

2009 Series H-2 Bonds—NOT A NEW ISSUE—BOOK-ENTRY ONLY

In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2012 Series D 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 2012 Series D Bond for any period during which such 2012 Series D 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 such proceeds of the 2012 Series D Bonds or a “related person,” and (ii) interest on the 2012 Series D Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the 2012 Series D 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.”

On October 1, 2009, Bond Counsel to the Corporation rendered its opinion that, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2009 Series H-2 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any 2009 Series H-2 Bond for any period during which such 2009 Series H-2 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 2009 Series H-2 Bonds or a “related person,” and (ii) interest on the 2009 Series H-2 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In the opinion of Bond Counsel to the Corporation, the adjustment of the interest rate on the 2009 Series H-2 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 2009 Series H-2 Bonds, the interest on which is otherwise excluded from gross income for Federal income tax purposes under Section 103 of the Code. On October 1, 2009, Bond Counsel to the Corporation rendered its opinion that, under existing statutes, interest on the 2009 Series H-2 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.”

**\$275,380,000****NEW YORK CITY HOUSING DEVELOPMENT CORPORATION****Multi-Family Housing Revenue Bonds,**

<b>\$48,725,000 2012 Series D-1-A (Fixed Rate)</b>	<b>\$17,780,000 2012 Series D-2-B (Fixed Rate)</b>
<b>\$85,450,000 2012 Series D-1-B (Fixed Rate)</b>	<b>\$25,000,000 2012 Series D-2-C (Fixed Rate)</b>
<b>\$71,855,000 2012 Series D-2-A (Fixed Rate)</b>	<b>\$26,570,000 2009 Series H-2 (Term Rate)</b>

**2012 Series D Bonds Dated: Date of delivery****Due: May 1 and November 1, as shown on the inside cover pages****2009 Series H-2 Bonds Dated: Date of remarketing**

Interest on the Multi-Family Housing Revenue Bonds, 2012 Series D-1-A (the “2012 Series D-1-A Bonds”), 2012 Series D-1-B (the “2012 Series D-1-B Bonds”), 2012 Series D-2-A (the “2012 Series D-2-A Bonds”), 2012 Series D-2-B (the “2012 Series D-2-B Bonds”) and 2012 Series D-2-C (the “2012 Series D-2-C Bonds”) and, together with the 2012 Series D-1-A Bonds, the 2012 Series D-1-B Bonds, the 2012 Series D-2-A Bonds and the 2012 Series D-2-B Bonds, the “2012 Series D Bonds”) of the New York City Housing Development Corporation (the “Corporation”) is payable semiannually on May 1 and November 1, commencing November 1, 2012, at the fixed rates set forth on the inside cover pages of this Official Statement. The 2012 Series D Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. See “DESCRIPTION OF THE 2012 SERIES D BONDS—General.”

The Multi-Family Housing Revenue Bonds, 2009 Series H-2 (the “2009 Series H-2 Bonds”) and, together with the 2012 Series D Bonds, the “2009/2012 Bonds”) of the Corporation were initially issued on October 1, 2009 as variable rate obligations in the Term Rate Period. The 2009 Series H-2 Bonds are subject to mandatory tender on June 29, 2012 and will be remarketed as variable rate obligations in the Term Rate Period. The 2009 Series H-2 Bonds will bear interest from June 29, 2012 to but excluding June 28, 2013 (the “2009 Series H-2 Fourth Term Rate Term”) at the fixed rate set forth on the inside cover page of this Official Statement. The 2009 Series H-2 Bonds are subject to mandatory tender on June 28, 2013. The 2009 Series H-2 Bonds are also subject to optional redemption or mandatory tender at the direction of the Corporation beginning on or after December 28, 2012, as described herein. The Corporation will be obligated to pay the Purchase Price of those 2009 Series H-2 Bonds subject to mandatory tender for purchase and not remarketed only from monies available from and held under the Resolutions. No liquidity facility has been obtained to fund such obligation. Interest on the 2009 Series H-2 Bonds is payable semiannually on November 1, 2012, May 1, 2013 and June 28, 2013 or on any earlier mandatory tender or redemption date. The 2009 Series H-2 Bonds will be remarketed as fully-registered bonds in denominations of \$5,000 or in denominations of any whole multiple thereof. See “DESCRIPTION OF THE 2009 SERIES H-2 BONDS—General.” *This Official Statement in general describes the 2009 Series H-2 Bonds only during the 2009 Series H-2 Fourth Term Rate Term.*

The 2009/2012 Bonds will be issued, or were issued, as applicable, in book-entry form only and, when issued, will be, or 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 2009/2012 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 2009/2012 Bonds will not receive physical delivery of bond certificates. The 2009/2012 Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. See “BOOK-ENTRY ONLY SYSTEM.” The Bank of New York Mellon, located in New York, New York, is the Trustee with respect to the 2009/2012 Bonds. **The 2009/2012 Bonds are subject to redemption prior to maturity as set forth herein.**

The 2009/2012 Bonds are being issued, or were issued, as applicable, when combined with other available monies, to finance construction mortgage loans and permanent mortgage loans for the new construction or rehabilitation of certain developments. Payment of the principal or Redemption Price or Purchase Price, as applicable, of and interest on the 2009/2012 Bonds will be secured by the Revenues and assets pledged to such payment, including, without limitation, certain payments to be made under or with respect to the Mortgage Loans, and monies and/or Cash Equivalents held under the Debt Service Reserve Account. The 2009/2012 Bonds are being issued, or were issued, on a parity with and shall be, or are, entitled to the same benefit and security as other Bonds issued and to be issued under the General Resolution (other than Subordinate Bonds). Payment at the principal or Redemption Price or Purchase Price, as applicable, of and interest on the 2009 Series H-2 Bonds will also be secured by certain accounts created under the 2009 Series H Supplemental Resolution securing only the 2009 Series H-2 Bonds.

**The 2009/2012 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 2009/2012 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 2009/2012 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 2009 Series H-2 Bonds was subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. The 2012 Series D Bonds are offered when, as and if issued and received by the Underwriters thereof, subject to prior sale, to withdrawal or modification of the offer without notice, and to the unqualified approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters related to the 2009/2012 Bonds will be passed upon for the Corporation by its General Counsel. Certain legal matters related to the 2009/2012 Bonds will be passed upon for the Underwriters and the Remarketing Agent by their Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. It is expected that the 2012 Series D Bonds will be available for delivery in New York, New York on or about June 28, 2012. It is expected that the 2009 Series H-2 Bonds will be available for delivery in New York, New York upon remarketing on or about June 29, 2012.

**J.P. Morgan<sup>†</sup>**  
**Morgan Stanley**  
**Roosevelt & Cross, Inc.**

**BofA Merrill Lynch**  
**Ramirez & Co., Inc.**

**M.R. Beal & Company**  
**Siebert Brandford Shank & Co., L.L.C.**  
**Stifel, Nicolaus & Company, Incorporated**

Dated: June 22, 2012

<sup>†</sup> Remarketing Agent of the 2009 Series H-2 Bonds.

## MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES

### \$48,725,000 2012 Series D-1-A Bonds

#### \$1,985,000 2012 Series D-1-A Fixed Rate Serial Bonds

<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP No.</u> <sup>†</sup>
Nov. 1, 2014	\$ 20,000	0.80%	100%	64972BTK1
May 1, 2015	25,000	1.00	100	64972BUD5
Nov. 1, 2015	100,000	1.15	100	64972BTL9
May 1, 2016	115,000	1.20	100	64972BTM7
Nov. 1, 2016	125,000	1.30	100	64972BTN5
May 1, 2017	125,000	1.55	100	64972BTP0
Nov. 1, 2017	125,000	1.60	100	64972BTQ8
May 1, 2018	130,000	1.90	100	64972BTR6
Nov. 1, 2018	130,000	1.95	100	64972BTS4
May 1, 2019	125,000	2.20	100	64972BTT2
Nov. 1, 2019	130,000	2.25	100	64972BTU9
May 1, 2020	140,000	2.45	100	64972BTV7
Nov. 1, 2020	130,000	2.50	100	64972BUE3
May 1, 2021	135,000	2.70	100	64972BTW5
Nov. 1, 2021	145,000	2.70	100	64972BTX3
May 1, 2022	140,000	2.85	100	64972BTY1
Nov. 1, 2022	145,000	2.85	100	64972BUF0

**\$7,660,000 3.60% 2012 Series D-1-A Fixed Rate Term Bonds due May 1, 2027—Price 100% CUSIP No.<sup>†</sup> 64972BTZ8**

**\$1,975,000 4.00% 2012 Series D-1-A Fixed Rate Term Bonds due May 1, 2032—Price 100% CUSIP No.<sup>†</sup> 64972BUA1**

**\$14,180,000 4.20% 2012 Series D-1-A Fixed Rate Term Bonds due May 1, 2037—Price 100% CUSIP No.<sup>†</sup> 64972BUB9**

**\$22,925,000 4.30% 2012 Series D-1-A Fixed Rate Term Bonds due November 1, 2045—Price 100% CUSIP No.<sup>†</sup> 64972BUC7**

### \$85,450,000 2012 Series D-1-B Bonds

#### \$4,715,000 2012 Series D-1-B Fixed Rate Serial Bonds

<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP No.</u> <sup>†</sup>
May 1, 2013	\$ 270,000	0.35%	100%	64972BUG8
Nov. 1, 2013	280,000	0.50	100	64972BUH6
May 1, 2014	315,000	0.65	100	64972BUJ2
Nov. 1, 2014	730,000	0.80	100	64972BUK9
May 1, 2015	890,000	1.00	100	64972BUL7
Nov. 1, 2020	1,080,000	2.50	100	64972BUS2
Nov. 1, 2022	1,150,000	2.85	100	64972BUT0

**\$14,115,000 2.00% 2012 Series D-1-B Fixed Rate Term Bonds due May 1, 2022—Price 100% CUSIP No.<sup>†</sup> 64972BUM5**

**\$5,480,000 3.60% 2012 Series D-1-B Fixed Rate Term Bonds due May 1, 2027—Price 100% CUSIP No.<sup>†</sup> 64972BUN3**

**\$16,680,000 4.00% 2012 Series D-1-B Fixed Rate Term Bonds due May 1, 2032—Price 100% CUSIP No.<sup>†</sup> 64972BUP8**

**\$9,460,000 4.20% 2012 Series D-1-B Fixed Rate Term Bonds due May 1, 2037—Price 100% CUSIP No.<sup>†</sup> 64972BUQ6**

**\$35,000,000 4.30% 2012 Series D-1-B Fixed Rate Term Bonds due November 1, 2045—Price 100% CUSIP No.<sup>†</sup> 64972BUR4**

<sup>†</sup> 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 2009/2012 Bonds. The Corporation is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2009/2012 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2009/2012 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 2009/2012 Bonds.

**\$71,855,000 2012 Series D-2-A Bonds**

**\$26,510,000 0.90% 2012 Series D-2-A Fixed Rate Term Bonds due November 1, 2014—Price 100% CUSIP No.† 64972BUU7**

**\$45,345,000 1.15% 2012 Series D-2-A Fixed Rate Term Bonds due November 1, 2015—Price 100% CUSIP No.† 64972BUV5**

**\$17,780,000 2012 Series D-2-B Bonds**

**\$2,780,000 0.90% 2012 Series D-2-B Fixed Rate Term Bonds due November 1, 2014—Price 100% CUSIP No.† 64972BUW3**

**\$15,000,000 1.15% 2012 Series D-2-B Fixed Rate Term Bonds due November 1, 2015—Price 100% CUSIP No.† 64972BUX1**

**\$25,000,000 2012 Series D-2-C Bonds**

**\$7,000,000 0.90% 2012 Series D-2-C Fixed Rate Term Bonds due November 1, 2014—Price 100% CUSIP No.† 64972BUY9**

**\$18,000,000 1.15% 2012 Series D-2-C Fixed Rate Term Bonds due November 1, 2015—Price 100% CUSIP No.† 64972BUZ6**

**\$26,570,000 2009 Series H-2 Bonds**

Price: 100%

Term Bond Due: May 1, 2041 CUSIP No.† 64972BTJ4

Mandatory Tender Date for the	June 28, 2013
2009 Series H-2 Fourth Term Rate Term:	
Interest Rate:	0.25%
Earliest optional redemption or tender date:	December 28, 2012

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† 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 2009/2012 Bonds. The Corporation is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2009/2012 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2009/2012 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 2009/2012 Bonds.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2009/2012 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 J.P. Morgan Securities LLC, as representative of the underwriters (together, the "Underwriters") and remarketing agent (the "Remarketing Agent") to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

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

The Underwriters and the Remarketing Agent have provided the following sentence for inclusion in this Official Statement. The Underwriters and the Remarketing Agent have reviewed the information in the Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriters and the Remarketing Agent do not guarantee the accuracy or completeness of such information.

THE 2009/2012 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS OR REMARKETING AGENTS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2009/2012 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS OR REMARKETING AGENTS MAY OFFER AND SELL THE 2009/2012 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS OR THE REMARKETING AGENTS.

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

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## OFFICIAL STATEMENT PART I

\$275,380,000

### NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

#### Multi-Family Housing Revenue Bonds,

\$48,725,000 2012 Series D-1-A (Fixed Rate)	\$17,780,000 2012 Series D-2-B (Fixed Rate)
\$85,450,000 2012 Series D-1-B (Fixed Rate)	\$25,000,000 2012 Series D-2-C (Fixed Rate)
\$71,855,000 2012 Series D-2-A (Fixed Rate)	\$26,570,000 2009 Series H-2 (Term Rate)

This Official Statement Part I (“Part I”) provides information as of its date (*except* where otherwise expressly stated) concerning the Corporation’s 2009/2012 Bonds. It contains only a part of the information to be provided by the Corporation in connection with the issuance and sale or remarketing, as applicable, of the 2009/2012 Bonds. Additional information concerning Bonds previously issued under the General Resolution, certain sources of payment and security for the Bonds (including the 2009/2012 Bonds), the Corporation, and the mortgage loan program financed with the proceeds of the Bonds is contained in the Official Statement Part II (“Part II”) and is subject in all respects to the information contained herein.

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COUNSEL TO THE CORPORATION RELATING TO THE 2009 SERIES H-2 BONDS.....I-3-1

**OFFICIAL STATEMENT PART I**

**\$275,380,000**

**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**

**Multi-Family Housing Revenue Bonds,**

<b>\$48,725,000 2012 Series D-1-A (Fixed Rate)</b>	<b>\$17,780,000 2012 Series D-2-B (Fixed Rate)</b>
<b>\$85,450,000 2012 Series D-1-B (Fixed Rate)</b>	<b>\$25,000,000 2012 Series D-2-C (Fixed Rate)</b>
<b>\$71,855,000 2012 Series D-2-A (Fixed Rate)</b>	<b>\$26,570,000 2009 Series H-2 (Term Rate)</b>

This Official Statement consists of Part I and Part II. The purpose of Part I, which includes the cover page and inside cover pages to this Official Statement, and the Appendices to this Part I, is to set forth certain information concerning the New York City Housing Development Corporation (the "Corporation") in connection with the sale of \$48,725,000 principal amount of its Multi-Family Housing Revenue Bonds, 2012 Series D-1-A (the "2012 Series D-1-A Bonds"), \$85,450,000 principal amount of its Multi-Family Housing Revenue Bonds, 2012 Series D-1-B (the "2012 Series D-1-B Bonds"), \$71,855,000 principal amount of its Multi-Family Housing Revenue Bonds, 2012 Series D-2-A (the "2012 Series D-2-A Bonds"), \$17,780,000 principal amount of its Multi-Family Housing Revenue Bonds, 2012 Series D-2-B (the "2012 Series D-2-B Bonds") and \$25,000,000 principal amount of its Multi-Family Housing Revenue Bonds, 2012 Series D-2-C (the "2012 Series D-2-C Bonds" and, together with the 2012 Series D-1-A Bonds, the 2012 Series D-1-B Bonds, the 2012 Series D-2-A Bonds and the 2012 Series D-2-B Bonds, the "2012 Series D Bonds"), and the remarketing of \$26,570,000 principal amount of its Multi-Family Housing Revenue Bonds, 2009 Series H-2 (the "2009 Series H-2 Bonds"; the 2009 Series H-2 Bonds and the 2012 Series D Bonds are referred to collectively as the "2009/2012 Bonds").

The 2012 Series D Bonds are to be issued, and the 2009 Series H-2 Bonds were issued, in accordance with the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 44-b of the Consolidated Laws of the State of New York, as amended (the "Act"), and pursuant to a resolution entitled "Multi-Family 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"), a supplemental resolution for the 2012 Series D Bonds entitled "One Hundred Sixty-Second Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2012 Series D" (the "2012 Series D Supplemental Resolution"), adopted by the Members of the Corporation on June 11, 2012, and a supplemental resolution for the 2009 Series H-2 Bonds entitled "One Hundred Nineteenth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2009 Series H" (the "2009 Series H Supplemental Resolution" and, together with the 2012 Series D Supplemental Resolution, the "2009/2012 Supplemental Resolutions") adopted by the Members of the Corporation on September 15, 2009, as amended. The General Resolution and the 2009/2012 Supplemental Resolutions are referred to herein, collectively, as the "Resolutions." Part II of this Official Statement sets forth additional information concerning the Corporation, the Act, the Program (as such term is defined below) and the Outstanding Bonds.

