf of HPD. Payables also include other assets which will ultimately revert to The City of New York under various loan participation and other agreements, including loan assets which are currently held by HDC and pledged to pay HDC bonds, but transfer to New York City when the related bonds are retired. A third major type of liability is deferred income: HDC receives certain mortgage- and bond-related fee income as cash but using the accrual method of accounting, only recognizes the income when earned over the appropriate time period. The unrecognized income is shown as a liability.

Total liabilities of the Corporation were \$6.37 billion at October 31, 2006. Liabilities grew 9.0% or \$529.8 million from the prior year, principally as a result of HDC issuing 38 new bond series during Fiscal Year 2006, net of bond redemptions and retirements. Although there was a small decrease in the Payable to New York City as a whole, two separate transactions, amongst other minor ones, caused an increase and a decrease to the payable during the year. First, the aforementioned origination or purchase of participation interest with HPD in the Mitchell Lama second loans caused an increase of \$43.0 million. Second, netting against this increase, the Corporation, working with The City, resecuritized a loan participation agreement with the 2006 Series A bonds that provided the Corporation \$98.1 million to continue its affordable housing mission. The Payable to New York City liability increased \$503.3 million or 143.3% from 2004 to 2005.

Net assets of the Corporation are the excess of assets over liabilities, and totaled \$984.7 million for the Corporation as of October 31, 2006. This represents an increase of \$183.1 million or 22.8% over the prior year. The significant growth of net assets in fiscal year 2006 is due to two factors. First, the aforementioned loan participation agreement resecuritization proceeds of \$98.1 million from the 2006 Series A bonds to continue the Corporation's affordable housing mission in support of the Mayor's Affordable Housing Program Initiatives. This increase is a one-time transaction and is reported as a Special Item for financial reporting purposes. Second, growth in net assets of \$85.0 million resulting from revenues in excess of expenses, which is discussed below. In 2005 total net assets increased \$44.5 million or 5.9%.

Net assets are classified as restricted or unrestricted, with restricted assets being committed by law or contract to specific purposes. HDC's most significant restricted assets include debt service reserves for HDC bond issues and undisbursed bond proceeds held prior to

construction advances. Unrestricted assets may be classified as designated or undesignated. Designated assets are those allocated by HDC Board action or policy for specific purposes, such as rating agency reserves (to support the Corporation's general obligation rating), specific housing loan programs to which the Corporation has committed resources under the Mayor's New Housing Marketplace Program, and working capital. Virtually all of the Corporation's net assets are either restricted or designated.

HDC's Revenues and Expenses

The Combined Statement of Revenues, Expenses and Changes in Fund Net Assets in the financial statements presents revenues recognized in and expenses attributed to the period November 1, 2005 to October 31, 2006. The table below summarizes the primary entity HDC's revenues and expenditures and presents comparative data. It should be read in conjunction with the financial statements. All amounts are in thousands of dollars.

	2006	2005	Change	Percent Change	2004
Revenues					
Interest on Loans and Participation Interests	\$227,635	\$152,583	\$75,052	49.2%	\$123,074
Investment Earnings	64,287	42,639	21,648	50.8	22,612
Fees and Charges	27,988	27,361	627	2.3	30,052
Other Revenues and Transfers In	396	421	(25)	(5.9)	161
Total Revenues	320,306	223,004	97,302	43.6	175,899
Expenses					
Bond Interest	217,843	144,171	73,672	51.1	100,983
Operating Expense	29,115	26,827	2,288	8.5	23,735
Other (Revenues) Expenses and Transfers Out	(11,630)	7,538	(19,168)	(254.3)	4,232
Total Expenses	235,328	178,536	56,792	31.8	128,950
Special Item					
Loan Participation Agreement Resecuritization Proceeds	98,154	-	98,154	-	-
Change in Net Assets	\$183,132	\$44,468	\$138,664	311.8%	\$46,949

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

Investment income accrues to the benefit of the program for which the underlying sources of funds are utilized.

HDC's expenses are also classified as operating and non-operating. Operating expenses are led by interest on bonds, which accounted for 88.2% of operating expenses in Fiscal Year 2006. Other operating expenses include corporate operating expenses (salaries, overhead, and depreciation) and fees. Non-operating expenses are relatively minor and consist largely of amortization of the capitalized value of a purchased cash flow.

HDC's net income (change in net assets) for Fiscal Year 2006 was positively or negatively affected as described below:

- Interest on loans rose \$75.1 million or 49.2% mainly due to higher variable interest rates and loan balances, and also income from prepayment of the non-participating loans in the Mitchell-Lama Program. In 2005, interest on loans increased by \$29.5 million or 24.0% from the previous year due to higher variable interest rates and loan balances.
- Earnings on investments grew by \$21.6 million or 50.8% due to higher invested balances and higher short-term rates. In 2005, earnings on investments increased \$20.0 million or 88.6% from the previous year for similar reasons.
- Interest expense grew from \$144.2 million to \$217.8 million or 51.1% mainly due to HDC bond issuance and rising variable interest rates. In 2005, interest expense increased by \$43.2 million or 42.8% from the previous year for similar reasons.
- Other operating expenses increased \$2.3 million or 8.5% due to higher operating costs related to the growth in HDC's volume of business and the recognized cost of Other Post Employment Benefits ("OPEB") for FY 2006. In 2005, other operating expenses increased by \$3.1 million or 13.0% from the previous year due to higher operating costs and accelerated depreciation of outdated computer software and hardware.
- Net non-operating revenues rose by \$19.2 million or 254.3% mainly due to recognition of New York City program related pass-thru expenses for TFA Interest Cap expense and the loan sale programs deficit (2002/3 Series D and 2006 Series A).
- As a result of the factors above, the Corporation's growth in net assets resulting from revenues in excess of expenses is \$85.0 million. Combined, the Corporation's net assets in fiscal year 2006 was \$183.1 million, an increase of \$138.7 million from fiscal year 2005.

The change in net assets of the Corporation over the last five years is shown in the table below. Dollars are in thousands.

Fiscal Year	2006	2005	2004	2003	2002
Change in Net Assets	\$183,132	44,468	46,949	47,392	42,722

DEBT ADMINISTRATION

At year-end, the Corporation had \$5.15 billion of bond principal outstanding, net of deferred bond refunding costs, discount and premium, an increase of 11.8% over the prior year. The following table summarizes the changes in bonds payable between October 31, 2005 and October 31, 2006, with October 31, 2004 data presented for additional comparison. Dollars in thousands.

	2006	2005	2004	Percentage Increase FY 2005 to 2006
Bonds Payable	\$5,149,414	4,607,370	3,806,116	11.8%

NEW BUSINESS

During Fiscal Year 2006, the Corporation issued 38 new taxable and tax-exempt bond series totaling \$1.56 billion. Included in this total were thirteen series of Housing Revenue Bond Program bonds totaling \$555.5 million, eighteen series of Multi-Family Mortgage Revenue Bonds Rental Projects Program bonds amounting to \$463.6 million, one series of Multi-Family Secured Mortgage Revenue Bonds \$6.2 million and six series of Liberty Bonds totaling \$539.0 million. All of these funds are being used to provide mortgage and loan financing. In further support of its affordable housing mission, the Corporation also made low interest loans from its net assets. Between the end of Fiscal Year 2006 and December 31, 2006, HDC issued 21 additional series of bonds in the aggregate amount of \$619.5 million.

In addition, during fiscal year 2006 the Corporation adopted Government Accounting Standard Board ("GASB") No. 45 for Other Post Employment Benefits ("OPEB") and recognized an annual cost of \$1.6 million. The actuarial accrued liability for benefits was \$13,779,000 as of October 31, 2006, all of which is unfunded.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

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

New York City Housing Development Corporation Balance Sheets

At October 31, 2006 (with comparative summarized financial information as of October 31, 2005) (in thousands)

	Discretely Presented Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2006	2005
Assets					
Current Assets:					
Cash and cash equivalents	\$ 224,082	-	-	224,082	242,950
Investments	267,132	-	-	267,132	95,520
Receivables:					
Mortgage loans	152,607	-	-	152,607	67,606
Accrued interest	18,725	12	-	18,737	16,576
Other	1,128	-	10	1,138	1,311
Total Receivables	172,460	12	10	172,482	85,493
Other assets	340	-	15	355	284
Total Current Assets	664,014	12	25	664,051	424,247
Noncurrent Assets:					
Restricted cash and cash equivalents	280,685	3,563	5,408	289,656	330,555
Restricted investments	938,442	20,993	43,858	1,003,293	980,848
GNMA securities held as purpose investment	198,590	-	-	198,590	196,284
Restricted receivables:					
Mortgage loans	4,842,509	33,074	-	4,875,583	4,425,014
Accrued interest	46,188	2,623	-	48,811	37,646
Loan participation interests	217,150	-	-	217,150	233,054
Notes	110,469	-	-	110,469	61,376
Total restricted receivables	5,216,316	35,697	-	5,252,013	4,757,090
Other	8,761	-	-	8,761	8,100
Total Receivables	5,225,077	35,697	-	5,260,774	4,765,190
Unamortized issuance costs	35,177	-	-	35,177	32,835
Primary government/component unit receivable (payable)	(3,987)	3,954	33	-	-
Capital assets	1,781	-	-	1,781	2,136
Other assets	11,053	-	-	11,053	21,794
Total Noncurrent Assets	6,686,818	64,207	49,299	6,800,324	6,329,642
Total Assets	\$ 7,350,832	64,219	49,324	7,464,375	6,753,889

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Balance Sheets (continued)

At October 31, 2006 (with comparative summarized financial information as of October 31, 2005) (in thousands)

	Discretely Presented Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2006	2005
Liabilities and Net Assets					
Current Liabilities:					
Bonds payable (net)	\$ 180,809	-	-	180,809	55,352
Accrued interest payable	53,267	-	-	53,267	42,070
Payable to The City of New York	1,599	-	-	1,599	2,403
Payable to mortgagors	59,105	-	-	59,105	55,027
Restricted earnings on investments	2,983	-	-	2,983	2,163
Accounts and other payables	4,451	-	-	4,451	3,528
Deferred fee and mortgage income	3,074	-	-	3,074	1,031
Due to the United States Government	3,862	-	-	3,862	2,675
Total Current Liabilities	309,150	-	-	309,150	164,249
Noncurrent Liabilities:					
Bonds payable (net)	4,968,605	-	-	4,968,605	4,552,018
Payable to The City of New York	794,137	64,083	-	858,220	919,525
Payable to mortgagors	191,048	143	-	191,191	176,283
Accounts and other payables	1,590	-	-	1,590	-
Deferred fee and mortgage income	101,497	-	-	101,497	91,276
Due to the United States Government	66	-	-	66	679
Total Noncurrent Liabilities	6,056,943	64,226	-	6,121,169	5,739,781
Total Liabilities	6,366,093	64,226	-	6,430,319	5,904,030
Net Assets:					
Restricted for bond obligations	417,997	(7)	30,723	448,713	420,095
Unrestricted	566,742	-	18,601	585,343	429,764
Total Net Assets	984,739	(7)	49,324	1,034,056	849,859
Commitments and Contingencies	-	-	-	-	-
Total Liabilities and Net Assets	\$ 7,350,832	64,219	49,324	7,464,375	6,753,889

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Statement of Revenues, Expenses and Changes in Fund Net Assets

Year ended October 31, 2006 (with comparative summarized financial information for the year ended October 31, 2005) (in thousands)

	Discretely Presented Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2006	2005
Operating Revenues					
Interest on loans	\$ 189,265	-	-	189,265	148,421
Fees and charges	27,988	-	898	28,886	28,160
Income on loan participation interests	38,370	-	-	38,370	4,162
Other	246	-	-	246	172
Total Operating Revenues	255,869	-	898	256,767	180,915
Operating Expenses					
Interest and amortization of bond premium and discount	217,843	-	-	217,843	144,171
Salaries and related expenses	14,557	-	-	14,557	11,958
Trustees' and other fees	2,596	-	25	2,621	1,747
Amortization of debt issuance costs	7,092	-	-	7,092	7,293
Corporate operating expenses	4,870	-	-	4,870	5,851
Total Operating Expenses	246,958	-	25	246,983	171,020
Operating Income (Loss)	8,911	-	873	9,784	9,895
Non-operating Revenues (Expenses)					
Earnings on investments	64,287	(1,275)	1,617	64,629	43,389
Gain (Loss) on early retirement of debt, net	(1,457)	-	-	(1,457)	-
Non-operating revenues (expenses), net	13,087	-	-	13,087	(7,538)
Operating transfers to HDC Corporate Services Fund	-	-	(150)	(150)	-
Operating transfers from REMIC Subsidiary	150	-	-	150	-
Total Non-operating Revenues (Expenses)	76,067	(1,275)	1,467	76,259	35,851
Income (Loss) before Special Item	84,978	(1,275)	2,340	86,043	45,746
Loan participation agreement securitization proceeds	98,154	-	-	98,154	-
Change in Net Assets	183,132	(1,275)	2,340	184,197	45,746
Total net assets - beginning of year	801,607	1,268	46,984	849,859	804,113
Total Net Assets - End of Year	\$ 984,739	(7)	49,324	1,034,056	849,859

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Statement of Cash Flows

Year ended October 31, 2006 and 2005 (in thousands)

	2006	2005
Cash Flows From Operating Activities		
Mortgage loan repayments	\$ 492,883	626,596
Receipts from fees and charges	10,243	10,222
Mortgage escrow receipts	49,445	53,273
Reserve for replacement receipts	32,651	50,485
Mortgage loan advances	(773,297)	(969,460)
Escrow disbursements	(52,473)	(59,177)
Reserve for replacement disbursements	(40,487)	(38,280)
Payments to employees	(12,795)	(11,896)
Payments to suppliers for corporate operating expenses	(4,604)	(4,242)
Project contributions and funds received from NYC	169,351	127,993
Advances and other payments for NYC	(160,022)	(143,318)
Bond cost of issuance	(2,787)	(5,705)
Other receipts (payments)	(6,682)	(21,074)
Net Cash Provided by (Used in) Operating Activities	(298,574)	(384,583)
Cash Flows From Non Capital Financing Activities		
Proceeds from sale of bonds	1,564,310	1,413,103
Retirement of bonds	(1,020,043)	(613,608)
Interest paid	(197,746)	(129,053)
Net cash transfers between programs	4,650	(801)
Net Cash Provided by (Used in) Non Capital Financing Activities	351,171	669,641
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	(41)	(282)
Net Cash (Used in) Capital and Related Financing Activities	(41)	(282)
Cash Flows From Investing Activities		
Sale of investments	26,547,560	22,192,882
Purchase of investments	(26,733,910)	(22,397,894)
Interest and dividend collected	70,557	43,993
Net Cash Provided by (Used in) Investing Activities	(115,793)	(161,019)
Increase (decrease) in cash and cash equivalents	(63,237)	123,757
Cash and cash equivalents at beginning of year	568,004	444,247
Cash and cash equivalents at End of Year	\$ 504,767	568,004

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Statement of Cash Flows (continued)

Year ended October 31, 2006 and 2005 (in thousands)

	2006	2005
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating Income (Loss)	\$ 8,911	9,118
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expenses	395	1,518
Amortization of bond discount and premium	(1,421)	(521)
Amortization of deferred bond refunding costs	3,092	4,106
Amortization of bond issuance costs	4,000	2,654
Net cash provided by nonoperating activities	197,746	129,053
Changes in Assets & Liabilities:		
Mortgage loans	(569,551)	(980,652)
Accrued interest receivable	(13,509)	(39,488)
Other receivables	(31,510)	(241,607)
Bond issuance costs	(8,773)	(13,062)
Primary government/component unit receivable (payable)	34,208	251,766
Other assets	17,104	2,061
Payable to The City of New York	49,397	476,085
Payable to mortgagors	(10,165)	(14,126)
Accounts and other payables	2,564	428
Due to the United States Government	865	(196)
Restricted earnings on investments	(2,604)	(1,575)
Deferred fee and mortgage income	9,480	16,124
Accrued interest payable	11,197	13,731
Net Cash Provided by (Used in) Operating Activities	\$ (298,574)	(384,583)
Non Cash Investing Activities:		
Increase (decrease) in fair value of investments	\$ 1,373	(888)

See accompanying notes to the basic financial statements.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

Note 1: Organization

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

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

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

Primary Reporting Entity

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

The Corporation currently has two active subsidiaries that are reported as Discretely Presented Component Units in the financial statements, and two inactive subsidiaries.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

The Housing Assistance Corporation (“HAC”), the Housing New York Corporation (“HNYC”), the New York City Residential Mortgage Insurance Corporation (“REMIC”) and Real Estate Owned Corporation (“REO”) comprised the reporting entity. HAC and REMIC, the active subsidiaries have been included in the Corporation’s financial statements as discretely presented component units of HDC.

Discretely Presented Component Units

(A) Housing Assistance Corporation

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

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

(B) New York City Residential Mortgage Insurance Corporation

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

REMIC is required to maintain three reserves. The Housing Insurance Fund can be used as a revolving fund solely for the payment of liabilities arising from housing insurance contracts issued by REMIC. The Housing Insurance Fund requirement as of any particular date is established by statute and must be in an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to housing insurance contracts, plus (ii) twenty percent of the insured amounts under housing insurance contracts other than insured amounts which are due and payable pursuant to (i) above, plus (iii) twenty percent of the amounts to be insured under REMIC’s commitments to insure. The Housing Insurance Fund requirement at October 31, 2006 is \$29,627,000.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

REMIC must also maintain a Mortgage Insurance Fund which shall be used solely for the payment of liabilities arising from mortgage insurance contracts of the Old REMIC. The Mortgage Insurance Fund requirement at October 31, 2006 is \$1,230,000, which constitutes one hundred percent of Old REMIC's insured mortgage loans.

Any income or interest earned on these two reserves in excess of their respective requirements is transferred at least annually to the Premium Reserve Fund. The Premium Reserve Fund must also be maintained to provide for the payment of REMIC's liabilities arising from its operations, including liabilities arising from housing and mortgage insurance contracts. REMIC also maintains a Operating Fund for operation purposes. As a subsidiary of HDC, REMIC functions are administered by the Corporation. Hence, there are no additional operating expenses other than administrative fees to HDC. The Premium Reserve Fund and Operating Fund have a combined balance of \$14,533,000 at October 31, 2006. REMIC's Members substantially overlap with HDC's Members, so it is reported as a discretely presented component unit in HDC's financial statements.

(C) Housing New York Corporation

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

Upon repayment of all of the outstanding HNYC bonds on November 3, 2003, HNYC became an inactive subsidiary of the Corporation and its remaining funds were transferred out of HNYC. However, HNYC is not expected to be dissolved.

Blended Component Unit

(D) Real Estate Owned Corporation

The NYC HDC Real Estate Owned Corporation ("REO Subsidiary Corporation"), was established under Section 654-a of the Act on September 20, 2004. The REO Subsidiary Corporation has the power to hold property whenever, in the sole discretion of the Corporation, it has become necessary to acquire a project in the case of sale under foreclosure or in lieu of foreclosure to effectuate the purposes of the Act. There was no activity by this subsidiary during the last fiscal year and it is treated as a blended component of HDC.

Note 2: Summary of Significant Accounting Policies

The Corporation follows the principles of fund accounting, with a sub-fund for each bond series, for the Corporate Services Fund, and for each component unit. Each fund's assets, liabilities and net assets are accounted for as separate entities and follow enterprise fund reporting. Certain individual funds are aggregated into larger categories for the purpose of financial reporting. The accompanying financial

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

statements are presented using the economic resources measurement focus and the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred.

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

Other significant accounting policies are:

A. Revenue and Expense Recognition

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

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

B. Cash Equivalents and Investments

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

Generally Accepted Accounting Principles ("GAAP") generally requires that restricted assets be reported as non-current assets. In the case of cash equivalents and investments, this treatment generally causes restricted investments with maturities less than one year to be reported as non-current. However, to more accurately report the alignment of HDC's current liability for payment of bond principal and interest with funds available to satisfy these liabilities, HDC has included in Current Assets the cash, cash equivalents and investments held as of October 31, 2006 for payment of bond principal and interest due

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

in the following year.

C. Earnings on Investments

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

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

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

E. Operating Transfers

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

F. Allowance for Credit Losses

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

G. Estimates and Assumptions

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

H. Summarized Financial Information

The financial statements include summarized comparative information for the year ended October 31, 2005 in total but not by reporting unit. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended October 31,

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

2005.

I. Reclassifications

Certain fiscal year 2005 balances have been reclassified in order to conform to the current year presentation.

Note 3: Investments and Deposits

The Corporation is authorized to engage in investment activity pursuant to the Act and the Corporation's respective bond resolutions. Investment policies are set for the Corporation by the Members of the Corporation on an annual basis, through the annual adoption of written Investment Guidelines. Investments are reviewed on a periodic basis by the Corporation's Audit Committee. Day-to-day investment decisions are made by the Corporation's Investment Committee, whose members include the Chief Financial Officer, the Deputy Chief Financial Officer, the Controller, and the Vice President for Cash Management. The Corporation principally invests in securities of the United States and its agencies, highly rated commercial paper, open time deposits ("OTDs") in the form of investment agreements, demand accounts, and repurchase agreements and did not enter into any reverse repurchase agreements during the year ended October 31, 2006. According to management, the Corporation is not in violation of any provisions of the foregoing policies.

All securities, other than securities held by the respective trustees for the benefit of the bondholders, are held by the Corporation or its agents in the Corporation's name. Bond program investments are held by the trustee of the applicable program. All investment transactions are recorded on a delivery basis. As of October 31, 2006 and October 31, 2005, the Corporation had the following investments. Investment maturities are shown for October 31, 2006 only.

Investment Type <i>(in thousands)</i>	Fair Value		Investment Maturities at October 31, 2006 (in Years)			
	2006	2005	Less than 1	1-5	6-10	More than 10
Open Time Deposits	\$ 735,643	715,688	60,016	634,405	14,421	26,801
Fixed Repurchase Agreements	283,777	219,570	283,777	—	—	—
GNMA	198,590	196,284	10,351	—	8,047	180,192
FHLB	194,444	97,684	185,342	9,102	—	—
U.S. Treasury	184,138	256,395	180,299	—	—	3,839
FHLMC	117,393	35,286	—	102,447	14,946	—
FNMA	68,089	4,965	—	68,089	—	—
Commercial Paper	60,000	80,000	60,000	—	—	—
Term Repurchase Agreements	35,411	39,336	—	34,221	—	1,190
Demand Accounts	26,136	126,177	26,136	—	—	—
Total	\$1,903,621	1,771,385	805,921	848,264	37,414	212,022

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

In addition to the investments identified above, as of October 31, 2006 the Corporation held \$5,310,000 uninvested as cash in various trust and escrow accounts. As of October 31, 2005, this amounted to \$3,120,000.

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

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

Credit Risk: The Corporation's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished through ratings, collateral, and diversification requirements that vary according to the type of investment.

As of October 31, 2006, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae"), Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") and Federal Home Loan Bank ("FHLB") were rated in the highest long-term or short-term ratings category (as applicable) by Standard & Poor's and/or Moody's Investors Service. These ratings were AAA and A-1+ by Standard & Poor's and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively. Some investments were not rated by Fitch Ratings. Of the investments that were rated by Fitch Ratings, they carried ratings from AAA to BBB+. Investments in commercial paper were rated in the highest short-term category by at least two major rating agencies (A-1+ by Standard & Poor's, P-1 by Moody's). Demand accounts, OTDs and Repurchase Agreements in the form of OTDs are not rated.

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

The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation. At October 31, 2006, OTDs in the amount of \$478,310,000 and demand accounts in the amount of \$3,539,000 were uninsured and uncollateralized.

New York City Housing Development Corporation

Notes to the Financial Statements

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HDC bank deposits which amounted to \$8,794,000 are Federal Deposit Insurance Corporation (“FDIC”) insured in an amount up to \$100,000. Uninsured cash deposits in demand accounts amounted to \$8,390,000 at year end. The carrying amount of deposits at October 31, 2006 amounted to \$5,310,000.

Concentration Credit Risk: The Corporation reviews its credit concentration monthly and under current policy limits exposure to any one commercial paper provider to \$10 million. HDC does not place a formal limit on the amount that it may invest in any one issuer. At October 31, 2006, 10% percent of the Corporation’s investments were in FHLB and this amounted to \$194,444,000.

Note 4: Mortgage Loans

The Corporation has outstanding, under various loan programs, mortgage loans of \$4,995,116,000 and \$4,450,301,000 as of October 31, 2006 and 2005, respectively. These amounts represent the portion of mortgage loans for which the Corporation has advanced monies. The portion of mortgage loans that has not yet been advanced is recorded in investments and this amounted to \$719,637,000 and \$705,189,000 at October 31, 2006 and October 31, 2005, respectively. (See Note 14: “Commitments”).

Changes in Mortgage Loans

The changes in Mortgage Loans are as follows:

Mortgage loans outstanding at October 31, 2004	\$3,651,489,000
Mortgage Advances	1,154,476,000
Principal Collections	(357,568,000)
Discount/Premium Amortized	1,904,000
Mortgage loans outstanding at October 31, 2005	4,450,301,000
Mortgage Advances	839,299,000
Principal Collections	(294,595,000)
Discount/Premium Amortized	111,000
Mortgage loans outstanding at October 31, 2006	\$4,995,116,000

(A) New York City Housing Development Corporation

The HDC mortgage loans listed above were originally repayable over terms of 4 to 50 years and bear interest at rates from 1% to 10.36% per annum. Almost all mortgage loans receivable are collateralized by first or second mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors. The table above does not include loans which are not secured by mortgages, which include a military housing loan and a loan to the New York City Housing Authority (“NYCHA”), each secured by notes (see Note 5: “Notes Receivable”) and loans secured by GNMA certificates (see Note 3: “Investments and Deposits”). Of the total HDC mortgages held as of October 31, 2006, 81% are first mortgages and 19% are subordinate loans.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

(B) Housing Assistance Corporation

The Housing Assistance Corporation financed construction and capitalized interest costs for eight affordable housing projects during the period of 1986 to 1990. These loans, funded by New York City, accrue interest at the rate of 0-1% per annum, and in most cases the interest is deferred until approximately twenty years after origination. None of the loans are amortizing. All funds received by HAC are applied to its corporate purpose. As of October 31, 2006, there were six loans remaining and the total outstanding loan balances was \$33,074,000.

Note 5: Notes Receivable

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

In addition, notes receivable from New York City Housing Authority ("NYCHA") in connection with the Corporation's 2005 Series A Capital Fund Program Revenue Bond issuance was \$62,924,000 at October 31, 2006. This note is secured under a Master Trust Indenture by NYCHA's pledge of HUD's annual appropriation of public housing capital funds to NYCHA.

Note 6: Loan Participation Interests Receivable

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

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

At issuance, the 2002 Series D and 2003 Series D bonds were substantially over collateralized by their respective total loan assets. This presented the Corporation with an opportunity to recapitalize the underlying loan portfolio. As a result, in April 2006, the Corporation issued the 2006 Series A bonds to refinance the 2002 Series D and 2003 Series D bonds. At the time, the principal amount of the Sheridan Trust II had a balance of \$211,455,000 and was transferred to the 2006 Series A bond program. At October 31, 2006, this principal amount was \$207,995,000.

New York City Housing Development Corporation

Notes to the Financial Statements

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Second, in fiscal year 2005, HDC used bond proceeds to acquire from New York City a 100% participation interest in the cash flows payable to the City as owner of the Class B Certificate of the NYC Mortgage Loan Trust, also created by the City in 1996. Class A Certificates of this trust remain outstanding and HDC's interest is subordinate to scheduled and make-whole payments to the Class A Certificate holders, but it does receive unscheduled revenue from this participation interest. The Class B Certificate does not have a stated principal amount and is valued at its purchase price, as adjusted for the return of capital. At October 31, 2006, this amount was \$9,155,000.

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

Note 7: Other Receivables

Other Receivables of \$9,889,000 represent unamortized commitment and financing fees, servicing fees receivable, Reserve for Replacement loans and Corporate Services Fund loans not secured by mortgages on the properties, and interest receivable on HPD loans serviced (but not owned) by HDC.

Note 8: Other Non-Current Assets

Other non-current assets totaled \$11,053,000 at October 31, 2006, and consisted of (a) various interest rate caps purchased by the Corporation in connection with certain bond issuances; and (b) the value of purchased cash flows related to the 223(f) Program and the 2001 Series B Multi-Family Housing Revenue Bonds.

Three interest rate caps were purchased from the New York City Transitional Finance Authority ("TFA") in connection with the Corporation's issuance of its Multi-Family Housing Revenue Bonds series, the 2002 Series C and 2002 Series D. The caps are carried at the amortized value in the books. On December 2, 2005, by mutual agreement between the Corporation and the TFA, these interest rate caps were cancelled. As a condition of cancellation, TFA delivered, at its expense, three new interest rate caps with substantially the same terms and conditions as the original caps from Goldman Sachs Mitsui Marine Derivative Products. At that time, the combined balances of the interest rate caps had an amortized value of \$16,088,000 and a fair value of \$7,275,000 and accordingly, the Corporation recorded a fair market value adjustment of \$8,813,000.

On April 28, 2006, the Corporation issued the 2006 Series A bonds to refinance both the 2002 Series D and 2003 Series D bonds, and the related interest rate caps on these bonds were transferred to the 2006 Series A bond program. At October 31, 2006, the value of the interest rate caps for 2006 Series A and 2002 Series C were \$6,111,000 and \$35,000, respectively.

On May 25, 2005, the Corporation purchased two interest rate caps from Goldman Sachs Mitsui Marine Derivative Products in connection with the Corporation's issuance of its Multi-Family Housing Revenue Bonds, 2005 Series A-2 and 2005 Series B bonds. On March 22, 2006, the 2005 Series A-2 bonds were redeemed and the remaining amounts of its interest rate caps were written off. As of October 31, 2006,

New York City Housing Development Corporation

Notes to the Financial Statements

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the value of the interest rate caps for the 2005 Series B was \$106,000.

The purchased cash flows are revenue streams consisting of (a) the excess of mortgagors' payments over bond debt service payments, trustee fees and servicing fees to the Corporation and (b) the earnings on certain restricted funds (which earnings are excluded from the Combined Statement of Revenues and Expenses). These cash flows were purchased by the Corporation in fiscal year 1996. The purchase price amounts, representing the discounted value of the future cash flows, were recorded as an asset and have been amortized over the remaining mortgage life. During fiscal year 2006, \$494,000 was amortized and is reported as a non-operating expense. The unamortized value of these purchased cash flows is \$4,801,000 at October 31, 2006.

Note 9: Bonds Payable

The Corporation's authority to issue bonds and notes for any corporate purpose is limited by the Act to the extent that (i) the aggregate principal amount outstanding may not exceed \$6.25 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not exceed \$30 million. No bonds are currently subject to the Capital Reserve Fund requirement. These limits may be changed from time to time through State legislation. During the year ended October 31, 2006, the limit on aggregate principal amount outstanding was raised from \$5.65 billion to \$6.25 billion.

Bond Programs

The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the bond programs described below. As of October 31, 2006, the Corporation had bonds outstanding in the aggregate principal amount of \$5,148,702,000. All of the bonds are separately secured, except for the bonds issued under the General Resolution which are equally and ratably secured by the assets pledged under the General Resolution (see "*B. Housing Revenue Bond Program*" below). None of the bonds under the bond programs described in "*A. Multi-Family Bond Program*", "*C. Liberty Bond Program*", and "*D. Section 223(f) Refinancing Bond Program*" provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

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

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

(2) Rental Projects; Letter of Credit Enhanced: The Corporation has issued tax-exempt and/or taxable bonds to finance a number of mixed income projects and entirely low income projects, which bonds are

New York City Housing Development Corporation

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secured by letters of credit issued by investment-grade rated commercial lending institutions.

(3) Rental Projects; FHA-Insured Mortgage Loan: The Corporation has issued bonds to finance a number of mixed income projects with mortgages insured by the Federal Housing Administration (“FHA”).

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

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

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

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

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

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

B. Housing Revenue Bond Program. Under its Housing Revenue Bond Program, the Corporation may issue bonds payable solely from and secured by the assets held under its General Resolution, adopted in 1993 and, as amended and supplemented, used for the ongoing issuance of bonds. Assets pledged to bondholders under the General Resolution include a pool of mortgage loans, some of which are construction loans (which pool contains FHA-insured mortgage loans, REMIC-insured mortgage loans, securities, other mortgage loans and participation interests in mortgage loans), the revenues received on account of all such loans and securities; and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments.

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

New York City Housing Development Corporation

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designated in such legislation as the “Liberty Zone”.

D. Section 223(f) Refinancing Bond Program. Under this program, the Corporation acquired mortgages originally made by the City, obtained Federal insurance thereon and either sold such insured mortgages or issued its obligations secured by said insured mortgages and paid the net proceeds of the sale of such mortgages or issuance of obligations to the City. Each series of bonds issued under this program is secured by a mortgage loan insured by FHA pursuant to Section 223(f) of Title II of the National Housing Act of 1934. Debt service on each series of bonds is paid only from monies received on account of the applicable mortgage loan securing such series, including, with respect to certain projects, interest reduction subsidy payments received by the Corporation pursuant to Section 236 of the National Housing Act. A number of these bonds were retired during the year, and an additional mortgage loan was refinanced in December 2006 for which the related bonds will be retired in February 2007. (see Note 18: “Subsequent Events”).