Pursuant to the General Resolution (except as otherwise expressly provided therein or in a Supplemental Resolution authorizing a series of bonds), all bonds issued thereunder are equally and ratably secured by the Revenues and assets pledged thereunder. All bonds issued or to be issued under the General Resolution, including the 2009/2012 Bonds, are herein referred to as the "Bonds." Under the General Resolution, the Corporation may issue Bonds to finance any corporate purpose for which Bonds may be issued under the Act or any other applicable law hereafter enacted. The activities of the Corporation undertaken pursuant to the General Resolution are hereinafter referred to as the "Program." Under the Program, to date, the Corporation has issued Bonds to finance Mortgage Loans for privately owned multi-family rental housing for low and moderate income tenants. Multi-family housing developments financed by the Corporation under the Program are referred to herein individually as a "Development" or a "Project" and, collectively, as the "Developments" or the "Projects."

## INTRODUCTION

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

The 2009/2012 Bonds are special revenue obligations of the Corporation, and payment of the principal or Redemption Price or Purchase Price, as applicable, of and interest on the 2009/2012 Bonds will be secured by the Revenues and assets pledged to such payment including, without limitation, certain payments to be made under or with respect to the Mortgage Loans, and monies and/or Cash Equivalents held under the Debt Service Reserve Account. The 2012 Series D Bonds are being issued, and the 2009 Series H-2 Bonds were issued, on a parity with, and shall be, or 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 31, 2012, the aggregate principal balance of Bonds Outstanding was \$3,356,960,000. None of the Bonds Outstanding are Subordinate Bonds. See “SECURITY FOR THE BONDS” and “BONDS OUTSTANDING UNDER THE PROGRAM” in Part II of this Official Statement. The 2009 Series H-2 Bonds are also secured by certain accounts created under the 2009 Series H Supplemental Resolution securing only the 2009 Series H-2 Bonds. See “ADDITIONAL SECURITY FOR THE 2009 SERIES H-2 BONDS” in Part I of this Official Statement. In addition, as of May 31, 2012, the Corporation has pledged amounts on deposit in the Revenue Account held under the General Resolution to secure (i) \$415,000,000 principal amount of the Corporation’s Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program), 2009 Series 1 (the “NIBP Series 1 Bonds”) secured under the Corporation’s One Hundred Twenty-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program), NIBP Series 1, adopted by the Members of the Corporation on December 3, 2009, as amended (the “NIBP Series 1 Resolution”) and (ii) \$84,240,000 principal amount of the Corporation’s Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program), 2009 Series 2 (the “NIBP Series 2 Bonds”) secured under the Corporation’s One Hundred Twenty-Sixth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program), NIBP Series 2, adopted by the Members of the Corporation on December 3, 2009, as amended (the “NIBP Series 2 Resolution”). Such pledge is on a parity with the pledge to secure the Bonds. See “SECURITY FOR THE BONDS—Additional Obligations Secured by the Resolution” in Part II of this Official Statement. Funds held under the NIBP Series 1 Resolution and the NIBP Series 2 Resolution are not security for the Bonds. The NIBP Series 1 Resolution and the NIBP Series 2 Resolution are collectively referred to as the “NIBP Resolutions” and each is referred to individually as a “NIBP Resolution.” The NIBP Series 1 Bonds, any additional bonds issued under the NIBP Series 1 Resolution, the NIBP Series 2 Bonds and any additional bonds issued under the NIBP Series 2 Resolution are referred to collectively, as the “NIBP Bonds.”

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”), including insurance through the FHA Risk-Sharing Insurance Program, (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 the Federal National Mortgage Association (“Fannie Mae”) or the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and (d) bank letters of credit (“Long-term LOCs” or “Construction 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 (“HUD Payments”) 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 or other programs of the Corporation such as the Affordable Housing Permanent Loan Program (“AHPLP”), the Low-income Affordable Marketplace Program (“LAMP”), the Low-income Affordable Marketplace Preservation Program (“LAMP Preservation”), the Mitchell-Lama Repair Loan Program (“ML Repair Loan Program”), the Mixed Income Program (“Mixed Income”) and the New Housing Opportunities Program (“New HOP”), (e) various Federal, State and other 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 Low Income Rental Program (“LIRP”), General Municipal Law Article 16 (“GML Article 16”) programs, Housing Development Grant (“HoDAG”) programs and certain programs of the New York State Housing Trust Fund Corporation (“HTF”), and (f) subsidies through the Housing Assistance Corporation (“HAC”). The programs described in clauses (d), (e) and (f) in the immediately preceding sentence are referred to herein, collectively, as the “Subordinate Loan/Grant Programs.” See “Appendix E-1—Developments and Mortgage Loans Outstanding under the Program” and “Appendix G—Description of Supplemental Security and Subsidy Programs” in Part II of this Official Statement. A Mortgage Loan also may represent the Corporation’s participation interest in a mortgage loan or pool of mortgage loans or the cash flow therefrom. A Mortgage Loan, or the mortgage loan underlying a participation interest, is required to be evidenced by a note and secured by a mortgage (but such mortgage need not create a first mortgage lien on the related Development).

The proceeds of the 2012 Series D Bonds are expected to be used by the Corporation to finance ten (10) Mortgage Loans and a portion of one (1) Mortgage Loan (together, the “2012 Series D Mortgage Loans”) for the construction of three (3) developments and the acquisition and/or rehabilitation of eight (8) existing developments, nine (9) of which loans, upon satisfaction of certain conditions, are expected to be converted to permanent Mortgage Loans and two (2) of which loans will initially be permanent Mortgage Loans.

The proceeds of the 2009 Series H-2 Bonds are held in the 2009 Series H Bond Proceeds Account, and the Corporation may not withdraw money from the 2009 Series H Bond Proceeds Account unless: (i) the Corporation delivers to the Trustee a Cash Flow Statement or a Cash Flow Certificate and (ii) the amount remaining after a withdrawal is at least equal to the principal amount of the 2009 Series H-2 Bonds that have not been converted to a different interest rate mode while in the 2009 Series H-2 Fourth Term Rate Term. The 2009 Series H-2 Bonds will be subject to mandatory tender for purchase upon a conversion to a different interest rate mode or another Term Rate Term. Any 2009 Series H-2 Bonds that have not been converted to a different interest rate mode or redeemed by the end of the 2009 Series H-2 Fourth Term Rate Term shall be subject to mandatory tender on June 28, 2013. See “PLAN OF FINANCING” and “ADDITIONAL SECURITY FOR THE 2009 SERIES H-2 BONDS.” This Official Statement in general describes the 2009 Series H-2 Bonds only during the 2009 Series H-2 Fourth Term Rate Term.

The ability of the Corporation to pay the principal or Redemption Price or Purchase Price, as applicable, of and interest on the Bonds, including the 2009/2012 Bonds, is dependent on the Revenues derived from the assets pledged to secure the Bonds, which consist of all the Mortgage Loans (including the 2012 Series D Mortgage Loans). 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 or Purchase Price, as applicable, 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. Each 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 or collect maintenance to cover payments under the Mortgage Loan, operating expenses, taxes, utility rates and maintenance costs, and changes in applicable laws and governmental regulations. In addition, the continued feasibility of a Development may depend in part upon general economic conditions and other factors in the surrounding area of a Development. See "THE PROGRAM—Certain Factors Affecting the Mortgage Loans" in Part II of this Official Statement and under the subheadings "Supplemental Security" and "Subsidy Programs" in Appendix G in Part II of this Official Statement.

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

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

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

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

Descriptions of the Corporation, the 2012 Series D Mortgage Loans, the 2009 Series H Mortgage Loan, the 2009/2012 Bonds, sources of payment therefor, the Program and the Resolutions are included in Part I and Part II of this Official Statement. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the 2009/2012 Bonds are qualified in their entirety by reference to the Resolutions and the provisions with respect thereto included in the aforesaid documents and agreements. The Corporation has covenanted in the General Resolution to provide a copy of each annual report of the Corporation (and certain special reports, if any) and any Accountant's Certificate relating thereto to the Trustee and to each Bond owner who shall have filed such owner's name and address with the Corporation for such purposes. The Corporation also has committed to provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board. For a description of the Corporation's undertaking with respect to ongoing disclosure, see "CONTINUING DISCLOSURE." Summaries of the Supplemental Security and Subsidy Programs are qualified in their entirety by reference to any statutes, regulations or agreements mentioned in such summaries. See Appendix G in Part II of this Official Statement.

## **PLAN OF FINANCING**

### General

#### 2012 Series D Bonds

Upon the issuance of the 2012 Series D Bonds, the proceeds of the 2012 Series D Bonds initially will be deposited in the Bond Proceeds Account and invested in Investment Securities. The Corporation expects to use the proceeds of the 2012 Series D Bonds to finance ten (10) Mortgage Loans and a portion of one (1) Mortgage Loan (together, the "2012 Series D Mortgage Loans") for the construction of three (3) developments and the acquisition and/or rehabilitation of eight (8) existing developments, nine (9) of which loans, upon satisfaction of certain conditions, are expected to be converted to permanent Mortgage Loans and two (2) of which loans will initially be permanent Mortgage Loans. The aggregate principal amount of the 2012 Series D Mortgage Loans, including the 2012 Series D Mortgage Loans that will initially be permanent Mortgage Loans and including the portion funded with other available monies of the Corporation, during construction and/or rehabilitation is anticipated to be approximately \$250,590,000 with the permanent 2012 Series D Mortgage Loans in an anticipated aggregate principal amount of approximately \$135,955,000. See "2012 Series D Mortgage Loans" below.

#### 2009 Series H-2 Bonds

All of the proceeds of the 2009 Series H-2 Bonds are held in the 2009 Series H Bond Proceeds Account and are invested and will be reinvested in short-term United States Treasury obligations and obligations of Federal agencies (whether or not guaranteed by the full faith and credit of the United States of America) with maturities no later than June 28, 2013 and will remain invested in such obligations while on deposit in the 2009 Series H Bond Proceeds Account. The proceeds of the 2009 Series H-2 Bonds were used by the Corporation to replace amounts (i.e., prepayments of existing mortgage loans made by the Corporation) that were used to redeem an equal amount of certain of the Corporation's outstanding bonds. Upon the conversion of the 2009 Series H-2 Bonds to bear interest at a fixed rate to maturity or in a different interest rate mode, amounts in the 2009 Series H Bond Proceeds Account are expected to be used by the Corporation to finance a construction and permanent mortgage loan (the "2009 Series H Mortgage Loan") for a development (the "2009 Series H Development"), which construction loan, upon satisfaction of certain conditions, is expected to be converted to a permanent 2009 Series H Mortgage Loan. The principal amount of the 2009 Series H Mortgage Loan is anticipated to be approximately \$26,570,000. It is expected that the Corporation will apply the amounts in the 2009 Series H Bond Proceeds Account to fund the 2009 Series H Mortgage Loan on or before June 28, 2013.

The Corporation has identified a development that is eligible to receive a 2009 Series H Mortgage Loan. The developer of such development has entered into a loan agreement with the Corporation pursuant to which the Corporation has advanced, from the 2009 Series H Bond Proceeds Account, an amount to finance such development. Simultaneously with such advance, the Corporation deposited an equivalent amount into the 2009 Series H Bond Proceeds Account so that the amount therein is at least equal to the principal amount of 2009 Series H-2 Bonds that have not been converted to a different interest rate mode while in the 2009 Series H-2 Fourth Term Rate Term. Such loan is not currently secured by a mortgage and does not constitute a 2009 Series H Mortgage Loan. It is anticipated that such loan will, upon meeting certain conditions, become a 2009 Series H Mortgage Loan. At such time, the valuation for such 2009 Series H Mortgage Loan will be determined.

The Corporation may, but is not required to, convert an allocable portion of the 2009 Series H-2 Bonds to bear interest at a fixed rate to maturity or in a different interest rate mode coincident with the loan becoming a 2009 Series H Mortgage Loan. The Corporation is required to deliver a Cash Flow Statement or a Cash Flow Certificate in connection with the loan becoming a 2009 Series H Mortgage Loan and in connection with converting a portion of the 2009 Series H-2 Bonds to bear interest at a fixed rate to maturity or in a different interest rate mode demonstrating, among other things, that the loan becoming a 2009 Series H Mortgage Loan and/or the conversion of the 2009 Series H-2 Bonds will not adversely affect any of the Rating Agencies' ratings on the Bonds. In addition, the Corporation may not withdraw amounts from the 2009 Series H Bond Proceeds Account to finance a 2009 Series H Mortgage Loan or for any other purposes unless the amount remaining after a withdrawal is at least equal to the principal amount of the 2009 Series H-2 Bonds that have not been converted to a different interest rate mode while in the 2009 Series H-2 Fourth Term Rate Term. The earliest date on which any 2009 Series H-2 Bond may be converted to bear interest at a fixed rate to maturity, in a new Term Rate Term or in a different interest rate mode or may be redeemed is December 28, 2012. See "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates" in Part II of this Official Statement.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the 2012 Series D Bonds are expected to be approximately as follows:

SOURCES

Principal Amount of Bonds.....	\$248,810,000
Other Available Monies.....	<u>2,370,570</u>
TOTAL SOURCES .....	<u>\$251,180,570</u>

USES

Deposit to Bond Proceeds Account.....	\$248,810,000
Cost of Issuance* .....	<u>2,370,570</u>
TOTAL USES.....	<u>\$251,180,570</u>

\* Includes compensation to the Underwriters. See "Underwriting and Remarketing."

## Debt Service Reserve Account

### 2012 Series D Bonds

Under the terms of the 2012 Series D Supplemental Resolution, the Debt Service Reserve Account Requirement with respect to (i) the 2012 Series D-1-A Bonds and the 2012 Series D-1-B Bonds shall equal, as of any date of calculation, an amount equal to 2.132% of the principal amount of the Outstanding 2012 Series D-1-A Bonds and 2012 Series D-1-B Bonds and (iii) the 2012 Series D-2-A Bonds, the 2012 Series D-2-B Bonds and the 2012 Series D-2-C Bonds shall equal zero dollars (\$0). The Corporation will fund the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Account Requirement for the 2012 Series D Bonds with amounts already on deposit in the Debt Service Reserve Account.

### 2009 Series H-2 Bonds

Under the terms of the 2009 Series H Supplemental Resolution, the Debt Service Reserve Account Requirement with respect to the 2009 Series H-2 Bonds shall initially equal zero (\$0). Subject to delivery of a Cash Flow Statement, the Debt Service Reserve Account Requirement may be amended when a 2009 Series H Mortgage Loan is made based on the Supplemental Security and Subsidy Program applicable to such 2009 Series H Mortgage Loan and related 2009 Series H Development.

### 2009/2012 Bonds

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

## 2012 Series D Mortgage Loans

### 2012 Series D Developments

It is anticipated that the proceeds of the 2012 Series D Bonds, together with other available moneys, will be used to finance the 2012 Series D Mortgage Loans for the 2012 Series D Developments described in the chart below. No assurances can be given that the construction or permanent 2012 Series D Mortgage Loans will be made or, if made, funded in the amounts presently contemplated by the Corporation. Additionally, the Corporation may substitute other Developments for those described in the chart below.

Series of Bonds	Anticipated Construction Mortgage Loan Supplemental Security / Anticipated Permanent Mortgage Loan Supplemental Security <sup>†</sup>	Subsidy Program <sup>††</sup>	Development Name (Borough/ Number of Units)	Anticipated Construction or Rehabilitation Period (in months)	Anticipated Construction Loan Amount	Anticipated Permanent Mortgage Loan Amount	Expected Amount of Mandatory Prepayment
2012 Series D-1-A/ 2012 Series D-1-B/ 2012 Series D-2-A	Goldman Sachs Bank USA Construction LOC/ REMIC <sup>†††</sup>	LAMP Preservation	LMLD Citywide Preservation Portfolio (Various/662)	24	\$41,100,000	\$20,420,000	\$20,680,000
2012 Series D-1-A/ 2012 Series D-2-A	Citibank, N.A. Construction LOC <sup>†</sup> / SONYMA <sup>††</sup>	LAMP Preservation	St. Lucy's (Manhattan/100)	18	\$8,775,000	\$2,945,000	\$5,830,000
2012 Series D-1-B/ 2012 Series D-2-C	JPMorgan Chase Bank, N.A. Construction LOC/ REMIC <sup>†††</sup>	LAMP Preservation	Hoewood Point (Bronx/80)	30	\$9,300,000	\$2,570,000	\$6,730,000
2012 Series D-1-A/ 2012 Series D-1-B/ 2012 Series D-2-A/ 2012 Series D-2-B	Wells Fargo Bank, N.A. Construction LOC/ REMIC <sup>†††</sup>	LAMP Preservation	MBD Silva Taylor (Bronx/361)	27	\$31,500,000	\$6,020,000	\$25,480,000
2012 Series D-1-A/ 2012 Series D-2-A	Citibank, N.A. Construction LOC <sup>†</sup> / REMIC <sup>†††</sup>	LAMP	Lebanon West Farms (Bronx/141)	30	\$23,450,000	\$5,125,000	\$18,325,000
2012 Series D-1-A/ 2012 Series D-2-A	Citibank, N.A. Construction LOC <sup>†</sup> / REMIC <sup>†††</sup>	LAMP	Harlem River Point South (Manhattan/140)	30	\$20,650,000	\$5,290,000	\$15,360,000
2012 Series D-1-B/ 2012 Series D-2-B/ 2012 Series D-2-C	JPMorgan Chase Bank, N.A. Construction LOC/ REMIC <sup>†††</sup>	LAMP	Morris Court (Bronx/201)	30	\$34,500,000	\$22,050,000	\$12,450,000
2012 Series D-1-B/ 2012 Series D-2-B/ 2012 Series D-2-C	JPMorgan Chase Bank, N.A. Construction LOC/ SONYMA <sup>††</sup>	LAMP Preservation	PRC Westchester (Bronx/409)	15	\$34,900,000	\$25,120,000	\$9,780,000
2012 Series D-1-A/ 2012 Series D-1-B	N/A/ Fannie Mae <sup>◊</sup>	LAMP Preservation	Southern Boulevard (Bronx/370)	N/A	N/A	\$38,815,000	N/A

Series of Bonds	Anticipated Construction Mortgage Loan Supplemental Security / Anticipated Permanent Mortgage Loan Supplemental Security <sup>†</sup>	Subsidy Program <sup>††</sup>	Development Name (Borough/ Number of Units)	Anticipated Construction or Rehabilitation Period (in months)	Anticipated Construction Loan Amount	Anticipated Permanent Mortgage Loan Amount	Expected Amount of Mandatory Prepayment
2012 Series D-1-A/ 2012 Series D-1-B	N/A/ SONYMA <sup>▼▼</sup>	Section 236	Crotona V (Bronx/87) <sup>◇◇</sup>	24	\$4,050,000	\$4,050,000	\$0
2012 Series D-1-A/ 2012 Series D-1-B	N/A/ REMIC <sup>†††</sup>	N/A	B&L Grand Concourse (Bronx/105) AKA 1290& 1326 Grand Concourse <sup>◇◇◇</sup>	N/A	N/A	\$1,770,000	N/A
TOTAL			Total units: 2,656		\$208,225,000	\$134,175,000	\$114,635,000

<sup>†</sup> For a description of the Construction LOCs, see “Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—Construction LOC” in Part II of this Official Statement.

<sup>††</sup> For a description of LAMP, LAMP Preservation, New HOP and Section 236 Program, see “Appendix G—Description of Supplemental Security and Subsidy Programs—Subsidy Programs” in Part II of this Official Statement.

<sup>†††</sup> It is anticipated that REMIC Insurance will secure the first loss on the Mortgage Loan up to twenty percent (20%) of the original permanent Mortgage Loan amount for the applicable 2012 Series D Developments. 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 Official Statement.

<sup>▼</sup> On June 21, 2012, Citibank, N.A. was downgraded by Moody’s below the Corporation’s minimum rating requirement for Construction LOC providers. The Corporation expects Citibank, N.A. to deliver alternative or supplemental credit enhancement satisfactory to the Corporation within 45 days of the downgrade. For a description of Construction LOCs and the provisions regarding a minimum rating requirement, see “Plan of Financing—HDC Commitments; Construction Letters of Credit.”

<sup>▼▼</sup> It is anticipated that SONYMA Insurance will secure the first loss on the Mortgage Loan up to fifty percent (50%) of the original permanent Mortgage Loan amount for the applicable 2012 Series D Developments. For a description of SONYMA Insurance, see “Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—SONYMA Insurance Program” in Part II of this Official Statement.

<sup>◇</sup> For a description of the Fannie Mae Credit Enhancement Instrument, see “Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—Fannie Mae” in Part II of this Official Statement.

<sup>◇◇</sup> The amount set forth for this 2012 Series D Mortgage Loan represents a portion of such 2012 Series D Mortgage Loan. The balance of this 2012 Series D Mortgage Loan in the amount of \$1,780,000 will be funded with other available monies of the Corporation.

<sup>◇◇◇</sup> This 2012 Series D Development will also be financed with a co-equal first mortgage loan funded with other available monies of the Corporation.

The 2012 Series D Mortgage Loans (except the 2012 Series D Mortgage Loans for the Crotona V Development) will be assigned a valuation of 100% under the 2012 Series D Supplemental Resolution. The 2012 Series D Mortgage Loan for the Crotona V Development will be assigned a valuation of 78.1% under the 2012 Series D Supplemental Resolution. For a discussion of the valuation process, see “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates” in Part II of this Official Statement. It is expected that the Corporation will service the 2012 Series D Mortgage Loans for the Crotona V Development and B&L Grand Concourse Development. It is expected that Wells Fargo Bank, N.A. will service the 2012 Series D Mortgage Loan for the Southern Boulevard Development. It is expected that the provider of the applicable Construction LOC (as described under the subheading “HDC Commitments; Construction Letters of Credit” below) will service the applicable 2012 Series D Mortgage Loan for all other 2012 Series D Developments during construction or rehabilitation and the Corporation will service such 2012 Series D Mortgage Loans after construction or rehabilitation. See “HDC Commitments; Construction Letters of Credit” below and “THE PROGRAM—Servicing” in Part II of this Official Statement.

## Mandatory Prepayments

The Mortgagors of eight (8) of the 2012 Series D Developments will be required to make a 2012 Series D Mortgage Loan Mandatory Prepayment, as described in the chart under the subheading “2012 Series D Developments” above, upon completion of construction or rehabilitation and release of the applicable Construction LOC. The 2012 Series D Mortgage Loan Mandatory Prepayments for the St. Lucy’s Development and the LMLD Citywide Preservation Portfolio Development will be used to redeem prior to maturity the 2012 Series D-2-A Bonds maturing on November 1, 2014 on or after November 1, 2013 in an amount equal to said prepayments. The 2012 Series D Mortgage Loan Mandatory Prepayments for the Harlem River Point South Development and the Lebanon West Farms Development will be used to redeem prior to maturity a portion of the 2012 Series D-2-A Bonds maturing on November 1, 2015 on or after November 1, 2014 in an amount equal to said prepayments. The 2012 Series D Mortgage Loan Mandatory Prepayment for the MBD Silva Taylor Development will be used to redeem prior to maturity a portion of the 2012 Series D-2-A Bonds maturing on November 1, 2015 on or after November 1, 2014 and a portion of the 2012 Series D-2-B Bonds maturing on November 1, 2015 on or after November 1, 2014 in an amount equal to said prepayment. The 2012 Series D Mortgage Loan Mandatory Prepayment for the PRC Westchester Development will be used to redeem prior to maturity the 2012 Series D-2-B Bonds maturing on November 1, 2014 on or after November 1, 2013 and the 2012 Series D-2-C Bonds maturing on November 1, 2014 on or after November 1, 2013 in an amount equal to said prepayment. The 2012 Series D Mortgage Loan Mandatory Prepayment for the Morris Court Development will be used to redeem prior to maturity a portion of the 2012 Series D-2-B Bonds maturing on November 1, 2015 on or after November 1, 2014 and a portion of the 2012 Series D-2-C Bonds maturing on November 1, 2015 on or after November 1, 2014 in an amount equal to said prepayment. The 2012 Series D Mortgage Loan Mandatory Prepayment for the Hoewood Point Development will be used to redeem prior to maturity a portion of the 2012 Series D-2-C Bonds maturing on November 1, 2015 on or after November 1, 2014 in an amount equal to said prepayment. See “DESCRIPTION OF THE 2012 SERIES D BONDS—Redemption Provisions for the 2012 Series D Bonds—Extraordinary Redemption from Recoveries of Principal.” Although a significant source of funds for each 2012 Series D Mortgage Loan Mandatory Prepayment is expected to come from either the syndication of federal low income housing tax credits or from a combination of the syndication of federal low income housing tax credits and local subordinate loan or grant programs, each 2012 Series D Mortgage Loan Mandatory Prepayment is required to be made by the Mortgagor of the applicable 2012 Series D Development whether or not the federal low income housing tax credit syndication proceeds or the local subordinate loan or grant program proceeds are obtained. If a Mortgagor does not make the required 2012 Series D Mortgage Loan Mandatory Prepayment, there would be a default under the applicable 2012 Series D Mortgage Loan and the Corporation will draw on the applicable Construction LOC in the full amount of such Construction LOC, which could result in the redemption of the applicable 2012 Series D Bonds in an amount equal to the applicable 2012 Series D Mortgage Loan. However, it is also possible in the event of such default that the Corporation and the letter of credit provider would agree to amend the applicable Construction LOC to permit a partial draw in an amount equal to the applicable 2012 Series D Mortgage Loan Mandatory Prepayment; such proceeds would be applied to redeem prior to maturity a portion of the applicable 2012 Series D Bonds, in which case the balance of such 2012 Series D Bonds would remain Outstanding. In such event, unless the Mortgagor of the applicable 2012 Series D Development cured such default, the applicable letter of credit provider would have the option to acquire the related 2012 Series D Mortgage Loan by obligating the Corporation to make a draw on the applicable Construction LOC, the proceeds of which could be used to redeem the applicable Outstanding 2012 Series D Bonds in an amount equal to such 2012 Series D Mortgage Loan. See “DESCRIPTION OF THE 2012 SERIES D BONDS—Redemption Provisions for the 2012 Series D Bonds—Special Redemption from Recoveries of Principal.”

## Mortgage Terms

Each of the 2012 Series D Mortgage Loans will be evidenced by a Mortgage Note payable to the Corporation and secured by a first mortgage lien on the applicable 2012 Series D Development. The 2012 Series D Mortgage Loan for the B&L Grand Concourse Development is secured by a co-first mortgage lien. The interest rate (inclusive of servicing and credit enhancement fees) for the permanent 2012 Series D Mortgage Loans (except the 2012 Series D Mortgage Loans for the LMLD Citywide Preservation Portfolio Development, the Southern Boulevard Development, the Crotona V Development and the B&L Grand Concourse Development) is anticipated to be 5.50%. The interest rate (inclusive of servicing and credit enhancement fees) for the permanent 2012 Series D Mortgage Loan for the LMLD Citywide Preservation Portfolio Development is anticipated to be 5.25%. The interest rate (inclusive of servicing and credit enhancement fees) for the permanent 2012 Series D Mortgage Loan for the Southern Boulevard Development is anticipated to be 5.07%. The interest rate (inclusive of servicing and credit enhancement fees) for the permanent 2012 Series D Mortgage Loan for the Crotona V Development is anticipated to be 5.46%. The interest rate (inclusive of servicing and credit enhancement fees) for the permanent 2012 Series D Mortgage Loan for the B&L Grand Concourse Development is anticipated to be 5.35%. The term to maturity for each 2012 Series D Mortgage Loan (except the 2012 Series D Mortgage Loan for the Southern Boulevard Development) is anticipated to be 30 years after completion of construction or rehabilitation. The term to maturity for the 2012 Series D Mortgage Loan for the Southern Boulevard Development is anticipated to be 32 years and will be interest only for the first two years and amortize over 35 years. Each 2012 Series D Mortgage Loan is expected to contain provisions prohibiting the Mortgagor of the applicable 2012 Series D Development from making any prepayment, other than the 2012 Series D Mortgage Loan Mandatory Prepayment, if any, prior to approximately ten (10) years after the closing of the applicable permanent 2012 Series D Mortgage Loan (see “DESCRIPTION OF THE 2012 SERIES D BONDS—Redemption Provisions for the 2012 Series D Bonds—Special Redemption from Recoveries of Principal” and “Appendix E-2—Mortgage Loan Prepayment Provisions—Category 8” and “—Category 9” in Part II of this Official Statement).

## HDC Commitments; Construction Letters of Credit

Each of the Mortgagors of the 2012 Series D Mortgage Loans has executed a commitment with the Corporation (an “HDC Commitment”) in which the Corporation has agreed to provide a 2012 Series D Mortgage Loan. The HDC Commitment for eight (8) of the 2012 Series D Developments will require the applicable 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 applicable 2012 Series D Mortgage Loan during construction (a “Construction LOC”). A Construction LOC need not meet the requirements under the General Resolution for a Credit Facility (as defined in the General Resolution). Such Construction LOC will not be pledged to the owners of the 2012 Series D Bonds; however, any payments relating to a 2012 Series D Mortgage Loan received by the Corporation from a Construction LOC provider pursuant to a draw on such Construction LOC related to the failure of the Mortgagor to make the required debt service payments will be pledged for the benefit of the owners of the 2012 Series D Bonds. It is anticipated that a Construction LOC may be drawn upon by the Corporation if the applicable Mortgagor fails to make the required debt service payments on the related 2012 Series D Mortgage Loan. The amount drawn on the Construction LOC will be the outstanding principal balance of the applicable construction 2012 Series D Mortgage Loan plus the lesser of (i) accrued interest or (ii) the maximum amount available with respect to accrued interest, and such 2012 Series D Mortgage Loan will be immediately assigned to the Construction LOC provider and no longer be pledged for the benefit of the owners of the 2012 Series D Bonds and will be free and clear of the pledge and lien of the General Resolution. The proceeds from said draw could be used to redeem a portion of the applicable Outstanding 2012 Series D Bonds (see “DESCRIPTION OF THE 2012 SERIES D BONDS—

Redemption Provisions for the 2012 Series D Bonds—Special Redemption from Recoveries of Principal”).

For the 2012 Series D Mortgage Loans for which a Construction LOC is issued, following the satisfaction of the conditions of the applicable HDC Commitment which may require, among other things, the provision by the applicable Mortgagor of equity, the payment of the 2012 Series D Mortgage Loan Mandatory Prepayment, if any, the satisfactory completion of construction within a certain time schedule from the making of the applicable construction 2012 Series D 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 applicable construction 2012 Series D Mortgage Loan. If said Construction LOC is not released because of a failure by the Mortgagor of the applicable 2012 Series D Development to comply with the conditions enumerated in the related HDC Commitment or if said Construction LOC is not extended beyond its expiration 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 applicable Outstanding 2012 Series D Bonds (see “DESCRIPTION OF THE 2012 SERIES D BONDS—Redemption Provisions for the 2012 Series D Bonds—Special Redemption from Recoveries of Principal”).

Each Construction LOC for a 2012 Series D Mortgage Loan provides that, in the event that any rating assigned to the senior debt of the Construction LOC provider by S&P or Moody’s is reduced below the minimum bank rating requirement of the Corporation and the applicable Construction LOC provider fails to provide alternative or supplemental credit enhancement satisfactory to the Corporation within 90 days, the Corporation may draw on the applicable Construction LOC and hold the proceeds to secure the applicable 2012 Series D Mortgage Loan. If there is a default on the applicable 2012 Series D Mortgage Loan or the applicable 2012 Series D Mortgage Loan is not converted to a permanent loan pursuant to the terms of the HDC Commitment, the Corporation will apply such proceeds to redeem a portion of the applicable Outstanding 2012 Series D Bonds (see “DESCRIPTION OF THE 2012 SERIES D BONDS—Redemption Provisions for the 2012 Series D Bonds—Special Redemption from Recoveries of Principal”) and at that time would assign the applicable 2012 Series D Mortgage Loan to the applicable Construction LOC provider. Otherwise, such funds will be released to the Construction LOC provider upon conversion of the applicable 2012 Series D Mortgage Loan to a permanent Mortgage Loan or replacement or further credit enhancement of the Construction LOC. On June 21, 2012, Citibank, N.A. was downgraded by Moody’s below the Corporation’s minimum rating requirement for Construction LOC providers. The Corporation expects Citibank, N.A. to deliver alternative or supplemental credit enhancement satisfactory to the Corporation within 45 days of the downgrade.

## **ADDITIONAL SECURITY FOR THE 2009 SERIES H-2 BONDS**

### General

Payment of the principal or Redemption Price or Purchase Price, as applicable, of and interest on the 2009 Series H-2 Bonds will be secured by the Revenues and assets pledged to such payment, including, without limitation, certain payments to be made under or with respect to the Mortgage Loans, and monies and/or Cash Equivalents held under the Debt Service Reserve Account. The 2009 Series H-2 Bonds were issued on a parity with and are entitled to the same benefit and security as other Bonds issued and to be issued under the General Resolution (other than Subordinate Bonds). See “SECURITY FOR THE BONDS” in Part II of this Official Statement. In addition to being secured by a pledge of the General Resolution, payment of the principal or Redemption Price or Purchase Price, as applicable, of and interest on the 2009 Series H-2 Bonds will also be secured by certain accounts created under the 2009 Series H Supplemental Resolution securing only the 2009 Series H-2 Bonds.

### 2009 Series H Bond Proceeds Account

Proceeds of the sale of the 2009 Series H-2 Bonds and amounts deposited by the Corporation are held in the 2009 Series H Bond Proceeds Account. The 2009 Series H Bond Proceeds Account is pledged solely to secure the 2009 Series H-2 Bonds and no other Series of Bonds.