Bonds Payable

Changes in HDC bonds payable for the year ended October 31, 2006 were as follows:

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
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MULTI-FAMILY BOND PROGRAM:

*Multi-Family Rental Housing Revenue Bonds –
Rental Projects; Fannie Mae or Freddie Mac
Enhanced*

1997 Series A Related-Carnegie Park Project— 2.57% to 3.96% Variable Rate Bonds due upon demand through 2019.....	\$ 66,800	—	—	66,800	—
1997 Series A Related-Monterey Project— 2.57% to 3.96% Variable Rate Bonds due upon demand through 2019.....	104,600	—	—	104,600	—
1997 Series A Related-Tribeca Tower Project— 2.62% to 4.01% Variable Rate Bonds due upon demand through 2019.....	55,000	—	—	55,000	—
1998 Series A Jane Street Development— 2.64% to 4.00% Variable Rate Bonds due upon demand through 2028.....	16,450	—	—	16,450	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
1998 Series A Parkgate Development Project— 2.59% to 3.95% Variable Rate Bonds due upon demand through 2028.....	36,500	—	(36,500)	—	—
1998 Series A One Columbus Place Project— 2.64% to 4.00% Variable Rate Bonds due upon demand through 2028.....	142,300	—	—	142,300	—
1999 Series A & B West 43rd Street Project— 2.64% to 5.33% Variable Rate Bonds due upon demand through 2029.....	52,720	—	(700)	52,020	120
1999 Series A Brittany Development Project— 2.64% to 4.02% Variable Rate Bonds due upon demand through 2029.....	57,000	—	—	57,000	—
2000 Series A Related West 89 th Street Development—2.62% to 4.01% Variable Rate Bonds due upon demand through 2029.....	53,000	—	—	53,000	—
2000 Series A Westmont Apartments —2.57% to 3.93% Variable Rate Bonds due upon demand through 2030.....	24,200	—	(24,200)	—	—
2001 Series A Queenswood Refunding—2.60% to 3.94% Variable Rate Bonds due upon demand through 2031.....	10,800	—	—	10,800	—
2001 Series A & 2001 Series B (Federally Taxable) Related Lyric Development—2.64% to 5.33% Variable Rate Bonds due upon demand through 2031.....	90,000	—	(500)	89,500	500
2002 Series A James Tower Development— 2.60% to 3.93% Variable Rate Bonds due upon demand through 2032.....	21,715	—	(195)	21,520	215
2002 Series A & 2002 Series B (Federally Taxable) The Foundry—2.64% to 5.33% Variable Rate Bonds due upon demand through 2032.....	57,000	—	(500)	56,500	600
2003 Series A Related-Sierra Development— 2.64% to 4.02% Variable Rate Bonds due upon demand through 2033.....	56,000	—	—	56,000	—

New York City Housing Development Corporation

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
2004 Series A West End Towers—2.64% to 4.02% Variable Rate Bonds due upon demand through 2034.....	135,000	—	—	135,000	—
2004 Series A & 2004 Series B (Federally Taxable) Related-Westport Development— 2.60% to 5.34% Variable Rate Bonds due upon demand through 2034.....	124,000	—	—	124,000	—
2005 Series A & 2005 Series B (Federally Taxable) Atlantic Court Apartments—2.85% to 5.34% Variable Rate Bonds due upon demand through 2035.....	—	104,500	—	104,500	500
2005 Series A & 2005 Series B (Federally Taxable) The Nicole Development—2.88% to 5.33% Variable Rate Bonds due upon demand through 2035.....	—	65,000	—	65,000	300
2005 Series A & B Progress of People Development—2.97% to 4.00% Variable Rate Bonds due upon demand through 2008 and 3.50% to 4.95% Serial and Term Bonds maturing in varying installments through 2036..	—	83,400	—	83,400	735
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>					
1995 Series A Columbus Apartments Development—2.57% to 3.96% Variable Rate Bonds maturing in varying installments through 2025.....	21,870	—	—	21,870	—
2001 Series A West 48th Street— 2.64% to 4.00% Variable Rate Bonds due upon demand through 2034.....	20,000	—	—	20,000	—
2002 Series A First Ave Development—2.98% to 4.00% Variable Rate Bonds due upon demand through 2035.....	44,000	—	—	44,000	—
2004 Series A State Renaissance Court—2.65% to 4.01% Variable Rate Bonds due upon demand through 2037.....	35,200	—	—	35,200	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
2005 Series A 89 Murray Street Development —2.98% to 4.00% Variable Rate Bonds due upon demand through 2039.....	—	49,800	—	49,800	—
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>					
2002 Series A & 2002 Series B (Federally Taxable) 400 West 55th Street Development— 2.83% to 4.33% Variable Rate Bonds due upon demand through 2035.....	65,000	—	(65,000)	—	—
2003 Series A Atlantic Court Apartments— 2.64% to 3.05% Variable Rate Bonds due upon demand through 2036.....	92,700	—	(92,700)	—	—
2003 Series A (AMT) & 2003 Series B (Federally Taxable) 92nd & First Residential Tower—2.66% to 5.35% Variable Rate Bonds due upon demand through 2036.....	57,300	—	(500)	56,800	50,000
2003 Series A (AMT) & 2003 Series B (Federally Taxable) Related-Upper East— 2.67% to 5.35% Variable Rate Bonds due upon demand through 2036.....	70,000	—	—	70,000	—
2004 Series A Manhattan Court Development— 2.65% to 4.03% Variable Rate Bonds due upon demand through 2036.....	17,500	—	—	17,500	—
2004 Series A East 165 th Street Development — 2.65% to 4.02% Variable Rate Bonds due upon demand through 2036.....	13,800	—	(6,135)	7,665	—
2004 Series A Aldus Street Apartments—2.66% to 4.02% Variable Rate Bonds due upon demand through 2037.....	14,200	—	—	14,200	—
2004 Series A 941 Hoe Avenue Apartments — 2.66% to 4.02% Variable Rate Bonds due upon demand through 2037.....	11,900	—	—	11,900	—
2004 Series A Peter Cintron Apartments — 2.66% to 4.02% Variable Rate Bonds due upon demand through 2037.....	14,400	—	—	14,400	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
2004 Series A Parkview Apartments —2.67% to 4.00% Variable Rate Bonds due upon demand through 2036.....	12,605	—	—	12,605	—
2004 Series A Louis Nine Boulevard Apartments —2.67% to 4.00% Variable Rate Bonds due upon demand through 2037.....	9,500	—	—	9,500	—
2004 Series A Courtlandt Avenue Apartments —2.67% to 4.00% Variable Rate Bonds due upon demand through 2037.....	15,000	—	—	15,000	—
2004 Series A Ogden Avenue Apartments — 2.66% to 4.02% Variable Rate Bonds due upon demand through 2037.....	10,500	—	—	10,500	—
2004 Series A Nagle Courtyard Apartments — 2.66% to 4.02% Variable Rate Bonds due upon demand through 2037.....	9,000	—	—	9,000	—
2004 Series A Thessalonica Court Apartments —2.62% to 3.99% Variable Rate Bonds due upon demand through 2036.....	19,500	—	—	19,500	—
2004 Series A Brookhaven Apartments — 2.62% to 3.99% Variable Rate Bonds due upon demand through 2036.....	9,100	—	—	9,100	—
2004 Series A Marseilles Apartments —2.57% to 3.91% Variable Rate Bonds due upon demand through 2034.....	13,525	—	(200)	13,325	200
2004 Series A West 61 st Street Apartments — 2.67% to 4.00% Variable Rate Bonds due upon demand through 2038.....	54,000	—	—	54,000	—
2005 Series A Morris Avenue Apartments — 2.65% to 4.02% Variable Rate Bonds due upon demand through 2038.....	22,700	—	—	22,700	—
2005 Series A Vyse Avenue Apartments — 2.65% to 4.02% Variable Rate Bonds due upon demand through 2038.....	9,650	—	—	9,650	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
2005 Series A 33 West Tremont Avenue Apartments —2.65% to 4.02% Variable Rate Bonds due upon demand through 2038.....	8,450	—	—	8,450	—
2005 Series A (AMT) & 2005 Series B (Federally Taxable) 155 West 21 Street Apartments —2.67% to 5.39% Variable Rate Bonds due upon demand through 2038.....	42,700	—	—	42,700	—
2005 Series A 2007 LaFontaine Avenue Apartments —1.91% to 4.03% Variable Rate Bonds due upon demand through 2037.....	8,500	—	—	8,500	—
2005 Series A La Casa del Sol Apartments — 2.62% to 3.99% Variable Rate Bonds due upon demand through 2037.....	12,800	—	—	12,800	—
2005 Series A 15 East Clarke Place Apartments —2.67% to 4.00% Variable Rate Bonds due upon demand through 2037.....	11,600	—	—	11,600	—
2005 Series A Ogden Avenue Apartments II — 2.64% to 4.00% Variable Rate Bonds due upon demand through 2038.....	5,300	—	—	5,300	—
2005 Series A White Plains Courtyard Apartments —2.64% to 4.00% Variable Rate Bonds due upon demand through 2038.....	9,900	—	—	9,900	—
2005 Series A Highbridge Apartments — 2.65% to 4.02% Variable Rate Bonds due upon demand through 2039.....	32,500	—	—	32,500	—
2005 Series A Urban Horizons II Development —2.81% to 3.99% Variable Rate Bonds due upon demand through 2038.....	—	19,600	—	19,600	—
2005 Series A The Schermerhorn Development —2.81% to 4.03% Variable Rate Bonds due upon demand through 2038.....	—	30,000	—	30,000	—
2005 Series A 1090 Franklin Avenue Apartments —2.98% to 4.00% Variable Rate Bonds due upon demand through 2037.....	—	6,200	—	6,200	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
2005 Series A Parkview II Apartments —3.01% to 4.00% Variable Rate Bonds due upon demand through 2037.....	—	10,900	—	10,900	—
2005 Series A Grace Towers Development — 2.92% to 3.99% Variable Rate Bonds due upon demand through 2037.....	—	11,300	—	11,300	—
2005 Series A 270 East Burnside Avenue Apartments —2.96% to 4.00% Variable Rate Bonds due upon demand through 2039.....	—	13,000	—	13,000	—
2006 Series A Reverend Ruben Diaz Gardens Apartments —3.30% to 4.02% Variable Rate Bonds due upon demand through 2038.....	—	13,300	—	13,300	—
2006 Series A Villa Avenue Apartments — 3.30% to 4.02% Variable Rate Bonds due upon demand through 2039.....	—	13,700	—	13,700	—
2006 Series A Granville Payne Apartments — 3.27% to 4.02% Variable Rate Bonds due upon demand through 2039.....	—	12,250	—	12,250	—
2006 Series A Target V Apartments —3.36% to 3.75% Variable Rate Bonds due upon demand through 2038.....	—	7,200	—	7,200	—
2006 Series A Beacon Mews Development — 3.40% to 3.60% Variable Rate Bonds due upon demand through 2039.....	—	23,500	—	23,500	—
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>					
2002 Series A (Federally Taxable) Chelsea Centro—3.95% to 5.36% Variable Rate Bonds due upon demand through 2033.....	82,800	—	(1,400)	81,400	1,400
<i>Residential Revenue Bonds – Hospital Staff Housing; Letter of Credit Enhanced</i>					
1993 Series A East 17th Street Properties— 2.36% to 3.98% Variable Rate Bonds maturing in varying installments through 2023.....	30,000	—	(1,000)	29,000	29,000

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
1993 Series A Montefiore Medical Center— 2.57% to 3.96% Variable Rate Term Bonds maturing in varying installments through 2030...	8,100	—	(100)	8,000	200
2003 Series A The Animal Medical Center— 4.25% to 5.50% Serial and Term Bonds maturing in varying installments through 2033...	10,140	—	—	10,140	—
2005 Series A & 2005 Series B (Federally Taxable) Royal Charter Properties—2.55% to 5.30% Serial and Term Bonds maturing in varying installments through 2035.....	98,275	—	(1,400)	96,875	1,400
<i>Mortgage Revenue Bonds – Cooperative Housing; SONYMA-Insured Mortgage Loan</i>					
1994 Series A Maple Court Cooperative— 6.22% Term Bonds maturing in varying installments through 2027.....	10,960	—	(225)	10,735	240
1996 Series A Maple Plaza Cooperative— 6.08% Term Bonds maturing in varying installments through 2029.....	15,480	—	(285)	15,195	295
<i>Multi-Family Mortgage Revenue Bonds – Rental Project; REMIC-Insured Mortgage Loan</i>					
1996 Series A Barclay Avenue Development— 5.75% to 6.60% Term Bonds maturing in varying installments through 2033.....	5,205	—	(70)	5,135	75
<i>Multi-Family Mortgage Revenue Bonds – Senior Housing; Letter of Credit Enhanced</i>					
2000 Series A 55 Pierrepont Development 2.65% to 4.00% Variable Rate Bonds due upon demand through 2031.....	5,300	—	(600)	4,700	100
Sub-Total Multi-Family Bond Program	2,164,045	463,650	(232,210)	2,395,485	85,880

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
<u>MILITARY HOUSING REVENUE BOND PROGRAM</u>					
2004 Series A Class I & II Fort Hamilton Housing LLC Project—5.60% to 6.72% Term Bonds maturing in varying installments through 2049.....	47,545	—	—	47,545	—
Total Multi-Family Bond Program	2,211,590	463,650	(232,210)	2,443,030	85,880

HOUSING REVENUE BOND PROGRAM:

Multi-Family Housing Revenue Bonds

1995 Series A Multi-Family Housing Revenue Bond Program—3.50% to 5.60% Serial Bonds maturing in varying installments through 2007...	545	—	(280)	265	240
1996 Series A Multi-Family Housing Revenue Bond Program—3.60% to 5.625% Serial and Term Bonds maturing in varying installments through 2012.....	13,370	—	(1,615)	11,755	1,710
1997 Series C (Federally Taxable) Multi-Family Housing Revenue Bond Program—6.73% Term Bonds maturing in varying installments through 2011.....	17,735	—	(2,485)	15,250	2,660
1998 Series A (Federally Taxable) Multi-Family Housing Revenue Bond Program—6.84% Term Bonds maturing in varying installments through 2030.....	54,300	—	(1,000)	53,300	1,000
1998 Series B Multi-Family Housing Revenue Bond Program—3.75% to 5.25% Serial and Term Bonds maturing in varying installments through 2031.....	20,215	—	(365)	19,850	375
1999 Series A-1 & A-2 (Federally Taxable) Multi-Family Housing Revenue Bond Program—5.83% to 6.06% Term Bonds maturing in varying installments through 2022 and 2.369% to 3.89% Variable Rate Bonds due upon demand through 2037.....	53,600	—	(20,300)	33,300	3,000

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
1999 Series B-1 & B-2 (Federally Taxable) Multi-Family Housing Revenue Bond Program—6.83% to 7.32% Term Bonds maturing in varying installments through 2022 and 4.459% Variable Rate Bonds due upon demand through 2031.....	37,000	—	(11,000)	26,000	1,000
1999 Series C Multi-Family Housing Revenue Bond Program—4.40% to 5.70% Serial and Term Bonds maturing in varying installments through 2031.....	3,410	—	(90)	3,320	95
1999 Series D Multi-Family Housing Revenue Bond Program—3.75% to 5.50% Serial and Term Bonds maturing in varying installments through 2019.....	6,775	—	(305)	6,470	6,470
1999 Series E Multi-Family Housing Revenue Bond Program—4.40% to 6.25% Serial and Term Bonds maturing in varying installments through 2036.....	9,825	—	(105)	9,720	110
2000 Series A & B (Federally Taxable) Multi- Family Housing Revenue Bond Program— 7.79% Serial and Term Bonds maturing in varying installments through 2032.....	24,200	—	(300)	23,900	300
2001 Series A Multi-Family Housing Revenue Bond Program—3.70% to 5.60% Serial and Term Bonds maturing in varying installments through 2042.....	29,655	—	(245)	29,410	255
2001 Series B Multi-Family Housing Revenue Bond Program—3.05% to 5.25% Serial Bonds maturing in varying installments through 2016...	4,930	—	(4,930)	—	—
2001 Series C-2 Multi-Family Housing Revenue Bond Program—2.85% to 5.40% Serial and Term Bonds maturing in varying installments through 2033.....	17,240	—	(275)	16,965	290
2002 Series A (AMT) Multi-Family Housing Revenue Bond Program—2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2034.....	35,305	—	(560)	34,745	570

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
2002 Series B (AMT) Multi-Family Housing Revenue Bond Program—2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2032.....	6,915	—	(125)	6,790	125
2002 Series C (Federally Taxable) Multi-Family Housing Revenue Bond Program—4.459% to 5.694% Variable Rate Term Bonds maturing in varying installments through 2034.....	48,815	—	(500)	48,315	545
2002 Series D (Federally Taxable) Multi-Family Housing Revenue Bond Program—4.459% to 4.914% Variable Rate Term Bonds maturing in varying installments through 2032...	221,400	—	(221,400)	—	—
2002 E-2 (AMT) Multi-Family Housing Revenue Bond Program—2% to 5.20% Serial and Term Bonds maturing in varying installments through 2034.....	18,990	—	(315)	18,675	325
2002 Series F (AMT) Multi-Family Housing Revenue Bond Program—2% to 5.20% Serial and Term Bonds maturing in varying installments through 2032.....	4,520	—	(85)	4,435	85
2003 Series A (Auction Rate) Multi-Family Housing Revenue Bond Program—2.85% to 3.65% Variable Rate Term Bonds maturing in varying installments through 2025.....	34,845	—	(14,750)	20,095	625
2003 Series B-1 & B-2 (AMT) Multi-Family Housing Revenue Bond Program—2% to 4.6% Serial and Term Bonds maturing in varying installments through 2036.....	33,025	—	(340)	32,685	3,600
2003 Series C (Non-AMT) Multi-Family Housing Revenue Bond Program—1.10% to 4% Serial and Term Bonds maturing in varying installments through 2016.....	4,335	—	(4,335)	—	—
2003 Series D (Federally Taxable) Multi-Family Housing Revenue Bond Program—4.459% to 4.914% Variable Rate Term Bonds maturing in varying installments through 2033...	42,500	—	(42,500)	—	—

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Description of Bonds as Issued	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2006)</i>					
2003 Series E-1 & E-2 (AMT) Multi-Family Housing Revenue Bond Program—2.25% to 5.05% Serial and Term Bonds maturing in varying installments through 2036.....	45,530	—	(16,840)	28,690	200
2004 Series A Multi-Family Housing Revenue Bond Program—1.85% to 5.25% Serial and Term Bonds maturing in varying installments through 2030.....	145,620	—	(3,130)	142,490	3,220
2004 Series B-1 & B-2 (AMT) Multi-Family Housing Revenue Bond Program—2% to 5.30% Serial and Term Bonds maturing in varying installments through 2036.....	43,320	—	(7,375)	35,945	13,590
2004 Series C-1 & C-2 (Federally Taxable) Multi-Family Housing Revenue Bond Program—3.90% to 6.34% Serial and Term Bonds maturing in varying installments through 2036.....	62,320	—	(14,410)	47,910	20
2004 Series D (Federally Taxable) Multi-Family Housing Revenue Bond Program—5.55% Term Bonds maturing in 2020.....	18,000	—	(18,000)	—	—
2004 Series E-1 (Non-AMT) Multi-Family Housing Revenue Bond Program—4.95% Term Bonds maturing in 2033.....	39,595	—	—	39,595	—
2004 Series E-2 (Federally Taxable) Multi-Family Housing Revenue Bond Program—5.75% Term Bonds maturing in 2024.....	28,700	—	(19,720)	8,980	—
2004 Series F (Federally Taxable) Multi-Family Housing Revenue Bond Program—3.68% to 5.70% Serial and Term Bonds maturing in varying installments through 2035.....	33,970	—	—	33,970	910
2004 Series G (Federally Taxable) Multi-Family Housing Revenue Bond Program—5.63% Term Bonds maturing in 2029.....	10,610	—	(50)	10,560	55

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
2004 Series H (AMT) Multi-Family Housing Revenue Bond Program—2.70% to 5.25% Serial and Term Bonds maturing in varying installments through 2046.....	9,395	—	(35)	9,360	85
2004 Series I-1 & I-2 (AMT) Multi-Family Housing Revenue Bond Program—2.50% to 5.20% Serial and Term Bonds maturing in varying installments through 2038.....	26,645	—	(205)	26,440	210
2004 Series J (Federally Taxable) Multi-Family Housing Revenue Bond Program—2.95% to 5.70% Serial and Term Bonds maturing in varying installments through 2038.....	27,660	—	(765)	26,895	970
2005 Series A-1 (Non-AMT) Multi-Family Housing Revenue Bond Program—4.50% to 4.60% Term Bonds maturing in 2027 and 2035, respectively.....	9,735	—	—	9,735	—
2005 Series A-2 (Federally Taxable) (Auction Rate) Multi-Family Housing Revenue Bond Program—3.78% to 4.50% Variable Rate Bonds due upon demand through 2034.....	6,150	—	(6,150)	—	—
2005 Series B (Federally Taxable) (Auction Rate) Multi-Family Housing Revenue Bond Program—3.78% to 5.259% Variable Rate Bonds due upon demand through 2037.....	51,250	—	(2,425)	48,825	300
2005 Series C & D (AMT) Multi-Family Housing Revenue Bond Program—3.10% to 4.80% Serial and Term Bonds maturing in varying installments through 2047.....	30,160	—	—	30,160	—
2005 Series E (AMT) Multi-Family Housing Revenue Bond Program—2.90% to 4.75% Serial and Term Bonds maturing in varying installments through 2035.....	3,900	—	—	3,900	130
2005 Series F-1 (Non-AMT) Multi-Family Housing Revenue Bond Program—4.65% to 4.75% Term Bonds maturing in 2025 and 2035, respectively.....	65,410	—	—	65,410	—

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
2005 Series F-2 (Federally Taxable) Multi-Family Housing Revenue Bond Program—4.66% to 5.43% Term Bonds maturing in 2010 and 2017, respectively.....	80,935	—	(2,205)	78,730	5,290
2005 Series G (Non-AMT) Multi-Family Housing Revenue Bond Program—3.35% to 4.35% Serial and Term Bonds maturing in varying installments through 2018.....	—	4,840	—	4,840	220
2005 Series H (AMT) (Auction Rate) Multi-Family Housing Revenue Bond Program—3.10% to 3.80% Variable Rate Term Bonds maturing in 2040.....	—	30,100	—	30,100	—
2005 Series I (Federally Taxable) (Auction Rate) Multi-Family Housing Revenue Bond Program—4.25% to 5.336% Variable Rate Term Bonds maturing in 2036.....	—	3,445	—	3,445	50
2005 Series J-1 (Non-AMT) & J-2 (Federally Taxable) (Auction Rate) Multi-Family Housing Revenue Bond Program— 4.289% to 4.50% Variable Rate Term Bonds and 4.65% to 4.85% Term Bonds maturing in 2016 and 2036, respectively.....	—	39,135	(18,640)	20,495	—
2005 Series K (AMT) Multi-Family Housing Revenue Bond Program—3.60% to 5.00% Serial and Term Bonds maturing in varying installments through 2037.....	—	12,730	—	12,730	—
2005 Series L (AMT) Multi-Family Housing Revenue Bond Program—3.85% to 5.05% Serial and Term Bonds maturing in varying installments through 2039.....	—	37,145	—	37,145	—
2006 Series A (Federally Taxable) Multi-Family Housing Revenue Bond Program—6.42% Term Bonds maturing in 2027 and 4.80% to 5.35% Variable Rate Term Bonds maturing in 2034.....	—	306,100	—	306,100	32,575

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
2006 Series C (AMT) Multi-Family Housing Revenue Bond Program—4.15% to 5.125% Serial and Term Bonds maturing in varying installments through 2040.....	—	81,635	—	81,635	—
2006 Series D-1 (Non-AMT) & 2006 Series D-2 (Federally Taxable) (Auction Rate) Multi-Family Housing Revenue Bond Program—5.20% to 5.35% Periodic Auction Rate Term Bonds and 4.95% Term Bonds maturing in 2026 and 2036, respectively.....	—	10,005	—	10,005	175
2006 Series E (Federally Taxable) (Auction Rate) Multi-Family Housing Revenue Bonds Program— 5.215% to 5.35% Periodic Auction Rate Term Bonds maturing in 2036.....	—	27,685	—	27,685	—
2006 Series F (Federally Taxable) (Auction Rate) Multi-Family Housing Revenue Bonds Program— 4.86% to 5.35% Periodic Auction Rate Term Bonds maturing in 2040.....	—	2,655	—	2,655	—
<i>Multi-Family Secured Mortgage Revenue Bonds</i>					
2005 Series A-1 Multi-Family Housing Revenue Bonds Program— 5.65% Term Bonds due upon demand through 2031.....	—	6,185	(20)	6,165	40
Total Housing Revenue Bond Program	1,482,355	561,660	(438,175)	1,605,840	81,420

LIBERTY BOND PROGRAM:

Multi-Family Mortgage Revenue Bonds

2003 Series A & B (Federally Taxable) 2 Gold Street—2.65% to 4.85% Variable Rate Bonds due upon demand through 2037.....	178,500	—	(178,500)	—	—
2004 Series A & B (Federally Taxable) 90 West Street— 2.65% to 4.57% Variable Rate Bonds due upon demand through 2036.....	106,500	—	(106,500)	—	—

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
2005 Series A 90 Washington Street— 2.35% to 3.65% Variable Rate Bonds due upon demand through 2035.....	74,800	—	—	74,800	—
2005 Series A & B (Federally Taxable) The Crest— 2.59% to 5.33% Variable Rate Bonds due upon demand through 2036.....	143,800	—	—	143,800	—
2006 Series A & B (Federally Taxable) 90 West Street—3.00% to 5.36% Variable Rate Bonds due upon demand through 2036.....	—	112,000	—	112,000	—
2006 Series A & B (Federally Taxable) 2 Gold Street—3.10% to 5.24% Variable Rate Bonds due upon demand through 2036.....	—	217,000	(300)	216,700	800
2006 Series A & B (Federally Taxable) 20 Exchange Place—3.37% to 5.43% Variable Rate Bonds due upon demand through 2039.....	—	210,000	—	210,000	—
Total Liberty Bond Program	503,600	539,000	(285,300)	757,300	800
<u>SECTION 223(f) REFINANCING BOND PROGRAM:</u>					
Multi-Family Housing Bond Program—6.50% to 7.25% Bonds maturing in varying installments through 2019.....	125,281	—	(57,544)	67,737	3,754
Total Section 223(f) Refinancing Bond Program	125,281	—	(57,544)	67,737	3,754
<u>CAPITAL FUND PROGRAM REVENUE BOND</u>					
2005 Series A Capital Fund Program—3.00% to 5.00% Serial and Term Bonds maturing in varying installments through 2025.....	281,610	—	(6,815)	274,795	8,985
Total Capital Fund Program Revenue Bonds	281,610	—	(6,815)	274,795	8,985

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2006)</i>	Balance at Oct. 31, 2005	Issued	Retired	Balance at Oct. 31, 2006	Amount Due Within 1 Year
Total Bonds Payable Prior to Net Premium (Discount) on Bonds Payable and Deferred Bond Refunding Costs	\$ 4,604,436	1,564,310	(1,020,044)	5,148,702	180,839
Net Premium (Discount) on Bonds Payable	17,636	—	—	16,216	—
Deferred Bond Refunding Costs	(14,702)	—	—	(15,504)	—
Total Bonds Payable (Net)	\$ 4,607,370	1,564,310	(1,020,044)	5,149,414	180,839

Bonds issued in Fiscal Year 2006

(A) New York City Housing Development Corporation

On November 30, 2005, the variable rate 2005 Series A Multi-Family Mortgage Revenue Bonds (Urban Horizons II Development) were issued in the amount of \$19,600,000 to finance a mortgage loan for the purpose of paying a portion of the costs of constructing and equipping a multi-family rental housing development to be located at 1330 Intervale Avenue and 1337 Louis Nine Boulevard in the Borough of the Bronx, New York.

On December 1, 2005, the 2005 Series A-1 Multi-Family Secured Mortgage Revenue Bonds were issued in the amount of \$6,185,000 to finance permanent mortgage loans for certain newly constructed developments located in the Borough of Manhattan, New York.

On December 6, 2005, the variable rate 2005 Series A & B (Federally Taxable) Multi-Family Rental Housing Revenue Bonds (Atlantic Court Apartments) were issued in the amount of \$104,500,000 to finance a mortgage loan to the mortgagor in order to refinance the project located at 125 Court Street in the Borough of Brooklyn, New York, that was originally financed with bonds issued by the Corporation.

On December 8, 2005, the variable rate 2005 Series A & B (Federally Taxable) Multi-Family Rental Housing Revenue Bonds (The Nicole) were issued in the amount of \$65,000,000 to finance a mortgage loan to the mortgagor in order to refinance the project located at 400 West 55th Street in the Borough of Manhattan, New York, that was originally financed with bonds issued by the Corporation.

On December 16, 2005, two separate issues of 2005 Series A Multi-Family Mortgage Revenue Bonds were issued. The variable rate 2005 Series A (1090 Franklin Avenue Apartments) bonds and 2005 Series A (Parkview II Apartments) bonds were issued in the amounts of \$6,200,000 and \$10,900,000, respectively. Each issue of the 2005 Bonds relates to a project located in the Borough of the Bronx, New York. For the purpose of financing a mortgage loan to the respective mortgagor in order to finance the

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

project being developed by such mortgagor and pay certain other related costs.

On December 19, 2005, the variable rate 2005 Series A Multi-Family Mortgage Revenue Bonds (89 Murray Street Development) were issued in the amount of \$49,800,000 to finance a mortgage loan for the purpose of paying a portion of the costs of constructing and equipping a multi-family rental housing facility located at 89 Murray Street in the Borough of Manhattan, New York, and certain other related costs.

On December 23, 2005, the variable rate 2005 Series A Multi-Family Mortgage Revenue Bonds (270 East Burnside Avenue Apartments) were issued in the amount of \$13,000,000 to finance a mortgage loan for the purpose of paying a portion of the costs of constructing and equipping a multi-family rental housing facility located at 262-270 East Burnside Avenue in the Borough of the Bronx, New York, and pay certain other related costs.

On December 28, 2005, seven Multi-Family Housing Revenue Bonds series were issued in an amount totaling \$127,395,000. The 2005 Series G (Non-AMT) bonds in the amount of \$4,840,000, the 2005 Series H (AMT) (Auction Rate) bonds in the amount of \$30,100,000, the 2005 Series I (Federally Taxable) (Auction Rate) bonds in the amount of \$3,445,000, the 2005 Series J-1 (Non-AMT) bonds in the amount of \$20,495,000, the 2005 Series J-2 (Federally Taxable) (Auction Rate) bonds in the amount of \$18,640,000, the 2005 Series K (AMT) bonds in the amount of \$12,730,000 and the 2005 Series L (AMT) bonds in the amount of \$37,145,000 are being issued, when combined with other available monies, to finance permanent or construction loans for the construction or rehabilitation of certain new and existing developments or to refinance permanent loans for certain existing developments.

On December 29, 2005, the variable rate 2005 Series A Multi-Family Mortgage Revenue Bonds (The Schermerhorn Development) were issued in the amount of \$30,000,000 to finance a construction mortgage loan for the purpose of paying a portion of the costs of acquiring and equipping a multi-family rental housing facility to be located at 160 Schermerhorn Street between Smith Street and Hoyt Street in the Borough of Brooklyn, New York.

On December 29, 2005, the 2005 Series A & B Multi-Family Rental Housing Revenue Bonds (Progress of Peoples Developments) were issued in the amount of \$83,400,000. The 2005 Bonds are being issued to finance certain construction and permanent mortgage loan for the purposes of paying, together with other available monies of the mortgagors, the costs of acquiring, rehabilitating and equipping certain multi-family senior rental housing development located in the City of New York and certain other related costs.

On December 30, 2005, the variable rate 2005 Series A Multi-Family Mortgage Revenue Bonds (Grace Towers Development) were issued in the amount of \$11,300,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring and renovating a multi-family rental housing facility located at 2060 Pitkin Avenue and 272 Pennsylvania Avenue in the Borough of Brooklyn, New York, and to pay certain other related costs.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

On February 16, 2006, the variable rate 2006 Series A & B (Federally Taxable) Multi-Family Rental Housing Revenue Bonds (90 West Street) were issued in the amount of \$112,000,000 to finance a mortgage loan to the mortgagor in order to refinance a multi-family rental housing facility located at 90 West Street in the Borough of Manhattan, New York, that was originally financed with bonds issued by the Corporation and pay certain other related costs.

On April 7, 2006, the variable rate 2006 Series A & B (Federally Taxable) Multi-Family Rental Housing Revenue Bonds (2 Gold Street) were issued in the amount of \$217,000,000 to finance a mortgage loan to the mortgagor in order to refinance a multi-family rental housing facility located at 2 Gold Street in the Borough of Manhattan, New York, that was originally financed with bonds issued by the Corporation and pay certain other related costs.

On April 28, 2006, the 2006 Series A (Federally Taxable) Multi-Family Housing Revenue Bonds were issued in the amount of \$306,100,000, when combined with other available monies, to pay the redemption price of certain outstanding bonds of the Corporation and to provide funds to the Corporation for its corporate purposes free and clear of the lien of the General Resolution.

On May 4, 2006, the variable rate 2006 Series A Multi-Family Mortgage Revenue Bonds (Reverend Ruben Diaz Gardens Apartments) were issued in the amount of \$13,300,000 to finance a mortgage loan to the mortgagor in order to finance the Project located in the Borough of the Bronx, New York, and pay certain other related costs.

On May 24, 2006, the variable rate 2006 Series A Multi-Family Mortgage Revenue Bonds (Villa Avenue Apartments) were issued in the amount of \$13,700,000 to finance a mortgage loan for the purpose of paying a portion of the costs of constructing and equipping a multi-family rental housing facility to be located at 3121 Villa Avenue in the Borough of the Bronx, New York, and to pay certain other related costs.

On June 1, 2006, the variable rate 2006 Series A Multi-Family Mortgage Revenue Bonds (Granville Payne Apartments) were issued in the amount of \$12,250,000 to finance a mortgage loan to the project located in the Borough of Brooklyn, New York, and to pay certain other related costs.

On June 21, 2006, the variable rate 2006 Series A & B (Federally Taxable) Multi-Family Mortgage Revenue Bonds (20 Exchange Place) were issued in the amount of \$210,000,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring the land that is located at 20 Exchange Place in the Borough of Manhattan, New York, and the existing office building, and converting a portion of such building into a multi-family rental housing development and to pay certain other related costs.

On June 29, 2006, five Multi-Family Housing Revenue Bonds series were issued in an amount totaling \$121,980,000. The 2006 Series C (AMT) bonds in the amount of \$81,635,000, the 2006 Series D-1 (Non-AMT) bonds in the amount of \$2,510,000, the 2006 Series D-2 (Federally Taxable) (Auction Rate) bonds in the amount of \$7,495,000, the 2006 Series E (Federally Taxable) (Auction Rate) bonds in the amount of \$27,685,000 and the 2006 Series F (Federally Taxable) (Auction Rate) bonds in the amount

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

of \$2,655,000 were issued, when combined with other available monies, to finance construction and/or permanent mortgage loans for the acquisition, rehabilitation and/or construction of certain developments or to refinance permanent loans for certain existing developments.

On July 13, 2006, the variable rate 2006 Series A Multi-Family Mortgage Revenue Bonds (Target V Apartments) were issued in the amount of \$7,200,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring and renovating a multi-family rental housing facility located at 1971 and 1975 Grand Avenue in the Borough of the Bronx, New York, and to pay certain other related costs.

On October 5, 2006, the variable rate 2006 Series A Multi-Family Mortgage Revenue Bonds (Beacon Mews Development) were issued in the amount of \$23,500,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring, constructing and equipping a multi-family rental housing facility to be located at 34 West 139th Street in the Borough of Manhattan, New York, and to pay certain other related costs.

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

The Corporation sold several series of bonds in fiscal year 2005 and one bond series in fiscal year 2006 for future delivery. These bonds are not legally issued until the delivery date. In fiscal year 2005, the \$6,185,000 Multi-Family Secured Mortgage Revenue Bonds, 2005 Series A-1, were contracted to be delivered on December 1, 2005 and were so delivered. The \$4,505,000 Multi-Family Secured Mortgage Revenue Bonds, 2005 Series A-2, are contracted to be delivered on August 1, 2007 and the \$3,465,000 Multi-Family Secured Mortgage Revenue Bonds, 2005 Series B, are contracted to be delivered on January 14, 2008. During fiscal year 2006, the Corporation sold \$31,900,000 of its Multi-Family Housing Revenue Bonds, the 2006 Series B (AMT) bond program. The bonds are contracted to be delivered on June 28, 2007. Under certain limited circumstances, if the Corporation fails to make such deliveries, financial penalties may be incurred.