Amounts in the 2009 Series H Bond Proceeds Account may be expended from time to time only (i) to finance the 2009 Series H Mortgage Loan, (ii) to purchase or redeem 2009 Series H-2 Bonds as described in the 2009 Series H Supplemental Resolution and (iii) to pay principal of and interest on the 2009 Series H-2 Bonds when due, to the extent amounts in the 2009 Series H Revenue Account and the 2009 Series H Redemption Account are insufficient for such purpose. The Corporation may not withdraw money from the 2009 Series H Bond Proceeds Account unless: (i) the Corporation delivers to the Trustee a Cash Flow Statement or a Cash Flow Certificate and (ii) the amount remaining after a withdrawal is at least equal to the principal amount of the 2009 Series H-2 Bonds that have not been converted to another interest rate mode while in the 2009 Series H-2 Fourth Term Rate Term. It is expected that the Corporation will apply amounts in the 2009 Series H Bond Proceeds Account to make the 2009 Series H Mortgage Loan on or before June 28, 2013.

## **DESCRIPTION OF THE 2012 SERIES D BONDS**

### General

The 2012 Series D Bonds will bear interest at fixed rates to maturity and will mature on the dates and in the amounts set forth on the inside cover pages of this Official Statement. The Bank of New York Mellon is the Trustee for the Bonds, including the 2012 Series D Bonds.

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

### Redemption Provisions for the 2012 Series D Bonds

The 2012 Series D Bonds are subject to special redemption, extraordinary redemption, sinking fund redemption and optional redemption prior to maturity, as described below.

### Special Redemption from Recoveries of Principal\*

The 2012 Series D-1-A Bonds are subject to redemption, in whole or in part, at any time prior to maturity, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-1-A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing: (a) Recoveries of Principal derived from or with respect to any 2012 Series D Mortgage Loan (except the 2012 Series D Mortgage Loans for the Hoewood Point Development, the Morris Court Development and the PRC Westchester Development) deposited in the Redemption Account other than (i) proceeds of an optional prepayment of any such 2012 Series D Mortgage Loan by the Mortgagor thereof or the proceeds of a 2012 Series D Mortgage Loan Mandatory Prepayment, or (ii) proceeds of the sale, assignment, endorsement or other disposition of any such 2012 Series D Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2012 Series D Mortgage Loan is in default, including proceeds of SONYMA Insurance with respect to any such 2012 Series D Mortgage Loan insured by SONYMA Insurance) and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above. See also “PLAN OF FINANCING—2012 Series D Mortgage Loans.”

The 2012 Series D-1-B Bonds are subject to redemption, in whole or in part, at any time prior to maturity, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-1-B Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing: (a) Recoveries of Principal derived from or with respect to any 2012 Series D Mortgage Loan (except the 2012 Series D Mortgage Loans for the St. Lucy’s Development, the Lebanon West Farms Development and the Harlem River Point South Development) deposited in the Redemption Account other than (i) proceeds of an optional prepayment of any such 2012 Series D Mortgage Loan by the Mortgagor thereof or the proceeds of a 2012 Series D Mortgage Loan Mandatory Prepayment, or (ii) proceeds of the sale, assignment, endorsement or other disposition of any such 2012 Series D Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2012 Series D Mortgage Loan is in default, including proceeds of SONYMA Insurance with respect to any such 2012 Series D Mortgage Loan insured by SONYMA Insurance) and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above. See also “PLAN OF FINANCING—2012 Series D Mortgage Loans.”

The 2012 Series D-2-A Bonds are subject to redemption, in whole or in part, at any time prior to maturity, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-2-A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date,

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\* The 2012 Series D Supplemental Resolution provides that, with respect to the 2012 Series D Mortgage Loans, any prepayment premiums or penalties shall not constitute Recoveries of Principal. The 2012 Series D Supplemental Resolution provides that, with respect to any Acquired Project, the proceeds of sale of any Acquired Project shall constitute Recoveries of Principal. The 2012 Series D Supplemental Resolution provides that, with respect to the 2012 Series D Mortgage Loans, amounts obtained under a letter of credit or other credit enhancement securing a 2012 Series D Mortgage Loan or under any agreement entered into by the Corporation and the provider of such letter of credit or other credit enhancement in connection with the providing of such letter of credit or credit enhancement, in the event of default on such 2012 Series D Mortgage Loan, other than with respect to scheduled principal and/or interest payments required by such 2012 Series D Mortgage Loan, shall constitute Recoveries of Principal. The 2012 Series D Supplemental Resolution provides that, with respect to the 2012 Series D Mortgage Loans, the payment in whole or in part of a 2012 Series D Mortgage Loan Mandatory Prepayment received more than 60 days prior to the final maturity date of the 2012 Series D Bonds of the applicable Series and maturity shall constitute Recoveries of Principal. The 2012 Series D Supplemental Resolution provides that, with respect to any 2012 Series D Mortgage Loan insured by SONYMA Insurance, amounts obtained pursuant to such SONYMA Insurance, other than with respect to scheduled principal and/or interest payments required by such 2012 Series D Mortgage Loan, shall constitute Recoveries of Principal. The 2012 Series D Supplemental Resolution provides that, with respect to the 2012 Series D Mortgage Loan for the Southern Boulevard Development, any Set Rate Interest or Third Party Fees (as such terms are defined in the applicable Mortgage Note) shall not constitute Recoveries of Principal.

from amounts representing: (a) Recoveries of Principal derived from or with respect to the 2012 Series D Mortgage Loans for the St. Lucy's Development, the LMLD Citywide Preservation Portfolio Development, the Harlem River Point South Development, the Lebanon West Farms Development and the MBD Silva Taylor Development deposited in the Redemption Account other than (i) proceeds of an optional prepayment of any such 2012 Series D Mortgage Loan by the Mortgagor thereof or the proceeds of a 2012 Series D Mortgage Loan Mandatory Prepayment, or (ii) proceeds of the sale, assignment, endorsement or other disposition of any such 2012 Series D Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2012 Series D Mortgage Loan is in default, including proceeds of SONYMA Insurance with respect to any such 2012 Series D Mortgage Loan insured by SONYMA Insurance) and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above. See also "PLAN OF FINANCING—2012 Series D Mortgage Loans."

The 2012 Series D-2-B Bonds are subject to redemption, in whole or in part, at any time prior to maturity, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-2-B Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing: (a) Recoveries of Principal derived from or with respect to the 2012 Series D Mortgage Loans for the PRC Westchester Development, the Morris Court Development and the MBD Silva Taylor Development deposited in the Redemption Account other than (i) proceeds of an optional prepayment of any such 2012 Series D Mortgage Loan by the Mortgagor thereof or the proceeds of a 2012 Series D Mortgage Loan Mandatory Prepayment, or (ii) proceeds of the sale, assignment, endorsement or other disposition of any such 2012 Series D Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2012 Series D Mortgage Loan is in default, including proceeds of SONYMA Insurance with respect to any such 2012 Series D Mortgage Loan insured by SONYMA Insurance) and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above. See also "PLAN OF FINANCING—2012 Series D Mortgage Loans."

The 2012 Series D-2-C Bonds are subject to redemption, in whole or in part, at any time prior to maturity, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-2-C Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing: (a) Recoveries of Principal derived from or with respect to the 2012 Series D Mortgage Loans for the PRC Westchester Development, the Hoewood Point Development and the Morris Court Development deposited in the Redemption Account other than (i) proceeds of an optional prepayment of any such 2012 Series D Mortgage Loan by the Mortgagor thereof or the proceeds of a 2012 Series D Mortgage Loan Mandatory Prepayment, or (ii) proceeds of the sale, assignment, endorsement or other disposition of any such 2012 Series D Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2012 Series D Mortgage Loan is in default, including proceeds of SONYMA Insurance with respect to any such 2012 Series D Mortgage Loan insured by SONYMA Insurance) and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above. See also "PLAN OF FINANCING—2012 Series D Mortgage Loans."

The 2012 Series D-1-A Bonds are subject to redemption, in whole or in part, at any time prior to maturity on or after November 1, 2021, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-1-A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing (a) Recoveries of Principal derived from any 2012 Series D Mortgage Loan (except the 2012 Series D Mortgage Loans for the Hoewood Point

Development, the Morris Court Development and the PRC Westchester Development) deposited in the Redemption Account and resulting from (i) proceeds of an optional prepayment of any such 2012 Series D Mortgage Loan by the Mortgagor thereof (which optional prepayment shall not include the proceeds of a 2012 Series D Mortgage Loan Mandatory Prepayment, but which may be derived from proceeds of a new series of bonds issued by the Corporation) or, (ii) proceeds of the sale, assignment, endorsement or other disposition of any such 2012 Series D Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2012 Series D Mortgage Loan is in default, including proceeds of SONYMA Insurance with respect to any such 2012 Series D Mortgage Loan insured by SONYMA Insurance) and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above.

The 2012 Series D-1-B Bonds are subject to redemption, in whole or in part, at any time prior to maturity on or after November 1, 2021, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-1-B Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing (a) Recoveries of Principal derived from any 2012 Series D Mortgage Loan (except the 2012 Series D Mortgage Loans for the St. Lucy's Development, the Lebanon West Farms Development and the Harlem River Point South Development) deposited in the Redemption Account and resulting from (i) proceeds of an optional prepayment of any such 2012 Series D Mortgage Loan by the Mortgagor thereof (which optional prepayment shall not include the proceeds of a 2012 Series D Mortgage Loan Mandatory Prepayment, but which may be derived from proceeds of a new series of bonds issued by the Corporation) or, (ii) proceeds of the sale, assignment, endorsement or other disposition of any such 2012 Series D Mortgage Loan (other than a sale, assignment, endorsement or other disposition required pursuant to the General Resolution in the event of a default under the General Resolution or made when, in the sole judgment of the Corporation, such 2012 Series D Mortgage Loan is in default, including proceeds of SONYMA Insurance with respect to any such 2012 Series D Mortgage Loan insured by SONYMA Insurance) and (b) any other monies made available under the General Resolution in connection with the redemptions described in clause (a) above.

Notwithstanding the foregoing, upon the filing of a Cash Flow Statement with the Trustee, and except as otherwise provided in a Supplemental Resolution authorizing a Series of Bonds other than the 2012 Series D Bonds, (i) a Series of the 2012 Series D Bonds may be redeemed in accordance with the redemption provisions described above in connection with Recoveries of Principal deposited in the Redemption Account derived from or with respect to any Mortgage Loans or Developments financed in connection with a Series of Bonds other than such Series of the 2012 Series D Bonds and (ii) the Series of Bonds to be redeemed in connection with Recoveries of Principal deposited in the Redemption Account derived from or with respect to the 2012 Series D Mortgage Loans or the Developments financed therefrom shall be selected as directed by the Corporation; provided, however, that such selection need not include the 2012 Series D Bonds, and shall not include certain Series of Bonds. In addition, notwithstanding anything to the contrary contained in the General Resolution or the 2012 Series D Supplemental Resolution, for the purposes of the redemptions described above in connection with Recoveries of Principal deposited in the Redemption Account, and all provisions of the General Resolution with respect thereto, the 2012 Series D Mortgage Loans financed from the proceeds of one or more Series of 2012 Series D Bonds shall be treated as having been financed from the proceeds of such Series of 2012 Series D Bonds without regard to Series as if the 2012 Series D Bonds of such Series constituted one Series; provided, however, that in connection with any redemption described above in connection with Recoveries of Principal deposited in the Redemption Account, the Corporation may, in its sole discretion, select 2012 Series D Bonds of any or all of such Series to be redeemed. For a description of the cross-call provisions for the Bonds Outstanding under the General Resolution, see "Appendix E-4—Cross-Call Provisions and Related Information" in Part II of this Official Statement.

As provided in the Resolutions, the Corporation may file written instructions with the Trustee, accompanied by a Cash Flow Statement, directing that all or any portion of Recoveries of Principal be deposited in the Bond Proceeds Account or the Revenue Account instead of to the Redemption Account. See “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates” and “Appendix B—Summary of Certain Provisions of the General Resolution” in Part II of this Official Statement.

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

#### Extraordinary Redemption from Recoveries of Principal

The 2012 Series D-2-A Bonds maturing on November 1, 2014 are subject to redemption, in whole or in part, at any time prior to maturity on or after November 1, 2013 at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-2-A Bonds maturing on November 1, 2014 or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing Recoveries of Principal deposited in the Redemption Account from proceeds of the 2012 Series D Mortgage Loan Mandatory Prepayments (which shall not include the proceeds of an optional prepayment as described in “Special Redemption from Recoveries of Principal” above) for the St. Lucy’s Development and the LMLD Citywide Preservation Portfolio Development. The 2012 Series D-2-A Bonds maturing on November 1, 2015 are subject to redemption, in whole or in part, at any time prior to maturity on or after November 1, 2014 at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-2-A Bonds maturing on November 1, 2015 or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing Recoveries of Principal deposited in the Redemption Account from proceeds of the 2012 Series D Mortgage Loan Mandatory Prepayments (which shall not include the proceeds of an optional prepayment as described in “Special Redemption from Recoveries of Principal” above) for the Harlem River Point South Development, the Lebanon West Farms Development and the MBD Silva Taylor Development. The 2012 Series D-2-B Bonds maturing on November 1, 2014 are subject to redemption, in whole or in part, at any time prior to maturity on or after November 1, 2013 at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-2-B Bonds maturing on November 1, 2014 or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing Recoveries of Principal deposited in the Redemption Account from proceeds of the 2012 Series D Mortgage Loan Mandatory Prepayment (which shall not include the proceeds of an optional prepayment as described in “Special Redemption from Recoveries of Principal” above) for the PRC Westchester Development. The 2012 Series D-2-B Bonds maturing on November 1, 2015 are subject to redemption, in whole or in part, at any time prior to maturity on or after November 1, 2014 at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-2-B Bonds maturing on November 1, 2015 or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing Recoveries of Principal deposited in the Redemption Account from proceeds of the 2012 Series D Mortgage Loan Mandatory Prepayments (which shall not include the proceeds of an optional prepayment as described in “Special Redemption from Recoveries of Principal” above) for the Morris Court Development and the MBD Silva Taylor Development. The 2012 Series D-2-C Bonds maturing on November 1, 2014 are subject to redemption, in whole or in part, at any time prior to maturity on or after November 1, 2013 at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-2-C Bonds maturing on November 1, 2014 or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing Recoveries of Principal deposited in the Redemption Account from proceeds of the 2012 Series D Mortgage Loan Mandatory Prepayment (which shall not include the proceeds of an optional prepayment as described in “Special Redemption from Recoveries of Principal”

above) for the PRC Westchester Development. The 2012 Series D-2-C Bonds maturing on November 1, 2015 are subject to redemption, in whole or in part, at any time prior to maturity on or after November 1, 2014 at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-2-C Bonds maturing on November 1, 2015 or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, from amounts representing Recoveries of Principal deposited in the Redemption Account from proceeds of the 2012 Series D Mortgage Loan Mandatory Prepayments (which shall not include the proceeds of an optional prepayment as described in “Special Redemption from Recoveries of Principal” above) for the Hoewood Point Development and the Morris Court Development. See “PLAN OF FINANCING—2012 Series D Mortgage Loans” for the expected amount of the 2012 Series D Mortgage Loan Mandatory Prepayment for the applicable 2012 Series D Development. It is expected that the Mortgagors of certain 2012 Series D Developments will receive proceeds from the syndication of federal low income housing tax credits or from a combination of the syndication of federal low income housing tax credits and local subordinate loan or grant programs in an amount sufficient to make a significant portion of the applicable 2012 Series D Mortgage Loan Mandatory Prepayment and will make such 2012 Series D Mortgage Loan Mandatory Prepayment upon receipt thereof. However, no assurance can be given that federal low income housing tax credit syndication proceeds or local subordinate loan or grant proceeds will be obtained or, if obtained, will be in an amount sufficient to make a significant portion of the applicable 2012 Series D Mortgage Loan Mandatory Prepayment. The 2012 Series D Mortgage Loan Mandatory Prepayments are required to be made by said 2012 Series D Mortgagors whether or not the federal low income housing tax credit syndication proceeds or local subordinate loan or grant proceeds are obtained. See “PLAN OF FINANCING—2012 Series D Mortgage Loans—Mandatory Prepayments.”

#### Special Redemption from Unexpended 2012 Series D Bond Proceeds

The 2012 Series D Bonds are subject to redemption, at the option of the Corporation, in whole or in part, at any time prior to maturity, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date, in an amount not in excess of amounts on deposit in the Bond Proceeds Account representing unexpended proceeds of the 2012 Series D Bonds not used to finance the 2012 Series D Mortgage Loans and any other monies made available under the General Resolution in connection with such redemption.

Notwithstanding anything to the contrary contained in the General Resolution or the 2012 Series D Supplemental Resolution, for the purposes of the redemption specified in the preceding paragraph, and all provisions of the General Resolution with respect thereto, the 2012 Series D Mortgage Loans financed from the proceeds of one or more Series of the 2012 Series D Bonds shall be treated as having been financed from the proceeds of such Series of 2012 Series D Bonds on a pro-rata basis; provided, however, that in connection with any redemption specified in this subsection, the Corporation may, in its sole discretion, select 2012 Series D Bonds of any or all of such Series to be redeemed.

#### Sinking Fund Redemption

The 2012 Series D-1-A Term Bonds maturing on May 1, 2027 are subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the date of redemption thereof, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem on May 1 and November 1 of each year the principal amount of such 2012 Series D-1-A Bonds specified for each of the Redemption Dates shown below:

2012 SERIES D-1-A TERM BONDS  
MATURING ON MAY 1, 2027

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
May 1, 2023	\$755,000	Nov. 1, 2025	\$855,000
Nov. 1, 2023	790,000	May 1, 2026	870,000
May 1, 2024	800,000	Nov. 1, 2026	965,000
Nov. 1, 2024	810,000	May 1, 2027 <sup>†</sup>	975,000
May 1, 2025	840,000		

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<sup>†</sup> Stated maturity

The 2012 Series D-1-A Term Bonds maturing on May 1, 2032 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 2012 Series D-1-A Bonds specified for each of the Redemption Dates shown below:

2012 SERIES D-1-A TERM BONDS  
MATURING ON MAY 1, 2032

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2027	\$180,000	May 1, 2030	\$195,000
May 1, 2028	180,000	Nov. 1, 2030	205,000
Nov. 1, 2028	190,000	May 1, 2031	215,000
May 1, 2029	185,000	Nov. 1, 2031	210,000
Nov. 1, 2029	195,000	May 1, 2032 <sup>†</sup>	220,000

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<sup>†</sup> Stated maturity

The 2012 Series D-1-A Term Bonds maturing on May 1, 2037 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 2012 Series D-1-A Bonds specified for each of the Redemption Dates shown below:

2012 SERIES D-1-A TERM BONDS  
MATURING ON MAY 1, 2037

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2032	\$1,260,000	May 1, 2035	\$1,430,000
May 1, 2033	1,305,000	Nov. 1, 2035	1,460,000
Nov. 1, 2033	1,325,000	May 1, 2036	1,510,000
May 1, 2034	1,370,000	Nov. 1, 2036	1,545,000
Nov. 1, 2034	1,400,000	May 1, 2037 <sup>†</sup>	1,575,000

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<sup>†</sup> Stated maturity

The 2012 Series D-1-A Term Bonds maturing on November 1, 2045 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 2012 Series D-1-A Bonds specified for each of the Redemption Dates shown below:

2012 SERIES D-1-A TERM BONDS  
MATURING ON NOVEMBER 1, 2045

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2037	\$ 990,000	May 1, 2042	\$1,255,000
May 1, 2038	1,025,000	Nov. 1, 2042	1,255,000
Nov. 1, 2038	1,035,000	May 1, 2043	1,285,000
May 1, 2039	1,070,000	Nov. 1, 2043	1,310,000
Nov. 1, 2039	1,090,000	May 1, 2044	1,340,000
May 1, 2040	1,125,000	Nov. 1, 2044	6,090,000
Nov. 1, 2040	1,155,000	May 1, 2045	400,000
May 1, 2041	1,180,000	Nov. 1, 2045 <sup>†</sup>	110,000
Nov. 1, 2041	1,210,000		

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<sup>†</sup> Stated maturity

The 2012 Series D-1-B Term Bonds maturing on May 1, 2022 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 2012 Series D-1-B Bonds specified for each of the Redemption Dates shown below:

2012 SERIES D-1-B TERM BONDS  
MATURING ON MAY 1, 2022

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2015	\$1,100,000	May 1, 2019	\$1,030,000
May 1, 2016	1,155,000	Nov. 1, 2019	1,055,000
Nov. 1, 2016	1,140,000	May 1, 2020	1,060,000
May 1, 2017	1,140,000	May 1, 2021	1,090,000
Nov. 1, 2017	1,055,000	Nov. 1, 2021	1,120,000
May 1, 2018	1,000,000	May 1, 2022 <sup>†</sup>	1,145,000
Nov. 1, 2018	1,025,000		

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<sup>†</sup> Stated maturity

The 2012 Series D-1-B Term Bonds maturing on May 1, 2027 are subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the date of redemption thereof, from mandatory Sinking Fund Payments which are required to be made in amounts sufficient to redeem on May 1 and November 1 of each year the principal amount of such 2012 Series D-1-B Bonds specified for each of the Redemption Dates shown below:

2012 SERIES D-1-B TERM BONDS  
MATURING ON MAY 1, 2027

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
May 1, 2023	\$560,000	Nov. 1, 2025	\$620,000
Nov. 1, 2023	575,000	May 1, 2026	635,000
May 1, 2024	585,000	Nov. 1, 2026	645,000
Nov. 1, 2024	595,000	May 1, 2027 <sup>†</sup>	660,000
May 1, 2025	605,000		

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<sup>†</sup> Stated maturity

The 2012 Series D-1-B Term Bonds maturing on May 1, 2032 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 2012 Series D-1-B Bonds specified for each of the Redemption Dates shown below:

2012 SERIES D-1-B TERM BONDS  
MATURING ON MAY 1, 2032

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2027	\$1,510,000	May 1, 2030	\$1,685,000
May 1, 2028	1,530,000	Nov. 1, 2030	1,730,000
Nov. 1, 2028	1,565,000	May 1, 2031	1,755,000
May 1, 2029	1,610,000	Nov. 1, 2031	1,810,000
Nov. 1, 2029	1,640,000	May 1, 2032 <sup>†</sup>	1,845,000

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<sup>†</sup> Stated maturity

The 2012 Series D-1-B Term Bonds maturing on May 1, 2037 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 2012 Series D-1-B Bonds specified for each of the Redemption Dates shown below:

2012 SERIES D-1-B TERM BONDS  
MATURING ON MAY 1, 2037

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2032	\$845,000	May 1, 2035	\$ 955,000
May 1, 2033	870,000	Nov. 1, 2035	985,000
Nov. 1, 2033	885,000	May 1, 2036	1,000,000
May 1, 2034	910,000	Nov. 1, 2036	1,025,000
Nov. 1, 2034	930,000	May 1, 2037 <sup>†</sup>	1,055,000

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<sup>†</sup> Stated maturity

The 2012 Series D-1-B Term Bonds maturing on November 1, 2045 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 2012 Series D-1-B Bonds specified for each of the Redemption Dates shown below:

2012 SERIES D-1-B TERM BONDS  
MATURING ON NOVEMBER 1, 2045

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
Nov. 1, 2037	\$1,705,000	May 1, 2042	\$2,140,000
May 1, 2038	1,755,000	Nov. 1, 2042	2,180,000
Nov. 1, 2038	1,800,000	May 1, 2043	2,225,000
May 1, 2039	1,845,000	Nov. 1, 2043	2,280,000
Nov. 1, 2039	1,875,000	May 1, 2044	2,205,000
May 1, 2040	1,940,000	Nov. 1, 2044	5,865,000
Nov. 1, 2040	1,990,000	May 1, 2045	820,000
May 1, 2041	2,030,000	Nov. 1, 2045 <sup>†</sup>	260,000
Nov. 1, 2041	2,085,000		

<sup>†</sup> Stated maturity

The amounts accumulated for each Sinking Fund Payment may be applied by the Trustee, at the direction of the Corporation, prior to the forty-fifth (45<sup>th</sup>) day preceding the due date of such Sinking Fund Payment, to the purchase of the 2012 Series D 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 2012 Series D 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 2012 Series D 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 2012 Series D Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the 2012 Series D Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer of the Corporation at the time of such purchase or redemption.

Optional Redemption

The 2012 Series D-1-A Bonds are subject to redemption, at the option of the Corporation, in whole or in part, at any time prior to maturity on or after November 1, 2021, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-1-A Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

The 2012 Series D-1-B Bonds are subject to redemption, at the option of the Corporation, in whole or in part, at any time prior to maturity on or after November 1, 2021, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2012 Series D-1-B Bonds or portions thereof to be so redeemed, plus accrued interest to the Redemption Date.

### Selection of 2012 Series D Bonds to be Redeemed

Subject to the redemption requirements set forth in the 2012 Series D Supplemental Resolution, in the event of a partial redemption of 2012 Series D Bonds in connection with Recoveries of Principal, the Series, the maturity or maturities, and the amount thereof, to be so redeemed shall be selected as directed by the Corporation in written instructions filed with the Trustee accompanied by a Cash Flow Statement. In the absence of such direction, (i) 2012 Series D Bonds of each Series subject to redemption shall be redeemed in connection with Recoveries of Principal derived from or with respect to the Mortgage Loans financed from or allocated to such 2012 Series D Bonds and (ii) 2012 Series D Bonds of each maturity within each Series of 2012 Series D Bonds subject to redemption shall be redeemed in the proportion that the amount Outstanding of each such maturity bears to the total amount of all Outstanding 2012 Series D Bonds of such Series. The Series and maturities of 2012 Series D Bonds to be redeemed in accordance with the special redemption from unexpended 2012 Series D Bond proceeds provisions described above shall be selected as directed by the Corporation. The Series and maturities of 2012 Series D Bonds to be redeemed in accordance with the optional redemption provisions described above shall be selected as directed by the Corporation. In the event of redemption of less than all of the 2012 Series D Bonds of the same Series and maturity, the Trustee shall select the 2012 Series D Bonds to be redeemed by lot, using such method of selection as it shall deem proper in its sole discretion. Notwithstanding anything to the contrary contained in the General Resolution or the 2012 Series D Supplemental Resolution, no 2012 Series D Bond shall be selected for redemption if the portion of such 2012 Series D Bond remaining after such redemption would not be in a denomination authorized by the General Resolution or the 2012 Series D Supplemental Resolution.

### Corporation's Right to Purchase 2012 Series D Bonds

The Corporation retains the right to purchase any 2012 Series D 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 2012 Series D Bonds. See "SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates" in Part II of this Official Statement.

### Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem 2012 Series D Bonds, or is otherwise required to redeem 2012 Series D Bonds, the Trustee will give notice, in the name of the Corporation, of the redemption of such 2012 Series D Bonds or portions thereof. Such notice will specify the maturities of the 2012 Series D Bonds to be redeemed, the Redemption Date, any conditions precedent to such redemption and the place or places where amounts due upon such redemption will be payable. Not less than thirty (30) days before the Redemption Date for such 2012 Series D Bonds, the Trustee is to mail a copy of such notice to the registered owners of any 2012 Series D Bonds or portions thereof which are to be redeemed, at their last addresses appearing upon the registry books. Interest will not be payable on any 2012 Series D Bonds or portions thereof 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 2012 Series D Bonds on such date and all conditions precedent, if any, to such redemption shall have been satisfied.

## **DESCRIPTION OF THE 2009 SERIES H-2 BONDS**

### General

The 2009 Series H-2 Bonds will mature on the dates and in the amount set forth on the inside cover page of this Official Statement. The Bank of New York Mellon is the Trustee for the Bonds, including the 2009 Series H-2 Bonds.

The 2009 Series H-2 Bonds are being remarketed as variable rate obligations in the Term Rate Period. The 2009 Series H-2 Bonds will bear interest from the date of remarketing to but excluding June 28, 2013 at the fixed rate set forth on the inside cover page of this Official Statement. The 2009 Series H-2 Bonds will be dated the date of the remarketing thereof and will be remarketed as fully registered bonds in denominations of \$5,000 or in denominations of any whole multiple thereof. While in the 2009 Series H-2 Fourth Term Rate Term, interest on the 2009 Series H-2 Bonds will accrue from the date of remarketing and be payable on November 1, 2012, May 1, 2013 and June 28, 2013 or on any earlier mandatory tender or redemption date. In addition, interest on any 2009 Series H-2 Bonds subject to mandatory tender or redemption will be payable on the mandatory tender or redemption date. Interest on the 2009 Series H-2 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Corporation may direct that all or a portion of the 2009 Series H-2 Bonds in the 2009 Series H-2 Fourth Term Rate Term be converted from time to time on any Business Day to another interest rate mode (including to a fixed rate to maturity or a new Term Rate Term) at any time from and after December 28, 2012 to and including June 28, 2013. The 2009 Series H-2 Bonds are also subject to redemption at par as described below. See “Redemption Provisions for the 2009 Series H-2 Bonds.” *This Official Statement in general describes the 2009 Series H-2 Bonds only while the 2009 Series H-2 Bonds are in the 2009 Series H-2 Fourth Term Rate Term.*

*The Record Date with respect to the 2009 Series H-2 Bonds is that day which is the fifteenth (15th) day of the month preceding any Interest Payment Date.*

#### Tender of 2009 Series H-2 Bonds

The 2009 Series H-2 Bonds or applicable portion thereof shall be subject to mandatory tender for purchase on any date on which the 2009 Series H-2 Bonds or such portion are to be converted to a different interest rate mode (including to a fixed rate to maturity or a new Term Rate Term) and, if not converted, shall be subject to mandatory tender on June 28, 2013, in all cases at a purchase price equal to 100% of the principal amount thereof (the “Purchase Price”). If only a portion of the 2009 Series H-2 Bonds are to be subject to mandatory tender for purchase, the particular 2009 Series H-2 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 2009 Series H-2 Bond for tender which would result in any remaining 2009 Series H-2 Bond not being in an authorized denomination as provided in the Resolutions. No liquidity facility has been obtained to pay the Purchase Price of any 2009 Series H-2 Bonds that are tendered and not remarketed or redeemed, and the Corporation will be obligated to pay the Purchase Price of those 2009 Series H-2 Bonds only from monies available from and held under the Resolutions. The Corporation expects that, so long as no Event of Default has occurred and is continuing, it will use the unexpended proceeds of the 2009 Series H-2 Bonds to pay the Purchase Price of any 2009 Series H-2 Bonds that are subject to mandatory tender for purchase and are not remarketed. See “PLAN OF FINANCING.” Failure to pay such Purchase Price constitutes a 2009 Series H Event of Default. The 2009 Series H Supplemental Resolution provides that upon such 2009 Series H Event of Default, the Trustee shall proceed to bring suit on behalf of the owners of the 2009 Series H-2 Bonds for such Purchase Price, with recovery limited to moneys available under the Resolutions. In connection with a loan becoming a 2009 Series H Mortgage Loan, the Corporation will be required to deliver to the Trustee a Cash Flow Statement or a Cash Flow Certificate. See “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates” in Part II of this Official Statement. Such Cash Flow Statement or Cash Flow Certificate will also be required to demonstrate that the amount of cash or Cash Equivalents on deposit in the 2009 Series H-2 Bond Proceeds Account following such loan becoming a 2009 Series H Mortgage Loan is at least equal to the

principal amount of those 2009 Series H-2 Bonds remaining in the 2009 Series H-2 Fourth Term Rate Period, if any.

The Trustee is required to deliver, or mail by first class mail, postage prepaid, to the owner of each 2009 Series H-2 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 the 2009 Series H-2 Bonds shall be deemed to have tendered their 2009 Series H-2 Bonds for purchase on such mandatory tender date, and the Purchase Price for such 2009 Series H-2 Bonds.

Owners of affected 2009 Series H-2 Bonds shall be required to tender their 2009 Series H-2 Bonds to the Tender Agent for purchase at the Purchase Price on the mandatory tender date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power of attorney endorsed in blank. Any 2009 Series H-2 Bonds not so delivered to the Tender Agent on or prior to the purchase date (the "Undelivered 2009 Series H-2 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 2009 Series H-2 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 2009 SERIES H-2 BONDS TO DELIVER ITS AFFECTED 2009 SERIES H-2 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 2009 SERIES H-2 BONDS, AND ANY UNDELIVERED 2009 SERIES H-2 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

#### Redemption Provisions for the 2009 Series H-2 Bonds

The 2009 Series H-2 Bonds are subject to optional redemption prior to maturity, as described below.

##### Optional Redemption

The 2009 Series H-2 Bonds are subject to redemption, at the option of the Corporation, from any source of funds, in whole or in part, on and after December 28, 2012, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the 2009 Series H-2 Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date.

##### Selection of Bonds to be Redeemed

In the event of redemption of less than all of the 2009 Series H-2 Bonds, the Trustee shall select the 2009 Series H-2 Bonds to be redeemed by lot, using such method of selection as it shall deem proper in its sole discretion. Notwithstanding anything to the contrary contained in the General Resolution or the 2009 Series H Supplemental Resolution, no 2009 Series H-2 Bond shall be selected for redemption if the portion of such 2009 Series H-2 Bond remaining after such redemption would not be in a denomination authorized by the General Resolution or the 2009 Series H Supplemental Resolution.

##### Corporation's Right to Purchase Bonds

The Corporation retains the right to purchase any 2009 Series H-2 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 2009 Series H-2 Bonds. See “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates” in Part II of this Official Statement.

### Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem all or a portion of the 2009 Series H-2 Bonds, or is otherwise required to redeem all or a portion of the 2009 Series H-2 Bonds, the Trustee will give notice, in the name of the Corporation, of the redemption of such 2009 Series H-2 Bonds or portion thereof. Such notice will specify the maturities of the 2009 Series H-2 Bonds to be redeemed, the Redemption Date, any conditions precedent to such redemption and the place or places where amounts due upon such redemption will be payable. Not less than thirty (30) days before the Redemption Date for 2009 Series H-2 Bonds (other than a Redemption Date that is also a mandatory tender date), the Trustee is to mail a copy of such notice to the registered owners of any 2009 Series H-2 Bonds or portion thereof which are to be redeemed, at their last addresses appearing upon the registry books. Interest will not be payable on any 2009 Series H-2 Bonds or portion thereof 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 2009 Series H-2 Bonds on such date and all conditions precedent, if any, to such redemption shall have been satisfied.