The Corporation defeased the following series of bonds during fiscal year ended October 31, 2006:

Bond issues	Date	Amount
2003 Series C Multi-Family Housing Revenue Bond.....	April 3, 2006	\$ 4,175,000
2004 Series D Multi-Family Housing Revenue Bond.....	October 24, 2006	18,000,000
2004 Series E-2 Multi-Family Housing Revenue Bond.....	October 24, 2006	19,720,000
Total		\$ 41,895,000

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

Future Debt Service

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

Year Ending October 31, <i>(in thousands)</i>	Principal	Interest	Total
2007.....	\$ 180,839	221,499	402,338
2008.....	52,475	218,688	271,163
2009.....	102,670	214,910	317,580
2010.....	122,630	210,982	333,612
2011.....	60,950	205,764	266,714
2012 – 2016.....	318,933	980,656	1,299,589
2017 – 2021.....	585,995	874,630	1,460,625
2022 – 2026.....	409,390	754,233	1,163,623
2027 – 2031.....	970,820	562,984	1,533,804
2032 – 2036.....	1,236,225	356,969	1,593,194
2037 – 2041.....	1,080,410	78,633	1,159,043
2042 – 2046.....	18,080	5,770	23,850
2047 – 2051.....	9,285	1,044	10,329
Total	\$ 5,148,702	4,686,762	9,835,464

Note 10: Consultant's Fees

The fees paid by the Corporation for legal and consulting services in fiscal year 2006 for HDC include \$65,188 to Hawkins, Delafield & Wood LLP; \$6,878 to Hitchens & Williams; \$4,180 to Allen E. Kayes, PC; \$4,119 to Norris McLaughlin & Marcus, PA; \$3,069 to the Law Offices of Epstein, Becker & Green, PC for legal services and \$2,500 to Samuel Klein & Company. Auditing fees of \$175,000 were paid to Ernst & Young LLP. The Corporation paid consulting fees in the amount of \$184,818 to Quest America Inc.; \$76,995 to Steve Yu; \$53,117 to Hawkins Delafield & Wood LLP; \$51,120 to Irene Yau; \$31,110 to Michelle Antao; \$25,256 to Cristo Rey New York High School; \$23,911 to Astoria Graphics Incorporated; \$21,060 to Deepa Goel; \$16,509 to Aaron W. Eckerle; \$13,500 to KellyCo Marketing; \$8,183 to Larry Raccioppo; \$6,662 to Carlton Architecture PC; \$6,630 to Ramesh Sreedhar; \$6,500 to Insurance Advisors, LLC; \$5,820 to Raju Thomas; \$2,925 to Oracle Corporation; \$2,500 to Nancy Goldstein Projects, Inc.; \$2,340 to Kenneth Mertz; \$1,688 to Accurint; \$1,390 to Coloredge Visual; \$427 to Kelly Ricciardi; \$300 to Spencer T. Tucker and \$165 to MetroProof.

In addition, the Corporation paid legal and consulting fees for services provided in connection with bond financings of \$1,661,624 to Hawkins Delafield & Wood LLP; \$35,200 to Goldman Sachs; \$32,000 to Ernst & Young LLP; \$19,000 to Emmet, Marvin & Martin LLP; \$9,500 to Dorsey & Witney LLP; \$4,000 to Harris Beach LLP; \$4,000 to LeBoeuf, Lamb, Greene & Macrae and \$2,500 to Bryan Cave LLP. The Corporation has been reimbursed for these expenses either from bond proceeds or from project developers.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

Note 11: Payable to The City of New York

(A) New York City Housing Development Corporation

Since fiscal year 2002, the Corporation entered into various agreements with the City whereby HDC sold bonds and used the bond proceeds to purchase from the City interests in various mortgage loans and pools of mortgage loans, and, in fiscal years 2005 and 2006, to originate second mortgage loans in which it sold a residual interest to the City. Cash flow derived from these loan interests is pledged to the repayment of the related HDC bonds. At such time as these HDC bonds are retired, ownership of the associated loan interests transfers to the City. Therefore, to the extent to which such interests exceed the amount of the related bonds, the excess is reported as payable to New York City.

In fiscal years 2002 and 2003, the Corporation issued its 2002 Series D Multi-Family Mortgage Revenue Bonds and 2003 Series D Multi-Family Mortgage Revenue Bonds. In each case, HDC used the bond proceeds to purchase from the City a 100% participation interest in the cash flow of a portfolio of mortgage loans and a 100% participation interest in the cash flows of a loan pool securitized by the City in 1996 and known as the Sheridan Trust II. As noted in Note 6: "Loan Participation Interest Receivable", the 2002 Series D and 2003 Series D were substantially over-collateralized by their respective total loan assets. This presented the Corporation with an opportunity to recapitalize the underlying loan portfolio. In April 2006, by mutual agreement with the City, the Corporation issued the 2006 Series A bonds. The proceeds of these bonds were used to refinance the 2002 Series D and 2003 Series D bonds, pay the cost of issuance of the bonds, pay the City of New York \$6,847,000 as consideration for extending the reversion of the residual interest in the participating underlying mortgages to the City until the 2006 Series A bonds are retired and provide the Corporation additional funds of \$98,154,000 to continue its affordable housing mission principally through the making of subordinate loans to support the Mayor's Affordable Housing Initiative Program. The \$98,154,000 is reported as a Special Item for financial reporting purposes. (See Note 17: "Net Assets"). At October 31 2006, the Corporation's payable to the City under 2006 Series A bonds program was \$332,286,000.

The Corporation has completed numerous transactions as part of its Mitchell-Lama Restructuring Program, an affordable housing preservation program. During fiscal years 2005 and 2006, through the issuance of Multi-Family Housing Revenue Bonds, 2004 Series D, 2004 Series E-1, 2004 Series E-2, 2005 Series A-1, 2005 Series A-2, 2005 Series F-1, 2005 Series F-2, 2005 Series J-1, 2005 Series J-2, 2006 Series D-1 and 2006 Series D-2 (collectively, "Mitchell-Lama Restructuring Bonds"), HDC funded, in addition to various new first and second mortgage loans, the acquisition of participation interests in City-owned second mortgages and associated cash flows. As long as any Mitchell-Lama Restructuring Bonds are outstanding, all cash flows from the purchased interests must be applied to debt service on such bonds. Once all such bonds are retired, HDC's participation interests revert to New York City. HDC also sold to the City a residual interest in the second mortgage loans the Corporation originated. These loans also transfer to the City when the bonds are retired. At October 31, 2006, the Corporation's payable to New York City under the Mitchell-Lama Restructuring Bonds program was \$325,379,000.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

The City's Department of Housing Preservation and Development ("HPD") acts as the regulatory agency for the 1996 Series A Housing Revenue Bond Program mortgages, and as such, receives servicing fees from HDC. At October 31, 2006, for the 1996 Series A Housing Revenue Bond Program servicing fees payable to HPD were \$5,000.

The Corporation also administers construction loans on behalf of HPD, using funds provided by HPD. All such funds are the property of HPD and are thus reported as due to New York City in the Corporation's financial statements. At October 31, 2006, the related payable to the City was \$138,066,000.

(B) Housing Assistance Corporation

Funding for HAC was received through the City in 1985. All of HAC's assets, after repayment of HDC advances to HAC and if unused for HAC purposes, will revert back to the City. In fiscal year 2006, HAC repaid HDC \$4,500,000 for funds that was advanced to HAC in fiscal years 2004 and 2005 to assist an additional development to maintain affordable rentals. At October 31, 2006, total resources payable to the City amounted to \$64,083,000. The resources held for the City are primarily the mortgage loans described in Note 4, "Mortgage Loans", and the investments held to fund tenant assistance payments.

Note 12: Retirement Programs

The Corporation is a participating employer in the New York City Employees' Retirement System ("NYCERS") of which 66 employees of the Corporation are members. The Corporation paid NYCERS \$332,088, \$377,110 and \$0 during fiscal years 2006, 2005 and 2004, respectively. Copies of NYCERS' financial statements can be obtained by writing to 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3751.

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

Note 13: Postemployment Benefits Other Than Pension

The Corporation sponsors a single employer health care plan that provides postemployment medical benefits for eligible retirees and their spouses. The Corporation does not issue a publicly available financial report for the plan.

Benefit provisions for the plan are established and amended through HDC's Board of Directors and there is no statutory requirement for HDC to continue this plan for future HDC employees. The plan is a non contributory plan with all payments for plan benefits being funded by HDC on a pay-as-you-go-basis.

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

During 2006, HDC adopted the accounting provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement establishes guidelines for reporting costs associated with "other postemployment benefits" (OPEB). HDC's annual OPEB cost for the plan is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. HDC's annual OPEB cost for the current year and the related information for the plan are as follows (dollar amounts in thousands):

Annual required contribution	\$ 1,595
Contributions made	(5)
Increase in net OPEB obligation	1,590
Net OPEB obligation—beginning of year	—
<u>Net OPEB obligation—end of year</u>	<u>\$ 1,590</u>

HDC's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2006 were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
<u>10/31/06</u>	<u>\$ 1,595</u>	<u>0.34%</u>	<u>\$ 1,590</u>

As of October 31, 2006, the actuarial accrued liability for benefits was \$13,779,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$9,097,000 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 151%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between HDC and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the actuarial valuation, the frozen entry age actuarial cost method was used. The actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 10% medical and

New York City Housing Development Corporation

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grading down to an ultimate rate of 5%. The unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payroll on an open basis. The remaining amortization period was 29 years.

Note 14: Due to the United States Government

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

A. Due to HUD

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

The Corporation receives the annual contract contributions periodically during the year and disburses funds monthly for the benefit of the covered projects. As of October 31, 2006, the Corporation held \$3,539,000 in prefunded annual contributions. Related fees earned during fiscal year 2006 amounted to \$3,033,000 and are included in operating income. The Corporation also holds \$31,000 which represents excess 236 interest reduction subsidies.

B. Rebate Fund

In order to maintain the exemption from federal income tax of interest on bonds issued subsequent to January 1, 1986, the Corporation established a separate fund, the Rebate Fund, into which amounts required to be rebated to the Federal Government pursuant to Section 148 of the Code are deposited. In general, the Code requires the payment to the U. S. Treasury of the excess of the amount earned on all non-purpose obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue. Project or construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Issues with respect to which all gross proceeds are expended for the governmental purpose of the issue within the required time period after the date of issue and debt service funds with annual gross earnings of less than \$100,000 are exempt from this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. At October 31, 2006, HDC had set aside \$358,000 to make future rebate payments when due.

Note 15: Commitments

(A) New York City Housing Development Corporation

The Corporation is committed under one operating lease for office space for minimum annual rentals for

New York City Housing Development Corporation

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the next five years and thereafter as follows:

Year Ending October 31,	
2007.....	\$ 1,301,000
2008.....	1,301,000
2009.....	1,301,000
2010.....	1,409,000
2011.....	1,445,000
2012 – 2015.....	4,698,000
Total	\$ 11,455,000

For fiscal year 2006, the Corporation's rental expense amounted to \$1,730,000.

HDC's practice is to close loans only when all the funds committed to be advanced have been made available through bonds proceeds or a reservation of corporate funds. Funds are invested prior to being advanced as described in Note 3: "Investments and Deposits" and are reported as restricted assets. The portion of closed construction loans that had not yet been advanced is as follows at October 31, 2006:

Program:

Multi-Family Bond Programs

Housing Revenue	\$ 132,582,000
80/20	7,248,000
Mixed Income Rental Program (MIRP)	10,605,000
Liberty Bond	82,937,000
New Housing Opportunity Program (NEW HOP)	79,254,000
Low-Income Affordable	155,630,000
Mitchell-Lama Repair Loans	5,036,000
NYCHA	230,260,000
Corporate Services Fund Loans	54,591,000
Unadvanced Construction Loans (closed loans)	\$ 758,143,000

As of October 31, 2006 the Corporation had executed commitment letters for several loans that had not yet closed. Ultimate funding of these loans is conditioned on various factors.

Mitchell-Lama Repair Loans	\$ 14,320,000
Corporate Services Fund Loans	19,685,000
Affordable Housing Participation Loan Program	74,105,000
Total Signed Commitments	\$ 108,110,000

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

New York City Housing Development Corporation

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- The Corporation entered into a Memorandum of Understanding (“MOU”) with HPD dated as of May 5, 2004 that outlines the Corporation’s obligations to purchase participations totaling up to \$55,632,000 in affordable housing loans for various HPD programs during fiscal years 2004 to 2006, and HPD’s commitment to purchase these loans extend back to that period with accrued interest in 2007 and 2008. As of October 31, 2006, loans totaling \$27,208,000 had been closed and \$16,603,000 had been advanced. An unadvanced portion of \$10,605,000 for the closed loans is included in the chart above. The Corporation’s commitment to purchase loans under the MOU has expired.

(B) New York City Residential Mortgage Insurance Corporation

As of October 31, 2006, REMIC insured loans with coverage totaling \$107,231,000 and had outstanding commitments to insure loans with a maximum insurance coverage of \$40,906,000.

Note 16: Contingencies

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

Note 17: Net Assets

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

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

New York City Housing Development Corporation

Notes to the Financial Statements

October 31, 2006

Changes in Net Assets

The changes in Net Assets are as follows:

	Restricted	Unrestricted	Total
Net assets at October 31, 2004	\$334,706,000	422,433,000	757,139,000
Income	33,211,000	11,257,000	44,468,000
Transfers	20,231,000	(20,231,000)	—
Net assets at October 31, 2005	388,148,000	413,459,000	801,607,000
Income	64,602,000	20,376,000	84,978,000
Loan participation agreement resecuritization proceeds	—	98,154,000	98,154,000
Transfers	(34,753,000)	34,753,000	—
Net assets at October 31, 2006	\$417,997,000	566,742,000	984,739,000

Summary of Restricted Net Assets	2006	2005
Multi-Family Bond Programs	\$398,826,000	\$357,277,000
Corporate Debt Service Reserve for HPD Loan Purchase Bonds	15,305,000	19,793,000
Claim Payment Fund for 223(f) Program	3,866,000	11,078,000
Total Restricted Net Assets	\$417,997,000	\$388,148,000

Of the total Unrestricted Net Assets listed below, \$231,816,000 is existing mortgages and other loans. An additional \$183,190,000 has been designated by the Members of the Corporation for future mortgage advances pursuant to housing programs established by the Corporation. The Corporation also has \$1,781,000 in capital assets.

On April 28, 2006, the Corporation issued the 2006 Series A bonds to refinance the 2002 Series D and 2003 Series D bonds. After refinancing the old bonds, paying for related costs of bond issuance and for an amended participation agreement with the City, the remaining bond proceeds of \$98,154,000 were provided to the Corporation to continue its affordable housing programs, primarily through issuing subordinate loans to support the Mayor's Affordable Housing Initiative Program. (See Note 11: "Payable to the City of New York"). The \$98,154,000 is reported as a "Special Item" for financial reporting purposes and is designated as unrestricted fund balance for future housing program purposes.

Summary of Unrestricted Net Assets	2006	2005
Designated Assets:		
Housing Programs	\$183,190,000	\$185,907,000
Loan participation agreement resecuritization proceeds	98,154,000	—
Existing Mortgages	231,816,000	173,121,000
Working Capital	7,000,000	7,000,000
Rating Agency Reserve Requirement	40,000,000	40,000,000
Total Designated Assets	560,160,000	406,028,000

New York City Housing Development Corporation

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Undesignated Assets:

Loan spread purchased from New York City	4,801,000	5,295,000
Capital Assets	1,781,000	2,136,000
<hr/> Total Undesignated Assets	<hr/> 6,582,000	<hr/> 7,431,000
<hr/> Total Unrestricted Net Assets	<hr/> \$566,742,000	<hr/> \$413,459,000

Note 18: Subsequent Events

Subsequent to October 31, 2006 and through December 31, 2006, twenty-one new bond series totaling \$619,450,000 were issued in the course of the Corporation's normal business activities.

On December 20, 2006, the Corporation issued its 2006 Series A Multi-Family Rental Housing Revenue Bonds (Seaview Towers) in the amounts of \$32,000,000, to refinance and restructure a permanent mortgage loan originally funded from the 223(f) Multi-Family Housing Program (Mitchell-Lama). The prior bonds for the development will be retired on February 15, 2007. A portion of the asset representing the purchase price of future cash flows associated with certain of the 223(f) loans, as more fully described in Note 8, "Other Non-Current Assets" will be written off as a non-operating expense in connection with this transaction.

New York City Housing Development Corporation Required Supplementary Information

October 31, 2006

Schedule 1:

The following schedule is being presented to provide information on the funding progress of the OPEB Plan.

**Schedule of Funding Progress
For the Retiree Healthcare Plan (in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10-31-2006	0	\$13,779	\$13,779	0%	\$9,097	151%

New York City Housing Development Corporation

Other Information

October 31, 2006

Schedule 2:

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

Housing Revenue Bond Program Schedule of Balance Sheet Information October 31, 2006 and 2005 (in thousands)

	2006	2005
ASSETS:		
Current Assets:		
Cash, cash equivalents and investments	\$ 137,855	156,699
Mortgage loan receivable	65,788	33,921
Accrued interest receivable	7,701	7,355
Other receivables	342	340
Other assets	15	14
Total Current Assets	\$ 211,701	198,329
Noncurrent Assets:		
Restricted cash and investments	263,712	172,387
GNMA Securities held as purpose investment	198,590	196,284
Mortgage loan receivable	1,760,333	1,774,633
Accrued interest receivable	46,188	35,174
Loan participation interest receivable	217,150	233,054
Unamortized issuance costs	9,641	9,869
Primary government/component unit receivable (payable)	(12,707)	(5,098)
Other assets	6,253	16,499
Total Noncurrent Assets	\$ 2,489,160	2,432,802
Total Assets	\$ 2,700,861	2,631,131
LIABILITIES:		
Current Liabilities:		
Bonds payable (net)	81,349	28,750
Accrued interest payable	37,627	27,712
Due to mortgagors	1,515	2,421
Deferred fee and mortgage income	191	205
Due to the United States	3,862	2,675
Total Current Liabilities	\$ 124,544	61,763
Noncurrent Liabilities:		
Bonds payable (net)	1,512,778	1,448,734
Payable to The City of New York	657,664	736,065
Due to mortgagors	3,958	16,211
Deferred fee and mortgage income	19,148	17,993
Due to the United States	30	643
Total Noncurrent Liabilities	\$ 2,193,578	2,219,646
Total Liabilities	\$ 2,318,122	2,281,409
NET ASSETS:		
Restricted	382,739	349,722
Total Net Assets	\$ 382,739	349,722
Total Liabilities and Net Assets	\$ 2,700,861	2,631,131

New York City Housing Development Corporation

Other Information

October 31, 2006

Schedule 2 (cont'd):

Housing Revenue Bond Program

Schedule of Revenues, Expenses and Changes in Fund Net Assets

Fiscal Years ended October 31, 2006 and 2005 (in thousands)

	2006	2005
OPERATING REVENUES:		
Interest on loans	\$ 79,713	71,846
Fees and charges	10,754	12,456
Income on loan participation interests	38,370	3,387
Other	4	129
Total Operating Revenues	\$ 128,841	87,818
OPERATING EXPENSES:		
Interest and amortization of bond premium and discount	91,271	65,265
Trustees' and other fees	516	211
Amortization of debt issuance costs	3,460	3,921
Total Operating Expenses	\$ 95,247	69,397
Operating Income	\$ 33,594	18,421
NON-OPERATING REVENUES (EXPENSES):		
Earnings on investments	25,939	21,318
Gain (Loss) on early retirement fo debt, net	(1,457)	-
Non-operating expenses, net	13,582	3,646
Total Non-operating Revenues (Expenses)	\$ 38,064	24,964
Income before Distributions and Transfers	\$ 71,658	43,385
Operating transfers to Corporate Services Fund	(7,215)	(8,027)
Capital transfers	(31,426)	27,261
Change in Net Assets	\$ 33,017	62,619
Total net assets - beginning of year	349,722	287,103
Total Net Assets - End of Year	\$ 382,739	349,722

ACTIVITIES OF THE CORPORATION

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

I. BOND PROGRAMS. The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the programs described below. The multi-family residential developments financed under the General Resolution are described below in “Section B – Housing Revenue Bond Program.” As of January 31, 2007, the Corporation had bonds outstanding in the aggregate principal amount of approximately \$5,604,942,678. All of the bonds are separately secured, except for the bonds issued under the General Resolution which are equally and ratably secured by the assets pledged under the General Resolution. None of the bonds under the bond programs described in “Section A–Multi-Family Program,” “Section C–Liberty Bond Program,” and “Section D–Section 223(f) Refinancing Program” provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

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

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

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

(3) Rental Projects; FHA-Insured Mortgage Loan: The Corporation has issued bonds to finance a number of mixed income projects with mortgages insured by the Federal Housing Administration (“FHA”).

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

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

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

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

B. Housing Revenue Bond Program. Under its Housing Revenue Bond Program, the Corporation may issue bonds payable solely from and secured by the assets held under the General Resolution which include a pool of mortgage loans, some of which are construction loans (which pool contains FHA-insured

mortgage loans, REMIC-insured mortgage loans, SONYMA-insured mortgage loans, GNMA mortgage-backed securities, other mortgage loans and participation interests in mortgage loans), the revenues received on account of all such loans and securities, and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments. As of January 31, 2007, eighty-one (81) series of bonds have been issued under the Housing Revenue Bond Program.

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

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

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

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
<u>MULTI-FAMILY PROGRAM</u>				
<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 rd Street Development	375	\$55,820,000	\$51,900,000	1999
Related-West 89 th Street Development	265	\$53,000,000	\$53,000,000	2000
Queenswood Apartments	296	\$10,800,000	\$10,800,000	2001
Related-Lyric Development	285	\$91,000,000	\$89,000,000	2001
James Tower Development	201	\$22,200,000	\$21,520,000	2002
The Foundry	222	\$60,400,000	\$56,500,000	2002
Related Sierra Development	212	\$56,000,000	\$56,000,000	2003
West End Towers	1,000	\$135,000,000	\$135,000,000	2004
Related Westport Development	371	\$124,000,000	\$124,000,000	2004

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
Atlantic Court Apartments	321	\$104,500,000	\$104,000,000	2005
Progress of Peoples Developments	1,008	\$83,400,000	\$83,040,000	2005
Royal Charter Properties East, Inc. Project	615	\$98,775,000	\$96,875,000	2005
The Nicole	149	\$65,000,000	\$64,700,000	2005
Rivereast Apartments	196	\$56,800,000	\$56,800,000	2006
Seaview Towers	462	\$32,000,000	\$32,000,000	2006
<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 th Street Development	109	\$22,500,000	\$20,000,000	2001
First Avenue Development	231	\$44,000,000	\$44,000,000	2002
Renaissance Court	158	\$35,200,000	\$35,200,000	2004
89 Murray Street Development	232	\$49,800,000	\$49,800,000	2005
Linden Boulevard Apartments	300	\$14,000,000	\$14,000,000	2006
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>				
Related-Upper East	262	\$70,000,000	\$70,000,000	2003
Aldus Street Apartments	164	\$14,200,000	\$8,100,000	2004
Brookhaven Apartments	95	\$9,100,000	\$9,100,000	2004
Courtlandt Avenue Apartments	167	\$15,000,000	\$15,000,000	2004
East 165 th Street Development	136	\$13,800,000	\$7,665,000	2004
Hoe Avenue Apartments	136	\$11,900,000	\$6,660,000	2004
Louis Nine Boulevard Apartments	95	\$9,500,000	\$9,500,000	2004
Manhattan Court Development	123	\$17,500,000	\$17,500,000	2004
Marseilles Apartments	135	\$13,625,000	\$13,325,000	2004
Nagle Courtyard Apartments	100	\$9,000,000	\$9,000,000	2004
Ogden Avenue Apartments	130	\$10,500,000	\$10,500,000	2004
Parkview Apartments	110	\$12,605,000	\$12,605,000	2004
Peter Cintron Apartments	165	\$14,400,000	\$7,840,000	2004
Thessalonica Court Apartments	191	\$19,500,000	\$19,500,000	2004
West 61 st Street Apartments	211	\$54,000,000	\$54,000,000	2004
15 East Clarke Place Apartments	102	\$11,600,000	\$11,600,000	2005
33 West Tremont Avenue Apartments	84	\$8,450,000	\$8,450,000	2005

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
155 West 21 st Street Development	109	\$42,700,000	\$42,700,000	2005
270 East Burnside Avenue Apartments	114	\$13,000,000	\$13,000,000	2005
1090 Franklin Avenue Apartments	60	\$6,200,000	\$6,200,000	2005
1904 Vyse Avenue Apartments	96	\$9,650,000	\$9,650,000	2005
2007 La Fontaine Avenue Apartments	88	\$8,500,000	\$8,500,000	2005
Grace Towers Apartments	168	\$11,300,000	\$11,300,000	2005
Highbridge Apartments	296	\$32,500,000	\$32,500,000	2005
La Casa del Sol	114	\$12,800,000	\$12,800,000	2005
Morris Avenue Apartments	210	\$22,700,000	\$22,700,000	2005
Ogden Avenue Apartments II	59	\$5,300,000	\$5,300,000	2005
Parkview II Apartments	88	\$10,900,000	\$10,900,000	2005
The Schermerhorn Development	217	\$30,000,000	\$30,000,000	2005
Urban Horizons II Development	128	\$19,600,000	\$19,600,000	2005
White Plains Courtyard Apartments	100	\$9,900,000	\$9,900,000	2005
500 East 165th Street Apartments	128	\$17,810,000	\$17,810,000	2006
1405 Fifth Avenue Apartments	80	\$14,190,000	\$14,190,000	2006
Bathgate Avenue Apartments	89	\$12,500,000	\$12,500,000	2006
Beacon Mews Development	125	\$23,500,000	\$23,500,000	2006
Granite Terrace Apartments	77	\$9,300,000	\$9,300,000	2006
Granville Payne Apartments	103	\$12,250,000	\$12,250,000	2006
Intervale Gardens Apartments	66	\$8,100,000	\$8,100,000	2006
Markham Gardens Apartments	240	\$25,000,000	\$25,000,000	2006
Pitt Street Residence	263	\$31,000,000	\$31,000,000	2006
Reverend Ruben Diaz Gardens Apartments	111	\$13,300,000	\$13,300,000	2006
Spring Creek Apartments I and II	582	\$24,000,000	\$24,000,000	2006
Target V Apartments	83	\$7,200,000	\$7,200,000	2006
Villa Avenue Apartments	111	\$13,700,000	\$13,700,000	2006
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>				
Chelsea Centro	356	\$86,900,000	\$81,000,000	2002
<i>Residential Revenue Bonds – Hospital Staff Housing; Letter of Credit Enhanced</i>				
Montefiore Medical Center Project	116	\$8,400,000	\$8,000,000	1993
The Animal Medical Center	42	\$10,140,000	\$10,140,000	2003

	No. of Units	Bonds Issued	Bonds Outstanding	Year of Issue
<i>Mortgage Revenue Bonds – Cooperative Housing; SONYMA-Insured Mortgage Loan</i>				
Maple Court Cooperative	134	\$12,330,000	\$10,615,000	1994
Maple Plaza Cooperative	154	\$16,750,000	\$15,050,000	1996
<i>Multi-Family Mortgage Revenue Bonds –Rental Project; REMIC-Insured Mortgage Loan</i>				
Barclay Avenue Development	66	\$5,620,000	\$5,135,000	1996
<i>Multi-Family Mortgage Revenue Bonds – Senior Housing; Letter of Credit Enhanced</i>				
55 Pierrepont Development	189	\$6,100,000	\$4,600,000	2000
<u>MILITARY HOUSING REVENUE BONDS</u>				
Fort Hamilton Housing	228	\$47,545,000	\$47,545,000	2004
<u>HOUSING REVENUE BOND PROGRAM</u>				
<i>Multi-Family Housing Revenue Bonds*</i>	87,860	\$2,296,905,000	\$1,830,235,000	1993-2007
<i>Multi-Family Secured Mortgage Revenue Bonds</i>	313	\$6,185,000	\$6,165,000	2005
<u>LIBERTY BOND PROGRAM</u>				
<i>Multi-Family Mortgage Revenue Bonds</i>				
90 Washington Street [†]	398	\$74,800,000	\$74,800,000	2005
The Crest [†]	476	\$143,800,000	\$143,700,000	2005
2 Gold Street [‡]	650	\$217,000,000	\$216,700,000	2006
20 Exchange Place [†]	366	\$210,000,000	\$210,000,000	2006
90 West Street [‡]	410	\$112,000,000	\$112,000,000	2006
201 Pearl Street Development [‡]	189	\$90,000,000	\$90,000,000	2006
<u>SECTION 223(f) REFINANCING PROGRAM</u>				
<i>Multifamily Housing Limited Obligations Bonds FHA-Insured Mortgage Loans</i>	2,110	\$79,998,100	\$24,417,702	1977
	3,342	\$299,886,700	\$40,644,976	1978
<u>CAPITAL FUND PROGRAM REVENUE BONDS</u>				
<i>New York City Housing Authority Program</i>	N/A	\$281,610,000	\$274,795,000	2005
TOTAL	<u>113,456</u>	<u>\$6,456,589,800</u>	<u>\$5,604,942,678</u>	

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

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

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

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

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

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

C. Mixed Income. Under the Mixed-Income Program, HDC combines the use of credit enhanced variable rate, tax-exempt private activity bonds with subordinate loans funded from the Corporation's reserves to finance mixed-income multi-family rental housing. Typically, the developments reserve 50% of the units for market rate tenants, 30% of the units for moderate to middle income tenants and 20% of the units for low income tenants.

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

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

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

B. Other. Among other programs, the Corporation has funded a loan to finance the construction of military housing at Fort Hamilton in Brooklyn, New York secured by notes and financed through the issuance of bonds. The Corporation has funded a loan to the New York City Housing Authority ("NYCHA") to provide funds for modernization and to make certain improvements to numerous various public housing projects owned by NYCHA in the City. The Corporation has provided interest-free working capital loans to not-for-profit sponsors of projects through HPD's Special Initiatives Program. The proceeds of such loans are used for rent-up expenses and initial operation costs of such projects. The Corporation also has provided interim assistance in the form of unsecured, interest-free loan to the Neighborhood Partnership Housing Development Fund Company, Inc. to fund certain expenses associated with HPD's Neighborhood Entrepreneurs Program.

IV. LOAN SERVICING. The Corporation services the majority of its own loans and also services loans for others. Such loan servicing activities, which are described below, relate to over 1,390 mortgage loans with an approximate aggregate face amount of \$8.7 billion.

A. Portfolio Servicing. The Corporation acts as loan servicer in connection with the permanent mortgage loans made to approximately 596 developments under its bond, mortgage loan and other loan programs (including its Housing Revenue Bond Program) in the approximate aggregate face amount of \$4.2 billion.

B. HPD Loan Servicing. The Corporation acts as loan servicer in connection with certain construction and permanent housing loan programs of HPD pursuant to several agreements with HPD. As of January 31, 2007,

the Corporation was servicing construction and permanent loans made to approximately 593 developments in the approximate aggregate face amount of \$2 billion.

C. Loan Servicing Monitoring. In addition to the Corporation's loan servicing activities, the Corporation monitors the loan servicing activities of other servicers who service approximately 201 mortgage loans made under the Corporation's various bond, mortgage loan and other loan programs in the approximate aggregate face amount of \$2.5 billion.

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

The following tables contain information with respect to the Developments and Mortgage Loans Outstanding under the Program as of January 31, 2007 (except as noted).

Table 1 sets forth the valuation assigned to the Mortgage Loans with respect to each Series of Bonds issued as of January 31, 2007. See “SECURITY FOR THE BONDS—Mortgage Loans” and “—Cash Flow Statements and Cash Flow Certificates.”

Table 2 sets forth information with respect to individual Developments and permanent Mortgage Loans financed with the proceeds of each Series of Bonds issued as of January 31, 2007 except the 2006 Series A Participant Interest, 2005 Series F Participant Interest, 2005 Series J Participant Interest, 2004 Participant Interest and the ML Restructuring Second Mortgage Loans. See “THE PROGRAM—Mortgage Loans —Permanent Mortgage Loans.”

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

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

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

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

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

Table 8 sets forth information with respect to Developments and Mortgage Loans financed with Bonds issued subsequent to January 31, 2007.

**TABLE 1: VALUATION OF MORTGAGE LOANS
AS OF JANUARY 31, 2007**

Series of Bonds	Value as a Percentage of Outstanding Principal Balance of Mortgage Loans	Outstanding Principal Balance of Mortgage Loans ⁽⁴⁾	Percentage of Total Outstanding Principal Balance of Mortgage Loans ⁽⁴⁾
1994 Series A*	100%	\$ 3,789,390	0.19%
1995 Series A	100%	9,120,314	0.46%
1996 Series A	76%	32,218,403	1.63%
1997 Series A*	100%	3,438,813	0.17%
1997 Series B*	71%	10,617,533	0.54%
1997 Series C	77.5%	24,513,762	1.24%
1998 Series A	96%	57,043,328	2.88%
1998 Series B	100%	18,963,530	0.96%
1999 Series A	85%	78,576,303	3.97%
1999 Series B	78%	42,106,679	2.13%
1999 Series C	77%	5,305,462	0.27%
1999 Series D	78%	0	0.00%
1999 Series E ⁽¹⁾	100%	9,225,623	0.47%
2000 Series A	78%	6,563,220	0.33%
2000 Series B	78%	24,351,211	1.23%
2001 Series A	100%	29,305,959	1.48%
2001 Series B	99%	5,020,436	0.25%
2001 Series C	78%	16,958,904	0.86%
2002 Series A	80%	35,673,355	1.80%
2002 Series B	80%	6,724,237	0.34%
2002 Series C ⁽¹⁾	80%	79,963,628	4.04%
2002 Series E	80%	18,926,010	0.96%
2002 Series F	80%	4,347,511	0.22%
2003 Series A	99%	36,398,853	1.84%
2003 Series B ⁽¹⁾	80%	32,695,922	1.65%
2003 Series C	80%	0	0.00%
2003 Series E ⁽¹⁾	80%	24,334,974	1.23%
2004 Series A	100%	140,363,693	7.09%
2004 Series B ⁽¹⁾	80%	33,471,244	1.69%
2004 Series C ⁽¹⁾	80%	46,747,589	2.36%
2004 Series D ⁽²⁾	100%	0	0.00%
2004 Series E ⁽³⁾	85%	62,129,788	3.14%
2004 Series F ⁽¹⁾	70%	29,355,357	1.48%
2004 Series G	100%	25,432,300	1.28%
2004 Series H	100%	9,313,389	0.47%
2004 Series I ⁽¹⁾	100%	26,370,388	1.33%
2004 Series J ⁽¹⁾	100%	26,325,875	1.33%
2005 Series A ⁽³⁾	85%	15,068,979	0.76%
2005 Series B	75%	86,323,871	4.36%
2005 Series C ⁽¹⁾	100%	11,889,280	0.60%
2005 Series D ⁽¹⁾	100%	10,748,653	0.54%
2005 Series E ⁽³⁾	100%	3,364,640	0.17%
2005 Series F ⁽³⁾	98%	130,289,548	6.58%
2005 Series G	85%	4,583,148	0.23%
2005 Series H ⁽¹⁾	99%	1,998,834	0.10%
2005 Series I	100%	3,414,283	0.17%
2005 Series J ⁽³⁾	95%	35,212,208	1.78%
2005 Series K ⁽¹⁾	100%	8,581,158	0.43%
2005 Series L ⁽¹⁾	100%	11,676,616	0.59%
2006 Series A	85%	569,509,604	28.75%

Series of Bonds	Value as a Percentage of Outstanding Principal Balance of Mortgage Loans	Outstanding Principal Balance of Mortgage Loans ⁽⁴⁾	Percentage of Total Outstanding Principal Balance of Mortgage Loans ⁽⁴⁾
2006 Series B	99%	0	0.00%
2006 Series C ⁽¹⁾	100%	18,795,646	0.95%
2006 Series D ⁽³⁾	96%	9,213,391	0.47%
2006 Series E ⁽¹⁾	85%	10,030,836	0.51%
2006 Series F ⁽¹⁾	100%	3,315	0.00%
2006 Series G ⁽¹⁾	100%	18,041,730	0.91%
2006 Series H ⁽¹⁾	100%	15,955,356	0.81%
2006 Series I ⁽¹⁾	100%	356,265	0.02%
TOTAL	87.74% (weighted average)	\$1,980,750,341	100.00%

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

(1) The Corporation made subsequent to January 31, 2007, and expects to continue to make, additional advances from Construction Mortgage Loans (see Table 4 in this Appendix).