### **BOOK-ENTRY ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2009/2012 Bonds. The 2009/2012 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 2009/2012 Bond certificate will be issued for each Series and maturity of the 2009/2012 Bonds, totaling in the aggregate the principal amount of the 2009/2012 Bonds of each Series, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants,” and together with Direct Participants, “Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the 2009/2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2009/2012 Bonds on DTC’s records. The ownership

interest of each actual purchaser of each 2009/2012 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, 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 2009/2012 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 2009/2012 Bonds, except in the event that use of the book-entry system for the 2009/2012 Bonds is discontinued.

To facilitate subsequent transfers, all 2009/2012 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 2009/2012 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 2009/2012 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2009/2012 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 a Series of the 2009/2012 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Series of the 2009/2012 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2009/2012 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2009/2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2009/2012 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Corporation or the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Underwriters, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The requirement for physical delivery of the 2009 Series H-2 Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the 2009 Series H-2 Bonds are

transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2009 Series H-2 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to a Series of the 2009/2012 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, 2009/2012 Bond certificates of such Series 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 applicable 2009/2012 Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Participant acquires an interest in the 2009/2012 Bonds of a Series, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE CORPORATION, THE UNDERWRITERS, NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE 2009/2012 BONDS OF SUCH SERIES.

So long as Cede & Co. is the registered owner of the 2009/2012 Bonds of a Series, as nominee for DTC, references herein to Bondholders or registered owners of the 2009/2012 Bonds of such Series (other than under the heading "TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2009/2012 Bonds of such Series.

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 2009/2012 Bonds of a Series, 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 2009/2012 Bonds of a Series if the Corporation determines that (i) DTC is unable to discharge its responsibilities with respect to the 2009/2012 Bonds of such Series, 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, the applicable 2009/2012 Bond certificates will be delivered as described in the Resolution.

NONE OF THE CORPORATION, THE UNDERWRITERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE

OWNERS OF THE 2009/2012 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 2009/2012 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 2009/2012 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2009/2012 BONDS; OR (VI) ANY OTHER MATTER.

### **UNDERWRITING AND REMARKETING**

J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, M.R. Beal & Company, Morgan Stanley & Co. LLC, Samuel A. Ramirez & Co., Inc., Siebert Brandford Shank & Co., L.L.C., Roosevelt & Cross, Inc. and Stifel, Nicolaus and Company, Incorporated have jointly and severally agreed, subject to certain conditions, to purchase the 2012 Series D Bonds from the Corporation at a purchase price of \$248,810,000 and to make a public offering of such 2012 Series D Bonds at prices that are not in excess of the public offering prices stated on the inside cover pages of this Official Statement. Such Underwriters will be obligated to purchase all such 2012 Series D Bonds if any are purchased. Such 2012 Series D Bonds may be offered and sold to certain dealers (including J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, M.R. Beal & Company, Morgan Stanley & Co. LLC, Samuel A. Ramirez & Co., Inc., Siebert Brandford Shank & Co., L.L.C., Roosevelt & Cross, Inc. and Stifel, Nicolaus and Company, Incorporated) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by such Underwriters. Such Underwriters will receive an underwriting fee in the amount of \$1,967,367.92.

J.P. Morgan Securities LLC has agreed, subject to certain conditions, to purchase the 2009 Series H-2 Bonds that are tendered for remarketing on June 29, 2012 at a purchase price of par and to remarket such 2009 Series H-2 Bonds at par. J.P. Morgan Securities LLC will receive a remarketing agent's fee for its services in the amount of \$32,598.03.

This paragraph has been supplied by J.P. Morgan Securities LLC: J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2012 Series D Bonds and one of the Remarketing Agents of the 2009 Series H-2 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase 2012 Series D-1-A Bonds, 2012 Series D-1-B Bonds and 2012 Series D-2-A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any purchase of 2012 Series D-1-A Bonds, 2012 Series D-1-B Bonds or 2012 Series D-2-A Bonds that such firm sells.

This paragraph has been supplied by Morgan Stanley & Co. Incorporated: One of the underwriters, Morgan Stanley, parent company of Morgan Stanley & Co. LLC has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2012 Series D Bonds.

From time to time, affiliates of the underwriters or the remarketing agents of Bonds provide Long-term LOCs or Construction LOCs for Mortgage Loans. See "Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—Long-term LOCs" and "—Construction LOCs." In addition, from time to time, affiliates of the underwriters or the remarketing

agents of Bonds provide standby bond purchase agreements with respect to specific Series of Bonds. See “Security for the Bonds—Liquidity Facilities for Bonds Bearing Variable Rates of Interest” in Part II of this Official Statement. From time to time, affiliates of the underwriters or remarketing agents of Bonds may be investors in Mortgagors.

The following two paragraphs have been provided by the Underwriters and the Remarketing Agents. The Underwriters and Remarketing Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and Remarketing Agents and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Corporation, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and Remarketing Agents and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation.

## **RATINGS**

Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc. have assigned the 2012 Series D Bonds a rating of “AA” and “Aa2,” respectively. Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc. have assigned the 2009 Series H-2 Bonds a rating of “A-1+” and “Aa2/VMIG1,” respectively. Such ratings reflect only the respective views of such rating agencies, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that either or both of such ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the 2009/2012 Bonds.

## **TAX MATTERS**

### Opinions of Bond Counsel to the Corporation

In the opinion of Bond Counsel to the Corporation, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2012 Series D 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 2012 Series D Bond for any period during which such 2012 Series D 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 2012 Series D Bonds or a “related person,” and (ii) interest on the 2012 Series D Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In rendering such opinion, Bond Counsel to the Corporation has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagors (as defined in the General Resolution) of the 2012 Series D Mortgage Loans and others in connection with the issuance of the 2012

Series D Bonds, and Bond Counsel to the Corporation has assumed compliance by the Corporation and such Mortgagors with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2012 Series D Bonds from gross income under Section 103 of the Code.

On October 1, 2009, Bond Counsel to the Corporation rendered its opinion that, under existing statutes and court decisions, (i) interest on the 2009 Series H-2 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any 2009 Series H-2 Bond for any period during which any such 2009 Series H-2 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 2009 Series H-2 Bonds or a “related person,” and (ii) interest on the 2009 Series H-2 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. 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 2009 Series H-2 Bonds, and Bond Counsel to the Corporation had assumed compliance by the Corporation and the Mortgagors of the 2009 Series H Mortgage Loans (as defined in the 2009 Series H Supplemental Resolution) with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2009 Series H-2 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Corporation, under existing statutes, interest on the 2012 Series D 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).

On October 1, 2009, Bond Counsel to the Corporation rendered its opinion that, under existing statutes, interest on the 2009 Series H-2 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 adjustment of the interest rate on the 2009 Series H-2 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 2009 Series H-2 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 2009/2012 Bonds. Bond Counsel to the Corporation renders its opinions under existing statutes and court decisions as of the opinions’ dated dates and assumes no obligation to update its opinions after the dated dates 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 2009/2012 Bonds or the exemption from personal income taxes of interest on the 2009/2012 Bonds under state and local tax law.

#### Summary of Certain Federal Tax Requirements

Under applicable provisions of the Code, the exclusion from gross income of interest on the 2009/2012 Bonds for purposes of Federal income taxation requires that either (i) at least 20% of the units in a Project financed by the 2009/2012 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 2009/2012 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 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 2009/2012 Bonds, as applicable, 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 a low income 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 2009/2012 Bonds, the Treasury Regulations provide that the exclusion of interest on the 2009/2012 Bonds, as applicable, 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 2009/2012 Bonds in order that interest on the 2009/2012 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 2009/2012 Bonds, yield and other limits regarding investments of the proceeds of the 2009/2012 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 2009/2012 Bonds shall be excluded from gross income for Federal income tax purposes. The Corporation has included provisions in its Tax Regulatory Certificates and has established procedures in order to assure compliance with the requirements which must be met subsequent to the issuance of the 2009/2012 Bonds. In connection with the issuance of the 2012 Series D Bonds and the remarketing of the 2009 Series H-2 Bonds, the Corporation has entered or will enter into Regulatory Agreements with the Mortgagors of the 2012 Series D Mortgage Loans, and the 2009 Series H Mortgage Loan 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 2009/2012 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 2009/2012 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 2009/2012 Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2009/2012 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2009/2012 Bonds.

Prospective owners of the 2009/2012 Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the 2009/2012 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

#### Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the 2009/2012 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9 "Request for Taxpayer Identification Number and Certification", or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2009/2012 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 2009/2012 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

#### Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the 2009/2012 Bonds under Federal or state law or otherwise prevent beneficial owners of the 2009/2012 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether

currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2009/2012 Bonds.

Prospective purchasers of the 2009/2012 Bonds should consult their own tax advisors regarding the foregoing matters.

### **NO LITIGATION**

At the time of delivery and payment for the 2012 Series D Bonds, the Corporation will deliver, or cause to be delivered, a Certificate of the Corporation substantially to the effect that there is no litigation or other proceeding of any nature now pending or threatened against or adversely affecting the Corporation of which the Corporation has notice or, to the Corporation's knowledge, any basis therefor, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2012 Series D Bonds, or in any way contesting or affecting the validity of the 2012 Series D Bonds, the Resolutions, the 2012 Disclosure Agreement (as defined below), any investment agreement related to the 2012 Series D Bonds or any proceedings of the Corporation taken with respect to the issuance or sale of the 2012 Series D Bonds, or the financing of the 2012 Series D Mortgage Loans, or the redemption of any outstanding bonds resulting directly or indirectly from the issuance of the 2012 Series D Bonds, or the pledge, collection or application of any monies or security provided for the payment of the Bonds (including the 2012 Series D Bonds), or the existence, powers or operations of the Corporation, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, if any.

At the time of delivery and payment for the 2009 Series H-2 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 conversion and remarketing of the 2009 Series H-2 Bonds, or in any way contesting or affecting the validity of the 2009 Series H-2 Bonds, the Resolutions, the 2009 Disclosure Agreement (as defined below), any investment agreement related to the 2009 Series H-2 Bonds or any proceedings of the Corporation taken with respect to the conversion and remarketing of the 2009 Series H-2 Bonds, or the financing of the any Mortgage Loans financed with the proceeds of the 2009 Series H-2 Bonds, or the redemption of any outstanding bonds resulting directly or indirectly from the issuance of the 2009 Series H-2 Bonds, or the pledge, collection or application of any monies or security provided for the payment of the Bonds (including the 2009 Series H-2 Bonds), or the existence, powers or operations of the Corporation, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, if any.

### **CERTAIN LEGAL MATTERS**

All legal matters incident to the authorization, issuance, sale and delivery of the 2009 Series H-2 Bonds by the Corporation were subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation, which delivered its approving opinion, dated the date of the issuance of the 2009 Series H-2 Bonds, on October 1, 2009 (a copy of which is attached hereto as Appendix 1-2). The remarketing of the 2009 Series H-2 Bonds is subject to the delivery by Bond Counsel to the Corporation of its opinion substantially in the form attached as Appendix 1-3. All legal matters incident to the authorization, issuance, sale and delivery of the 2012 Series D Bonds by the Corporation are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for the Underwriters and the Remarketing Agents by their Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. Orrick, Herrington & Sutcliffe

LLP has represented one Mortgagor, which Mortgagor has an aggregate outstanding Mortgage Loan of approximately \$6,000,000 that was financed with the proceeds of the 2004 Series C Bonds.

## **FINANCIAL STATEMENTS**

The financial statements of the Corporation for the year ended October 31, 2011, which are included as Appendix C to Part II of this Official Statement, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing therein. The information contained in these financial statements, which are provided for informational purposes only, should not be used in any way to modify the description of the security for the Bonds contained herein. The assets of the Corporation, other than those pledged pursuant to the General Resolution including certain instruments of the Corporation with respect to the Debt Service Reserve Account, are not pledged to nor are they available to Bond owners.

## **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Corporation and the Trustee will enter into a written agreement for the benefit of the holders of the 2012 Series D Bonds (the “2012 Disclosure Agreement”) to provide continuing disclosure. With respect to the 2009 Series H-2 Bonds, the Corporation and the Trustee entered into a written agreement for the benefit of the holders of the 2009 Series H-2 Bonds upon the initial issuance of the 2009 Series H-2 Bonds (the “2009 Disclosure Agreement” and, together with the 2012 Disclosure Agreement, each a “Disclosure Agreement” or together, the “Disclosure Agreements”). The Corporation has undertaken, in the case of the 2009 Disclosure Agreement, and will undertake, in the case of the 2012 Disclosure Agreement, to provide to the Municipal Securities Rulemaking Board (“MSRB”), on an annual basis on or before 150 days after the end of each fiscal year of the Corporation commencing with the fiscal year ended October 31, 2009, in the case of the 2009 Disclosure Agreement, and October 31, 2011, in the case of the 2012 Disclosure Agreement, certain financial information and operating data, referred to herein as “Corporation Annual Information,” including, but not limited to annual financial statements of the Corporation. In addition, the Corporation will undertake or has undertaken, as applicable, in the Disclosure Agreements, for the benefit of the holders of the applicable Series of 2009/2012 Bonds, to provide to the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the notices required to be provided by Rule 15c2-12 and described below.

The Corporation Annual Information shall consist of the following: (a) financial information and operating data of the Corporation prepared in conformity with accounting principles generally accepted in the United States and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States; provided, however, that if audited financial statements are not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to the MSRB when they become available; (b) a statement setting forth the amount on deposit in the Debt Service Reserve Account; (c) a statement setting forth the valuations of the Mortgage Loans with respect to each Series of Bonds; (d) financial information and operating data of the type set forth in the Part II of this Official Statement under the headings or subheadings “BONDS OUTSTANDING UNDER THE PROGRAM,” “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates,” “SECURITY FOR THE BONDS—Summary of Program Assets and Revenues,” “SECURITY FOR THE BONDS—Liquidity Facilities for Bonds Bearing Variable Rates of Interest” (chart only), “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,” “Appendix F-2—Interest Rate Cap Agreements,” “Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—Long-term LOCs” (chart only) and “Appendix G—Description of Supplemental Security and Subsidy Programs—Supplemental Security—Construction LOCs” (chart only); and (e) the information regarding amendments to a Disclosure Agreement required pursuant thereto, together with (f) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning the Corporation and in judging the financial information about the Corporation.

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

The notices required to be provided by Rule 15c2-12, which the Corporation will undertake to provide as described above, include notices of any of the following events with respect to the 2009/2012 Bonds: (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2009/2012 Bonds or other material events affecting the tax status of the 2009/2012 Bonds; (7) modification to the rights of holders of 2009/2012 Bonds, if material; (8) 2009/2012 Bond calls, if material, and tender offers; (9) defeasances of all or a portion of the 2009/2012 Bonds; (10) the release, substitution or sale of property securing repayment of the 2009/2012 Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar events of the Corporation or a Major Obligated Mortgagor; (13) the consummation of a merger, consolidation or acquisition involving the Corporation or a Major Obligated Mortgagor or the sale of all or substantially all of the assets of the Corporation or a Major Obligation Mortgagor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and to the MSRB, in a timely manner, notice of a failure by the Corporation to provide the Corporation Annual Information or the Mortgagor Annual Information required by the Disclosure Agreement.

If any party to a Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to such Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of the applicable Series of 2009/2012 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,

such 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 such 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 2009/2012 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 applicable Series of 2009/2012 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 2009/2012 Bonds are third-party beneficiaries of the applicable Disclosure Agreement and, as such, are deemed to be holders of the applicable Series of 2009/2012 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. Each Disclosure Agreement, however, may be amended or modified without the consent of the holders of the applicable Series of 2009/2012 Bonds under certain circumstances set forth in the Disclosure Agreement.

Copies of the Disclosure Agreements are, or in the case of the 2012 Disclosure Agreement, when executed and delivered by the parties thereto on the date of the initial delivery of the 2009/2012 Bonds, will be, on file at the office of the Corporation.

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

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

#### **FURTHER INFORMATION**

The information contained in this Official Statement is subject to change without notice and no implication should be derived therefrom or from the sale of the 2012 Series D Bonds and the remarketing of the 2009 Series H-2 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 Bonds then Outstanding 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 2009/2012 Bonds.

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

### MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such, and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Corporation and the purchasers or owners of any 2009/2012 Bonds.

This Official Statement is submitted in connection with the sale of the 2012 Series D Bonds and the remarketing of the 2009 Series H-2 Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Official Statement and the distribution thereof has been duly authorized and approved by the Corporation, and duly executed and delivered on behalf of the Corporation.