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

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

(4) May not add due to rounding.

Subsequent to January 31, 2007, the Corporation issued the 2007 Series A Bonds on March 22, 2007 and remarketed the 2006 Series J-2-A/B Bonds on April 26, 2007 to finance \$25,690,000 principal amount of the 2007 Series A Mortgage Loan and \$35,400,000 principal amount of the 2006 Series J-2-A/B Mortgage Loans with a valuation of 100%.

**TABLE 2: DEVELOPMENTS AND MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM
DEVELOPMENTS AND PERMANENT MORTGAGE LOANS
OUTSTANDING UNDER THE PROGRAM
AS OF JANUARY 31, 2007**

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
FHA 220	Section 8	Revive 103 ¹ Apartments	2003 Series A	Manhattan	59	98%	\$ 3,759,982.20	\$4,318,100	10.36%	05/06/86	11/01/25	12/31/06	1	S
FHA 221(d)(3)-FAF	Section 8	Fulton Park Sites 7 & 8	2003 Series A	Brooklyn	208	99%	11,678,417.57	13,780,700	9.70%	02/18/86	04/01/25	12/18/09	3	BA
FHA 221(d)(4)	Section 8	Clinton Arms	2003 Series A	Bronx	85	99%	4,295,980.87	4,962,700	10.36%	12/19/85	07/01/25	01/31/10	4	S
FHA 221(d)(4)	Section 8	Crown Heights Development I	2003 Series A	Brooklyn	35	94%	1,905,018.67	2,197,400	7.25%	02/19/85	08/01/25	11/26/09	4	S
FHA 221(d)(4)	Section 8	Crown Heights Development II	2003 Series A	Brooklyn	31	100%	1,512,552.37	1,744,700	6.75%	01/04/85	08/01/25	10/05/09	4	S
FHA 221(d)(4)	Section 8	La Cabana Houses	2003 Series A	Brooklyn	166	97%	8,167,215.71	9,603,700	9.70%	10/25/85	07/01/25	09/30/10	3	S
FHA 221(d)(4)	Section 8	President Arms ²	2003 Series A	Brooklyn	31	100%	906,869.02	1,326,500	7.50%	06/03/82	11/01/20	07/30/07	2	S
FHA 221(d)(4)	Section 8	Woodycrest Courts II ²	2003 Series A	Bronx	57	100%	2,723,292.76	3,199,800	9.90%	07/15/85	04/01/25	07/31/07	3	S
FHA 221(d)(4)	Section 8	1650 President Street	2003 Series A	Brooklyn	47	100%	1,449,523.56	2,411,200	7.50%	05/19/82	08/01/21	05/30/11	2	SUP
FHA 221(d)(4)	HoDAG	285 Development	1995 Series A	Brooklyn	58	94%	1,271,073.90	1,800,000	10.30%	10/06/87	12/01/17	N/A	5	SUP
FHA 221(d)(4)	HoDAG/ PLP	Revive 103 North 155-61 East 103rd St.	1997 Series A	Manhattan	30	97%	318,834.03	978,600	10.25%	12/22/92	08/01/19	N/A	1	S
FHA 221(d)(4)	HAC	Astoria	2005 Series B	Queens	62	100%	1,362,287.36	2,193,200	8.50%	06/01/91	05/01/16	N/A	1	SUP
FHA 223(a)(7)	HoDAG/ PLP	1290 & 1326 Grand Concourse	1997 Series A	Bronx	104	90%	3,119,979.10	3,110,526	5.83%	12/13/93	06/01/30	N/A	1	S
FHA 223(F)	Section 236	Goodwill Terrace	2001 Series B	Queens	208	98%	2,381,213.80	3,606,100	8.50%	07/31/79	08/01/19	07/31/19	1	S
FHA 223(F)	Section 236	Tower West	2001 Series B	Manhattan	217	100%	2,639,222.05	3,996,100	8.50%	07/11/79	08/01/19	07/11/19	1	SUP

Footnotes appear at the end of Table 2

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
SONYMA N/A	GML Article 16/ New HOP	Central Harlem Plaza	1999 Series A 2005 Series B	Manhattan	241	100%	30,208,649.35 (S)6,545,675.88	31,615,000 6,814,434	6.65% 1.00%	10/25/01 03/01/05	11/01/36 11/01/36	N/A N/A	12 1	S
SONYMA	N/A	South Williamsburg	2005 Series B	Brooklyn	105	100%	5,379,118.57	6,645,000	8.50%	02/01/92	02/01/23	N/A	1	U
SONYMA N/A	N/A N/A	Tremont Vyse I	2005 Series B 2005 Series B	Bronx	24	95%	1,166,886.21 (S)49,286.11	1,416,228 120,000	8.55% 3.00%	10/01/93 11/01/93	10/01/13 09/01/23	N/A N/A	1 1	BA
SONYMA N/A	N/A N/A	Tremont Vyse II	2005 Series B 2005 Series B	Bronx	18	100%	872,306.46 (S)36,557.94	1,062,171 90,000	8.55% 3.00%	10/01/93 11/01/93	10/01/13 09/01/23	N/A N/A	1 1	BA
SONYMA N/A	New HOP New HOP	de Sales Assisted Living Project	1998 Series B 2005 Series B	Manhattan	127	98%	18,963,529.64 (S)960,000.00	20,665,000 960,000	5.30% 3.00%	02/21/01 04/01/01	10/01/31 10/01/31	N/A N/A	8 1	S
SONYMA	New HOP	East 119th Street Coop	2004 Series C	Manhattan	111	100%	5,083,131.35	\$5,100,000	7.00%	10/1/06	9/30/36	N/A	9	S
SONYMA	New HOP	The Washington	2004 Series G	Manhattan	104	100%	6,600,269.07	6,760,000	4.50%	08/01/04	07/31/29	N/A	1	S
REMIC* N/A	New HOP New HOP	39-07 208th Street	1998 Series A 2005 Series B	Queens	26	100%	1,599,615.09 (S)500,000.00	2,092,000 500,000	7.50% 3.00%	03/26/99 05/01/99	04/01/29 04/01/29	N/A N/A	8 1	BA
REMIC** REMIC** N/A	New HOP New HOP New HOP	58-12 Queens Blvd	1998 Series A 2000 Series B 2005 Series B	Queens	122	100%	10,932,061.21 946,756.76 (S)2,109,639.35	11,825,000 1,000,000 2,250,000	7.50% 9.00% 1.00%	05/11/00 07/01/00	06/01/30 06/01/30	N/A N/A	8 8 1	SUP
REMIC** N/A	New HOP New HOP	65-84 & 66-08 Austin Street	1998 Series A 2005 Series B	Queens	132	99%	11,108,325.75 (S)1,857,359.63	12,000,000 2,250,000	7.50% 1.75%	06/08/00 08/01/00	07/01/30 07/01/30	N/A N/A	8 1	S
REMIC* N/A	New HOP New HOP	79 Clifton Place	1998 Series A 2005 Series B	Brooklyn	40	100%	3,215,399.61 (S)711,591.20	3,800,000 720,000	7.50% 2.00%	11/14/00 01/01/01	12/01/30 12/01/30	N/A N/A	8 1	S
REMIC* N/A	New HOP New HOP	136-43 37th Avenue	1998 Series A 2005 Series B	Queens	60	97%	6,052,978.79 (S)392,840.08	6,685,000 480,000	7.50% 3.00%	02/12/99 04/01/99	03/01/29 03/01/29	N/A N/A	8 1	S
REMIC*	New HOP	287 Prospect Avenue	1998 Series A	Brooklyn	52	95%	4,298,145.24	4,740,000	7.50%	03/11/99	04/01/29	N/A	8	S
REMIC**	New HOP	421 DeGraw Street	1998 Series A	Brooklyn	90	96%	6,478,206.63	7,713,000	7.50%	03/15/00	04/01/30	N/A	8	SUP
REMIC* N/A	New HOP New HOP	471 Vanderbilt Avenue	1998 Series A 2005 Series B	Brooklyn	26	100%	2,045,876.94 (S)493,573.28	2,330,000 520,000	7.50% 1.00%	04/20/00 05/01/00	04/01/30 04/01/30	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	3310-22 Palmer Avenue	1998 Series A 2005 Series B	Bronx	135	99%	11,312,718.35 (S)2,935,935.46	12,100,000 3,034,170	7.50% 1.00%	09/11/00 06/01/01	11/01/30 05/01/31	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	167 Clermont Avenue	1999 Series A 2005 Series B	Brooklyn	110	99%	8,968,329.40 (S)1,920,481.13	10,340,000 2,200,000	7.50% 1.00%	10/25/00 12/01/00	11/01/30 11/01/30	N/A N/A	10 1	SUP
REMIC** N/A	New HOP New HOP	597 Grand Avenue	1999 Series A 2005 Series B	Brooklyn	52	96%	3,127,058.84 (S)1,462,000.00	3,617,000 1,462,000	7.50% 1.00%	10/25/00 12/01/00	11/01/30 11/01/30	N/A N/A	10 1	S
REMIC**	New HOP	3815 Putnam Avenue	1999 Series A /2000 Series C	Bronx	91	99%	7,946,328.31	8,290,000	7.50%	12/13/02	01/01/33	N/A	10	U
REMIC* N/A	New HOP New HOP	Triangle Court Phase I	1999 & 2000 Series B 2005 Series B	Manhattan	51	98%	3,445,328.31 (S)1,275,000.00	3,820,000 1,275,000	7.58% 1.00%	11/28/00 01/01/01	12/01/30 12/01/30	N/A N/A	10 1	S
REMIC** N/A	New HOP New HOP	Triangle Court Phase II	2000 Series B 2005 Series B	Manhattan	40	93%	3,193,447.69 (S)1,048,656.17	3,440,000 1,060,000	8.51% 1.00%	07/24/02 09/01/02	08/01/27 08/01/27	N/A N/A	8 1	S

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
REMIC** N/A	New HOP New HOP	32-08 Union Street	1999 Series B 2005 Series B	Queens	25	96%	2,580,664.69 (S)614,384.83	2,770,000 642,500	8.00% 1.00%	06/28/00 08/01/00	07/01/30 07/01/30	N/A N/A	10 1	S
REMIC** N/A	New HOP New HOP	137-02 Northern Blvd	1999 Series B 2005 Series B	Queens	71	92%	6,770,858.33 (S)1,705,533.23	7,200,000 1,775,000	8.00% 1.00%	02/01/01 04/01/01	03/31/31 03/01/31	N/A N/A	10 1	S
REMIC** N/A	New HOP New HOP	139 Emerson Place	1999 Series B 2005 Series B	Brooklyn	50	100%	3,567,809.71 (S)1,053,242.80	4,000,000 1,250,000	8.00% 2.00%	11/27/00 01/01/01	12/01/30 12/01/30	N/A N/A	10 1	S
REMIC** REMIC** N/A	New HOP New HOP New HOP	140-26 Franklin Avenue	2000 Series B 1999 Series B 2005 Series B	Queens	54	98%	247,503.21 4,897,073.72 (S)1,308,241.61	261,000 5,190,000 1,415,000	8.50% 8.00% 1.00%	04/04/01 04/04/01 06/01/01	06/01/31 06/01/31 06/01/31	N/A N/A N/A	10 10 1	S
REMIC** N/A	New HOP New HOP	349-53 East 4th Street	1999 Series B 2005 Series B	Manhattan	33	97%	3,167,790.53 (S)765,015.03	3,460,000 869,000	8.00% 1.00%	02/22/02 04/01/02	06/01/31 03/01/32	N/A N/A	10 1	S
REMIC** N/A	New HOP New HOP	390-96 East 8th Street	1999 & 2000 Series B 2005 Series B	Manhattan	38	95%	3,671,338.71 (S)798,851.90	4,047,000 950,000	8.06% 1.00%	08/01/01 08/01/01	08/31/31 08/01/31	N/A N/A	10 1	S
REMIC**	New HOP	Harlem Gateway	2000 Series B 2000 Series C	Manhattan	50	98%	4,232,358.28	4,570,000	8.73%	11/21/02	12/01/27	N/A	8	S
REMIC** N/A	New HOP New HOP	46-19 88th Street	2000 Series B 2005 Series B	Queens	17	100%	1,285,538.94 (S)463,959.45	1,320,000 475,000	9.00% 1.00%	07/03/03 07/03/03	09/01/33 08/01/33	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	50 Greene Avenue ³	2000 Series B 2005 Series B	Brooklyn	39	100%	3,246,816.21 (S)1,255,249.53	3,619,000 1,322,100	9.00% 1.00%	03/26/02 03/26/02	04/01/32 04/01/32	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	136-14 Northern Blvd	2000 Series B 2005 Series B	Queens	60	97%	6,693,515.23 (S)1,892,398.48	7,000,000 1,950,000	9.00% 1.00%	10/24/01 10/24/01	10/01/31 10/01/31	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	800 Bergen Street	2000 Series B 2005 Series B	Brooklyn	32	97%	1,509,286.16 (S)1,279,999.80	1,570,000 1,280,000	9.00% 1.00%	03/26/02 03/26/02	04/01/32 04/01/32	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	202-18 West 148th Street	2001 Series C 2005 Series B	Manhattan	100	96%	6,264,818.35 (S)3,283,919.96	6,550,000 3,300,000	6.00% 1.00%	10/28/03 12/01/03	12/01/33 11/01/33	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	14-56 31st Drive	2002 Series C 2005 Series B	Queens	60	100%	7,071,166.15 (S)1,388,310.84	7,400,000 1,450,000	7.75% 1.00%	08/13/02 09/01/02	08/01/32 08/01/32	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	99-22 67th Road	2002 Series C 2005 Series B	Queens	29	100%	3,225,765.00 (S)997,138.79	3,390,000 1,010,000	7.75% 1.00%	03/05/02 05/01/02	04/01/32 04/01/32	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	235-47 East 105th Street	2002 Series C 2005 Series B	Manhattan	48	98%	3,611,035.75 (S)1,787,403.39	3,800,000 1,800,000	8.00% 1.00%	01/15/04 03/01/04	02/01/34 02/01/34	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	170 East 108th Street, 156 East 109th Street, & 1509 Lexington Avenue	2002 Series C 2005 Series B	Manhattan	17	100%	1,467,993.01 (S)234,429.16	1,530,000 250,000	7.75% 3.00%	05/28/03 07/01/03	07/01/33 06/01/33	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	1825 Needham Avenue	2002 Series C 2005 Series B	Bronx	47	98%	4,246,646.73 (S)1,595,435.44	4,400,000 1,600,000	7.75% 1.00%	05/30/03 07/01/03	07/01/33 06/01/33	N/A N/A	8 1	S
REMIC** N/A	New HOP New HOP	2232 & 2295-97 First Avenue	2002 Series C 2005 Series B	Manhattan	21	95%	1,852,090.49 (S)599,220.94	1,910,000 630,000	8.50% 1.00%	09/24/03 11/01/03	11/01/33 10/01/33	N/A N/A	8 1	S
REMIC**	New HOP	Ralph Avenue Phase II	2004 Series J	Brooklyn	72	100%	9,794,648.28	\$9,810,000	7.25%	12/01/06	11/30/36	N/A	8	N/A

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
REMIC***	New HOP	Harriet Tubman	2004 Series G	Manhattan	74	100%	5,729,036.53	\$5,920,000	4.25%	12/1/03	11/30/28	N/A	1	S
REMIC***	New HOP	Madison Plaza	2004 Series G	Manhattan	92	100%	7,192,209.03	\$7,360,000	4.50%	9/1/04	8/31/29	N/A	1	S
REMIC***	New HOP	The Hamilton	2004 Series G	Manhattan	77	100%	5,910,785.05	\$6,080,000	4.50%	3/1/04	2/28/29	N/A	1	S
REMIC**	New HOP	Little Larkspur	2005 Series I	Manhattan	22	100%	3,414,282.84	3,445,000	6.70%	02/08/06	03/31/36	N/A	8	SUP
REMIC**	PLP	Longfellow Hall	2004 Series J	Bronx	111	98%	695,433.86	915,000	7.50%	02/01/03	01/31/15	N/A	8	BA
REMIC**	PLP	Morris Heights	2004 Series J	Bronx	203	100%	1,409,839.86	1,896,000	7.40%	06/01/01	05/31/16	N/A	8	S
REMIC**	PLP	30-32 Bradhurst Avenue	2004 Series J	Manhattan	25	96%	920,635.70	1,070,000	6.55%	04/01/02	03/31/22	N/A	8	S
REMIC**	PLP	36 Crooke Avenue	2004 Series J	Brooklyn	71	99%	937,830.29	1,108,869	7.26%	06/01/02	05/01/32	N/A	8	S
REMIC**	PLP	56 Sullivan Street	2004 Series J	Brooklyn	20	80%	497,679.51	626,418	6.875%	07/01/02	06/30/17	N/A	8	S
REMIC**	PLP	70-74 East 116th Street	2004 Series J	Manhattan	23	100%	623,551.41	712,532	7.95%	07/01/02	06/30/17	N/A	8	S
REMIC**	PLP	80, 88-90 Edgecombe Avenue	2004 Series J	Manhattan	66	97%	505,502.42	885,224	7.21%	07/01/02	06/30/11	N/A	1	S
REMIC**	PLP	160-66 Morningside Avenue	2004 Series J	Manhattan	29	100%	579,759.29	694,871	7.00%	07/01/02	06/30/19	N/A	8	S
REMIC**	PLP	201 West 146th Street	2004 Series J	Manhattan	12	100%	108,854.86	133,650	6.40%	01/01/03	12/31/17	N/A	8	S
REMIC**	PLP	218 St. James Place	2004 Series J	Brooklyn	12	91%	209,389.62	250,000	7.02%	05/01/02	04/30/28	N/A	8	S
REMIC**	PLP	219 Sackman Street	2004 Series J	Brooklyn	38	97%	818,938.06	939,000	7.95%	03/01/03	02/28/20	N/A	8	S
REMIC**	PLP	270 Rochester Avenue	2004 Series J	Brooklyn	16	81%	367,152.64	387,000	7.65%	05/01/03	04/30/33	N/A	8	S
REMIC**	PLP	309 Alexander Avenue	2004 Series J	Bronx	11	91%	169,483.51	222,000	7.83%	09/01/01	08/31/16	N/A	8	S
REMIC**	PLP	328 & 340 Pleasant Avenue	2004 Series J	Manhattan	10	90%	486,771.56	629,500	7.87%	09/01/01	08/31/19	N/A	8	U
REMIC**	PLP	520 Audubon Avenue	2004 Series J	Manhattan	46	96%	1,181,190.94	1,264,700	7.25%	06/01/03	05/31/33	N/A	8	S
REMIC**	PLP	540 Audubon Avenue	2004 Series J	Manhattan	45	98%	749,175.24	859,300	7.00%	06/01/03	05/31/20	N/A	8	S
REMIC**	PLP	1002 Garrison Avenue	2004 Series J	Bronx	20	100%	416,094.84	487,000	7.00%	05/01/03	04/30/19	N/A	8	S
REMIC**	PLP	1860-62 Lexington Avenue	2004 Series J	Manhattan	15	100%	422,367.16	475,000	6.85%	07/01/02	06/30/26	N/A	8	S
REMIC**	PLP	2006 Amsterdam Avenue	2004 Series J	Manhattan	21	100%	593,799.56	691,514	6.50%	03/01/02	02/28/22	N/A	8	S
N/A	PLP		2005 Series B	Manhattan	21	100%	(S)358,000.00	358,000	1.00%	03/01/02	02/01/22	N/A	1	S

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
REMIC**	PLP	4673 Park Avenue	2004 Series J	Bronx	9	100%	165,277.13	185,000	7.15%	05/01/03	04/30/22	N/A	8	S
REMIC*	Section 8/ LAMP	Phelps House	2004 Series I	Manhattan	169	100%	12,539,585.25	12,645,000	5.85%	04/20/06	05/31/36	08/09/08	8	S
GNMA	Section 8	Manhattan Park at Roosevelt Island (a/k/a Roosevelt Island Northtown Phase II)	2004 Series A	Manhattan	1103	100%	140,363,692.95	147,150,000	5.30%	01/01/89	07/15/30	01/09/09	7	SUP
GNMA	Section 8/ LAMP	Wien House	2004 Series H	Manhattan	100	100%	9,313,388.83	\$9,395,000	5.35%	11/28/06	01/15/46	N/A	8	N/A
GNMA	HAC	United Help/Selfhelp Sheltered Extension (a/k/a Scheuer House of Flushing)	1995 Series A	Queens	155	100%	7,849,240.29	13,229,700	7.50%	03/20/90	02/01/16	02/01/16	13	S
GNMA	N/A	1842-46 Second Avenue	2001 Series A	Manhattan	104	99%	29,305,958.54	30,115,000	5.95%	05/27/04	02/15/43	N/A	8	S
LOC	New HOP	Chelsea Centro	2005 Series B	Manhattan	356	99%	(S)1,186,001.88	1,420,000	1.00%	07/01/00	06/01/23	N/A	1	SUP
N/A	LAMP	203-15 West	2001 Series C				3,268,968.11	3,440,000	6.00%	10/29/03	11/06/33	N/A	8	
N/A	LAMP	148th Street	2005 Series B	Manhattan	87	100%	(S)3,480,000.00	3,480,000	1.00%	12/01/03	11/01/33	N/A	1	S
N/A	LAMP	St. Ann's Apartments	2005 Series B	Bronx	86	99%	1,081,816.02	1,449,229	2.65%	03/01/03	02/01/18	N/A	1	S
N/A	LAMP/PLP	Fox Street	2004 Series B	Bronx	106	93%	2,800,753.87	3,000,000	7.00%	07/15/04	08/01/23	N/A	8	S
N/A	LAMP/ Certificate Program	1240 Washington Ave	2003 Series B	Bronx	100	100%	4,887,080.36	8,500,000	5.30%	01/31/05	03/01/35	N/A	8	S
N/A	LAMP/ Certificate Program	600 Concord Avenue	2003 Series E	Bronx	83	95%	3,852,738.94	3,890,000	5.75%	03/01/06	04/30/36	N/A	8	S
N/A	LAMP/Certificate Program	1001 Martin Luther King, Jr. Blvd	2003 Series E	Bronx	89	100%	4,437,087.53	\$4,480,000	5.75%	05/01/06	04/30/36	N/A	9	S
N/A	LAMP/HTF	Olga Mendez	2003 Series E	Manhattan	74	100%	4,041,825.57	\$4,070,000	5.75%	08/01/06	07/31/36	N/A	9	S
N/A	LAMP/HTF	Palacio del Sol	2003 Series E	Bronx	124	100%	7,364,985.62	\$7,420,000	5.75%	07/01/06	06/30/36	N/A	9	S
N/A	PLP	Fifth Avenue Corridor	1994 Series A	Brooklyn	36	100%	451,377.76	631,000	8.95%	10/17/97	11/01/16	N/A	8	S
N/A	PLP	Van Buren Street	1994 Series A	Brooklyn	65	98%	355,621.30	502,500	8.95%	08/13/97	09/01/16	N/A	8	BA
N/A	PLP	1/5/7 West 137th Street	1994 Series A	Manhattan	51	100%	124,771.42	602,000	8.95%	08/14/96	09/01/16	N/A	8	S

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
N/A	PLP	9 West 137th Street	1994 Series A	Manhattan	17	100%	418,009.94	270,329	8.95%	11/02/95	09/01/11	N/A	8	S
N/A	PLP	110 West 111th Street & 245 W. 113th Street	1994 Series A	Manhattan	48	100%	278,826.34	550,080	8.95%	03/20/97	04/01/12	N/A	8	S
N/A	PLP	302-06 Willis Avenue	1994 Series A	Bronx	35	100%	196,048.82	373,000	8.95%	06/27/97	07/10/12	N/A	8	S
N/A	PLP	480 Nostrand Avenue	1994 Series A	Brooklyn	25	100%	110,390.51	250,000	8.95%	05/15/96	06/01/11	N/A	8	U
N/A	PLP	651 Southern Boulevard	1994 Series A	Bronx	41	97%	117,068.30	167,250	8.95%	06/27/97	07/01/16	N/A	8	S
N/A	PLP	675 Coster Street	1994 Series A	Bronx	33	100%	131,480.15	297,823	8.95%	07/26/95	08/01/11	N/A	8	S
N/A	PLP	753, 759, 763 & 787 Greene Avenue	1994 Series A	Brooklyn	41	100%	78,363.41	164,000	8.75%	11/18/96	12/01/11	N/A	8	U
N/A	PLP	889 & 890 Dawson Street	1994 Series A	Bronx	96	96%	964,809.16	1,120,000	8.95%	02/08/95	03/01/25	N/A	8	S
N/A	PLP	988 & 992 Boston Road	1994 Series A	Bronx	31	100%	58,298.63	122,800	8.95%	10/29/96	11/01/11	N/A	8	S
N/A	PLP	1038, 1051, 1057, 1058, 1061, 1063-65 & 1077 Boston Road	1994 Series A	Bronx	149	99%	377,110.72	911,334	8.95%	01/23/96	02/01/11	N/A	8	S
N/A	PLP	5201 Snyder Avenue	1994 Series A	Brooklyn	32	96%	127,213.51	318,278	8.95%	11/22/95	12/01/10	N/A	8	S
N/A	PLP	55 W. 129th Street	1997 Series B	Manhattan	36	72%	1,472,693.75	1,818,000	3% (yrs. 1-20) 1% (yrs. 21-30)	11/04/98	12/01/28	N/A	8	S
N/A	PLP	55 E. 130th Street	1997 Series B	Manhattan	25	96%	839,701.19	968,000	3% (yrs. 1-20) 1% (yrs. 21-30)	03/02/00	03/01/30	N/A	8	S
N/A	PLP	117-19 East 115th Street	1997 Series B	Manhattan	54	98%	2,218,133.37	2,635,000	3% (yrs. 1-20) 1% (yrs. 21-30)	04/13/99	05/01/29	N/A	8	S
N/A	PLP	144 W. 144th Street	1997 Series B	Manhattan	16	88%	559,603.46	675,000	3% (yrs. 1-20) 1% (yrs. 21-30)	01/20/99	02/01/29	N/A	8	S
N/A	PLP	216 & 224 W. 141st Street	1997 Series B	Manhattan	31	94%	1,112,511.27	1,342,000	3% (yrs. 1-20) 1% (yrs. 21-30)	04/22/98	05/01/28	N/A	8	S
N/A	PLP	500 Nostrand Avenue	1997 Series B	Brooklyn	46	100%	2,498,757.42	3,212,000	3.31%	09/13/99	10/01/29	N/A	8	BA
N/A	PLP	542-48 W. 149th Street	1997 Series B	Manhattan	36	100%	1,355,241.70	1,659,000	3% (yrs. 1-20) 1% (yrs. 21-30)	01/14/99	02/01/29	N/A	8	S
N/A	PLP	1120-22 Madison St.	1997 Series B	Brooklyn	16	100%	560,890.81	670,000	3% (yrs. 1-20) 1% (yrs. 21-30)	12/23/99	01/01/30	N/A	8	S

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
N/A	PLP	Clarkson Gardens	1997 Series C	Brooklyn	105	99%	1,181,052.50	2,000,000	7.65%	10/04/96	11/01/15	N/A	8	S
N/A	PLP	21-23 East 104th Street	1997 Series C	Manhattan	70	99%	849,658.86	1,144,000	6.92%	04/23/99	05/01/18	N/A	8	S
N/A	PLP	36 West 131st Street	1997 Series C	Manhattan	14	100%	332,896.69	430,885	7.50%	03/10/00	04/01/18	N/A	8	S
N/A	PLP	54 Vermilyea Avenue	1997 Series C	Manhattan	20	100%	161,919.19	233,075	6.95%	03/30/98	04/01/17	N/A	8	S
N/A	PLP	70 Post Avenue	2005 Series B	Manhattan	40	100%	936,763.62	1,001,451	6.90%	10/01/04	09/01/23	N/A	1	S
N/A	PLP	83 Post Avenue	2005 Series B	Manhattan	20	100%	133,683.63	142,915	6.90%	10/01/04	09/01/23	N/A	1	S
N/A	PLP	128-36 Edgcombe	1997 Series C	Manhattan	67	100%	792,246.11	1,000,000	8.00%	02/26/98	09/01/23	N/A	8	S
N/A	PLP	171 Rockaway Blvd.	1997 Series C	Brooklyn	44	98%	54,476.43	98,000	8.95%	11/10/97	12/01/12	N/A	8	S
N/A	PLP	201 Pulaski Street & 305 Franklin Avenue ³	1997 Series C	Brooklyn	17	100%	506,069.43	590,712	7.21%	01/26/00	02/01/29	N/A	8	S
N/A	PLP	201 West 144th St., 216 West 116th St. & 234 Bradhurst Ave.	1997 Series C	Manhattan	63	100%	640,606.71	959,444	7.55%	07/27/00	08/01/14	N/A	8	S
N/A	PLP	205-13 West 145th St.	1997 Series C	Manhattan	62	97%	1,210,202.64	1,512,431	8.95%	09/09/99	10/01/20	N/A	8	BA
N/A	PLP	236 Greene Ave	1997 Series C	Brooklyn	16	100%	546,905.42	645,124	7.25%	02/10/98	03/01/25	N/A	8	S
N/A	PLP	240 East 175th Street	1997 Series C	Bronx	117	97%	68,053.92	963,750	8.56%	05/27/99	06/01/07	N/A	7	S
N/A	PLP	243-45 & 247-49 13th Street ⁴	1997 Series C	Brooklyn	50	100%	460,313.43	749,771	6.81%	04/07/99	04/01/14	N/A	8	S
N/A	PLP	252 Wadsworth Avenue	2005 Series B	Manhattan	26	98%	379,703.82	405,924	6.90%	10/01/04	09/01/23	N/A	1	S
N/A	PLP	253-57 West 152nd Street & 57-60 Macombs Place	1997 Series C	Manhattan	58	100%	558,164.82	1,103,600	7.00%	05/08/00	08/01/11	N/A	8	S
N/A	PLP		2005 Series B				(S)495,700.01	500,000	3.00%	07/01/00	12/01/14	N/A	1	
N/A	PLP	263 East Tremont Avenue & 1911 Anthony Avenue	1997 Series C	Bronx	31	97%	1,147,369.09	1,207,706	7.50%	11/08/00	12/01/22	N/A	8	S
N/A	PLP	270 St. Nicholas Avenue	2005 Series B	Manhattan	77	97%	130,579.20	369,950	1.00%	07/01/00	06/01/10	N/A	1	S

Footnotes appear at the end of Table 2

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
N/A	PLP	340 South Third Street	2005 Series B	Brooklyn	40	100%	80,556.43	129,230	1.00%	03/01/01	02/01/16	N/A	1	S
N/A	PLP	349-59 Lenox Avenue	1997 Series C	Manhattan	26	96%	468,647.56	761,000	7.02%	11/24/99	12/01/14	N/A	8	S
N/A	PLP	455 Decatur Street	1997 Series C	Manhattan	8	88%	217,039.47	255,850	7.21%	06/01/00	07/01/28	N/A	8	S
N/A	PLP	466-70 West 150th St	1997 Series C	Manhattan	60	100%	615,424.58	760,314	7.65%	02/25/99	03/01/23	N/A	8	S
N/A	PLP	530 Audubon Avenue	1997 Series C	Manhattan	45	100%	563,844.73	757,800	6.80%	05/24/99	06/01/18	N/A	8	S
N/A	PLP	530 Herzl Avenue	2005 Series B	Brooklyn	44	100%	40,635.62	120,931	1.00%	05/01/00	04/01/10	N/A	1	S
N/A	PLP	630 West 135th Street	1997 Series C	Manhattan	31	100%	158,810.70	234,262	7.28%	09/24/97	10/01/16	N/A	8	S
N/A	PLP	709-15 Lafayette Ave ³	1997 Series C	Brooklyn	24	100%	654,568.17	815,000	7.43%	01/20/00	02/01/20	N/A	8	S
N/A	PLP	750-54 East 169th St. & 1227 Boston Road	1997 Series C	Bronx	40	100%	207,659.00	456,000	7.50%	08/16/00	09/01/10	N/A	7	S
N/A	PLP	887-889 Hunts Point Ave	1997 Series C	Bronx	46	100%	973,915.05	1,237,161	7.28%	03/22/00	04/01/19	N/A	8	S
N/A	PLP	932-38 Eastern Parkway	1997 Series C	Brooklyn	24	100%	553,848.15	814,000	7.40%	09/04/97	10/01/16	N/A	8	S
N/A	PLP	982 Prospect Avenue	2005 Series B	Bronx	21	90%	221,444.59	240,732	1.00%	11/01/04	10/01/29	N/A	1	S
N/A	PLP	1037-39 Bergen Street ⁵	1997 Series C	Brooklyn	24	100%	531,172.89	654,949	7.15%	11/21/00	12/01/19	N/A	8	S
N/A	PLP	1189 Sheridan Avenue	1997 Series C	Bronx	48	97%	143,843.38	455,000	7.50%	03/30/00	04/01/09	N/A	8	S
N/A	PLP	1296 Sheridan Avenue	2005 Series B	Bronx	59	99%	2,276,306.62	2,537,000	1.00%	06/04/97	07/01/27	N/A	1	S
N/A	PLP	1469-71 Bedford Avenue ³	1997 Series C	Brooklyn	27	97%	775,685.22	956,725	6.50%	08/25/00	09/01/12	N/A	8	S
N/A	PLP	1544 Park Place	1997 Series C	Brooklyn	34	100%	312,065.31	460,000	7.25%	05/07/98	06/01/16	N/A	8	BA
N/A	PLP	1572 Lexington Avenue	1997 Series C	Manhattan	13	100%	362,742.57	540,039	7.73%	10/05/98	10/01/15	N/A	8	S
N/A	PLP	1615 St. John's Place	2005 Series B	Brooklyn	34	97%	770,090.60	788,000	7.05%	01/01/05	12/01/34	N/A	1	S
N/A	PLP	1740 Grand Avenue	1997 Series C	Bronx	92	100%	676,330.28	1,107,738	7.25%	06/03/98	07/01/14	N/A	8	S

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
N/A	PLP	1985 & 1995 Creston Ave.	1997 Series C	Bronx	85	86%	611,320.40	987,383	6.80%	05/27/99	06/01/14	N/A	8	BA
N/A	PLP	2038 5th Avenue	1997 Series C	Manhattan	7	100%	157,169.89	195,000	7.65%	12/13/99	01/01/20	N/A	8	S
N/A	PLP	2245, 59, 85 & 89 Adam Clayton Powell Boulevard	1997 Series C	Manhattan	27	100%	319,129.12	406,086	7.20%	03/08/00	04/01/19	N/A	8	S
N/A	PLP	2492 Frederick Douglass Boulevard	1997 Series C	Manhattan	27	100%	99,845.28	152,000	9.00%	04/23/99	05/01/14	N/A	8	BA
N/A	PLP	2733 Frederick Douglass Boulevard	1997 Series C	Manhattan	12	100%	262,756.53	406,000	6.92%	07/27/98	08/01/15	N/A	8	S
N/A	PLP	Broadway Terrace	2005 Series B	Manhattan	51	100%	428,901.63	651,895	3.00%	04/01/00	03/01/17	N/A	1	S
N/A	PLP	Brook East	2001 Series C	Bronx	34	97%	927,439.43	1,000,000	6.00%	03/05/04	04/30/34	N/A	8	S
N/A	PLP	Harmony House	2004 Series J	Manhattan	55	80%	2,093,656.94	2,200,000	7.15%	10/01/02	09/30/32	N/A	8	S
N/A	PLP	West 148th Street Cluster	2005 Series B	Manhattan	86	100%	2,701,836.00	2,900,000	6.90%	11/01/04	10/01/22	N/A	1	S
N/A	GML Article 16	Two Bridges	1997 Series C	Manhattan	198	98%	4,199,232.37	7,541,997	8.00%	03/03/98	03/01/13	N/A	7	S
N/A	New HOP	Celebration at Rainbow Hill	1999 Series A	Staten			8,230,378.42	8,768,000	7.50%	05/24/01	06/01/31	N/A	10	
N/A	New HOP		2005 Series B	Island	74	100%	(S)1,006,471.61	1,030,000	1.00%	07/01/01	06/01/31	N/A	1	S
REMIC**	New HOP	221 Parkville Avenue	2002 Series C	Brooklyn	41	100%	4,531,193.42	4,550,000	8.00%	06/19/06	07/31/36	N/A	8	S
N/A	New HOP	222-26 & 247-65 West 144th St.	2002 Series C	Manhattan	100	97%	5,592,277.53	5,820,000	7.75%	07/15/04	02/01/34	N/A	8	BA
N/A	New HOP		2005 Series B				(S)3,800,000.00	3,800,000	1.00%	10/01/04	02/01/34	N/A	1	
N/A	New HOP	277 Gates Ave.	2002 Series C	Brooklyn	35	100%	2,387,331.77	2,500,000	8.00%	09/19/05	10/31/36	N/A	8	S
N/A	New HOP	1061 E73 St. a/k/a 1961 Ralph Avenue	2002 Series C 2002 Series B	Brooklyn	72	94%	8,993,441.14	9,190,000	8.00%	07/25/04	04/30/34	N/A	8	S
							(S)2,280,371.54	2,330,000	1.00%	09/01/04	08/01/34	N/A	1	
REMIC**	New HOP	9501 Rockaway Beach Boulevard	2002 Series C	Queens	72	100%	5,330,050.80	5,380,000	7.00%	01/19/06	02/28/36	N/A	8	S
REMIC**	New HOP	279 West 117th Street	2002 Series A	Manhattan	138	99%	18,252,559.18	18,770,000	6.00%	10/27/04	11/01/34	N/A	8	S
REMIC**	New HOP	306-18 West 117th Street	2002 Series A	Manhattan	96	96%	17,420,795.89	17,600,000	6.00%	01/31/06	03/31/36	N/A	8	S
REMIC**	New HOP	90-05 161st Street	2002 Series C	Queens	90	96%	8,917,870.96	9,100,000	7.50%	11/15/04	01/01/35	N/A	8	S
REMIC**	New HOP	141-24 & 141-28 84th Drive	2002 Series C 2005 Series B	Queens	49	100%	6,595,022.62	6,760,000	7.50%	10/06/04	11/01/34	N/A	8	S
N/A	New HOP						(S)1,443,873.09	1,466,554	1.00%	12/01/04	07/01/34	N/A	1	

Footnotes appear at the end of Table 2

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
REMIC** N/A	New HOP New HOP	893-95 Pacific Street	2002 Series C 2005 Series B	Brooklyn	16	100%	1,460,585.36 (S)156,726.91	1,490,000 200,000	8.00% 1.00%	09/28/04 11/01/04	11/01/34 10/01/14	N/A N/A	8 1	S
N/A	New HOP	Artimus Vacant Buildings	2002 Series C	Manhattan	42	93%	2,991,812.07	3,020,000	6.88%	02/15/06	03/31/25	N/A	8	S
REMIC**	New HOP	Beach 94th Street & Holland Ave.	2002 Series C	Queens	92	95%	7,512,969.05	7,640,000	7.75%	01/28/05	04/01/35	N/A	8	S
REMIC**	New HOP	210-214 East 118th Street	1999 Series B	Manhattan	27	100%	3,331,648.29	3,400,000	6.75%	02/14/05	04/01/35	N/A	8	S
REMIC**	New HOP	Orloff Avenue	1999 Series B	Bronx	101	95%	10,674,168.83	10,740,000	6.75%	02/15/06	06/30/36	N/A	8	S
REMIC**	New HOP	64-78 West 9th Street	2000 Series B	Brooklyn	26	99%	2,995,988.34	3,060,000	8.50%	04/26/05	06/30/34	N/A	8	S
REMIC**	New HOP	Triangle Court Phase III	2002 Series E	Manhattan	97	94%	13,773,238.58	\$14,000,000	5.10%	11/01/05	10/31/35	N/A	8	S
REMIC**	New HOP	130-136 West 112th Street	2004 Series C	Manhattan	41	100%	5,440,588.91	\$5,450,000	6.75%	12/01/06	11/30/36	N/A	8	S
REMIC**	New HOP	138 East 112th Street	2004 Series C	Manhattan	43	98%	6,161,495.10	6,210,000	6.75%	03/31/06	04/30/36	N/A	8	S
REMIC**	New HOP	201 West 148th Street	2004 Series C	Manhattan	25	100%	1,774,576.96	1,785,000	7.00%	07/22/06	06/30/36	N/A	8	S
REMIC**	New HOP	Yorkside Towers II	2004 Series C	Queens	90	92%	9,948,463.28	10,065,000	6.75%	11/22/05	12/31/35	N/A	8	S
N/A	New HOP	1400 Fifth Avenue	2005 Series B	Manhattan	129	98%	(S)1,779,092.77	1,892,997	1.00%	11/16/04	12/01/34	N/A	1	S
N/A	New HOP	Madison Park Apartments	2005 Series B	Manhattan	129	100%	7,174,668.60	7,500,000	4.25%	12/01/02	11/01/27	N/A	1	BA
N/A	HTF	Brook Avenue Gardens	1997 Series C	Bronx	79	100%	2,560,620.24	2,750,000	7.15%	01/26/01	03/01/31	N/A	8	BA
N/A N/A	HTF HTF	1046 & 1050 Hoe Avenue	1997 Series C 2005 Series B	Bronx	42	95%	578,155.85 (S)411,917.66	900,000 420,000	7.00% 3.00%	06/01/00 06/01/00	05/01/14 05/01/18	N/A N/A	8 1	S
N/A	HTF	Wavecrest Apartments II	1999 Series C	Queens	123	94%	5,305,461.82	5,600,000	6.00%	01/14/03	10/01/31	N/A	8	S
N/A	HTF	75 East 116th Street	2000 Series A	Manhattan	129	98%	6,563,219.66	6,890,000	7.00%	10/24/02	09/01/32	N/A	8	S
N/A	HTF	Nelson Senior Houses	2001 Series C	Bronx	82	98%	3,259,601.52	3,380,000	6.00%	03/25/04	04/30/34	N/A	8	S
N/A	HTF	2913, 2917, 2919, 2920 & 2922 Eighth Avenue	2002 Series E	Manhattan	40	95%	2,156,927.46	2,200,000	5.10%	08/01/05	07/31/35	N/A	8	S
N/A	HTF	Freeman Simpson	2004 Series C	Bronx	67	98%	1,199,414.46	1,230,000	7.40%	06/16/04	07/01/34	N/A	8	S
N/A	Certificate Program	Linden Mews	2002 Series B	Brooklyn	36	94%	1,157,489.31	1,230,000	6.00%	08/29/02	09/01/32	N/A	8	S

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
N/A	Certificate Program	Spring Creek IV	2002 Series B	Brooklyn	83	83%	2,465,546.37	2,620,000	6.00%	08/29/02	07/01/32	N/A	8	S
N/A	Certificate Program	2035 Marmion Avenue	2002 Series B	Bronx	90	100%	3,101,200.84	3,300,000	6.00%	07/26/02	07/01/32	N/A	8	S
N/A	Certificate Program	678 Sagamore Street	2001 Series C	Bronx	84	94%	3,238,076.46	3,400,000	6.00%	05/05/03	07/01/33	N/A	8	S
N/A	Certificate Program	900 Ogden Avenue	2002 Series F	Bronx	120	100%	4,347,510.68	4,600,000	5.75%	01/06/03	02/01/33	N/A	7	S
N/A	Certificate Program	2080 LaFontaine Avenue	2002 Series E	Bronx	74	92%	2,995,844.20	3,100,000	5.75%	01/25/04	07/31/34	N/A	8	S
N/A	Certificate Program	1314 Nelson Avenue	2003 Series E	Bronx	115	93%	4,638,338.27	4,830,000	5.75%	10/06/03	02/01/34	N/A	8	S
N/A	ML Restructuring	Albert Einstein	2004 Series E	Bronx	634	99%	8,712,428.39	8,918,472	6.50%	08/01/72	01/31/35	N/A	11	S
N/A	ML Restructuring	Cadman Plaza North	2004 Series E	Brooklyn	250	99%	2,065,622.01	2,114,473	6.50%	05/01/67	01/31/35	N/A	11	S
N/A	ML Restructuring	Carol Gardens	2004 Series E	Bronx	314	99%	2,978,493.37	3,046,070	6.50%	03/01/67	01/31/35	N/A	11	S
N/A	ML Restructuring	Esplande Gardens	2004 Series E	Manhattan	1870	99%	14,329,131.51	14,668,007	6.50%	06/01/67	01/31/35	N/A	11	S
N/A	ML Restructuring	Goddard Riverside	2004 Series E	Manhattan	193	99%	2,363,660.70	2,419,560	6.50%	11/08/67	01/31/35	N/A	11	S
N/A	ML Repair Loan		2006 Series E				(S)1,486,919.97	1,505,860	6.25%	11/01/06	09/30/19	N/A	7	S
NA	ML Restructuring	Jefferson Towers	2004 Series E	Manhattan	189	99%	1,606,804.85	1,644,805	6.50%	03/05/69	01/31/35	N/A	11	S
N/A	ML Repair Loan		2004 Series F				(S)1,356,085.36	1,447,795	6.25%	09/01/05	07/31/20	N/A	7	
N/A	ML Restructuring	Kingsbridge Arms	2004 Series E	Bronx	105	100%	763,901.27	781,967	6.50%	02/01/65	01/31/35	N/A	11	BA
N/A	ML Restructuring	Montefiore Hospital II	2004 Series E	Bronx	398	98%	6,845,640.83	7,007,537	6.50%	07/01/72	01/31/35	N/A	11	S
N/A	ML Restructuring	Riverbend	2004 Series E	Manhattan	622	99%	8,205,620.31	8,399,679	6.50%	06/01/68	01/31/35	N/A	11	S
N/A	ML Restructuring	RNA House	2004 Series E	Manhattan	207	100%	1,827,752.88	1,870,978	6.50%	04/01/67	01/31/35	N/A	11	S
N/A	ML Repair Loan		2006 Series E				(S)937,609.85	954,945	6.25%	11/01/06	09/30/16	N/A	7	S
N/A	ML Restructuring	Scott Tower	2004 Series E	Bronx	351	99%	2,728,031.49	2,792,548	6.50%	05/01/67	01/31/35	N/A	11	S
N/A	ML Restructuring	TriFaith Apartments	2004 Series E	Manhattan	147	100%	1,483,580.50	1,518,666	6.50%	09/01/68	01/31/35	N/A	11	S

Footnotes appear at the end of Table 2

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
N/A	ML Restructuring	Village East	2004 Series E	Manhattan	427	99%	4,133,344.07	4,219,371	6.50%	07/01/68	01/31/35	N/A	11	S
N/A	ML Restructuring	Washington Square SE	2004 Series E	Manhattan	175	98%	1,888,960.79	1,935,618	6.50%	03/01/67	01/31/35	N/A	11	S
N/A	ML Restructuring	Woodstock Terrace	2004 Series E	Bronx	319	99%	2,196,815.07	2,248,769	6.50%	11/01/62	01/31/35	N/A	11	BA
N/A	ML Restructuring	Atlantic Plaza Towers	2005 Series A	Brooklyn	716	99%	5,831,769.39	5,930,232	6.50%	09/21/65	06/30/35	N/A	11	BA
N/A	ML Restructuring	Brighton House	2005 Series A	Brooklyn	191	99%	1,472,602.35	1,499,656	6.50%	09/24/69	06/30/35	N/A	11	BA
N/A	ML Restructuring	Gouverneur Gardens	2005 Series A	Manhattan	778	98%	5,975,970.80	6,085,757	6.50%	05/18/65	06/30/35	N/A	11	S
N/A	ML Restructuring	Strycker's Bay	2005 Series A	Manhattan	233	100%	1,788,636.70	1,821,496	6.50%	01/15/68	06/30/35	N/A	11	S
N/A	ML Restructuring	Bethune Tower	2006 Series D	Manhattan	133	96%	1,523,249.97	1,536,667	6.50%	11/15/68	07/01/36	N/A	11	SUP
N/A	ML Restructuring	Rosalie Manning	2006 Series D	Manhattan	108	100%	915,456.65	920,164	6.50%	09/22/65	07/01/36	N/A	11	S
N/A	ML Repair Loan		2006 Series E				(S)268,320.07	275,000	6.25%	09/01/06	08/31/16	N/A	7	
Fannie Mae	ML Restructuring, Section 236 ML Repair Loan	Hamilton Housing	2005 Series E 2005 Series G	Manhattan	176	92%	3,364,639.51 (S)4,583,148.36	3,552,085 4,840,000	6.50% 6.25%	09/29/72 02/01/06	10/31/35 1/31/18	10/1/22 N/A	11 7	S
Fannie Mae	ML Restructuring, Section 236	1199 Plaza	2005 Series F	Manhattan	1594	98%	56,180,847.64	58,530,903	6.50%	05/15/73	10/31/35	8/1/25	11	S
Fannie Mae	ML Restructuring, Section 236	Clinton Towers	2005 Series F	Manhattan	396	97%	12,087,327.39	12,651,477	6.50%	01/30/73	10/31/35	2/1/25	11	S
Fannie Mae	ML Restructuring, Section 236	Confucius Plaza	2005 Series F	Manhattan	762	98%	27,470,658.75	28,663,900	6.50%	07/26/73	10/31/35	12/1/25	11	S
Fannie Mae	ML Restructuring, Section 236	Crown Gardens	2005 Series F	Brooklyn	239	98%	7,888,369.11	8,241,952	6.50%	03/2/71	10/31/35	7/1/23	11	S
N/A	ML Restructuring, Section 236 ML Repair Loan	Second Atlantic Terminal	2005 Series F 2004 Series F	Brooklyn	305	99%	10,405,350.30 (S)2,572,381.48	10,809,667 3,000,000	6.50% 6.25%	06/20/73 11/1/05	10/31/35 10/31/25	4/1/26 N/A	11	S

Supplemental Security	Subsidy Program(s) [†]	Development Name	Applicable Series Resolution	Borough	No. of Units	Occupancy Rate	Outstanding Mortgage Balance (S)=Subordinate Lien Position	Original Mortgage Amount	Mortgage Interest Rate	Mortgage Loan Closing Date ^{††}	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date ^{†††}	Prepayment Category (see Appendix E-2)	Physical Inspection ^{††††}
N/A	ML Restructuring, Section 236	Lincoln Amsterdam	2005 Series J 2006 Series E	Manhattan	186	99%	7,237,163.87	7,490,187	6.50%	12/03/74	01/31/36	6/1/25	11	SUP
Fannie Mae	ML Repair Loan						(S)1,503,683.19	1,546,618	6.25%	02/01/06	01/21/26	N/A	7	
Fannie Mae	ML Restructuring, Section 236	First Atlantic	2006 Series D	Brooklyn	201	96%	6,774,684.76	6,882,575	6.50%	08/16/79	07/01/36	2/28/26	11	SUP
N/A	ML Restructuring, Section 236	North Shore Plaza	2005 Series F	Staten Island	536	87%	16,256,995.04	16,977,913	6.50%	07/10/79	10/31/35	12/1/26	11	BA
N/A	ML Repair Loan		2004 Series F				(S)10,959,876.81	11,157,846	5.25%	09/23/05	10/31/35	N/A	7	
N/A	ML Restructuring, Section 236	Stevenson Commons	2005 Series J	Bronx	948	98%	27,975,044.21	29,012,737	6.50%	12/31/73	01/31/36	01/01/26	11	S
N/A	ML Repair Loan		2004 Series F				(S)11,099,808.13	11,229,999	6.25%	02/01/36	01/31/36	N/A	7	
N/A	N/A	Maple Plaza	2005 Series B	Manhattan	155	100%	(S)1,068,799.48	1,624,635.14	3.00%	01/22/99	11/01/29	N/A	1	S
N/A	N/A		2005 Series B				(S)400,000.00	400,000.00	3.00%	01/16/03	11/01/29	N/A	1	
N/A	Section 236	Knickerbocker Plaza	1999 Series A	Manhattan	578	98%	20,095,041.55	24,844,100	9.50%	01/01/82	07/20/25	7/20/25	1	S
N/A	Section 236	Linden Plaza ⁶	1996 Series A	Brooklyn	1527	95%	32,218,403.15	48,560,653 1,740,735	6.0019% 6.33652%	11/01/71	05/01/23	05/01/23	1	U
Total					\$29,753		\$1,198,559,481.84	\$1,309,195,286						

- † Unless otherwise noted Section 8 refers to the Section 8 New Construction/Substantial Rehabilitation Program.
- †† For Mortgage Loans that have been refinanced, the Mortgage Loan Closing Date represents the initial closing date. The Mortgage Loan refinancing occurred in the year of the Applicable Series Resolution.
- ††† Where there is more than one expiration date, the Development was completed in two or more stages. Subsequent to January 31, 2007, expiration dates for expiring contracts have been extended unless the Mortgagor has prepaid the Mortgage Loan.
- †††† Physical inspection ratings determined by the Corporation are as follows: SUP = Superior: S = Satisfactory: BA = Below Average: and U = Unsatisfactory (see Appendix E-3).
- * REMIC Insurance is for twenty-five (25%) of the Mortgage Loan for this Development.
- ** REMIC Insurance is for twenty (20%) of the Mortgage Loan for this Development.
- *** REMIC Insurance is for fifty-one (51%) of the Mortgage Loan for this Development.
- The Mortgagor of this Development is regulated by HPD pursuant to the Mitchell-Lama Law.
- 1 The Mortgagor of this Development prepaid this Mortgage Loan on 5/3/07.
- 2 The Corporation has been notified that the Mortgagor is in the process of restructuring this Mortgage Loan (including the possible prepayment of this Mortgage Loan) and that a reduction in HAP Contract payments has occurred under the HUD "Mark-to-Market" program. The Corporation has been notified that the Mortgagor intends to prepay this Mortgage Loan. However, the Corporation can give no assurance as to whether such restructuring (including the possible prepayment of this Mortgage Loan) will occur and, if either such restructuring or prepayment occurs, when such restructuring will occur or when such prepayment will be made. (See "Appendix G – Description of Supplemental Security and Subsidy Programs – Subsidy Programs – Section 8 Program.")
- 3 The Mortgagor of this Development has notified the Corporation of its intent to prepay its Mortgage Loan.
- 4 The Mortgagor of this Development prepaid this Mortgage Loan on 3/14/07.
- 5 The Mortgagor of this Development prepaid this Mortgage Loan on 4/26/07.
- 6 The Mortgagor of this Development has received a Notice of Violation/Default of its 236 Contract from HUD because of its low inspection rating.

TABLE 3: DEVELOPMENTS AND PERMANENT MORTGAGE LOANS UNDERLYING THE 2006 SERIES A PARTICIPANT INTEREST AS OF JANUARY 31, 2007

2006 SERIES A PURCHASED MORTGAGE LOANS AND 2006 SERIES A TRUST MORTGAGE LOANS AS OF JANUARY 31, 2007*

Type	Supplemental Security	Subsidy Program(s)	Number of Mortgage Loans	Number of Units	Aggregate Outstanding Mortgage Balance	Weighted Average Mortgage Interest Rate	Weighted Average Remaining Years to Maturity [†]	Prepayment Category (see Appendix E-2)
Purchased	FHA 221(d)(4)	HoDAG/PLP	1	30	817,898	1.00%	13.1	1
Purchased	FHA 223(a)(7)	HoDAG/PLP	1	104	518,988	1.00%	5.5	1
Purchased	N/A	Section 8 Mod Rehab/PLP	14	511	3,868,965	1.00%	13.5	1
Purchased	N/A	HoDAG/PLP	5	583	20,787,423	1.00%	20.6	1
Purchased	N/A	PLP	275	11,937	290,287,301	1.00%	16.7	1
Purchased	N/A	N/A***	6	1,982	13,718,386	5.19%	19.8	1
Purchased	N/A	Article 8-A	84	7,399	20,482,928	3.00%	14.6	1
Purchased	N/A	Article 8-A	82	8,814	19,868,477	2.49%	14.8	13
	SUB-TOTAL**		468	31,360	370,350,366	1.35%	16.50	
Trust	N/A	PLP	40	3,946	111,751,902	1.00%	15.5	1
Trust	N/A	Section 236***	4	1,245	43,336,455	8.34%	22.1	1
Trust	N/A	N/A***	32	7,504	41,545,668	5.19%	9.2	1
Trust	N/A	Article 8-A	8	2,868	2,525,213	1.29%	4.9	13
	SUB-TOTAL**		84	15,563	199,159,238	3.47%	14.78	
	TOTAL**		552	46,923	569,509,604	2.09%	15.9	

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

* Since January 31, 2007, the Corporation has received regularly scheduled payments on the mortgage loans. In addition, since January 31, 2007, mortgagors of eleven (11) mortgage loans underlying the 2006 Series A Mortgage Loan with an aggregate outstanding principal balance of approximately \$10,945,288 have prepaid their mortgage loans and the Corporation has received notification from the mortgagors of three (3) mortgage loans underlying the 2006 Series A Mortgage Loan with an aggregate outstanding principal balance of \$5,896,573 that such mortgagors intend to prepay their mortgage loans.

** May not add due to rounding.

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

**TABLE 4: DEVELOPMENTS AND CONSTRUCTION MORTGAGE LOANS
OUTSTANDING UNDER THE PROGRAM
AS OF JANUARY 31, 2007**

Supplemental Security	Subsidy Program	Development Name	Applicable Series Resolution	Borough	No. of Units	Advances Made to Date	Construction Mortgage Loan Amount	Construction Loan Interest Rate	Anticipated Amount of Permanent Mortgage Loan	Permanent Mortgage Interest Rate	Anticipated Permanent Mortgage Loan Closing Date	Final Permanent Mortgage Maturity	Prepayment Category (Appendix E-3)
N/A	New HOP/HTF	Village Care Apartments	1999 Series E	Manhattan	85	\$ 9,225,623.41	\$ 10,350,000	6.20%	\$ 9,790,000	6.35%	12/01/07	07/01/36	8
Long-term LOC	LAMP	Logan Gardens	2005 Series K	Manhattan	104	998,312.79	4,230,000	5.05%	4,230,000	5.25%	09/27/07	08/01/37	8
Long-term LOC	LAMP	Two Bridges Senior Apts.	2005 Series K	Manhattan	109	7,582,845.25	8,500,000	5.05%	8,500,000	5.25%	09/29/07	03/29/37	8
Long-term LOC	LAMP	Fania Gersham Apartments	2006 Series C	Manhattan	29	2,451,816.30	2,500,000	4.99%	2,050,000	5.35%	05/09/07	10/01/37	9
Long-term LOC	LAMP	Self Help Houses	2006 Series C	Queens	149	7,333,816.27	9,100,000	4.84%	6,000,000	5.35%	09/29/07	10/01/37	9
Long-term LOC	LAMP	David Chavis Senior Apartments	2006 Series G	Brooklyn	153	850,000.00 7,511,238.00	850,000 11,650,000	4.25% 5.25%	11,650,000	5.45%	02/01/08	05/01/39	9
Long-term LOC	LAMP	Metropolitan Avenue	2006 Series G	Brooklyn	65	750,000.00 2,658,360.31	750,000 3,150,000	4.25% 5.25%	3,150,000	5.45%	02/01/08	02/01/38	9
Long-term LOC	LAMP	Monsignor Vetro Apartments	2006 Series G	Brooklyn	45	400,000.00 3,474,911.09	400,000 3,800,000	4.25% 5.25%	3,800,000	5.45%	02/01/08	02/01/38	9
Long-term LOC	LAMP	Casabe House	2006 Series H	Manhattan	125	1,100,000.00 6,458,525.49	1,100,000 7,700,000	4.25% 5.00%	7,700,000	5.20%	03/27/08	04/27/39	9
N/A	LAMP	Clinton Parkview Apts	2003 Series B	Manhattan	96	12,200,000.00	12,200,000	4.60%	11,295,000	5.30%	07/15/07	07/29/35	9
N/A	LAMP	Dr. Betty Shabazz Houses	2003 Series B	Brooklyn	160	7,224,051.50	7,400,000	4.60%	7,000,000	5.80%	09/31/07	09/19/35	9
N/A	LAMP	Medgar Evers Houses	2003 Series B	Brooklyn	308	8,384,790.20	8,400,000	4.60%	6,815,000	5.30%	09/31/07	09/19/35	9
N/A	LAMP	Freeman Gardens	2004 Series B	Bronx	36	3,521,937.50	4,225,000	5.25%	1,305,000	5.95%	03/31/07	03/31/37	9

Supplemental Security	Subsidy Program	Development Name	Applicable Series Resolution	Borough	No. of Units	Advances Made to Date	Construction Mortgage Loan Amount	Construction Loan Interest Rate	Anticipated Amount of Permanent Mortgage Loan	Permanent Mortgage Interest Rate	Anticipated Permanent Mortgage Loan Closing Date	Final Permanent Mortgage Maturity	Prepayment Category (Appendix E-3)
N/A	LAMP	1450 Clay Avenue	2004 Series B	Bronx	98	10,195,364.95	10,970,000	5.25%	6,885,000	5.95%	09/31/07	09/31/37	9
N/A	LAMP	Claremont Park Apartments	2006 Series C	Bronx	98	1,510,000.00	1,510,000	4.25%	0	N/A	07/22/07	07/01/37	9
REMIC	LAMP	Jacob's Place	2005 Series C	Bronx	63	3,654,684.38	7,365,000	3.41%	1,335,000	5.50%	09/01/07	09/01/37	9
REMIC	LAMP	Westchester Avenue	2005 Series C	Bronx	70	8,234,596.00	9,650,000	3.61%	2,870,000	5.50%	09/01/07	09/01/37	9
REMIC	LAMP	45 Malta	2005 Series L	Brooklyn	48	2,507,194.84	4,850,000	3.85%	2,200,000	5.75%	06/28/08	01/01/38	9
REMIC	LAMP	1068 Gerard Avenue	2005 Series L	Bronx	82	3,440,726.25	11,920,000	4.22%	3,665,000	5.75%	12/30/07	12/30/39	9
REMIC	LAMP	Morrisania Terrace	2005 Series L	Bronx	42	1,962,762.47	5,175,000	3.85%	1,420,000	5.75%	09/28/07	01/01/38	9
REMIC	LAMP	Prospect Avenue	2005 Series L	Bronx	124	3,765,932.75	15,200,000	4.28%	5,415,000	5.75%	12/28/07	01/01/38	9
REMIC	LAMP	830 Fox Street	2006 Series C	Bronx	58	946,861.57	7,500,000	4.63%	3,155,000	5.85%	06/29/08	07/01/38	9
REMIC	LAMP	1211 Southern Blvd.	2006 Series C	Bronx	123	2,016,244.19	17,000,000	4.61%	6,835,000	5.15%	06/29/08	07/01/36	9
REMIC	LAMP	East Termont Ave Apts (aka 1920 Washington Ave)	2006 Series C	Bronx	73	1,464,405.67	9,700,000	4.56%	3,290,000	5.15%	04/29/08	07/01/36	9
REMIC	LAMP	Lenox Powell Apartments	2006 Series C	Manhattan	59	925,426.98	6,100,000	4.68%	2,935,000	5.85%	06/29/08	07/01/38	9
REMIC	LAMP	St. Peter's Avenue Apartments (aka 2511 Westchester Avenue)	2006 Series C	Bronx	58	790,923.00	10,155,000	4.65%	4,520,000	5.85%	06/29/08	07/01/38	9

Supplemental Security	Subsidy Program	Development Name	Applicable Series Resolution	Borough	No. of Units	Advances Made to Date	Construction Mortgage Loan Amount	Construction Loan Interest Rate	Anticipated Amount of Permanent Mortgage Loan	Permanent Mortgage Interest Rate	Anticipated Permanent Mortgage Loan Closing Date	Final Permanent Mortgage Maturity	Prepayment Category (Appendix E-3)
REMIC	LAMP	West 153rd Street	2006 Series C	Manhattan	85	739,848.62	9,960,000	4.45%	2,470,000	5.85%	12/25/08	07/01/38	9
REMIC	LAMP	Cedars Projects	2006 Series G	Bronx	95	1,238,791.00	14,305,000	5.25%	2,525,000	5.95%	11/01/08	11/01/40	9
REMIC	LAMP	Montmac (Unimac II)	2006 Series G	Bronx	111	1,158,429.33	7,200,000	5.25%	3,255,000	5.95%	11/01/08	11/01/40	9
REMIC	LAMP	Astoria Senior Residence	2006 Series H	Queens	184	1,274,280.00	21,700,000	5.00%	3,500,000	5.70%	12/22/08	12/22/40	9
REMIC	LAMP	Crotona Parkway Apartments	2006 Series H	Bronx	95	4,480,052.00	14,400,000	5.00%	5,985,000	5.70%	12/21/08	12/21/45	9
REMIC	LAMP	Monterey Phipps	2006 Series H	Bronx	97	758,911.00	13,180,000	5.00%	1,490,000	5.70%	12/21/08	12/21/38	9
REMIC	LAMP	New Hope Project (Walton)	2006 Series H	Bronx	63	583,587.50	8,100,000	5.00%	2,775,000	5.70%	12/28/08	12/28/38	9
REMIC	LAMP	YWCA Third Avenue	2006 Series H	Brooklyn	84	1,300,000.00	13,250,000	5.00%	2,800,000	5.95%	06/28/09	06/28/39	9
SONYMA	LAMP	University Macombs	2004 Series I	Bronx	210	13,830,802.78	14,000,000	5.15%	13,675,000	5.85%	05/15/07	05/01/37	8
SONYMA	LAMP	Brook Willis Apartments	2006 Series C	Bronx	122	616,303.22	7,460,000	5.15%	6,565,000	5.85%	06/29/08	06/29/38	9
SONYMA	LAMP/HTF	Abeken Apartments	2004 Series B	Bronx	120	11,891,981.16	12,500,000	5.25%	6,315,000	5.95%	09/31/07	09/31/37	9
SONYMA	LAMP/MIRP	Silverleaf	2004 Series B	Bronx	118	5,061,206.22	12,675,000	5.25%	5,120,000	5.95%	02/27/07	03/31/37	9
GNMA	Section 8/LAMP	Kings County Senior Residence	2005 Series D	Brooklyn	173	10,748,653.00	13,145,000	4.80%	13,145,000	3.22%	08/01/07	07/01/45	7
REMIC	New HOP	250 West 116th Street	2004 Series J	Manhattan	32	2,578,842.05	2,815,000	6.55%	2,815,000	7.25%	09/01/07	09/01/37	8
REMIC	New HOP	116 West 116th Street	2006 Series F	Manhattan	21	3,314.58	2,575,000	6.30%	2,575,000	7.00%	12/29/07	06/29/39	7
REMIC	New HOP	Casablanca Houses	2006 Series I	Manhattan	48	356,265.00	6,495,000	6.30%	6,495,000	7.00%	12/21/08	12/21/40	7

Supplemental Security	Subsidy Program	Development Name	Applicable Series Resolution	Borough	No. of Units	Advances Made to Date	Construction Mortgage Loan Amount	Construction Loan Interest Rate	Anticipated Amount of Permanent Mortgage Loan	Permanent Mortgage Interest Rate	Anticipated Permanent Mortgage Loan Closing Date	Final Permanent Mortgage Maturity	Prepayment Category (Appendix E-3)
N/A	ML Repair Loan	Atlantic Plaza Towers	2006 Series E	Brooklyn	716	4,658,629.78	8,895,922	1.00%	8,895,922	6.25%	10/10/06	10/10/19	7
N/A	ML Repair Loan	Bethune Tower	2006 Series E	Manhattan	135	17,673.10	1,660,243	1.00%	1,660,243	6.25%	03/01/08	03/01/38	7
N/A	ML Repair Loan	Carol Gardens	2004 Series F	Bronx	315	1,798,381.79	3,564,000	6.25%	3,564,000	6.25%	11/16/06	11/16/34	7
N/A	ML Repair Loan	Crown Gardens Coop	2004 Series F	Brooklyn	239	227,078.70	252,320	1.32%	252,320	6.25%	10/01/08	09/30/23	7
N/A	ML Repair Loan	Seaview Towers	2006 Series E	Queens	462	1,160,000.00	1,160,000	6.25%	1,160,000	6.25%	01/01/07	01/01/37	7
N/A	ML Repair Loan	Stryckers Bay	2004 Series F	Manhattan	234	329,651.01	1,995,000	6.25%	1,995,000	6.25%	09/10/06	10/01/18	7
N/A	ML Repair Loan	Washington Square SE	2004 Series F	Manhattan	175	1,012,093.49	1,320,000	6.25%	1,320,000	6.25%	12/08/06	12/08/14	7
N/A	New HOP	3800 Putnam Avenue	2002 Series C	Bronx	44	4,176,376.01	4,310,000	6.75%	4,310,000	8.00%	09/31/07	09/30/34	8
N/A	New HOP	Bethany Place	2004 Series C	Manhattan	28	991,546.04	2,435,000	6.30%	2,435,000	7.00%	09/24/07	03/31/36	8
N/A	New HOP	Twin Pine Apartments	2004 Series C	Bronx	28	624,527.57	2,610,000	6.05%	2,610,000	6.75%	09/31/07	10/31/35	8
N/A	New HOP	15-21 West 116th Street	2004 Series C	Manhattan	38	5,413,845.43	5,850,000	6.30%	5,850,000	7.00%	09/31/07	12/30/37	8
N/A	New HOP	1514 Sedgwick Avenue	2004 Series C	Bronx	96	10,109,999.48	10,185,000	6.05%	10,185,000	6.75%	03/31/07	03/31/37	8
FHA 221(d)(4)	Section 8	Phipps Plaza South	2005 Series H	Manhattan	404	1,998,834.18	30,098,700	6.50%	30,098,700	6.50%	6/31/07	02/01/49	8
Total *					7032	\$212,681,255.20	\$461,496,185		\$283,651,185				

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

**TABLE 5: 2004 SERIES D
SECOND MORTGAGE LOANS HELD
AS ASSETS OF THE CERTIFICATES TRUST
UNDERLYING THE 2004 PARTICIPANT INTEREST
AS OF JANUARY 31, 2007^{†*}**

Supplemental Security	Subsidy Program(s)	Number of Mortgage Loans	Number of Units	Aggregate Outstanding Mortgage Balance	Weighted Average Mortgage Interest Rate	Weighted Average Remaining Time to Maturity	Weighted Average Remaining Time to Sec. 236 Contract Expiration
N/A	Section 236	11	2,955	\$65,500,172	8.08%	20.9 years	17.73 years

[†] For purposes of valuation under the General Resolution, the 2004 Participant Interest constitutes a “Mortgage Loan” and the principal balance of such Mortgage Loan is the amount of the projected cash flow to be paid under the Class B Certificates and not the principal amount of the underlying mortgage loans. As of January 31, 2007, such valuation was \$18,025,053. In addition, the Corporation receives the portion of the prepayments of the mortgage loans that is distributable under the Certificates Trust after required payments on the Senior Class Certificates. See “THE PROGRAM - -2004 Participant Interest.”