NEW YORK CITY HOUSING DEVELOPMENT  
CORPORATION

By: \_\_\_\_\_ /s/ Marc Jahr  
President

Dated: June 22, 2012

**PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION  
RELATING TO THE 2012 SERIES D BONDS**

Upon delivery of the 2012 Series D Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, proposes to deliver 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 \$48,725,000 Multi-Family Housing Revenue Bonds, 2012 Series D-1-A (the “2012 Series D-1-A Bonds”), \$85,450,000 Multi-Family Housing Revenue Bonds, 2012 Series D-1-B (the “2012 Series D-1-B Bonds”), \$71,855,000 Multi-Family Housing Revenue Bonds, 2012 Series D-2-A (the “2012 Series D-2-A Bonds”), \$17,780,000 Multi-Family Housing Revenue Bonds, 2012 Series D-2-B (the “2012 Series D-2-B Bonds”) and \$25,000,000 Multi-Family Housing Revenue Bonds, 2012 Series D-2-C (the “2012 Series D-2-C Bonds”); the 2012 Series D-1-A Bonds, the 2012 Series D-1-B Bonds, the 2012 Series D-2-A Bonds, the 2012 Series D-2-B Bonds and the 2012 Series D-2-C Bonds being collectively referred to as the “2012 Series D 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 2012 Series D Bonds are authorized to be issued pursuant to the Act, the Multi-Family Housing Revenue Bonds Bond Resolution of the Corporation, adopted July 27, 1993, as amended (the “General Resolution”), and the One Hundred Sixty-Second Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2012 Series D of the Corporation, adopted June 11, 2012 (the “Supplemental Resolution”; the General Resolution and the Supplemental Resolution being collectively referred to as the “Resolutions”). The 2012 Series D Bonds are being issued for the purpose of financing the 2012 Series D Mortgage Loans (as defined in the Resolutions).

The 2012 Series D 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 2012 Series D 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 2012 Series D Mortgage Loans, to provide sufficient funds therefor by the adoption of the

Resolutions and the issuance and sale of the 2012 Series D 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 2012 Series D 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 2012 Series D 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 2012 Series D 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 2012 Series D Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2012 Series D 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 2012 Series D 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 2012 Series D Bond for any period during which such 2012 Series D 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 2012 Series D Bonds or a "related person," and (ii) interest on the 2012 Series D Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagors (as defined in the Resolutions) of the 2012 Series D Mortgage Loans and others in connection with the issuance of the 2012 Series D Bonds, and we have assumed compliance by the Corporation and such Mortgagors with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2012 Series D Bonds from gross income under Section 103 of the Code.

8. In addition, under existing statutes, interest on the 2012 Series D Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other Federal or state tax consequences with respect to the 2012 Series D 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 2012 Series D Bonds, or the exemption from personal income taxes of interest on the 2012 Series D Bonds under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2012 Series D 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 2012 Series D-1-A Bond, an executed 2012 Series D-1-B Bond, an executed 2012 Series D-2-A Bond, an executed 2012 Series D-2-B Bond and an executed 2012 Series D-2-C Bond and in our opinion the forms of said Bonds and their execution are regular and proper.

Very truly yours,

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**FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION DELIVERED UPON  
THE ISSUANCE OF THE 2009 SERIES H-2 BONDS**

Upon delivery of the 2009 Series H-2 Bonds, Hawkins Delafield & Wood  
LLP, Bond Counsel to the Corporation, delivered its approving opinion in  
substantially the following form:

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$9,000,000 Multi-Family Housing Revenue Bonds, 2009 Series F (the “2009 Series F Bonds”), \$24,175,000 Multi-Family Housing Revenue Bonds, 2009 Series G (the “2009 Series G Bonds”), \$65,795,000 Multi-Family Housing Revenue Bonds, 2009 Series H (the “2009 Series H Bonds”), \$50,000,000 Multi-Family Housing Revenue Bonds, 2009 Series I-1 (the “2009 Series I-1 Bonds”), \$25,000,000 Multi-Family Housing Revenue Bonds, 2009 Series I-2 (the “2009 Series I-2 Bonds”; the 2009 Series I-1 Bonds and the 2009 Series I-2 Bonds being collectively referred to as the “2009 Series I Bonds”) and \$25,975,000 Multi-Family Housing Revenue Bonds, 2009 Series J (the “2009 Series J Bonds”; the 2009 Series F Bonds, the 2009 Series G Bonds, the 2009 Series H Bonds, the 2009 Series I Bonds and the 2009 Series J Bonds being collectively referred to as the “2009 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 2009 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 2009 Series F Bonds, the One Hundred Seventeenth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2009 Series F of the Corporation, adopted September 15, 2009, with respect to the 2009 Series G Bonds, the One Hundred Eighteenth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2009 Series G of the Corporation, adopted September 15, 2009, with respect to the 2009 Series H Bonds, the One Hundred Nineteenth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2009 Series H of the Corporation, adopted September 15, 2009, with respect to the 2009 Series I-1 Bonds and the 2009 Series I-2 Bonds, the One Hundred Twentieth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2009 Series I of the Corporation, adopted September 15, 2009, and with respect to the 2009 Series J Bonds, the One Hundred Twenty-First Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2009 Series J of the Corporation, adopted September 15, 2009 (collectively, the “Supplemental Resolutions”; the General Resolution and the Supplemental Resolutions being collectively referred to as the “Resolutions”). The 2009 Series F Bonds are being issued for the purpose of financing the 2009 Series F Mortgage Loan (as defined in the Resolutions). The 2009 Series G Bonds are being issued for the purpose of refunding certain of the Corporation’s outstanding bonds (the “2009 Series G

Prior Bonds”). The 2009 Series H Bonds are being issued for the purpose of financing the 2009 Series H Mortgage Loans (as defined in the Resolutions). The 2009 Series I Bonds are being issued for the purpose of financing the 2009 Series I Mortgage Loans and the 2009 Series I Cash Flows (as such terms are defined in the Resolutions). The 2009 Series J Bonds are being issued for the purpose of refunding certain of the Corporation’s outstanding bonds (the “2009 Series J Prior Bonds”).

The 2009 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 2009 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 refund the 2009 Series G Prior Bonds and the 2009 Series J Prior Bonds, to finance the 2009 Series F Mortgage Loan, the 2009 Series H Mortgage Loans, the 2009 Series I Mortgage Loans and the 2009 Series I Cash Flows, to provide sufficient funds therefor by the adoption of the Resolutions and the issuance and sale of the 2009 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 2009 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 2009 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 2009 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 and, with respect to the 2009 Series H Bonds, the 2009 Series H Revenues (as defined in the Resolutions), and all the Accounts and, with respect to the 2009 Series H Bonds, the 2009 Series H 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 2009 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2009 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 2009 Series F Bonds, the 2009 Series G Bonds, the 2009 Series H Bonds and the 2009 Series 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 2009 Series F Bond, 2009 Series G Bond or 2009 Series H Bond for any period during which such 2009 Series F Bond, 2009 Series G Bond or 2009 Series H 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 2009 Series F Bonds, the 2009 Series G Bonds or the 2009 Series H Bonds, respectively, or a “related person,” (ii) interest on the 2009 Series F Bonds, the 2009 Series G Bonds and the 2009 Series H Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in adjusted current earnings of corporations for purposes of calculating the alternative minimum tax, and (iii) interest on the 2009 Series J Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporation. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation, the Mortgagor (as defined in the General Resolution) of the 2009 Series F Mortgage Loan, the Mortgagors of the 2009 Series G Mortgage Loans (as defined in the Resolutions), the Mortgagors of the 2009 Series J Mortgage Loans (as defined in the Resolutions), and others in connection with the issuance of the 2009 Series F Bonds, the 2009 Series G Bonds, the 2009 Series H Bonds and the 2009 Series J Bonds, and we have assumed compliance by the Corporation, such Mortgagors and the Mortgagors of the 2009 Series H Mortgage Loans with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2009 Series F Bonds, the 2009 Series G Bonds, the 2009 Series H Bonds and the 2009 Series J Bonds from gross income under Section 103 of the Code.

8. Interest on the 2009 Series I Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

9. In addition, under existing statutes, interest on the 2009 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other Federal or state tax consequences with respect to the 2009 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 2009 Bonds, or the exemption from personal income taxes of interest on the 2009 Bonds under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2009 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 2009 Series F Bond, an executed 2009 Series G Bond, an executed 2009 Series H Bond, an executed 2009 Series I-1 Bond, an executed 2009 Series I-2 Bond and an executed 2009 Series J Bond and in our opinion the forms of such Bonds and their execution are regular and proper.

Very truly yours,

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**PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CORPORATION RELATING  
TO THE 2009 SERIES H-2 BONDS**

Upon the remarketing of the 2009 Series H-2 Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Corporation, proposes to deliver its 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 MELLON  
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 October 1, 2009, we rendered our approving opinion (the “Approving Opinion”) with respect to the issuance by the Corporation of its Multi-Family Housing Revenue Bonds, 2009 Series H, in the original aggregate principal amount of \$65,795,000 (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 One Hundred Nineteenth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2009 Series H of the Corporation, adopted September 15, 2009 (as amended, the “Supplemental Resolution”; the General Resolution and the Supplemental Resolution being collectively referred to as the “Resolutions”). On July 1, 2010, the Bonds were remarketed as Multi-Family Housing Revenue Bonds, 2009 Series H-1 in the aggregate principal amount of \$34,625,000 and Multi-Family Housing Revenue Bonds, 2009 Series H-2 in the aggregate principal amount of \$26,570,000 (the “2009 Series H-2 Bonds”). Unless otherwise defined in this opinion, all capitalized terms used herein shall have the meanings ascribed thereto in the Resolutions.

The Resolutions provide that the interest rate on the 2009 Series H-2 Bonds is subject to adjustment (an “Adjustment”) on an Interest Adjustment Date, subject to the terms and provisions of the Resolutions. Today, pursuant to the provisions of the Resolutions, is an Interest Adjustment Date, the interest rate on the 2009 Series H-2 Bonds is being adjusted and the 2009 Series H-2 Bonds are being remarketed (the 2009 Series H-2 Bonds, as so remarketed, being referred to as the “Reoffered Bonds”). This opinion is being delivered in connection with the Adjustment with respect to the Reoffered Bonds.

We are of the opinion that the Adjustment is consistent with the provisions of the Resolutions.

We express no opinion as to whether, as of the date hereof, the interest on the 2009 Series H-2 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 Adjustment, 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 Reoffered Bonds, the interest on which is otherwise excluded from gross income for Federal income tax purposes under Section 103 of the Code.

We express no opinion regarding any other Federal or state tax consequences with respect to the Reoffered Bonds. We render this opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We wish to advise you that our opinion is limited to the Adjustment on the date hereof and does not extend to any event or matter occurring subsequent to the delivery of our Approving Opinion on October 1, 2009.

Pursuant to Section 105(D)(2)(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,

**OFFICIAL STATEMENT PART II**

**relating to**

**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**

**MULTI-FAMILY HOUSING REVENUE BONDS**

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

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

#### **THE CORPORATION**

##### Purposes and Powers

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

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

The Corporation’s audited financial statements for the fiscal year ended October 31, 2011, 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

**MATHEW M. WAMBUA**, Chairperson and Member ex-officio. Mr. Wambua was appointed Commissioner of HPD by Mayor Michael R. Bloomberg, effective April 4, 2011. Prior to becoming Commissioner, Mr. Wambua was Executive Vice President for Real Estate and External Relations of the Corporation. He was a Member and Vice Chairperson of the Corporation from May 2006 through February 2008. Prior to joining the Corporation, Mr. Wambua served as the Senior Policy Advisor for the New York City Deputy Mayor of Economic Development where he focused on housing issues and large-scale planning projects. Mr. Wambua also was Vice President for Special Projects at the New York City Economic Development Corporation. He previously was a senior investment officer for General Electric Capital Commercial Real Estate. Mr. Wambua earned a B.A. from the University of California at Berkeley and a Masters in Public Policy from Harvard University’s John F. Kennedy School of Government. Mr. Wambua previously taught real estate finance at New York University and managerial economics at the New School University.

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

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

**DAVID M. FRANKEL**, Member ex-officio. Mr. Frankel was appointed Commissioner of New York City’s Department of Finance by Mayor Michael R. Bloomberg, on July 29, 2009, effective September 8, 2009. Prior to becoming Commissioner, Mr. Frankel held several positions as Managing Director at Morgan Stanley, overseeing fixed income, regulatory

matters, tax operations and a staff of approximately 750 people. From 1992 to 2004, Mr. Frankel was the head of global operations for the AIG Trading Group. Commissioner Frankel previously served as Deputy Commissioner for Intergovernmental Relations at HPD and Special Counsel to the Commissioner of the New York City Department of Corrections. From 1978 to 1988, Mr. Frankel practiced as an attorney at two New York firms, where he specialized in litigation. Commissioner Frankel received a B.A. degree from Tufts University and his J.D. from Columbia University School of Law.

**HARRY E. GOULD, JR.**, Member, serving pursuant to law. Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation, which was, until April 30, 2010, the largest privately owned independent distributor of printing paper in the United States. As of that date, Gould became a 51% owned subsidiary of Japan Pulp & Paper. He was Chairman and President of Cinema Group, Inc., a major independent film financing and production company, from 1982 to May 1986, and is currently Chairman and President of Signature Communications Ltd., a new company that is active in the same field. He is a Life Member of the Executive Branch of the Academy of Motion Picture Arts and Sciences. He is a member of the Board of Directors of the Roundabout Theatre Organization. He was a member of the Board of Directors of Domtar, Inc., North America's largest and second largest global manufacturer of uncoated free sheet papers from 1995 to 2004. He was a member of the Board of Directors of the USO of Metropolitan New York from 1973 to 2004. He was a member of the Board of Trustees of the American Management Association from 1996 to 1999. He was a member of Colgate University's Board of Trustees from 1976 to 1982. He was Vice Chairman of the President's Export Council, was a member of the Executive Committee and was Chairman of the Export Expansion Subcommittee from 1977 to 1980. He was a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee from 1977 to 1999. He was a member of the Board of United Cerebral Palsy Research and Educational Foundation, and the National Multiple Sclerosis Society of New York from 1972 to 1999. He was a Trustee of the Riverdale Country School from 1990 to 1999. Mr. Gould received his Bachelor of Arts degree from Colgate University *magna cum laude*. He began his M.B.A. studies at Harvard University and received his degree from Columbia Business School.

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

University from 1985 to 1991 and on the Advisory Board of the School of International Affairs, Columbia University from 1976 to 1979. Mr. Moerdler is a graduate of Long Island University and Fordham Law School, where he was an Associate Editor of the Fordham Law Review.

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

#### Principal Officers

**MATHEW M. WAMBUA**, Chairperson.

**FELIX CIAMPA**, Vice Chairperson.

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

**RICHARD M. FROEHLICH**, Chief Operating Officer, Executive Vice President and General Counsel. Mr. Froehlich, an attorney and member of the New York State Bar, was appointed Chief Operating Officer of the Corporation on June 9, 2011, and Executive Vice President for Capital Markets of the Corporation on February 27, 2008. Mr. Froehlich is also the General Counsel of the Corporation. He was originally appointed

Senior Vice President and General Counsel of the Corporation effective November 17, 2003. Prior to joining the Corporation, he was Counsel at the law firm of O'Melveny & Myers LLP in its New York City office, where Mr. Froehlich's practice focused on real estate, public finance and affordable housing. From 1993 to 1998, Mr. Froehlich was an Assistant Counsel at the New York State Housing Finance Agency. Upon graduation from law school, he was an associate at Skadden, Arps, Slate, Meagher & Flom. Mr. Froehlich received his B.A. degree from Columbia College and his J.D. from Columbia University School of Law. He is an Adjunct Assistant Professor of Urban Planning at Columbia University.

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

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

**CATHLEEN A. BAUMANN**, Treasurer. Ms. Baumann was appointed Treasurer of the Corporation by the President on July 20, 2009. Prior to such appointment, she held the position of Deputy CFO since September 2004. Ms. Baumann joined the Corporation in 1988 as an Accountant. She has also held the positions of Senior Accountant and Internal Auditor and Vice President of Internal Audit. Ms. Baumann received her bachelor's degree with majors in Accounting and Economics from Queens College of the City University of New York and her MBA in Finance from Baruch College's Zicklin School of Business of the City University of New York.