* Since January 31, 2007, the Corporation has received regularly scheduled payments on the mortgage loans. In addition, since January 31, 2007, the Corporation has received notification from the mortgagors of two (2) mortgage loans underlying the 2004 Participant Interest with an aggregate outstanding principal balance of \$7,023,402 that such mortgagors intend to prepay their mortgage loans.

**TABLE 6: DEVELOPMENTS AND PERMANENT MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM
ML RESTRUCTURING SECOND MORTGAGE LOANS
OUTSTANDING UNDER THE PROGRAM
AS OF JANUARY 31, 2007**

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

**TABLE 7: DEVELOPMENTS AND PERMANENT MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM
MORTGAGE LOANS UNDERLYING THE 2005 SERIES F PARTICIPANT INTEREST AND THE 2005 SERIES J PARTICIPANT
INTEREST
OUTSTANDING UNDER THE PROGRAM
AS OF JANUARY 31, 2007***

Supplemental Security	Applicable Series Resolution	Number of Mortgage Loans	Number of Units	Outstanding Mortgage Balance	Original Mortgage Amount	Weighted Average Mortgage Interest Rate	Final Mortgage Maturity
N/A	2005 Series F [†]	10	2,196	\$35,602,914	\$35,602,914	4.45%	8/31/15- 9/30/28
N/A	2005 Series J [†]	5	2,270	\$19,227,196	\$19,227,196	3.45%	3/31/17- 12/31/21

* Since January 31, 2007, the Corporation has received regularly scheduled payments on the mortgage loans. The Corporation has received notification from the mortgagor of one (1) mortgage loan underlying the 2005 Series F Participant Interest with an aggregate outstanding principal balance of \$3,856,300 that such mortgagor intends to prepay its mortgage loan.

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

**TABLE 8: DEVELOPMENTS AND MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM
DEVELOPMENTS AND MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM
SUBSEQUENT TO JANUARY 31, 2007**

Table 8. Developments and Construction Mortgage Loans financed subsequent to January 31, 2007. The information below is as of the issuance or remarketing date of the 2007 Series A Bonds or 2006 Series J-2 Bonds, as applicable.

Anticipated Mortgage Loan Supplemental Security	Applicable Series Resolution	Subsidy Program	Development Name	Borough	Number of Units	Construction Loan Amount	Anticipated Permanent Mortgage Loan Amount	Expected Amount of Mandatory Prepayment
SONYMA	2007 Series A	New HOP	Williamsburg Edge	Brooklyn	347	\$25,690,000	\$25,690,000	N/A
REMIC	2006 Series J-2	LAMP	All Saints	Manhattan	99	13,000,000	2,900,000	\$10,100,000
REMIC	2006 Series J-2	LAMP/HAC	Selfhelp K4	Queens	159	10,450,000	6,900,000	3,550,000
N/A	2006 Series J-2	LAMP	110 Fulton Street	Manhattan	28	12,000,000	N/A	12,000,000

MORTGAGE LOAN PREPAYMENT PROVISIONS

One of the following categories of prepayment provisions applies to the voluntary prepayment of principal with respect to each of the outstanding Mortgage Loans. Appendix E-1 denotes which one of the prepayment provisions applies to each outstanding Mortgage Loan. The following chart summarizes the applicability of each prepayment category as of January 31, 2007. The chart does not include information with respect to the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest and the 2005 Series J Participant Interest and the ML Restructuring Second Mortgage Loans.

Prepayment Category	Number of Mortgage Loans	Outstanding Principal Balance of Mortgage Loans*	Percentage of Total Outstanding Principal Balance of Mortgage Loans*
Category 1	544	\$726,435,476	36.67%
Category 2	2	2,356,393	0.12%
Category 3	3	22,568,926	1.14%
Category 4	3	7,713,552	0.39%
Category 5	1	1,271,074	0.06%
Category 6	0	0	0.00%
Category 7	24	204,263,722	10.31%
Category 8	151	490,550,310	24.77%
Category 9	38	155,764,990	7.86%
Category 10	11	56,620,978	2.86%
Category 11	31	255,278,555	12.89%
Category 12	1	30,208,649	1.53%
Category 13	83	27,717,717	1.40%
TOTAL	892	\$1,980,750,341	100.00%

* May not add due to rounding.

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

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

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

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

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

Category 5. Prepayments of the principal amount of the Mortgage Loan require the prior approval of FHA and the Corporation, and may not be made prior to the later of (i) sixteen (16) years and

three (3) months after the date on which any unit in the Development is first occupied or (ii) the date on which assistance under the HAP Contract relating to the Development is terminated.

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

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

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

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

In addition, the Mortgagor is required to make a mandatory prepayment of a portion of the Mortgage Loan, without any premium, approximately three (3) to five (5) years after the closing of the Mortgage Loan (which mandatory prepayment may be made prior to such time). The amount of a Mortgage Loan subject to such mandatory prepayment represents the difference between the Construction Mortgage Loan Amount and the Anticipated Permanent Mortgage Loan Amount. See “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program—Developments and Construction Mortgage Loans Outstanding under the Program as of January 31, 2007.”

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

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

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

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

PERMANENT MORTGAGE LOAN PHYSICAL INSPECTION RATINGS

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

The Corporation's inspection ratings for the Developments, which incorporate HUD's inspection ratings for FHA-insured mortgage loans, include four rating levels: superior (HUD score: 90-100), satisfactory (HUD score: 60-89), below average (HUD score: 46-59) and unsatisfactory (HUD score: 0-45). Any FHA-insured Mortgage Loan with a below average or unsatisfactory physical inspection rating may be subject to foreclosure by HUD (see "THE PROGRAM—FHA-Insured Mortgage Loans with Low Inspection Ratings"). Appendix E-1 denotes which one of the four rating levels applies to each outstanding inspected Development. The following chart summarizes the applicability of each physical inspection rating level as of January 31, 2007. A significant majority of the mortgage loans underlying the 2006 Series A Mortgage Loan are not inspected by the Corporation; such mortgage loans not inspected by the Corporation are not included in this chart. In addition, the table excludes information with respect to the Developments related to the mortgage loans underlying the 2004 Participant Interest, the 2005 Series F Participant Interest, the 2005 Series J Participant Interest and the ML Restructuring Second Mortgage Loans other than those Developments with other Mortgage Loans under the Open Resolution.

PHYSICAL INSPECTION	Number of Mortgage Loans*	Outstanding Principal Balance of Mortgage Loans	PERCENTAGE OF TOTAL OUTSTANDING PRINCIPAL BALANCE OF MORTGAGE LOANS
Superior	16	\$200,078,341	16.96%
Satisfactory	237	865,088,832	73.35%
Below Average	23	71,290,896	6.04%
Unsatisfactory	7	42,993,376	3.65%
TOTAL**	283	\$1,179,451,445	100.00%

Superior

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

Satisfactory

* Developments with Permanent Mortgage Loans made recently may not yet have been inspected by the Corporation.

** May not add due to rounding.

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

Below Average

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

Unsatisfactory

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

CROSS-CALL PROVISIONS AND RELATED INFORMATION

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

Series of Bonds	Original Par Amount	Outstanding Par Amount ¹	Maximum Interest Rate	Final Maturity	Cross-Calls Into Series Permitted	Cross-Calls Out of Series Permitted
1995 Series A	\$ 49,635,000	\$ 25,000	5.60%	11/01/07	Yes	Yes
1996 Series A	217,310,000	10,045,000	5.625%	05/01/12	Yes	Yes
1997 Series C	30,000,000	12,590,000	6.73%	05/01/11	No	Yes
1998 Series A	57,800,000	52,300,000	6.84%	05/01/30	No	Yes
1998 Series B	21,380,000	19,475,000	5.25%	11/01/31	No	No
1999 Series A-1	49,100,000	30,300,000	6.06%	11/01/22	No	Yes
1999 Series B-2	30,200,000	25,000,000	7.32%	05/01/22	No	Yes
1999 Series C	9,800,000	3,225,000	5.70%	11/01/31	Yes	Yes
1999 Series E	10,715,000	9,610,000	6.25%	05/01/36	No	No
2000 Series B	24,800,000	23,600,000	7.79%	11/01/32	No	Yes
2001 Series A	30,115,000	29,155,000	5.60%	11/01/42	No	No
2001 Series C-2	17,770,000	16,675,000	5.40%	11/01/33	Yes	Yes
2002 Series A	36,370,000	34,175,000	5.50%	11/01/34	Yes	Yes
2002 Series B	7,150,000	6,665,000	5.50%	11/01/32	Yes	Yes
2002 Series C	49,500,000	47,910,000	15.00% ²	05/01/34	No	Yes
2002 Series E-2	19,300,000	18,350,000	5.20%	11/01/34	Yes	Yes
2002 Series F	4,600,000	4,350,000	5.20%	11/01/32	Yes	Yes
2003 Series A	81,170,000	17,695,000	12.00% ³	05/02/25	Yes	Yes
2003 Series B-2	33,175,000	29,085,000	4.60%	11/01/36	Yes	Yes
2003 Series E-2	28,690,000	28,490,000	5.05%	11/01/36	Yes	Yes
2004 Series A	147,150,000	139,270,000	5.25%	11/01/30	No	No
2004 Series B-2	22,625,000	22,355,000	5.30%	11/01/36	Yes	Yes
2004 Series C-2	47,920,000	47,890,000	6.34%	11/01/36	No	Yes
2004 Series E-1	39,595,000	39,595,000	4.95%	11/01/33	No ⁴	No ⁴
2004 Series E-2	28,700,000	8,980,000	5.75%	11/01/24	No ⁴	No ⁴
2004 Series F	33,970,000	33,060,000	5.70%	05/01/35	No	No
2004 Series G	10,680,000	10,505,000	5.63%	11/01/29	No	Yes
2004 Series H	9,395,000	9,275,000	5.25%	05/01/46	Yes	Yes
2004 Series I-1	325,000	325,000	2.90%	11/01/07	Yes	Yes
2004 Series I-2	26,320,000	25,905,000	5.20%	11/01/38	Yes	Yes
2004 Series J	27,900,000	25,925,000	5.70%	11/01/36	No	Yes
2005 Series A-1	9,735,000	9,735,000	4.60%	05/01/35	No ⁴	No ⁴
2005 Series B	51,750,000	48,525,000	12.00% ³	11/01/37	No	Yes
2005 Series C	17,015,000	17,015,000	4.80%	05/01/37	No	No
2005 Series D	13,145,000	13,145,000	4.80%	05/01/47	No	No
2005 Series E	3,900,000	3,770,000	4.75%	11/01/35	No ⁴	No ⁴
2005 Series F-1	65,410,000	65,410,000	4.75%	11/01/35	No ⁴	No ⁴
2005 Series F-2	80,935,000	73,440,000	5.43%	11/01/17	No ⁴	No ⁴
2005 Series G	4,840,000	4,620,000	4.15%	11/01/18	Yes	Yes
2005 Series H	30,100,000	30,100,000	12.00% ³	05/01/40	No	No
2005 Series I	3,445,000	3,395,000	12.00% ³	05/01/36	Yes	Yes

Series of Bonds	Original Par Amount	Outstanding Par Amount ¹	Maximum Interest Rate	Final Maturity	Cross-Calls Into Series Permitted	Cross-Calls Out of Series Permitted
2005 Series J-1	20,495,000	20,495,000	4.85%	05/01/36	No ⁴	No ⁴
2005 Series K	12,730,000	12,730,000	5.00%	11/01/37	Yes	Yes
2005 Series L	37,145,000	37,145,000	5.05%	11/01/39	Yes	Yes
2006 Series A	306,100,000	249,240,000	15.00% ³	11/01/34	No	No
2006 Series C	81,635,000	81,635,000	5.125%	05/01/40	Yes	Yes
2006 Series D-1	2,510,000	2,510,000	4.95%	11/01/36	No ⁴	No ⁴
2006 Series D-2	7,495,000	7,320,000	12.00% ³	05/01/26	No ⁴	No ⁴
2006 Series E	27,685,000	27,685,000	12.00% ³	05/01/36	Yes	Yes
2006 Series F	2,655,000	2,655,000	12.00% ³	05/01/40	Yes	Yes
2006 Series G-1	25,665,000	25,665,000	4.875%	11/01/39	Yes	Yes
2006 Series G-2	17,725,000	17,725,000	12.00% ³	11/01/11	Yes	Yes
2006 Series H-1	25,005,000	25,005,000	4.70%	11/01/40	Yes	Yes
2006 Series H-2	55,180,000	55,180,000	3.95%	11/01/10	Yes	Yes
2006 Series I	6,700,000	6,700,000	5.96%	11/01/40	No	No
2006 Series J-1	100,000,000	100,000,000	15.00%	11/01/40	Yes	Yes
2006 Series J-2	54,475,000	54,475,000	15.00%	11/01/40	Yes	Yes
2007 Series A	25,690,000	25,690,000	5.52%	05/01/41	No	No

¹ As of January 31, 2007 except for the information with respect to the 2007 Series A Bonds which is as of May 1, 2007.

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

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

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

CERTAIN INVESTMENTS UNDER THE GENERAL RESOLUTION

The following tables set forth for each Series of Bonds: the type of investment, the investment agreement, the counterparties to the respective investment agreements with the Corporation and the Trustee (which includes Bank of America, N.A. (“Bank of America”), Bayerische Landesbank Girozentrale, New York Branch (“Bayerische”), Daiwa Securities America Inc. (“Daiwa Securities”), HSBC Securities (USA) Inc. (“HSBC Securities”), Rabobank International (“Rabobank”), Royal Bank of Canada (“RBC”), Societe Generale, New York Branch (“Societe Generale”), and Westdeutsche Landesbank Girozentrale, New York Branch (“West LB”)), the amount of investment (except with respect to the Revenue Account), and the interest rate and the maturity date for such investments, for the Debt Service Reserve Account, the Bond Proceeds Account and certain of the amounts deposited in the Revenue Account as of January 31, 2007.

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Debt Service Reserve Account

Investment	Amount	Interest Rate	Maturity Date
Bayerische Time Deposit Repurchase Agreement	\$22,194,999.98	6.60%	5/01/12
West LB Time Deposit Repurchase Agreement	1,190,000.00	6.16%	10/31/18
Bayerische Time Deposit Agreement	1,824,393.00	5.90%	4/30/11
Bayerische Time Deposit Agreement	2,397,140.00	5.80%	5/01/30
Bayerische Time Deposit Agreement	715,000.00	5.28%	11/01/31
Bayerische Time Deposit Agreement	3,571,000.00	5.15%	5/01/37
Bayerische Time Deposit Agreement	365,000.00	6.11%	6/01/36
Bank of America Time Deposit Agreement	6,130,000.00	5.58%	11/01/16
U.S. Treasury Bonds	2,531,000.00	7.125%	2/15/23
Rabobank Time Deposit Agreement	3,825,000.00	4.50%	11/01/33
Short-term Investment Securities	14,772,000.00	3.625%	N/A
Funding Agreement [†]	13,676,250.00	N/A	11/01/27
Total	\$73,191,782.98		

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

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Bond Proceeds Account

Series of Bonds	Type of Investment	Type of Investment Agreement	Investment Provider	Amount	Interest Rate	Maturity Date
1999 Series E	†	Repurchase Agreement	†	\$ 65,000.00	5.200%	2/1/2007
2002 Series C	†	Repurchase Agreement	†	865,000.00	5.200%	2/1/2007
2003 Series B-2	†	Repurchase Agreement	†	165,000.00	5.200%	2/1/2007
2004 Series B-1	†	Repurchase Agreement	†	744,000.00	5.200%	2/1/2007
2004 Series B-2	†	Repurchase Agreement	†	973,000.00	5.200%	2/1/2007
2004 Series C-2	†	Repurchase Agreement	†	3,949,000.00	5.200%	2/1/2007
2004 Series I-1	Time Deposit	Deposit Agreement	RBC	4,125.37	3.460%	4/1/2007
2004 Series I-2	Time Deposit	Deposit Agreement	RBC	165,142.95	3.460%	4/1/2007
2004 Series J	†	Repurchase Agreement	†	236,000.00	5.200%	2/1/2007
2005 Series C	Time Deposit	Deposit Agreement	Societe Generale	5,125,719.62	3.520%	11/30/2007
2005 Series D	Time Deposit	Deposit Agreement	Societe Generale	2,395,828.41	3.520%	4/30/2007
2005 Series D	GNMA - CLC			10,748,653.00	3.830%	8/15/2007
2005 Series H	Time Deposit	Deposit Agreement	RBC	28,101,165.82	5.211%	3/31/2009
2005 Series K	Time Deposit	Deposit Agreement	RaboBank	4,148,841.96	4.960%	11/30/2007
2005 Series L	Time Deposit	Deposit Agreement	RaboBank	25,468,383.69	4.960%	5/31/2008
2006 Series C	Time Deposit	Deposit Agreement	RaboBank	62,189,354.18	5.250%	11/30/2008
2006 Series E	U.S. Treasury Bills	†	†	19,944,000.00	†	2/1/2007
2006 Series F	Time Deposit	Deposit Agreement	RaboBank	2,571,685.42	5.136%	1/31/2008
2006 Series G-1	U.S. Treasury Bills	†	†	23,622,000.00	†	2/1/2007
2006 Series G-2	U.S. Treasury Bills	†	†	463,000.00	†	2/1/2007
2006 Series H-1	U.S. Treasury Bills	†	†	24,272,000.00	†	2/1/2007
2006 Series H-2	U.S. Treasury Bills	†	†	39,261,000.00	†	2/1/2007
2006 Series I	U.S. Treasury Bills	†	†	6,144,000.00	†	2/1/2007
2006 Series J-1	FREDDIE MAC Discount Notes	†	†	100,909,000.00	†	2/22/2007
2006 Series J-2	FNMA Discount Notes	†	†	16,684,000.00	†	3/23/2007
2006 Series J-2	FHLB Discount Notes	†	†	36,611,000.00	†	3/23/2007

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

Revenue Account

Series of Bonds	Type of Investment	Type of Investment Agreement	Investment Provider	Interest Rate	Maturity Date
1995 Series A	US Treasury Note	N/A	N/A	3.625%	4/30/2007
1995 Series A	Investment Agreement	Repurchase Agreement	Bayerische	6.600%	5/1/2012
1996 Series A	Investment Agreement	Repurchase Agreement	Bayerische	6.600%	5/1/2012
1996 Series A	US Treasury Note	N/A	N/A	3.625%	4/30/2007
1997 Series B	†	Repurchase Agreement	†	†	†
1997 Series B	†	Repurchase Agreement	†	†	†
1997 Series C	Time Deposit	Deposit Agreement	Bayerische	5.900%	4/30/2011
1998 Series A	†	Repurchase Agreement	†	†	†
1998 Series A	†	Repurchase Agreement	†	†	†
1998 Series A	Time Deposit	Deposit Agreement	Bayerische	5.800%	5/1/2030
1998 Series B	†	Repurchase Agreement	†	†	†
1998 Series B	Time Deposit	Deposit Agreement	Bayerische	5.280%	11/1/2031
1999 Series A-1	Time Deposit	Deposit Agreement	Bayerische	5.150%	5/1/2037
1999 Series B-1	Time Deposit	Deposit Agreement	Bayerische	†	†
1999 Series B-1	US Treasury Note	N/A	N/A	3.625%	4/30/2007
1999 Series C	Time Deposit	Deposit Agreement	Bayerische	5.665%	11/1/2031
1999 Series D	†	Repurchase Agreement	†	†	†
1999 Series D	†	Repurchase Agreement	†	†	†
1999 Series D	†	Repurchase Agreement	†	†	†
1999 Series E	Time Deposit	Deposit Agreement	Bayerische	6.110%	6/1/2036
1999 Series E	†	Repurchase Agreement	†	†	†
1999 Series E	†	Repurchase Agreement	†	†	†
2000 Series B	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2001 Series A	Time Deposit	Deposit Agreement	Bank of America	5.580%	11/1/2042
2001 SeriesB	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2001 Series C-2	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2002 Series A	Time Deposit	Deposit Agreement	Bayerische	2.650%	12/1/2015
2002 Series B	Time Deposit	Deposit Agreement	Bayerische	2.650%	12/1/2015
2002 Series C	Time Deposit	Deposit Agreement	Bayerische	2.650%	12/1/2015
2002 Series E-2	Time Deposit	Deposit Agreement	Bayerische	1.760%	12/1/2015
2002 Series F	Time Deposit	Deposit Agreement	Bayerische	1.760%	12/1/2015
2003 Series A	†	Repurchase Agreement	†	5.140%	2/21/2007
2003 Series A	†	Repurchase Agreement	†	5.200%	2/6/2007
2003 Series B-1	Time Deposit	Deposit Agreement	Societe Generale	3.500%	11/1/2034
2003 Series B-2	Time Deposit	Deposit Agreement	Societe Generale	3.500%	11/1/2034
2003 Series E-2	Time Deposit	Deposit Agreement	Rabobank	2.020%	11/1/2033
2004 Series A	Time Deposit	Deposit Agreement	RBC	4.270%	7/15/2030
2004 Series B-1	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2004 Series B-2	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2004 Series C-1	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2004 Series C-2	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2004 E-1	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2004 E-2	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2004 F	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2004 G	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2004 H	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2004 I-2	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2004 J	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2005 A-1	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2005 A-2	US Treasury Note	N/A	N/A	3.625%	4/30/2007
2005 B	†	Repurchase Agreement	†	5.140%	2/21/2007
2005 C	US Treasury Note	N/A	N/A	3.625%	04/30/07

Series of Bonds	Type of Investment	Type of Investment Agreement	Investment Provider	Interest Rate	Maturity Date
2005 D	US Treasury Note	N/A	N/A	3.625%	04/30/07
2005 E	US Treasury Note	N/A	N/A	3.625%	04/30/07
2005 F-1	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 F-1	US Treasury Note	N/A	N/A	3.625%	04/30/07
2005 F-2	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 F-2	US Treasury Note	N/A	N/A	3.625%	04/30/07
NYCHDC HRB Non Bonded	US Treasury Note	N/A	N/A	3.625%	04/30/07
2005 G	US Treasury Note	N/A	N/A	3.625%	04/30/07
2005 I	†	Repurchase Agreement	†	5.200%	02/06/07
2005 J-1	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 J-1	US Treasury Note	N/A	N/A	3.625%	04/30/07
2005 J-2	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 J-2	US Treasury Note	N/A	N/A	3.625%	04/30/07
2005 K	US Treasury Note	N/A	N/A	3.625%	04/30/07
2005 L	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 A	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 A	†	Repurchase Agreement	†	5.200%	02/01/07
2006 C	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 D-1	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 D-1	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 D-2	†	Repurchase Agreement	†	5.200%	02/06/07
2006 E	†	Repurchase Agreement	†	5.200%	02/06/07
2006 F	†	Repurchase Agreement	†	5.200%	02/06/07
2006 G1	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 H-1	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 H-2	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 I	US Treasury Note	N/A	N/A	3.625%	04/30/07
2006 J-2	US Treasury Note	N/A	N/A	3.625%	04/30/07

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

INTEREST RATE CAP AGREEMENTS

Notional Amount ¹	Counterparty	Index	Strike Rate	Ceiling Rate	Effective Date	Termination Date
\$6,635,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	One-Month LIBOR ²	6.75%	N/A	5/25/2005	5/12/2010
\$51,390,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	One-Month LIBOR ²	6.75%	N/A	5/25/2005	5/12/2010
\$43,119,686	Goldman Sachs Mitsui Marine Derivative Products, L.P.	Three-Month LIBOR ³	7.35%	14.85%	12/2/2005	5/1/2009
\$132,714,345	Goldman Sachs Mitsui Marine Derivative Products, L.P.	Three-Month LIBOR ³	7.35%	14.85%	12/2/2005	11/1/2032
\$120,117,127	Goldman Sachs Mitsui Marine Derivative Products, L.P.	Three-Month LIBOR ³	4.85% 7.35%	14.85%	12/2/2005 5/1/2007	4/30/2007 5/1/2027

¹ As of January 31, 2007. The notional amounts amortize over time.

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

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

DESCRIPTION OF SUPPLEMENTAL SECURITY AND SUBSIDY PROGRAMS

SUPPLEMENTAL SECURITY

FHA Insurance Program

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

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

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

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

election should have been made or the date the required documents should have been submitted to FHA, whichever is applicable, to the date when the mortgage insurance claim is finally paid, unless FHA has agreed to extend the period with interest.

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

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

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

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

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

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

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

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

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

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

In the event of a violation in the performance of the mortgagor's obligations under the Regulatory Agreement and the mortgagor's failure to cure such violation after receiving notice from HUD, even in the absence of a default under a mortgage note or a mortgage, HUD may (a) notify the HFA of such

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

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

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

REMIC Insurance Program

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

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

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

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

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

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

As of January 31, 2007, the HIF’s total liability against commitments and against housing insurance contracts in force was \$150,480,114. As of January 31, 2007, the HIF had a total loan amount on outstanding commitments and housing insurance contracts in force of \$437,751,216 on 218 properties. As of January 31, 2007, the HIF was funded in cash or marketable securities in an amount at least equal to the HIF requirement.

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

The REMIC Act provides that no monies shall be withdrawn from the REMIC MIF at any time in such amount as would reduce the amount in the REMIC MIF to less than the REMIC MIF requirement,

except for the purpose of paying liabilities arising from mortgage insurance contracts as they become due and for the payment of which other monies are not available.

As of January 31, 2007, the REMIC MIF's total liability against mortgage insurance contracts in force was \$1,214,905. As of January 31, 2007, the REMIC MIF had a total loan amount on outstanding commitments and mortgage insurance contracts in force of \$1,901,520 on twenty (20) properties. As of January 31, 2007, the REMIC MIF was funded in an amount at least equal to the REMIC MIF requirement.

REMIC also maintains the PRF to provide for payment of REMIC's liabilities arising from its operations, its housing insurance contracts and its mortgage insurance contracts. All monies deposited in the PRF, whether from earned premiums, investment income or other sources, represent the excess over the REMIC MIF and HIF requirements. If the amounts in the HIF and the REMIC MIF are below their respective requirements, amounts in the PRF are available to restore these funds to their requirements. As of January 31, 2007 the PRF totaled approximately \$13,609,677.

Claims for Loss. As of January 31, 2007, Old REMIC and the REMIC MIF had paid a total of twelve (12) claims for loss on insurance policies under its mortgage insurance coverage in the aggregate amount of \$598,241. As of January 31, 2007, the HIF had neither paid claims for loss nor had any policies in force on which claims for loss had been submitted.

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

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

The audited financial statements of REMIC for the fiscal year ended October 31, 2006 are included in the audited financial statements of the Corporation for the fiscal year ended October 31, 2006 which are contained in Appendix C to this Official Statement. Copies of the Annual Report of the Corporation, which includes information on REMIC, are available from REMIC at 110 William Street, New York, New York 10038, telephone: (212) 227-5500, or through its internet address: www.nychdc.org/subsidiaries/REMIC.htm.

Benefits for the Mortgage Loans secured or expected to be secured by REMIC Insurance under HIF. The REMIC Master Policy of Insurance (the "REMIC Policy"), which covers a specified percentage of the original Mortgage Loan amount for each insured Mortgage Loan on a first loss basis, requires each insured lender benefitting from REMIC Insurance (an "Insured") to notify REMIC within forty-five (45) days after a payment default by a Mortgagor on an insured Mortgage Loan and to provide various additional notices during the period of default. When a Mortgagor fails to pay a total aggregate

amount equal to four regular monthly payments of principal and interest, and any escrow payments due under the terms of an insured Mortgage Loan, disregarding any waivers or extensions by the Insured (termed “Four Months in Default” under the REMIC Policy), and assuming such notices have been timely submitted and other preconditions have been met, the Insured may make a claim for REMIC Insurance benefits.

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

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

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

(a) the full “Claim for Loss,” consisting of the Mortgage Loan principal balance as of the date of default and Allowed Costs but net of reserves held for the Development and net of any portion of the claim attributable to Insured fault or previously reimbursed to the Insured, in which case title to the Development is to be transferred to REMIC, or

(b) a percentage of the full Claim for Loss equal to the Coverage Percentage thereof, but not in excess of the Coverage Percentage of the Mortgage Loan principal amount as initially insured, in which case the Insured is to retain title to the Development.

If proceedings are undertaken in which title to the property passes to a third party, the Insured may claim under the REMIC Insurance for payment of the full Claim for Loss, net of the amounts realized by the Insured from such proceedings, but never in excess of the Coverage Percentage of the Mortgage Loan principal amount as initially insured.

For specific information on the coverage provided by REMIC Insurance, reference should be made to the applicable REMIC commitment and the Master Policy issued by REMIC, which are available at the offices of the Corporation.

The REMIC Insurance may terminate pursuant to its terms upon the occurrence of certain events including, without limitation, the nonpayment of renewal premium, the material modification of the Mortgage without the prior written approval of REMIC, and the disposal of property or collateral securing the Mortgage Loan prior to the final settlement of a claim for loss.

With respect to the Mortgage Loans insured or expected to be insured by REMIC, amounts in the HIF are available, and amounts in the REMIC MIF and the PRF are not available, to pay any liability incurred by REMIC with respect to such Mortgage Loans.

As of January 31, 2007, seventy-three (73) permanent Mortgage Loans under the Program, with an aggregate outstanding Mortgage Loan balance of \$329,387,091, are partially insured by REMIC.

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

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

SONYMA Insurance Program

General. The State of New York Mortgage Agency Act, Chapter 612 of the Laws of New York, 1970, as amended (the "SONYMA Act"), authorizes SONYMA, a public benefit corporation of the State, among other things, to enter into commitments to insure mortgages and contracts of mortgage insurance and to contract to facilitate the financial activities of the Convention Center Development Corporation (the "CCDC"), a subsidiary of the New York State Urban Development Corporation, and to fulfill SONYMA's obligations and enforce its rights under any insurance or financial support so furnished. Part II of the SONYMA Act, authorizing, among other things, the mortgage insurance program, was adopted by the State Legislature in 1978 to encourage financial institutions to make mortgage loans in neighborhoods suffering from disinvestment by providing mortgage insurance to minimize the investment risk. In 1989, the SONYMA Act was amended to authorize SONYMA to provide insurance for a loan or pool of loans (a) when the property is located in an "economic development zone" as defined under State law, (b) when the property will provide affordable housing, (c) when the entity providing the mortgage financing was or is created by local, State or Federal legislation, and certifies to SONYMA that the project meets the program criteria applicable to such entity or (d) when the property will provide a retail or community service facility that would not otherwise be provided. The Mortgage Loans currently insured by SONYMA (the "SONYMA Mortgage Loans") are insured under the SONYMA Act. The 2006 Series J-1 Mortgage Loan is not currently eligible for insurance under the SONYMA Act.

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

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

support for the CCDC bonds or ancillary bond facilities pursuant to the SONYMA Act. Only monies in the appropriate accounts of the SONYMA Mortgage Insurance Fund will be available to SONYMA for payment of SONYMA's liabilities under the SONYMA mortgage insurance policies for the SONYMA Mortgage Loans (the "SONYMA Insurance").

The SONYMA Act establishes within the SONYMA Mortgage Insurance Fund a special account (the "Special Account"), a single family pool insurance account with respect to insurance related to one to four dwelling units (the "Single Family Pool Insurance Account"), a project pool insurance account with respect to insurance on other properties (the "Project Pool Insurance Account"), and a development corporation credit support account with respect to providing credit support for the bonds or ancillary bond facilities of the CCDC (the "Development Corporation Credit Support Account"). The Development Corporation Credit Support Account is a source or potential source of payment of the sum of the respective amounts (or percentages) of required or permissive funding by the CCDC of each reserve and financial support fund established by the CCDC for its bonds and, to the extent not otherwise provided in respect of the support of bonds, for its ancillary bond facilities for which SONYMA has determined that the Development Corporation Credit Support Account is or will be a source or potential source of funding. The SONYMA Mortgage Loans are insured by SONYMA under the Project Pool Insurance Account. The SONYMA Act provides that assets of the Special Account, the Single Family Pool Insurance Account, the Project Pool Insurance Account and the Development Corporation Credit Support Account shall be kept separate and shall not be commingled with each other or with any other accounts which may be established from time to time, except as authorized by the SONYMA Act. The claims-paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account of the SONYMA Mortgage Insurance Fund are rated "Aa1" and "Aaa," respectively, by Moody's Investors Service. The claims-paying ability of the Project Pool Insurance Account and the Single Family Pool Insurance Account of the SONYMA Mortgage Insurance Fund are rated "AA-" and "AA+," respectively, by Fitch, Inc. Such ratings were affirmed by each respective organization on September 22, 2005 and reflect only the views of such organizations; an explanation of the significance of such ratings may be obtained from the respective rating agencies. There is no assurance that such ratings will continue for any period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. These ratings were established subsequent to SONYMA's change in its procedures to now require that reserves established with respect to project primary insurance it provides be deposited to the Project Pool Insurance Account. The claims paying ability of the Development Corporation Credit Support Account has not been rated. The SONYMA Act provides that SONYMA may not execute a contract to provide credit support to the bonds or ancillary bond facilities of the CCDC if, at the time such contract is executed, such execution would impair any then existing credit rating of the Single Family Pool Insurance Account or the Project Pool Insurance Account. The payment of principal of and interest on the Bonds is not secured by or payable from monies held in the Project Pool Insurance Account. The SONYMA Act provides that all monies held in the Project Pool Insurance Account, with certain exceptions, shall be used solely for the payment of its liabilities arising from mortgages insured by SONYMA pursuant to the SONYMA Act.

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

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

Mortgage recording taxes have been collected in the State for more than 75 years. SONYMA has been entitled to receive Tax receipts since December 1978. Under existing law, no further action on the part of the State legislature is necessary for the SONYMA Mortgage Insurance Fund to continue to receive such monies. However, the State is not bound or obligated to impose, or to impose at current levels, the mortgage recording taxes described above or to direct the proceeds to SONYMA as currently provided. The SONYMA Mortgage Insurance Fund's receipt of Tax receipts is dependent upon the performance by the county recording officers of their collection and remittance obligations; the State Tax Commission is given general supervisory power over such officers. Tax receipts paid to the Mortgage Insurance Fund in calendar years 2002, 2003, 2004, 2005 and 2006 were approximately \$83 million, \$106 million, \$131 million, \$168 million and \$184 million respectively.

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

the SONYMA Mortgage Loans, or that the Development Corporation Credit Support Account will not be depleted through payment of liabilities arising with respect to providing credit support to the CCDC.

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

The SONYMA Mortgage Insurance Fund provides primary mortgage insurance for various types of properties, including single and multi-family residences, special needs facilities, and retail and community service facilities. Since 1989, the SONYMA Mortgage Insurance Fund has been providing pool insurance (the "Single Family Pool Insurance") for mortgages that SONYMA financed pursuant to its single family forward commitment programs. The SONYMA Mortgage Insurance Fund currently provides pool insurance coverage on certain mortgage loans purchased with proceeds of certain of SONYMA's bonds. The CCDC received authorization in December 2004 to issue the bonds and to enter into the ancillary bond facilities for which the SONYMA Act authorizes SONYMA to provide credit support.

As of March 31, 2007, the SONYMA Mortgage Insurance Fund's total liability against commitments and against policies in force was \$2,252,583,927 of which \$1,838,251,056 was against project mortgage insurance commitments and policies in force, the balance of \$414,332,871 being against single family primary and pool insurance commitments and policies in force. As of March 31, 2007, the SONYMA Mortgage Insurance Fund had a total loan amount on outstanding commitments and policies in force of \$8,956,659,503 of which \$1,999,455,229 represented the total loan amount on outstanding project mortgage insurance commitments and policies in force, the balance of \$6,957,204,274 being the total loan amount on outstanding single family primary and pool insurance commitments and policies in force.

As of March 31, 2007, the Project Pool Insurance Account had paid 38 project mortgage insurance claims for loss in the aggregate amount of \$84,288,197. As of March 31, 2007, the SONYMA Mortgage Insurance Fund had 11 project mortgage insurance policies in force on which claims for loss had been submitted. SONYMA estimates that its total liability thereon is \$64,306,938. As of March 31,

2007, the SONYMA Mortgage Insurance Fund had paid 1,119 single family primary and pool mortgage insurance claims for loss in the aggregate amount of \$23,003,595.

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

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

Copies of SONYMA's annual report for the fiscal year ended October 31, 2006 and audited financial statements for the fiscal year ended October 31, 2006 are available from the State of New York Mortgage Agency, 641 Lexington Avenue, New York, New York 10022, telephone (212) 688-4000.

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

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

Collection of SONYMA Mortgage Insurance Benefits.

A. For SONYMA-Insured Mortgage Loans financed by the proceeds of the 1995 Series A Bonds. The Corporation has covenanted not to take any action that would conflict with the requirements or procedures of SONYMA so as to jeopardize the SONYMA Insurance on the SONYMA Mortgage Loans. In the event of a default under a SONYMA Mortgage Loan, the Corporation has covenanted to undertake to assign such SONYMA Mortgage Loan to SONYMA in a timely fashion so as to avoid any loss or diminution of benefits receivable as SONYMA Insurance and to make claims for SONYMA Insurance benefits in cash.

In the event a payment due with respect to a SONYMA Mortgage Loan is in default for 60 days, the Corporation is required to notify SONYMA of the default and thereby trigger the Corporation's right to assign said Mortgage to SONYMA if the default is not cured within the following 60 days. If the default is not fully cured within 120 days, the Corporation is required to exercise its right to assign said Mortgage to SONYMA. Subject to the terms and conditions of the SONYMA commitment to insure each SONYMA Mortgage Loan and the policy issued in connection therewith, SONYMA has agreed that, within ten (10) days after assignment of a Mortgage by the Corporation to SONYMA, it shall pay the Corporation an amount at least equal to the full unpaid principal balance of the SONYMA Mortgage Loan and all accrued interest on such Mortgage Loan.

The SONYMA Insurance with respect to a SONYMA Mortgage Loan may terminate pursuant to its terms upon the occurrence of certain events including the nonpayment of renewal premium, the modification of a SONYMA Mortgage without the prior written approval of SONYMA, and the disposal

of property or collateral securing a SONYMA Mortgage Loan prior to the final settlement of a claim for loss.

B. For SONYMA-Insured Mortgage Loans other than the Mortgage Loans financed by the proceeds of the 1995 Series A Bonds. It is expected that the SONYMA-insured Mortgage Loans other than the Mortgage Loans financed by the 1995 Series A Bonds will be or have been insured by SONYMA upon compliance with certain conditions contained in their respective SONYMA insurance commitments. As of the date of this Official Statement, any Mortgage Loans insured by SONYMA have been insured for 100% of the outstanding principal balance thereof. In the future, however, the Corporation may seek partial insurance from SONYMA with respect to certain Mortgage Loans. The following description relates only to Mortgage Loans (other than Mortgage Loans financed by the proceeds of the 1995 Series A Bonds) which are insured for 100% of the outstanding principal balance thereof.

Pursuant to the SONYMA Insurance with respect to each of the SONYMA-insured Mortgage Loans (other than the Mortgage Loans financed by the 1995 Series A Bonds), following certain defaults under the respective Mortgage securing such Mortgage Loans, the Corporation shall file a claim for loss with SONYMA. Thereupon, SONYMA has the option to either (i) make periodic payments of its obligation under the SONYMA Insurance in amounts equal to the scheduled principal and interest payments due with respect to such Mortgage Loan plus certain other amounts expended by the Corporation (for which the Corporation has not been reimbursed) or (ii) make a lump sum payment under the SONYMA Insurance in an amount equal to the sum of the principal outstanding and interest accrued on such Mortgage Loan from the date of such claim for loss to the date of payment in respect of such claim for loss and certain other amounts expended by the Corporation (for which the Corporation has not been reimbursed). Periodic payments are to be made monthly. In addition, if SONYMA has chosen initially to make periodic payments it may nevertheless exercise its option to make a lump sum payment in the full amount of its then outstanding obligation under the SONYMA Insurance at any time while SONYMA is making periodic payments. Upon a lump sum payment by SONYMA, the Corporation shall assign such Mortgage to SONYMA. The SONYMA Insurance with respect to such Mortgage Loan may terminate pursuant to its terms upon the occurrence of certain events including the nonpayment of renewal premium. For specific information on the coverage provided by the SONYMA Insurance with respect to such Mortgage Loan, reference should be made to the policy related to such SONYMA Insurance which is available for inspection at the office of the Corporation.

The Corporation has covenanted not to take any action to conflict with SONYMA regulations so as to jeopardize the SONYMA Insurance. In addition, in the event of a default under any of the SONYMA-insured Mortgage Loans (other than the Mortgage Loans financed by the 1995 Series A Bonds), the Corporation has covenanted to undertake to assign such Mortgage Loan to SONYMA or take such other actions in timely fashion so as to avoid any loss or diminution of benefits receivable as SONYMA Insurance.

GNMA Mortgage-Backed Securities Program

GNMA Securities are “fully-modified, pass-through” securities which require the Mortgage Banker that issued such GNMA Securities or its assignee (i) to make monthly payments of principal and interest on the aggregate principal balance thereof to the holder of the GNMA Securities, whether or not the Mortgage Banker receives payments on the mortgage loans backing the GNMA Securities from the mortgagor, and (ii) to pass through any prepayments of principal and premiums on the mortgage loans received by the Mortgage Banker. GNMA Securities are guaranteed as to full and timely payment of principal and interest by GNMA, a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office in Washington, D.C.

GNMA Guaranty. GNMA is authorized by Section 306(g) of Title III of the National Housing Act to guarantee the timely payment of the principal of and interest on securities which are based on and backed by, among other things, an FHA-insured mortgage loan under the National Housing Act. Section 306(g) of the National Housing Act provides further that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion, dated December 12, 1969, of an Assistant Attorney General of the United States, states that, under Section 306(g) of the National Housing Act, such guarantees of mortgage-backed securities (of the type to be delivered to the Trustee on behalf of the Corporation) are authorized to be made by GNMA and “would constitute general obligations of the United States backed by its full faith and credit.”

GNMA guarantees the timely payment of the principal of and interest on the GNMA Security by the Mortgage Banker. Interest and principal payments on the underlying mortgage loans received by the Mortgage Banker from the mortgagor are the primary source of monies for payments on the GNMA Securities. If such payments are less than what is due under the GNMA Security, the Mortgage Banker is obligated to advance its own funds to insure timely payment of all amounts coming due on the GNMA Security. GNMA guarantees such timely payment to the holder of the GNMA Securities by the Mortgage Banker whether or not made by a mortgagor. If such payments are not received as scheduled, the holder of the GNMA Securities has recourse directly to GNMA. The GNMA Securities do not constitute a liability of, nor evidence any recourse against, the Mortgage Banker as the issuer of the GNMA Securities, but recourse thereon is solely against GNMA.

In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue its general obligations to the United States Treasury in an amount outstanding at any time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on a GNMA Security. The Treasury is authorized to purchase any obligations so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty. GNMA further warrants to the holder of each GNMA Security, that, in the event it is called upon at any time to make good its guaranty of the payment of principal and interest on a GNMA Security, it will, if necessary, in accordance with Section 306(d) of the National Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

Under the GNMA Mortgage-Backed Securities Program, the Mortgage Banker is obligated to execute a Guaranty Agreement which provides that, in the event of a default by the Mortgage Banker, including (i) a request to GNMA to make a payment of principal or interest on a GNMA Security, (ii) the insolvency of the Mortgage Banker, or (iii) a default by the Mortgage Banker under any other Guaranty Agreement with GNMA, GNMA shall have the right to extinguish the Mortgage Banker’s interest in the mortgage loans that back GNMA Securities, which then shall become the absolute property of GNMA, subject only to the unsatisfied rights of the owners of the GNMA Securities. In such event, the GNMA Guaranty Agreement provides that GNMA shall be the successor in all respects to the Mortgage Banker in its capacity under the GNMA Guaranty Agreement and shall be subject to all responsibilities, duties and liabilities (except the Mortgage Banker’s indemnification of GNMA) of the Mortgage Banker pursuant to the GNMA Guaranty Agreement. GNMA may contract for another eligible issuer of GNMA Securities to undertake and agree to assume any part or all of such responsibilities, duties or liabilities of the Mortgage Banker, as long as no such agreement detracts from or diminishes the responsibilities, duties or liabilities of GNMA in its capacity as guarantor of the GNMA Security or otherwise adversely affects the rights of the owners of the GNMA Securities.

Payment of Principal and Interest on the GNMA Securities. GNMA Securities provide that accrued interest for thirty (30) days is payable by the Mortgage Banker to the holder of the GNMA Securities on the fifteenth (15th) of each successive month thereafter until maturity of the GNMA Security. The GNMA Securities are payable in equal monthly installments, subject to prepayment. The aggregate amount of principal due on the GNMA Securities is in an amount equal to the scheduled principal amortization currently due on the underlying mortgage note.

Each of the monthly installments is subject to adjustment by reason of any prepayments or other early or unscheduled recoveries of principal on the mortgage note. In any event, the Mortgage Banker is obligated to pay to the holder of the GNMA Securities, monthly installments of not less than the interest due on the GNMA Securities at the rate specified in the GNMA Securities, together with any scheduled installments of principal whether or not collected from the mortgagor, and any prepayments or early recoveries of principal (including insurance proceeds and condemnation awards that are applied to principal and FHA insurance benefits) and prepayment premiums paid under the Mortgage Note. Final payment shall be made upon surrender of each outstanding GNMA Security. Any such prepayment could result in the redemption of Bonds at any time.

In the event that a mortgagor defaults under an FHA-insured mortgage loan that backs a GNMA Security, the Mortgage Banker may elect to file a claim for FHA Insurance benefits. See “FHA Insurance Program” above.

Under the GNMA Mortgage-Backed Securities Program, the Mortgage Banker is required to service and otherwise administer the mortgage loans in accordance with generally accepted practices of the mortgage banking industry and the GNMA Servicer Guide. The monthly remuneration of the Mortgage Banker, for its servicing and administrative functions, and the guaranty fee charged by GNMA, are based on the unpaid principal amount of GNMA Securities outstanding. Repayment of principal on such GNMA Securities will be based on repayment of the respective mortgage note which, because of the minimum 0.25% higher interest rate on the note will occur more slowly than would repayment by equal installments of principal and interest at the interest rate on the GNMA Securities.

Fannie Mae

General. Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder-owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market rather than as a primary lender. It does not make direct mortgage loans but acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage-backed securities (“MBS”), primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guarantee of timely payment of principal of and interest on MBS certificates.

Fannie Mae is subject to regulation by the Secretary of Housing and Urban Development (“HUD”) and the Director of the independent Office of Federal Housing Enterprise Oversight within HUD (“OFHEO”). Approval of the Secretary of Treasury is required for Fannie Mae’s issuance of its debt obligations and MBS. The President of the United States may appoint five members of Fannie Mae’s Board of Directors, and the other thirteen are elected by the holders of Fannie Mae’s common stock. Since May 25, 2004, the date of Fannie Mae’s most recent annual shareholder’s meeting, the

President has declined to exercise his authority to appoint directors, and those five Board positions will remain open unless and until the President names new appointees

The securities of Fannie Mae are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

Information on Fannie Mae and its financial condition is contained in periodic reports that are filed with the Securities and Exchange Commission (the "SEC"). The SEC filings are available at the SEC's website at www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's web site at <http://www.fanniemae.com/ir/sec> or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

On May 2, 2007, Fannie Mae filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2005 with the SEC. Fannie Mae is not current with its SEC reporting requirements because it has not filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

Form 8-K's that Fannie Mae files with the SEC on or prior to the date of the delivery of the 2006 Series J-1 Bonds are incorporated by reference into this Remarketing Circular.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Fannie Mae's role with respect to the Bonds is limited to issuing and discharging its obligations under the Credit Enhancement Instrument and exercising the rights reserved to it in the Resolution, the Program Agreement and the Assignments executed in connection therewith.

Fannie Mae Credit Enhancement Instrument. Pursuant to a Program Agreement with the Corporation, Fannie Mae has issued its credit enhancement instrument (the "Credit Enhancement Instrument") with respect to a specified pool of Mortgage Loans (the "Fannie Mae Credit Enhanced Mortgage Loans"). Each of the Fannie Mae Credit Enhanced Mortgage Loans in the pool will be entitled to the benefits of a contract to make periodic interest reduction payments ("IRPs") entered into by the Secretary of HUD pursuant to Section 236(b) of the National Housing Act with the applicable Mortgagor. See "Subsidy Programs – Section 236 Program" in this Appendix G. Each such Mortgage Loan will be bifurcated in to a 236 Loan component expected to be paid from IRPs paid by HUD and a Conventional Loan component expected to be paid from income of the related Development. The Fannie Mae Credit Enhanced Mortgage Loans will be pledged to the Trustee and to Fannie Mae, as their interests may appear.

Under the Credit Enhancement Instrument, Fannie Mae will agree to make "Debt Service Advances" and "Buy-Out Advances" (described below) with respect to the Fannie Mae Credit Enhanced Mortgage Loans following a failure by the Mortgagor of any such Mortgage Loan to pay when due and in full payments required with respect to its Mortgage Loan (a "Borrower Payment Default").

Fannie Mae will agree to make Debt Service Advances to the Trustee on demand of the Trustee (i) with respect to the Conventional Loan component of the Fannie Mae Credit Enhanced Mortgage Loans, if a Borrower Payment Default has occurred and is continuing and the aggregate principal and interest payments received in any Payment Period on the Conventional Loan component are less than 75 percent of all the scheduled principal and interest payments to be made on the Conventional Loan component for the same Payment Period (such difference is referred to as the "Conventional Shortfall") and (ii) with respect to the 236 Loan component of the Fannie Mae Credit Enhanced Mortgage Loans, if a

Borrower Payment Default has occurred and is continuing and the aggregate principal and interest payments received in any Payment Period on the 236 Loan component are less than 100% of all the scheduled principal and interest payments to be made on the 236 Loan components for such Payment Period (such difference is referred to as the “236 Shortfall”). A Debt Service Advance will be in an amount equal to such Conventional Shortfall or 236 Shortfall. Debt Service Advances will relate to a deficiency in the aggregate payments made by all Fannie Mae Credit Enhanced Mortgage Loans during the Payment Period as set forth in the Program Agreement (and will not relate to any particular Fannie Mae Credit Enhanced Mortgage Loan).

If a Borrower Payment Default has occurred and is continuing with respect to the Conventional Loan component of Fannie Mae Credit Enhanced Mortgage Loans and the aggregate principal and interest payments received in any Payment Period for the Conventional Loan component is 75% or more (but less than 100%) of all the scheduled principal and interest payments to be made for the same Payment Period for the Conventional Loan Component, the Fannie Mae Credit Enhancement Instrument may not be drawn on to make up such deficiency. At the direction of the Corporation, the Trustee may apply amounts in the Mortgage Loan Reserve Account to pay debt service on Bonds the proceeds of which financed Fannie Mae Credit Enhanced Mortgage Loans.

Fannie Mae will also agree to make Buy-Out Advances to the Trustee in respect of any Fannie Mae Credit Enhanced Mortgage Loan with respect to which a Borrower Payment Default has occurred (a “Defaulted Mortgage Loan”) under the terms and conditions set forth in the Credit Enhancement Instrument and the Supplemental Resolution. A Buy-Out Advance relates to a particular Fannie Mae Credit Enhanced Mortgage Loan. The Corporation may demand that Fannie Mae make a Buy-Out Advance with respect to a Defaulted Mortgage Loan upon the first to occur of (i) the completion of a foreclosure action on the Defaulted Mortgage Loan and the resulting transfer of the property securing that Defaulted Mortgage Loan; and (ii) the commencement of a foreclosure action on a Defaulted Mortgage Loan after conclusion of all administrative remedies by HPD with respect to such Defaulted Mortgage Loan and HPD’s written certification to the effect that HPD will not contest or resist the proposed foreclosure, but in no event may the Corporation demand a Buy-Out Advance unless not less than two years has elapsed from the date of the first uncured Borrower Payment Default with respect to that Defaulted Mortgage Loan. Both Fannie Mae and the Corporation will each have the right, acting alone, to commence a foreclosure action, but only if HPD has provided a HPD Certification for such Defaulted Mortgage Loan. Upon payment of a Buy-Out Advance with respect to a Defaulted Mortgage Loan, all rights to such Defaulted Mortgage Loan and all payments made with respect to such Defaulted Mortgage Loan will be for the benefit of Fannie Mae and Fannie Mae shall be entitled to and/or control all rights with respect to such Defaulted Mortgage Loan.

Each Buy-Out Advance is to be in an amount equal to the unpaid principal balance of the Defaulted Mortgage Loan for which such advance is being made (“Defaulted Mortgage Loan Balance”), less an allocation of Buy-Out Credits (described below) then outstanding, if any, but not in an amount in excess of the Defaulted Mortgage Loan Balance. Fannie Mae may choose to make an allocation of Net Buy-Out Credits (described below) to the Buy-Out Advance and, if more than one Defaulted Mortgage Loan is the subject of one Buy-Out Advance, to which Defaulted Mortgage Loan or Loans within the Buy-Out Advance. Should Fannie Mae fail to make a selection, Fannie Mae will be deemed to have elected to apply any Net Buy-Out Credits then available to the Buy-Out Advance and if more than one Defaulted Mortgage Loan is included in the Buy-Out Advance, to the Defaulted Mortgage Loans in the chronological order in which such loans defaulted. The Defaulted Mortgage Loan Balance is to exclude all accrued and unpaid interest on the Defaulted Mortgage Loan, capitalized interest, interest on interest, late fees, collection costs and Mortgage Loan Costs or any other sums added to the principal balance at any time for purposes of determining the amount of the Buy-Out Advance for such Defaulted Mortgage Loan.

If a Debt Service Advance was made with respect to the 236 Loan component of the Fannie Mae Credit Enhanced Mortgage Loans, Buy-Out Credits earned by Fannie Mae will be the aggregate scheduled principal components of the unpaid installments of such Fannie Mae Credit Enhanced Mortgage Loans for the Payment Period for which that Debt Service Advance was made. If a Debt Service Advance was made with respect to the Conventional Loan component of the Fannie Mae Credit Enhanced Mortgage Loan, the Buy-Out Credits earned by Fannie Mae will be the amount of the Debt Service Advance, multiplied by a fraction, the denominator of which is equal to the scheduled principal and interest payments payable on the portion of the Fannie Mae Credit Enhanced Mortgage Loans to be paid from the income of the Developments during the relevant Payment Period and the numerator of which is equal to the scheduled principal payments during such Payment Period with respect to such portion of the Fannie Mae Credit Enhanced Mortgage Loans. "Net Buy-Out Credits" will equal (i) the sum of all Buy-Out Credits earned by Fannie Mae from time to time less (ii) the sum of all reimbursements allocable to principal received by Fannie Mae and all Buy-Out Credits applied to Buy-Out Advances.

Pursuant to the applicable Supplemental Resolution, the Corporation is required for each applicable Payment Period, to calculate the aggregate Mortgage Loan Shortfall on all Defaulted Mortgage Loans for such Payment Period, if any, including a breakdown of the Conventional Loan Component Reserve Withdrawal Amount, the Conventional Loan Component Shortfall, if any, and the 236 Loan Component Shortfall, if any, for such Defaulted Mortgage Loans, and to submit such calculations in writing to the Trustee, with a copy to Fannie Mae, no later than the twentieth (20th) day of the calendar month (or if such twentieth (20th) day is not a Business Day, on the next succeeding Business Day) immediately preceding an Interest Payment Date. The Trustee is to request a Debt Service Advance under the Credit Enhancement Instrument not less than four (4) Business Days before the next succeeding Interest Payment Date. If a Certificate in respect of a Debt Service Advance is presented under the Credit Enhancement Instrument at or prior to 12:00 noon, Washington, D.C. time, on a Business Day, and the Certificate conforms to the requirements of the Credit Enhancement Instrument, Fannie Mae is required to either pay to the Trustee the amount specified or provide the Trustee with the fedwire number relating to the wiring of that amount no later than 12:00 noon, Washington, D.C. time, on the third Business Day following such presentation.

All payments received with respect to Defaulted 236 Mortgage Loans are to be applied to pay Mortgage Loan Costs (defined below) and then to reimburse Fannie Mae for any advances it has made. All payments received with respect to Defaulted Conventional Mortgage Loans are to be applied first to pay Mortgage Loan Costs and then to make the following payments in the following order of priority: to reimburse Fannie Mae for the portion of Debt Service Advances not allocable to the principal of Mortgage Loans, to the Trustee for unpaid and unreimbursed interest payments, to reimburse Fannie Mae for the portion of Debt Service Advances allocable to principal and to the Trustee for unpaid and unreimbursed principal payments. "Mortgage Loan Costs" means any of the amounts paid by the Corporation, any Servicer or Fannie Mae with respect to a Mortgage Loan for any of the following: (a) taxes and assessments, (b) insurance premiums, (c) any payments, reasonably determined by the Corporation or Fannie Mae to be necessary to preserve and protect the property related to the Mortgage Loan, and (d) any payments, as reasonably determined by the Corporation or Fannie Mae to be necessary to exercise any legal or equitable remedies (including reasonable attorney, appraisal, environmental or other professional fees and expenses).

Fannie Mae may remove a Fannie Mae Credit Enhanced Mortgage Loan from the pool covered by the Credit Enhancement Instrument if certain representations made by the Corporation with respect to such Mortgage Loan are not correct. In the Program Agreement, the Corporation makes certain representations concerning its corporate authority to enter into the Program Agreement as well as representations regarding the Fannie Mae Credit Enhanced Mortgage Loans, including the documentation

relating to the Mortgage Loans, the properties that are subject to the Mortgage Loans, the priority of the liens created by the Mortgage Loans, the Mortgagors and the operation of the Developments. In addition, a Fannie Mae Credit Enhanced Mortgage Loan will be removed from the pool covered by the Credit Enhancement Instrument following a Buy-Out Advance with respect to such Fannie Mae Credit Enhanced Mortgage Loan. Last, the Corporation may remove a Fannie Mae Credit Enhanced Mortgage Loan from the pool covered by the Credit Enhancement Instrument (i) prior to a date approximately 15 years from the date the Mortgage Loan became a Fannie Mae Credit Enhanced Mortgage, with the consent of Fannie Mae upon the filing of a Cash Flow Statement and (ii) on and after a date approximately 15 years from the date the Mortgage Loan became a Fannie Mae Credit Enhanced Mortgage, upon the filing of a Cash Flow Statement. Any Fannie Mae Credit Enhanced Mortgage Loan removed from the pool other than by reason of a Buy-Out Advance shall continue to be a Mortgage Loan pledged under the Resolution subject to the terms of the Resolution permitting subsequent removal. Any Fannie Mae Credit Enhanced Mortgage Loan removed from the pool by reason of a Buy-Out Advance shall no longer be pledged for the benefit of the Bond owners under the Resolution.

SUBSIDY PROGRAMS

Mitchell-Lama Program

General. The Mitchell-Lama program was created to facilitate the construction and continued operation of affordable moderate and middle income rental and cooperative housing in the State of New York. The Developments which are regulated under the Mitchell-Lama program are currently all non-refinanced rental housing projects located in the City of New York and, therefore, this summary of the Mitchell-Lama program is limited to non-refinanced rental projects. Each rental project in the Mitchell-Lama program was constructed and is operated as a limited-profit housing project or a cooperative in accordance with Article 2 of the New York Private Housing Finance Law and the rules and regulations promulgated thereunder (the “Mitchell-Lama Law”).

HPD Supervision. The City of New York Department of Housing Preservation and Development (“HPD”) has supervisory authority over those projects in the Mitchell-Lama program which received financing from the City or the Corporation. HPD carries out all its supervisory functions with limited resources, which may affect the priority or completion time frames for its various supervisory activities.

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

HPD conducts a periodic physical inspection of the common areas of the projects in the Mitchell-Lama program in order to assess property maintenance levels. HPD has power to audit the books of a project owner and conducts a periodic site administrative review to review service contracts, insurance coverage and the project’s record keeping systems. HPD also reviews all commercial leases, contracts in excess of \$5,000 or \$10,000 depending on project size, monthly project operations reports, the use of blocked reserve accounts and the annual profit retained by the project owner.

HPD approves all rent increase applications after holding a public hearing and reviewing a financial analysis prepared by HPD and project owners, provided, however, such rental increases in projects benefitting from the Section 236 program are also subject to the approval of HUD. HPD has the right to remove any or all of the existing directors of an ownership entity and to appoint individuals that

HPD deems advisable in the event of a violation of a provision of the owner's certificate of incorporation, any applicable law, the loan or mortgage contract or HPD's rules and regulations.

Corporation Rent Increase Authority. Other than with respect to the 2002 Series D Mortgage Loans regulated pursuant to the Mitchell-Lama Law, the Act empowers the Corporation and the Resolutions require the Corporation (whenever it shall find that the maximum rentals, which are charged tenants of the dwellings in any Project in the Mitchell-Lama program, in whole or in part, shall not be sufficient together with all other income of the Mortgagor to meet within reasonable limits all necessary payments to be made by the Mortgagor of all expenses, including fixed charges, sinking funds, reserves and dividends) to request the Mortgagor to make application to vary such rentals so as to secure sufficient income, and upon the Mortgagor's failure to do so within thirty (30) days after the receipt of written request from the Corporation, to request HPD to take action upon HPD's own motion so to vary such rental rate, and upon failure of HPD either upon application by the Mortgagor or upon its own motion so to vary such rental rate within sixty (60) days after receipt of written request from the Corporation to do so, to vary such rental rate by action of the Corporation. Any such rental increases in Developments benefitting from the Section 236 program shall also be subject to the approval of HUD. The Corporation has only taken such actions relating to rental increases with respect to one (1) Development which was done in 1978.

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

Section 236 Program

General. Pursuant to Section 236(b) of the National Housing Act ("Section 236"), the Secretary of HUD (the "Secretary") entered into certain contracts (each a "Section 236 Contract") to make periodic interest reduction payments to Section 236 mortgagees on behalf of the mortgagors of housing projects designed for occupancy by persons or families as described in Article 2 of the Private Housing Finance Law and families of low income. HUD's interest reduction subsidy payment share is in an amount equal to the difference between the monthly payment for principal and interest which a mortgagor is obligated to pay under its mortgage loan and the monthly payment for principal, interest and mortgage insurance premiums or mortgage servicing fees, as appropriate, a mortgagor would be obligated to pay if its mortgage loan were to bear interest at the rate of one per centum (1%) per annum. Under Section 236, interest reduction payments with respect to a project (the "HUD Payments") shall be made only during the period that such project is operated as a rental or cooperative housing project.

Termination of HUD Payments. HUD is obligated to make HUD Payments under a Section 236 Contract and may not terminate HUD Payments under a Section 236 Contract, except under the circumstances described below, including, but not limited to, certain foreclosure actions instituted by the Corporation (see "THE PROGRAM—Certain Factors Affecting the Mortgage Loans—New York

Foreclosure Procedures and Bankruptcy” and “Appendix B—Summary of Certain Provisions of the General Resolution—Covenants with Respect to Mortgage Loans”). If HUD Payments are terminated, the Secretary may reinstate them at his or her discretion pursuant to such additional requirements as the Secretary may prescribe. A Section 236 Contract may be terminated at the option of, and upon written notice from, the Secretary after the expiration of one year from the date of the termination of HUD Payments, unless such payments have been reinstated. **In the event HUD were to terminate HUD Payments in respect of a Development subsidized through a Section 236 Contract, such terminated HUD Payments would not be available to pay debt service on the related Mortgage Loan (a “Section 236 Mortgage Loan”), which could result in a default on such Mortgage Loan. Except for the Mortgage Loans financed in connection with the 2001 Series B Bonds, the Section 236 Mortgage Loans do not benefit from FHA Insurance.**

Acquisition by Ineligible Owner; Transfer Limitation of Mortgage Loan. HUD may terminate HUD Payments with respect to a Project if the Project is acquired by any owner who is not an eligible mortgagor under Section 236. Each Mortgagor has covenanted in the Section 236 Contract only to transfer such Project to an eligible Mortgagor approved by the Secretary and each Mortgagor has covenanted in the Mortgage not to transfer such Project without the consent of the Section 236 mortgagee. The Department of Housing and Urban Development Reform Act of 1989 (the “HUD Reform Act”) made public entities eligible to be owners of projects receiving assistance under Section 236. Pursuant to the HUD Reform Act, the Corporation is an eligible Section 236 mortgagee. Transfer of a Project is also subject to the prior approval of HPD.

Each Section 236 Contract provides that the corresponding Section 236 Mortgage Loan may only be assigned, including any assignment or reassignment between the Corporation and the Trustee, with HUD’s prior written approval.

Excess Income. Pursuant to each Section 236 Contract, the Mortgagor is permitted to charge (i) a basic or subsidized rental charge for each subsidized dwelling unit in the Project (the “basic rent”), determined on the basis of the anticipated operating costs of the Project assuming the payment of principal and interest on a mortgage note bearing interest at the rate of 1% per annum and an amortization period of up to fifty (50) years, and (ii) a fair market rental charge for each such unit, determined on the basis of the anticipated operating costs of the Project assuming payment of principal and interest at the unsubsidized mortgage rate (the “market rent”). The rent charged for each subsidized unit (the “tenant rent”) is the greater of the basic rent or thirty per centum (30%) of the tenant’s adjusted monthly income, but in no event may the Mortgagor charge an amount in excess of the market rent (not including permitted surcharges). Under each Section 236 Contract, the Section 236 mortgagee and HUD must approve all rent increases.

Each Section 236 Contract provides that the Mortgagor shall pay monthly to HUD all rental charges collected in excess of the basic rental charges for all occupied units (“Excess Income Payments”). In a notice issued by HUD on January 4, 1991 with respect to all mortgagors subject to Section 236 Contracts, HUD stated that it would implement strict enforcement actions against an owner of a project who does not remit excess rental amounts. This notice states that HUD should attempt to recover Excess Income Payments if the affected mortgagor does not make a lump sum payment or enter into a repayment schedule with HUD through the following actions listed in order of priority: use of the project’s residual receipts, repayment of distributions, surplus cash and finally, project income. Among HUD’s numerous potential remedies against the affected mortgagors are suspension of interest reduction payments. No assurance can be given regarding which remedies, if any, HUD will utilize against affected mortgagors in the event HUD seeks to affirmatively enforce the collection of Excess Income Payments.

Prior to April 1996, mortgagors were permitted to calculate the amount of Excess Income Payments payable to HUD on a project-wide basis, which enabled mortgagors to use Excess Income Payments to offset collection losses from nonpaying tenants. Section 236 was amended to require that, beginning in 1996, Excess Income Payments must be remitted to HUD on a unit-by-unit basis, thus precluding the ability of mortgagors to use such Excess Income Payments to offset collection losses and potentially reducing the income available to the projects.

In 1999, Congress passed the “Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act” (the “1999 Act”). This and subsequent legislation allow Mortgagors of Section 236 Developments to retain excess rents for project purposes if consented to by HUD. Based solely on a review of the most recent information submitted to it by the Mortgagors of the Section 236 Developments where the Corporation is the Section 236 mortgagee (which relate to the Section 236 Mortgage Loans other than the underlying 2002 Series D Trust Mortgage Loans), the Corporation believes that such Mortgagors are current on the Excess Income Payments due to HUD. No assurance can be given as to the impact of the revised Section 236 in the current or any future fiscal year on the ability of the Mortgagors of the Section 236 Developments to cover operating expenses and debt service on their respective Section 236 Mortgage Loans without requiring an increase in rents after Excess Income Payments are remitted to HUD.

The 1999 Act also permits Mortgagors of Section 236 Developments to refinance their mortgages (if the mortgages are otherwise eligible for prepayment) while retaining the Section 236 subsidy, which HUD generally refers to as its Section 236 “decoupling” program. HUD has considerable discretion in implementing the decoupling program and Section 236 Contracts executed pursuant to the program may have terms different from those described herein for the program generally. Among other things, in order to benefit from the decoupling program, the Mortgagor must agree to enforce the income restrictions applicable to tenants in the development for a period ending five years beyond the term of assistance under the new Section 236 Contract.

Certain Mortgagor Covenants. Each Mortgagor has covenanted in the Section 236 Contract to limit admission to the subsidized dwelling units in the Project to those families whose incomes do not exceed the applicable limits approved by the Section 236 mortgagee or the Secretary, with the exception of those tenants who agree to pay fair market rent. The Section 236 Contracts contain other covenants relating to the preference for occupancy for certain displaced or low income families, the compliance with applicable civil rights laws prohibiting discrimination in housing, the maintenance of information and records concerning tenants and tenant income in a form required under HUD regulations, the availability for inspection of such information and records, prohibitions against denying occupancy due to number of children in the family and the number of subsidized units which may be rented to any one tenant at any one time. The Secretary has the authority to suspend or terminate HUD Payments at any time upon default by a Mortgagor under any of such covenants as well or upon any other default by a Mortgagor or the Section 236 mortgagee under the terms and conditions of the Section 236 Contract.

Each Mortgagor has covenanted to maintain habitability of the Project units. Under the terms of certain Section 236 Contracts, HUD may adjust subsidy payments in the event a subsidized unit is destroyed or otherwise rendered not habitable for any reason unless such unit is restored or rehabilitated within a reasonable time or unless an unsubsidized unit is designated in its place.

Set-Off Rights of the United States. Payments under a Section 236 Contract duly and properly paid and actually received by or on behalf of the Corporation have been pledged to the Trustee as part of the security for the Bonds, and the Corporation is obligated to deliver to the Trustee all such payments upon receipt. Under Federal law, the United States Government has the right to set-off liabilities to the United States against the amounts payable under a Section 236 Contract. The Corporation does not

believe it has any liabilities to the United States which would result in any set-off against such payments for those projects where it is the Section 236 mortgagee. The set-off right of the United States described above applies only to payments under a Section 236 Contract which have not actually been paid by HUD. Once payments under a Section 236 Contract are received by the Corporation and delivered to a trustee, they cannot be subjected to repayment to the United States by such trustee. However, in the case of excessive payments under a Section 236 Contract, the Section 236 mortgagee would remain obligated to refund to the Secretary the amount which was overpaid, and such liabilities could be offset against future payments under the Section 236 Contract.

Section 236, the rules, regulations and directives promulgated pursuant thereto and the Section 236 Contracts, do not contain any express requirement that any savings which result from a reduction in the Corporation's cost of borrowing due to a refunding of its obligations issued to finance a mortgage loan must be used to lower the interest rate on the mortgage loan and thereby to reduce HUD Payments. Consequently, the Corporation did not reduce the interest rate on the applicable Section 236 Mortgage Loans as a result of the issuance of the 1996 Series A Bonds. Based on the foregoing, the Corporation does not believe that HUD or any other party is entitled to all or a portion of the Corporation's debt service savings that result from the issuance of the 1996 Series A Bonds. Similarly, the Corporation does not believe that HUD or any other party is entitled to any amounts received by the Corporation as a result of the redemption of: (i) the Corporation's bonds that originally financed the Knickerbocker Plaza Development related to the Additional Mortgage Loan contributed in connection with the issuance of the 1999 Series A Bonds and (ii) the Corporation's bonds that originally financed the developments related to the Mortgage Loans contributed in connection with the issuance of the 2001 Series B Bonds. However, no assurance can be provided that HUD will not assert a right to reduce the amount of payments payable under the applicable Section 236 Contracts based upon the issuance of the 1996 Series A Bonds and/or the 2001 Series B Bonds and/or the aforesaid redemptions. If such a right is asserted, HUD could take certain actions including attempting to reduce payments under the applicable Section 236 Contracts.

HPD Supervision. All but one of the Projects with Section 236 Contracts were constructed and are operated as limited-profit housing projects or cooperatives in accordance with the Mitchell-Lama Law. For more information on the Mitchell-Lama Law, see "Mitchell-Lama Program" above.

Section 8 Program

General. The following is a brief description of the housing assistance payments program (the "Section 8 program") authorized by Section 8 of the United States Housing Act of 1937, as amended (the "1937 Housing Act"), which is qualified in its entirety by references to the applicable provisions of said Act and the regulations thereunder (the "Regulations"). The description applies to the variant of the Section 8 program which provides assistance under subsidy contracts for projects which set aside units for lower income families. Accordingly, this variant of the Section 8 program may be referred to as the "project-based Section 8 program."

The Section 8 program is administered by HUD and authorizes subsidy payments pursuant to Housing Assistance Payments Contracts ("HAP Contracts") to the owners of qualified housing for the benefit of lower income families (defined generally as families whose income does not exceed 80% of the median income for the area as determined by HUD) and very-low income families (defined generally as families whose income does not exceed 50% of the median income for the area as defined by HUD). Provision is made under the 1937 Housing Act and Regulations for administration of the Section 8 program through state or local housing finance agencies acting as contract administrator (the "Contract Administrator") of the HAP Contracts. Under this arrangement, the Contract Administrator agrees to pay the subsidy to or for the account of the mortgagor and concurrently contracts with HUD for payments of the subsidy by HUD to it. HUD may also serve as Contract Administrator.

Under 1937 Housing Act and the Regulations, not more than 25% of the dwelling units which were available for occupancy under HAP Contracts before October 1, 1981 and which are leased thereafter shall be available for leasing by lower income families other than very-low income families; and not more than 15% of the dwelling units which become available for occupancy under HAP Contracts after October 1, 1981 shall be available for leasing by lower income families other than very-low income families. Recent legislation also requires that not less than 40% of the dwelling units that become available for occupancy in any fiscal year shall be available for leasing only by families whose annual income does not exceed 30% of area median income (as determined by HUD and adjusted for family size) at the time of admission.

Amount and Payment of Subsidy. Section 8 subsidies available for debt service on the Bonds are based upon the “contract rent” applicable to specified dwelling units. The contract rent is initially based on the fair market rent for the dwelling unit, which is determined by HUD periodically with respect to each locality and published in the Federal Register. The housing assistance payments generally represent the difference between the contract rents (plus estimated utility allowances, where utility costs are paid directly by tenants, and an administrative fee, hereinafter described, where applicable) for all eligible units in a development, as approved by HUD from time to time, and the eligible tenant’s contribution, which is generally 30% of such tenant’s income, as adjusted for family size, income and expenses, with certain adjustments, although each assisted family is generally required to pay a minimum rent of between \$25 and \$50 per month. The contract rents for a development are generally limited to the “fair market rents” established by HUD as reasonable in relation to rents for comparable units in the area.

Subsidy Contracts. The payment of subsidies under the Section 8 program is made pursuant to two contracts entered into with respect to each development assisted under such program: an annual contributions contract (the “ACC”) between HUD and the Contract Administrator, and the HAP Contract between the Contract Administrator and the owner. The ACC obligates the United States to provide funds to the Contract Administrator with which to make monthly housing assistance payments to the owner pursuant to a HAP Contract. The Corporation is the Contract Administrator for ten (10) of the Section 8 Developments; HPD is the Contract Administrator with respect to fourteen (14) Developments and HUD is the Contract Administrator for two Developments.

It is useful, in discussing the project-based Section 8 Program to distinguish between contracts executed under the 1937 Housing Act and the Regulations prior to 1997 which have not yet expired for the first time (“Original Contracts”), and contracts under the 1937 Housing Act and the Regulations which have been renewed generally subsequent to 1997 (“Renewal Contracts”). This distinction is of significance as a consequence of the amendments to the 1937 Housing Act which went into effect beginning in 1997.

The ACC establishes the maximum annual amount of the housing assistance payments to be made by HUD for the account of the mortgagor of a development. This amount may not exceed the total of the initial contract rents and utility allowances for the eligible units in a development and any administrative fee. For projects under the Original Contracts, if the amount of housing assistance payments actually disbursed under an ACC in any given year is less than the total available amount, some or all of the excess (including an amount equal to the portion of the contract rents payable by the tenants) is required to be set aside by HUD in a “project account” for the particular development and will be available in future years to fund increases in contract rents for the development, decreases in family incomes or other costs authorized or approved by HUD. In the event that previously appropriated amounts are not sufficient to meet HUD’s contractual obligations to the Section 8 Developments, HUD is required by applicable Section 8 provisions to take such additional steps authorized by subsection (c)(6) of Section 8 of the 1937 Housing Act as may be necessary to obtain funds to assure that payment will be adequate to cover increases in contract rents and decreases in tenant payments. Under subsection (c)(6)

of Section 8: “[t]he Secretary [of HUD] shall take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.” In practice, HUD has sought and received amendment authority from Congress sufficient to enable it to discharge its obligations under the HAP Contracts and the ACCs. The Corporation currently is experiencing a decline in the amount of funds available to certain of the Section 8 Developments owing to automatic increases in rental subsidies under the terms of the HAP Contracts associated with such Developments. Consistent with applicable law and regulations, the Corporation expects that HUD will amend the contracts for such Developments to provide additional funds as needed.

The HAP Contract provides for housing assistance payments with respect to a dwelling unit covered by the HAP Contract on the condition that such unit is maintained according to the requirements of the HAP Contract and is occupied by an eligible tenant. An ACC remains in effect for as long as a HAP Contract is in effect.

Adjustment of Subsidy Amounts. Each HAP Contract provides for certain adjustments in contract rents. With respect to Original Contracts, HUD publishes at least annually an Annual Adjustment Factor (“AAF”), which is intended to reflect changes in the fair market rent established in the housing area for similar types and sizes of dwelling units; interim revisions may be made where market conditions warrant. Upon request from the owner to the Corporation, the AAF is applied on the anniversary date of each HAP Contract to contract rents, provided that no adjustment shall result in a material difference between the rents charged for subsidized and comparable non-subsidized dwelling units except to the extent that the differences existed with respect to the contract rents set at HAP Contract execution or cost certification where applicable. (The difference that existed between the contract rent for a unit at HAP Contract execution and the rent on comparable unassisted units is generally referred to by HUD as the “initial difference” in contract rents.) In addition, provision is made in the regulations for special additional adjustments to reflect increases in actual and necessary expenses of owning and maintaining the subsidized units which have resulted from substantial general increases in real property taxes, assessments, utility rates and utilities not covered by regulated rates, if the owner demonstrates that the automatic annual adjustments have not provided adequate compensation. Under current law (Section 8(c)(2)(C) of the 1937 Housing Act), “[t]he Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under the section ... unless the project has been refinanced in a manner that reduces the periodic payments of the owner.”

Notwithstanding the foregoing, if the contract rents for a development exceed the applicable HUD fair market rents, then contract rents cannot be increased beyond comparable market rents (plus the initial difference) as determined by independent appraisals of at least three comparable local developments submitted by the owner. In addition, the AAFs for Section 8 units which experienced no turnover in tenants since their preceding HAP Contract anniversary date shall be one percentage point less than the AAFs that would otherwise apply.

With respect to Renewal Contracts, the HAP Contract will, in most cases, provide for annual adjustments in contract rents based upon an Operating Cost Adjustment Factor (OCAF). The OCAF is intended to reflect increases in the cost of operating comparable rental properties, which may or may not correspond to circumstances affecting a particular Section 8 Development. HAP Contracts renewed for terms longer than one year will be subject to Congressional appropriations, which may not be available. The failure of the Congress to appropriate funds to pay subsidies pursuant to Renewal Contracts could

have an adverse impact on the ability of the related Section 8 Developments to pay debt service. In addition, the prohibition on adjustments that would lower contract rents, explained above, does not apply to HAP Contracts that are Renewal Contracts.

Vacancies and Debt Service. Generally, the Section 8 subsidy is payable with respect to the dwelling unit only when it is occupied by a qualified person or family. However, applicable law and regulations provide for payment of the subsidy under certain circumstances and, for a limited period of time, when the dwelling unit is not occupied. Upon the occurrence of a vacancy in a dwelling unit, a subsidy amounting to 80% of the contract rent is payable for a vacancy period of 60 days subject to compliance by the mortgagor with certain conditions relating primarily to a diligent effort to rent the subsidized unit. The payment of a subsidy with respect to a dwelling unit vacant after initial rent-up may continue for an additional 12 months from the expiration of the 60-day period in an amount equal to the principal and interest payments required to amortize the debt service attributable to the vacant unit, if a good faith effort is being made to fill the unit and the unit provides decent, safe, and sanitary housing. Such continued payments also require the mortgagor to show that project costs exceed revenues, a good faith effort is being made to fill the unit and the additional subsidy payments do not exceed the deficiency attributable to the vacant units. With respect to the Section 8 Developments receiving subsidies pursuant to the Section 8 Moderate Rehabilitation Program, vacancy payments are only available for a maximum period of 60 consecutive days.

Compliance With Subsidy Contracts. The ACC and the HAP Contract each contain numerous agreements on the part of the Contract Administrator and the owner concerning, among other things, maintenance of the development as decent, safe and sanitary housing and compliance with a number of requirements typical of Federal contracts (such as non-discrimination, equal employment opportunity, relocation, pollution control and labor standards) as to which non-compliance by the owner may result in abatement by HUD or the Contract Administrator, as the case may be, of the payment of the Federal subsidy, in whole or in part.

Housing assistance payments will continue as long as the owner complies with the requirements of the HAP Contract and has leased the assisted units to an eligible tenant or satisfies the criteria for receiving assistance for vacant units. The Contract Administrator, which has primary responsibility for administering each HAP Contract subject to review and audit by HUD, subject to an opportunity by the mortgagor to cure any default under the HAP Contract, may abate housing assistance payments and recover overpayments pending remedy of the default. If the default is not cured, the Contract Administrator may terminate the HAP Contract or take other corrective action, in its discretion or as directed by HUD. HUD has an independent right to determine whether the owner is in default and to take corrective action and apply appropriate remedies.

If HUD determines that the Contract Administrator has failed to fulfill its obligations, HUD may, after notice to the Contract Administrator giving it a reasonable opportunity to take corrective action, require that the Contract Administrator assign to it all rights under the HAP Contract. The Corporation has, to date, never been notified by HUD that it has failed to fulfill its obligations with respect to any of the Developments. In recent years, HUD has placed increasing emphasis on assuring that Contract Administrators fulfill their obligations in this respect.

Expiration of Subsidy Contracts. Until 1997, there was substantial uncertainty as to what would happen to Section 8 developments upon the expiration of their HAP Contracts at the end of their terms. HUD's Fiscal Year 1998 Appropriations Act, Pub. L. 105-65, signed into law on October 27, 1997, included within it the "Multifamily Assisted Housing Reform and Affordability Act of 1997" (as amended several times thereafter, the "MAHRA"). Under the so-called Mark-to-Market program established by MAHRA, many FHA-insured Section 8 projects with expiring HAP Contracts are eligible

to receive continuing Section 8 assistance through contract renewals. Such Renewal Contracts may have terms from one to twenty years, subject to Congressional appropriations. As noted above, absent such appropriations, there is no assurance that funds will be available under these contracts. Additionally, FHA-insured Section 8 developments with expiring HAP Contracts and above-market rents may be eligible for restructuring plans and, upon restructuring, to receive continuing Section 8 assistance pursuant to contracts subject to Congressional appropriations. These restructuring plans may include partial or full prepayment of mortgage debt intended to reduce Section 8 rent levels to those of comparable market rate properties or to the minimum level necessary to support proper operations and maintenance, and in certain cases is designed to result in a change from “project-based” to “tenant-based” Section 8 payments. MAHRA provides, however, that no restructuring or renewal of HAP Contracts will occur if the owner of a project has engaged in material adverse financial or managerial actions with respect to that project or other Federally assisted projects, or if the poor condition of the project cannot be remedied in a cost effective manner.

Although the primary focus of the Mark-to-Market Program is developments that have FHA-insured mortgages with terms ranging from 30 to 40 years and which have HAP Contracts with substantially shorter terms, MAHRA contained distinct mortgage restructuring and HAP Contract renewal and contract rent determination standards for Section 8 developments for which the primary financing or mortgage insurance was provided by a state or local government, or a unit or instrumentality of such government. Such projects, including the Section 8 Developments, were, under MAHRA, excluded from restructuring and instead are eligible for renewals at the lesser of (i) existing rents, adjusted by an operating cost adjustment factor established by HUD, (ii) a budget-based rent, or (iii) in the case of certain “moderate rehabilitation” Section 8 assistance contracts, the lesser of (x) existing rents, adjusted by an operating cost factor determined by HUD, (y) existing fair market rents (less any amounts allowed for tenant purchased utilities), or (z) comparable market rents for the market area. Under current HUD policy, existing fair market rents for moderate rehabilitation projects means 120% of HUD’s published existing fair market rents.

Although initially exempt from restructuring, the 1999 amendments to MAHRA made Section 8 developments with FHA-insured mortgages for which the primary financing was provided by a unit of state or local government subject to the Mark-to-Market program unless the implementation of a mortgage restructuring plan would be in conflict with applicable law or agreements governing such financing. The 1999 amendments also provide for a new program for preservation of Section 8 developments that allows increases in Section 8 rent levels for certain Section 8 developments (including Section 236 Developments which also have project-based HAP Contracts) that have below market rents, to market-rate or near market-rate levels.

Contract rents available upon any renewal may be significantly lower than the current Section 8 contract rents in the Section 8 Developments, and the corresponding reduction in housing assistance payments for such Developments would materially adversely affect the ability of the Mortgagors of such Developments to pay the currently scheduled principal and interest on the related Mortgage Loans. Any termination or expiration of HAP Contracts without renewal or replacement with other project-based assistance (whether due to enactment of additional legislation, material adverse financial or managerial actions by a Mortgagor, poor condition of the project or other causes) would also have a material adverse impact on the ability of the related Section 8 Developments to generate revenues sufficient to pay the currently scheduled principal of and interest on the related Mortgage Loans. See “Appendix E-1— Developments and Mortgage Loans Outstanding under the Program” for a description of the Mortgage Loans and the expiration dates of the HAP Contracts. While MAHRA generally allows mortgagors to renew HAP Contracts (absent certain material adverse conduct or conditions), mortgagors are not required to renew HAP Contracts beyond their initial expiration or the expiration of a renewal term.

A reduction in Section 8 contract rents or the termination or expiration of the HAP Contract (without renewal or replacement with other project-based assistance, or without prepayment, forgiveness, write-down or refinancing as described below), as described in the previous paragraphs, could thus result in a default under the Mortgage Loan for the related Section 8 Development. Except for eighteen (18) Mortgage Loans financed by the 2002 Series D Bonds, all of the Section 8 Developments are financed with FHA-insured Mortgage Loans. One (1) of the Developments under the Program with an FHA-insured Mortgage Loan, President Arms, had its Section 8 contract rents recently reduced by HUD. The mortgagor of this Development is in the process of negotiating a restructuring of the related Mortgage Loan with FHA which, if not completed, would mean that the amount of the Mortgage Loan would not be reduced; therefore, a default under this Mortgage Loan could occur. Nonetheless, if any or all of such Mortgage Loans were to default, FHA Insurance benefits received by the Corporation or proceeds from enforcement actions (including foreclosure) regarding those Mortgage Loans not subject to Supplemental Security, together with monies held in the Accounts under or pursuant to the General Resolution, including the Debt Service Reserve Account, are expected to be sufficient to redeem, pursuant to a special redemption from Recoveries of Principal, an allocable portion of certain Bonds in the event the Corporation is required or elects to redeem Bonds with such funds. For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “Appendix E-4—Cross-Call Provisions and Related Information.” Moreover, in the event of such partial redemption, sufficient monies are expected to be available from the remaining Mortgage Loans, the Debt Service Reserve Account and earnings on all monies held in the Accounts maintained under the Resolutions to continue to make timely payments of scheduled principal of and interest on the remaining Outstanding Bonds.

The restructuring plans established by MAHRA referred to above, as a general matter, contemplate restructuring FHA-insured mortgage loans on certain Section 8 projects through a nondefault partial or full prepayment of such loans. Nondefault partial or full prepayment or similar forgiveness or write-down of mortgage debt pursuant to a restructuring of these Mortgage Loans could result in the special redemption from Recoveries of Principal of an allocable portion of certain Bonds at any time with the proceeds the Corporation receives from any such prepayment, forgiveness or write-down. In addition, the Mortgagors of these Mortgage Loans could opt to refinance their Mortgage Loans in full, pursuant to Section 223(a) (7) of the FHA regulations, which could also result in the special redemption from Recoveries of Principal of an allocable portion of certain Bonds at any time with the proceeds the Corporation receives from any such refinancing. For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “Appendix E-4—Cross-Call Provisions and Related Information.” See Appendix E-1 hereto for a description of the Mortgage Loans and the expiration dates of the HAP Contracts.

Exception Projects Under MAHRA. MAHRA contains distinct mortgage restructuring and HAP Contract renewal and contract rent determination standards for certain Section 8 projects which require differentiation from the majority of developments. For example, one is the case noted above, in which primary financing or mortgage insurance was provided by a state or local government, or a unit or instrumentality of such government. A second important group of differentiated projects are those financed under Section 202 of the Housing Act of 1959 that also received Section 8 HAP Contracts when first constructed (“Section 202 Properties”). Such projects are, under MAHRA, excluded from restructuring and mark-down of their rents, and are known as “Exception Projects.” Exception Projects are not involuntarily subject to mark-down to market, i.e. the rents may not be reduced below a level upon renewal or prepayment which would not provide the property with funds sufficient to operate the property with a balanced budget. A budget-based analysis is typically performed in connection with the renewal of a HAP Contract for a Section 202 Property. The owner of a Section 202 Property may opt to be renewed under the other renewal options discussed above, but in so doing risks losing the Exception Project designation. For some Section 202 Properties with below market rents this could be a viable option; any

contemplation of this would need to be analyzed on a case by case basis. Section 202 Properties are Exception Projects and are statutorily eligible for renewals at the lesser of (i) existing rents, adjusted by an OCAF or (ii) a budget-based rent. Recent legislation and regulations facilitate the refinancing of Section 202 Properties. HUD has recently published final Regulations for the refinancing and rehabilitation of financed and constructed developments under Section 202 with Section 8 subsidies.

No Assurance as to Congressional Action. The HAP Contracts for most of the Section 8 Developments expire or have expired prior to the respective maturity dates of the related Mortgage Loans. Since payments received under the HAP Contracts constitute a primary source of revenues for the related Developments, the expiration of the HAP Contracts (without renewal or replacement) – whether Original Contracts or Renewal Contracts – would have a material adverse impact on the ability of the related Developments to generate revenues sufficient to pay the principal of and interest on the related Mortgage Loans. There can be no assurance that the HAP Contracts will be renewed or replaced. Since 1997, MAHRA has been changed in a variety of ways and is always subject to Congressional reconsideration. In the event of the expiration of one or more of the HAP Contracts (without renewal or replacement), there is a likelihood of a default on one or more of the related Mortgage Loans. In the case of Section 8 Developments with FHA Mortgage Loans, the Mortgage Loan(s) would be assigned to FHA for FHA Insurance benefits. Upon receipt of such FHA Insurance benefits or proceeds received from enforcement actions (including foreclosure) of a defaulted Mortgage Loan not subject to supplemental security, the Corporation may elect to redeem an allocable portion of certain Bonds. For a description of the specific cross-call provisions for the Bonds Outstanding under the General Resolution, see “Appendix E-4— Cross-Call Provisions and Related Information.” See Appendix E-1 hereto for the date of expiration of the HAP Contracts.

Corporation Programs

Affordable Housing Permanent Loan Program

The Corporation’s Affordable Housing Permanent Loan Program (“AHPLP”) is intended to make small permanent first mortgage loans on projects primarily developed under programs sponsored by HPD. Generally, the maximum amount of each mortgage loan is \$2,000,000 and is not to exceed 60% of the combined mortgage loans from HPD or other-subordinated lenders. The Corporation will service the first mortgage loan and the HPD subordinate mortgage loan.

For each AHPLP construction mortgage loan, the Corporation will enter into a buy-sell agreement with the mortgagor’s construction lender. A minimum replacement reserve of \$250 per unit will be required. It is expected that AHPLP permanent mortgage loans will not be secured by Supplemental Security.

Low-Income Affordable Marketplace Program

The Low-income Affordable Marketplace Program (“LAMP”) finances the creation of predominately low-income housing using tax-exempt bonds and as of right 4% tax credits with 10% to 20% of the project reserved for formerly homeless households or families earning less than or equal to 40% of the area median income. Formerly known as 100% LITE, LAMP now allows the direct infusion of subsidy from the Corporation’s reserves up to \$55,000 per unit. The funds are advanced during construction and remain in the project through the term of the permanent mortgage loan. During construction, the funds bear interest at 1%. While in the permanent phase, the funds must at least bear interest at 1%, but may provide for amortization, depending on the particular project.

LAMP may be combined with other Corporation programs and/or other Subsidy Programs, including HTF and the Certificate Program. LAMP may also be used to finance mixed-income projects, where a minimum of 70% of the units are affordable to those earning less than or equal to 60% of the area median income.

Mitchell-Lama Programs

Most Mitchell-Lama developments have an elderly tenant base who are particularly vulnerable to any material increase in rent. Many of these projects have not had rent increases in many years and are having increasing difficulty covering project operating costs.

To preserve such projects as affordable housing and to prevent owners of these projects from leaving the Mitchell-Lama program when they have the ability to opt out of the program, the Corporation has developed the Mitchell-Lama Restructuring Program and the Mitchell-Lama Repair Loan Program as described below.

Mitchell-Lama Restructuring Program

The Corporation has developed a refinancing program to address the following issues affecting the Mitchell-Lama developments and to preserve the Mitchell-Lama projects as affordable housing (the “Mitchell-Lama Restructuring Program”).

- (a) refunding the existing bonds that refinanced the original Mitchell-Lama development loans by issuing longer term bonds; and
- (b) restructuring each mortgagor’s existing first and second mortgage loans so that (i) the new first mortgage loan contains an extension of the maturity date of the existing first mortgage loan with a lower rate of interest, and the new first mortgage loan is made in a principal amount which includes that amount of the existing second mortgage loan as causes total debt service on the new first mortgage loan to be approximately the same as the debt service on the existing first mortgage loan and (ii) the new second mortgage loan is made in a principal amount which represents the balance of the principal amount of the existing second mortgage loan with a rate of interest of 0%, due as a balloon payment upon the retirement of the new first mortgage loan.

Mitchell-Lama Repair Loan Program

A significant number of the Mitchell-Lama developments are aging (each is between 30 and 40 years old) and are in need of significant repairs.

The Corporation, under the Mitchell-Lama Repair Loan Program, will provide additional loans to these Mitchell-Lama projects with the issuances of taxable bond proceeds. These loans may be used to fund system modernizations, capital improvements or repairs at the Mitchell-Lama developments. The Corporation oversees the satisfactory completion of such modernizations, improvements and repairs.

New Housing Opportunities Program

The New Housing Opportunities Program (“New HOP”) was established in 1997 by the Corporation to encourage the development of affordable low, moderate and middle income housing in New York City which would not otherwise be produced by the ordinary operations of private enterprise. Pursuant to New HOP, the Corporation will provide subordinate financing in conjunction with first

construction and permanent mortgage loans. The first mortgage loans under New HOP have been, or are expected to be, made with the proceeds of bonds issued by the Corporation. Each development financed under New HOP will be subject to a regulatory agreement restricting the rents to levels affordable to low, moderate and middle income households.

For each New HOP construction mortgage loan made with bond proceeds, the Corporation will require the developer to post a bank letter of credit, guarantee or other security equal to the face amount of such loan plus a specified interest reserve amount. The letter of credit may be drawn upon by the Corporation if the developer fails to make scheduled payments of interest and principal on the construction mortgage loan. Any amounts received by the Corporation under the letter of credit are pledged to the holders of bonds issued under the General Resolution. Following the completion of construction and the fulfillment of certain other conditions, the Corporation will release the letter of credit. In certain cases, the Corporation will finance a permanent first mortgage loan only. Although it is expected that most New HOP permanent mortgage loans will not be initially secured by Supplemental Security, the Corporation may, in the future, seek mortgage insurance from SONYMA or REMIC for all or a portion of the principal balance of such mortgage loans.

Participation Loan Program

The Participation Loan Program (“PLP”) was established in 1977 pursuant to Article XV of the Private Housing Finance Law of the State of New York. PLP is designed to increase accessibility to mortgage capital for the rehabilitation of privately owned multi-family housing in the City of New York. HPD administers PLP which provides mortgage financing for the rehabilitation of such housing at nominal interest rates.

HPD may only make a loan pursuant to PLP if another bona fide lender, such as the Corporation, also lends a portion of the funds necessary to complete the rehabilitation of the project. HPD’s PLP loans are typically secured by subordinate mortgages. Currently, the Corporation holds certain first position Mortgage Loans (some of which benefit from Supplemental Security) assisted under PLP and also holds subordinate Mortgage Loans originally funded under PLP, which loans were acquired from HPD upon the issuance of the 2002 Series D Bonds and the 2003 Series D Bonds.

In addition, Federal HOME funds available under the Housing and Community Development Act of 1992 are administered by HPD which provides mortgage financing for the rehabilitation and certain new construction of privately owned multi-family housing in the City of New York at nominal interest rates. HPD may make such a loan if non-Federal matching funds are available.

Article 8-A Loan Program

The Article 8-A Loan Program (“Article 8-A”) was established in 1970 pursuant to the Private Housing Finance Law of the State of New York. Article 8-A is available to owners of privately owned multi-family housing developments if: (i) each dwelling unit in such development is available at rents affordable to low income persons or families and (ii) such owner is unable to obtain financing from the private sector. Article 8-A loan proceeds may be used to eliminate any substandard or unsanitary condition at a development, or for replacement or rehabilitation of systems at a development or other improvements necessary to prolong the useful life of a development.

HPD administers Article 8-A which provides mortgage financing for the rehabilitation of such housing at below-market interest rates. Article 8-A loans are typically secured by subordinate mortgages.

§421-a Negotiable Certificate Program

HPD's §421-a Negotiable Certificate Program (the "Certificate Program") is designed to link the creation of market rate multi-family housing in certain areas of Manhattan south of 96th Street (the "Geographic Exclusion Zone") with the development of low income housing in other areas of New York City. In general, newly constructed multi-family housing in the Geographic Exclusion Zone is not eligible to receive any real estate tax exemption unless the developer of such housing either (i) sets aside at least 20% of the units in such projects for low income households or (ii) purchases §421-a Negotiable Certificates from other developers who have constructed or rehabilitated low income housing in other areas of the City of New York ("off-site projects" or "off-site units") pursuant to the rules and regulations of the Certificate Program. Authorized by §421-a of the New York Real Property Tax Law, the Certificate Program generally permits HPD to grant five §421-a Negotiable Certificates for each off-site low income unit created under the Certificate Program. In turn, each §421-a Negotiable Certificate allows the developer of a market rate unit in the Geographic Exclusion Zone to receive a 10-year phased exemption from any increase in such market rate unit's assessed value relating to the construction of such market rate unit. The 10-year phased real estate tax exemption increases the value of the market rate Geographical Exclusion Zone unit. Therefore, the developer of the market rate unit will pay the developer of the off-site unit to be able to receive and utilize the §421-a Negotiable Certificates that are generated by the off-site low income project.

Mixed Income Rental Program

Under the Mixed Income Rental Program ("MIRP") sponsors purchase land or vacant buildings, and construct or rehabilitate multi-family units in order to create affordable rentals, with a targeted set aside of up to 30% of the units for formerly homeless families and the remaining units to be reserved for households earning less than or equal to 60% of the New York City area median income. Under MIRP, HPD will provide a direct subsidy of up to \$50,000 per unit. The funds from HPD are advanced through a 1% loan for a maximum term of 30 years.

MIRP is used to leverage construction and permanent financing from private institutional lenders and from other public sources including the Corporation and the State. MIRP may be combined with other Subsidy Programs, including the Certificate Program.

New York State Housing Trust Fund Corporation Programs

The New York State Housing Trust Fund Corporation ("HTF"), a public benefit corporation which operates under the aegis of the Division of Housing and Community Renewal ("DHCR"), has two initiatives involving tax exempt bond financing: the Homes For Working Families Initiative ("HWFI") and the Senior Housing Initiative ("SHI"). Under both programs, HTF assistance of up to \$35,000 per unit will be provided in the form of low or deferred interest mortgages for affordable housing projects.

Through HWFI, DHCR provides subordinate permanent financing at an interest rate of 1% to private developers for the new construction or substantial rehabilitation of affordable rental housing projects. Under HWFI, 100% of the units must be affordable to households earning less than 60% of area median income. At least 50% of project cost must be financed by tax-exempt bonds issued under Section 142 of the Internal Revenue Code in order to enable the projects to qualify for Federal low-income housing tax credits.

Pursuant to SHI, DHCR provides subordinate permanent financing at an interest rate of 0% to 1% to not-for-profit developers for the new construction or substantial rehabilitation of affordable rental housing for the elderly. Under SHI, occupancy is limited to seniors, defined as households headed by a

person 60 years of age or older. Approximately 20% of the units in a project assisted through the SHI must be affordable to households earning less than 50% of area median income.

General Municipal Law Article 16

Article 16 of the General Municipal Law, Section 690 et seq. authorizes certain municipalities in the State, including the City, to make grants or loans (i) to the owner of any property that is part of an urban development action area project (as defined in such law) for the purpose of rehabilitation of an existing private or multiple dwelling, (ii) for the purpose of providing site improvements, or (iii) for the purpose of providing for other costs of construction for the development of private and multiple dwelling housing accommodations. Any loan made in accordance with this section shall be secured by a note and mortgage. In the case of a loan for the purpose of providing rental housing for persons of low income, the rental development must be subject to a regulatory agreement limiting profits and rentals charged.

With regard to the Mortgage Loans financed or expected to be financed by the Corporation which are subsidized through General Municipal Law, Article 16, the initial feasibility of these Developments was determined by the Corporation, HPD and a conventional construction lender. HPD's General Municipal Law, Article 16 permanent loan is subordinate to the Corporation's Mortgage Loan and both loans are not secured by Supplemental Security. In the event of a default on the Corporation's Mortgage Loan, any proceeds resulting from a foreclosure which might result from such default would be applied to satisfy the Corporation's Mortgage Loan prior to HPD's General Municipal Law, Article 16 loan.

Housing Development Grant Program

Pursuant to the Housing Development Grant ("HoDAG") Program, which was authorized by Section 17 of the 1937 Housing Act, HUD made grants to localities for rental housing projects within such localities' respective jurisdictions. HPD received such a grant for certain of the Developments and utilized the funds provided by HUD to make a second unsecured mortgage loan. During the term of the HoDAG second uninsured mortgage loan made to the Mortgagor by HPD, the Mortgagor is required to comply with certain HoDAG Program requirements, including restrictions relative to the occupancy of certain units by low income tenants. If HoDAG Program requirements are not adhered to by the Mortgagor of the Development which received the HoDAG funds, the Mortgagor is required to repay HPD the amount of HoDAG grant funds, subject to certain adjustments. HUD may require the City to refund the grant monies. While no payments are due on this second position permanent loan during the term of the applicable Mortgage Loan, upon a violation of the HoDAG Program requirements by the Mortgagor, the City may then proceed to enforce its right to collect such grant monies from the Mortgagor.

Housing Assistance Corporation Programs

The Housing Assistance Corporation ("HAC") is a public benefit corporation of the State established pursuant to Section 654-b of the Act as a subsidiary of the Corporation. HAC is to continue in existence until terminated by law; provided, however, that no such termination shall take effect as long as its obligations remain outstanding. The payments and funds of HAC are not considered to be assets of the Corporation and are not pledged under the Resolutions.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City or the State, for the purpose of assisting rental developments to maintain rentals affordable to low and moderate income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge or assign these monies to any rental development (and may

enter into agreements for such purposes with mortgagors of rental developments) or assist the Corporation in financing such developments.

HAC has entered into a Tenant Assistance Contract (“TAC”) with the Mortgagors of three (3) Developments to provide monthly rental assistance payments. To be eligible for the TAC payments the Mortgagor must ensure that (i) 20% of the Development’s rental units are available for households whose annual income at initial occupancy does not exceed 80% of New York City median income as adjusted for family size (“Low Income Families”), and (ii) 80% of the rental units are available for households whose annual income at initial occupancy does not exceed 180% of New York City median income.

In the event a Mortgagor is in default under a TAC, HAC may take legal action against such Mortgagor or suspend payments for any unit not in compliance with the terms of the TAC. In the event that at least 10% of the units are not leased to Low Income Families, HAC may terminate the TAC. See “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program” for the date of expiration of the TACs.

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