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

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

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

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

#### Potential Legislative and Regulatory Actions

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

## BONDS OUTSTANDING UNDER THE PROGRAM

The first Series of Bonds were issued in 1993 and approximately \$6,548,340,000 principal amount of Bonds has been issued under the Resolution. As of May 31, 2012, 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/Remarketing</u>
1998 Series A	\$ 57,800,000	300,000	May 21, 1998
1998 Series B	21,380,000	300,000	September 24, 1998
1999 Series A-1	49,100,000	12,500,000	March 3, 1999
1999 Series B-2	30,200,000	18,800,000	August 19, 1999
1999 Series C	9,800,000	400,000	September 16, 1999
1999 Series E	10,715,000	400,000	January 13, 2000
2001 Series A	30,115,000	300,000	May 16, 2001
2002 Series A	36,370,000	150,000	June 20, 2002
2002 Series B	7,150,000	150,000	June 20, 2002
2002 Series C	49,500,000	44,560,000	June 20, 2002
2002 Series E-2	19,300,000	16,565,000	December 19, 2002
2002 Series F	4,600,000	3,865,000	December 19, 2002
2003 Series B-2	33,175,000	25,275,000	July 16, 2003
2003 Series E-2	28,690,000	26,330,000	December 22, 2003
2004 Series A	147,150,000	121,295,000	June 18, 2004
2004 Series B-2	22,625,000	20,360,000	June 29, 2004
2004 Series C-2	47,920,000	44,970,000	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	22,470,000	December 29, 2004
2004 Series G	10,680,000	10,165,000	December 29, 2004
2004 Series H	9,395,000	8,815,000	December 29, 2004
2004 Series I-2	26,320,000	23,775,000	December 29, 2004
2004 Series J	27,900,000	20,555,000	December 29, 2004
2005 Series A-1	9,735,000	9,735,000	May 25, 2005
2005 Series C	17,015,000	4,035,000	June 30, 2005
2005 Series D	13,145,000	5,520,000	June 30, 2005
2005 Series E	3,900,000	2,810,000	September 23, 2005
2005 Series F-1	65,410,000	65,410,000	September 23, 2005
2005 Series F-2	80,935,000	42,830,000	September 23, 2005
2005 Series G	4,840,000	2,870,000	December 28, 2005
2005 Series J-1	20,495,000	20,495,000	December 28, 2005
2005 Series K	12,730,000	11,955,000	December 28, 2005
2005 Series L	37,145,000	12,305,000	December 28, 2005
2006 Series A	306,100,000	76,555,000	April 28, 2006
2006 Series B	31,900,000	30,570,000	June 28, 2007
2006 Series C	81,635,000	37,540,000	June 29, 2006
2006 Series D-1	2,510,000	2,510,000	June 29, 2006
2006 Series G-1	25,665,000	24,500,000	November 1, 2006
2006 Series H-1	25,005,000	24,600,000	December 21, 2006
2006 Series I	6,700,000	6,575,000	December 21, 2006
2006 Series J-1	100,000,000	100,000,000	December 21, 2006
2006 Series J-2-A	10,900,000	10,725,000	April 26, 2007 <sup>(1)</sup>
2006 Series J-2-C	25,650,000	17,640,000	April 26, 2007 <sup>(1)</sup>
2007 Series A	25,690,000	25,375,000	March 22, 2007
2007 Series B-1	34,610,000	34,110,000	June 27, 2007
2007 Series C	5,370,000	5,280,000	June 27, 2007
2007 Series D	28,265,000	27,180,000	September 28, 2007
2007 Series E-1	24,035,000	23,690,000	December 20, 2007
2008 Series A-1-A	46,610,000	15,665,000	October 26, 2010 <sup>(2)</sup>
2008 Series A-2	3,405,000	3,405,000	April 24, 2008
2008 Series C-2	14,760,000	5,575,000	April 24, 2008
2008 Series E	100,000,000	96,065,000	April 24, 2008
2008 Series F	86,825,000	86,415,000	June 26, 2008
2008 Series H-1	8,060,000	8,060,000	June 26, 2008
2008 Series H-2-A	24,490,000	12,220,000	May 12, 2011 <sup>(3)</sup>
2008 Series H-2-A	14,540,000	14,540,000	October 26, 2010 <sup>(3)</sup>
2008 Series H-2-B	47,990,000	20,840,000	May 12, 2011 <sup>(4)</sup>

<u>Series Designation</u>	<u>Original Par Amount</u>	<u>Outstanding Par Amount</u>	<u>Date of Issue/Remarketing</u>
2008 Series J	34,590,000	34,330,000	December 23, 2008
2008 Series K	106,945,000	100,450,000	December 23, 2008
2008 Series L	10,515,000	4,700,000	December 23, 2008
2008 Series M	30,730,000	29,965,000	December 23, 2008
2009 Series A	17,450,000	3,640,000	April 30, 2009
2009 Series C-1	118,200,000	115,700,000	June 25, 2009
2009 Series D	9,500,000	5,600,000	June 25, 2009
2009 Series F	9,000,000	5,820,000	October 1, 2009
2009 Series H-2	26,570,000	26,570,000	July 1, 2011 <sup>(6)</sup>
2009 Series I-1	50,000,000	50,000,000	October 1, 2009
2009 Series I-2	25,000,000	25,000,000	October 1, 2009
2009 Series J	25,975,000	23,995,000	October 1, 2009
2009 Series K	108,785,000	102,220,000	December 17, 2009
2009 Series L-1	23,590,000	23,590,000	March 16, 2010 <sup>(7)</sup>
2009 Series L-2	68,000,000	68,000,000	March 16, 2010 <sup>(7)</sup>
2009 Series L-3	27,745,000	27,745,000	June 26, 2010 <sup>(7)</sup>
2009 Series L-4	10,200,000	10,200,000	June 26, 2010 <sup>(7)</sup>
2009 Series M	30,945,000	30,945,000	December 17, 2009
2010 Series A-1	25,325,000	25,325,000	March 16, 2010
2010 Series A-2	3,000,000	3,000,000	March 16, 2010
2010 Series B	150,000,000	82,170,000	March 16, 2010
2010 Series C	14,815,000	14,815,000	May 12, 2010
2010 Series D-1-A	43,475,000	43,475,000	June 29, 2010
2010 Series D-2	11,190,000	11,190,000	June 29, 2010
2010 Series E	10,570,000	6,850,000	June 29, 2010
2010 Series F	4,130,000	4,130,000	June 29, 2010
2010 Series G	50,765,000	47,570,000	October 26, 2010
2010 Series H	74,575,000	69,495,000	October 26, 2010
2010 Series I	8,115,000	8,115,000	October 26, 2010
2010 Series J-1	21,560,000	20,855,000	December 22, 2010
2010 Series J-2	25,510,000	25,510,000	December 22, 2010
2010 Series J-3	11,240,000	11,240,000	December 22, 2010
2010 Series K-1	5,165,000	5,165,000	December 22, 2010
2010 Series K-2	23,175,000	23,175,000	December 22, 2010
2010 Series L-1	12,620,000	12,620,000	April 28, 2011 <sup>(8)</sup>
2010 Series L-2-A	12,400,000	12,400,000	April 28, 2011 <sup>(9)</sup>
2010 Series L-2-B	37,600,000	37,600,000	June 29, 2011 <sup>(9)</sup>
2010 Series N	5,675,000	5,030,000	December 22, 2010
2011 Series A	140,000,000	140,000,000	September 21, 2011
2011 Series B-1	21,240,000	20,785,000	April 28, 2011
2011 Series B-2	5,100,000	5,100,000	April 28, 2011
2011 Series C	1,980,000	1,980,000	April 28, 2011
2011 Series D	23,645,000	23,590,000	June 29, 2011
2011 Series E	72,030,000	72,030,000	June 29, 2011
2011 Series F-1	31,000,000	26,630,000	June 29, 2011
2011 Series F-2	56,460,000	56,460,000	June 29, 2011
2011 Series F-3	12,540,000	12,540,000	June 29, 2011
2011 Series G-1	63,630,000	63,630,000	December 22, 2011
2011 Series G-2-A	38,925,000	38,565,000	December 22, 2011
2011 Series G-2-B	7,235,000	6,925,000	December 22, 2011
2011 Series G-3	22,180,000	22,180,000	December 22, 2011
2011 Series H-1	6,035,000	6,035,000	December 22, 2011
2011 Series H-2-A	22,890,000	22,890,000	December 22, 2011
2011 Series H-2-B	15,970,000	15,970,000	December 22, 2011
2011 Series H-3-A	8,620,000	8,620,000	December 22, 2011
2011 Series H-3-B	11,685,000	11,685,000	December 22, 2011
2011 Series J-1	38,345,000	38,345,000	December 22, 2011
2011 Series J-2	25,550,000	25,550,000	December 22, 2011
2011 Series J-3	16,940,000	16,940,000	December 22, 2011
2011 Series J-4	21,580,000	21,580,000	December 22, 2011
2012 Series A	67,540,000	67,540,000	March 7, 2012
2012 Series B	42,650,000	42,650,000	April 24, 2012
2012 Series C	72,065,000	72,065,000	April 24, 2012
TOTAL	\$4,289,165,000	\$3,356,960,000	

- (1) Date of remarketing: Bonds originally issued as 2006 Series J-2 Bonds on December 21, 2006.
- (2) Date of remarketing: Bonds originally issued as 2008 Series A-1-A Bonds on April 24, 2008.
- (3) Date of remarketing: Bonds originally issued as 2008 Series H-2-A Bonds on June 26, 2008.
- (4) Date of remarketing: Bonds originally issued as 2008 Series H-2-B Bonds on June 26, 2008.
- (5) Date of remarketing: Bonds originally issued as 2009 Series C-3 Bonds on June 25, 2009.
- (6) Date of remarketing: Bonds originally issued as 2009 Series H Bonds on October 1, 2009.
- (7) Date of remarketing: Bonds originally issued as 2009 Series L Bonds on December 17, 2009.
- (8) Date of remarketing: Bonds originally issued as 2010 Series L-1 Bonds on December 22, 2010.
- (9) Date of remarketing: Bonds originally issued as 2010 Series L-2 Bonds on December 22, 2010.

None of the Bonds Outstanding are Subordinate Bonds. As of May 31, 2012, approximately \$2,752,915,000 or eighty-two percent (82%), of the Bonds Outstanding bear interest at a fixed rate and approximately \$604,045,000 or eighteen percent (18%) of the Bonds Outstanding bear interest at a variable rate. The Corporation has entered into interest rate caps to hedge a portion of 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.

The Corporation has issued \$415,000,000 principal amount of NIBP Series 1 Bonds (all of which is Outstanding) under the NIBP Series 1 Resolution and \$85,000,000 principal amount of NIBP Series 2 Bonds (\$84,240,000 principal amount of which is Outstanding as of May 31, 2012) under the NIBP Series 2 Resolution. Additional bonds may also be issued under each NIBP Resolution secured on a parity with the NIBP Series 1 Bonds or NIBP Series 2 Bonds, as applicable (the NIBP Series 1 Bonds, any additional bonds issued under the NIBP Series 1 Resolution, the NIBP Series 2 Bonds and any additional bonds issued under the NIBP Series 2 Resolution are referred to collectively, as the “NIBP Bonds”). Amounts on deposit in the Revenue Account under the General Resolution are pledged to secure regularly scheduled debt service on the NIBP Bonds on a parity with all Bonds issued and to be issued under the General Resolution (other than Subordinate Bonds). See “SECURITY FOR THE BONDS—Additional Obligations Secured by the Resolution.”

## 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 2005 Series F Participant Interest, the 2005 Series J Participant Interest, the 2011 Participant Interest and certain of the subordinate 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 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 agents 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 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 May 31, 2012, the Debt Service Reserve Account had a balance of \$77,716,677 including a payment obligation of \$3,827,750 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 (the “Fannie Mae Credit Enhanced Mortgage Loans”). 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 May 31, 2012, the Mortgage Loan Reserve Account had a balance of \$1,475,655. 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, 2011 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 of the April 24, 2012 Official Statement. Schedule 2 is supplemental information primarily related to the Program for the Corporation’s fiscal years ended October 31, 2011 and 2010. 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, 2011, 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 \$484,021,000 for the fiscal year ended October 31, 2011, an increase of 0.64% from the 2010 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 \$3,057,000 in the fiscal year ended October 31, 2011, an increase from \$480,964,000 in the 2010 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, 2011, the Corporation withdrew \$44,245,449 in surplus revenues. Subsequent to October 31, 2011, the Corporation withdrew approximately \$48,500,000 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.

#### Liquidity Facilities for Bonds Bearing Variable Rates of Interest

The Corporation has one outstanding Series of Bonds supported by a liquidity facility, with an outstanding principal balance of \$11,190,000 as of May 31, 2012, that currently bears interest at a variable interest rate and that is subject to optional or mandatory tender (the “Variable Rate Bonds”). As set forth below, JPMorgan Chase Bank, National Association (“JPMorgan Chase”) (the “Liquidity Facility Provider”) has provided a standby bond purchase agreement (the “Liquidity Facility”) with respect to the Variable Rate Bonds. The Liquidity Facility requires the Liquidity Facility Provider to provide funds to pay the purchase price of any Variable Rate Bonds that are tendered for purchase and not remarketed.

#### Outstanding Liquidity Facility

Bonds	Liquidity Facility Provider	Par Amount of Liquidity Facility	Stated Expiration Date
2010 Series D-2	JPMorgan Chase	\$11,190,000	December 30, 2012

Any Variable Rate Bond purchased by the Liquidity Facility Provider pursuant to the terms of the Liquidity Facility becomes a “Bank Bond” until such Bank Bond is either remarketed to a purchaser (other than the Liquidity Facility Provider) or retired. Interest on any Bank Bond will be due and payable at the rate provided for the Variable Rate Bonds set forth in the applicable Supplemental Resolution and the principal of any Bank Bond will be payable at the times and amounts set forth for Variable Rate Bonds in the applicable Supplemental Resolution.

The Liquidity Facility expires prior to the maturity date of Variable Rate Bonds. The Liquidity Facility has a 30-month term. In connection with any scheduled expiration as stated in the above table, the Corporation may extend the scheduled expiration, provide an alternate liquidity facility to replace the expiring standby bond purchase agreement, or convert the interest rates on the Variable Rate Bonds to fixed interest rates or to an interest rate mode that does not require a liquidity facility. The Variable Rate Bonds are subject to mandatory tender for purchase prior to the expiration of the Liquidity Facility. There can be no assurance that the Corporation will be able to extend any expiration date or to obtain an alternate liquidity facility on terms substantially similar to the terms of the expiring standby bond purchase agreement. Under certain circumstances, the Liquidity Provider may terminate a standby bond purchase agreement without affording the Variable Rate Bond owners a right to tender their Bonds.

#### Additional Obligations Secured by the Resolution

The Corporation has issued \$415,000,000 principal amount of NIBP Series 1 Bonds (all of which is Outstanding) under the NIBP Series 1 Resolution and \$85,000,000 principal amount of NIBP Series 2 Bonds (\$84,240,000 principal amount of which is Outstanding) under the NIBP Series 2 Resolution. Additional bonds may also be issued under each NIBP Resolution secured on a parity with the NIBP

Series 1 Bonds or NIBP Series 2 Bonds, as applicable (the NIBP Series 1 Bonds, any additional bonds issued under the NIBP Series 1 Resolution, the NIBP Series 2 Bonds and any additional bonds issued under the NIBP Series 2 Resolution are referred to collectively, as the “NIBP Bonds”). Amounts on deposit in the Revenue Account under the General Resolution are pledged to secure regularly scheduled payments of principal of and interest on the NIBP Bonds, including the sinking fund payments thereon, on a parity with all Bonds issued and to be issued under the General Resolution (other than Subordinate Bonds). No other funds and Accounts under the General Resolution other than the Revenue Account are pledged to secure the NIBP Bonds. Payment of the principal or Redemption Price of and interest on the NIBP Bonds is also secured by the funds and accounts established under and the revenues and assets pledged under the applicable NIBP Resolution. However, the funds, accounts, revenues and assets pledged under the NIBP Resolutions are not security for the Bonds.

The Second Supplement to each NIBP Resolution provides that (i) until a date specified by the Corporation (the “Cross-over Date,” which date may be changed by the Corporation without notice to or consent of the holders of the Bonds or the NIBP Bonds), the regularly scheduled principal of and interest on the applicable NIBP Bonds, including sinking fund payments thereon, shall be paid first with revenues available under such NIBP Resolution, second with Revenues available under the General Resolution and third with amounts withdrawn from the debt service reserve fund held under such NIBP Resolution and (ii) from and after the Cross-over Date, the regularly scheduled principal of and interest on the applicable NIBP Bonds, including sinking fund payments thereon, shall be paid first with revenues available under such NIBP Resolution, second with amounts withdrawn from the debt service reserve fund held under such NIBP Resolution and third and only if such sources are not sufficient, with Revenues available under the General Resolution. Amounts held in the Debt Service Reserve Account and other funds and Accounts under the General Resolution (other than the Revenue Account) are not available to pay for the NIBP Bonds. Any projected transfers from the Revenue Account for the payment of NIBP Bonds, as described above, will be taken into account in all Cash Flow Statements.

Each NIBP Resolution contains its own events of default and does not provide that an event of default under the General Resolution is an event of default under the NIBP Resolution. If an event of default under a NIBP Resolution occurs but no event of default has occurred under the General Resolution, then the holders of the applicable NIBP Bonds will be entitled to pursue remedies under the related NIBP Resolution (but not under the General Resolution). Such remedies may include acceleration of the applicable NIBP Bonds but the Revenues and amounts held in the funds and Accounts under the General Resolution shall not be available to pay any accelerated amounts. If an event of default under the General Resolution occurs but no event of default has occurred under a NIBP Resolution, then the holders of Bonds (excluding the NIBP Bonds) may direct remedies under the General Resolution including the acceleration of Bonds other than the NIBP Bonds. However, so long as there is no event of default under a NIBP Resolution, the NIBP Bonds issued thereunder shall not be accelerated and no remedies may be pursued by the holders of such NIBP Bonds. If an event of default occurs under the General Resolution and an event of default also occurs under a NIBP Resolution, the holders of Bonds may pursue remedies under the General Resolution, the holders of applicable NIBP Bonds may pursue remedies under the related NIBP Resolution and such remedies are not required to be coordinated. Under no event may holders of NIBP Bonds direct remedies under the General Resolution. However, since certain mortgage loans and the payments thereunder are allocated between the General Resolution and the NIBP Series 1 Resolution and under certain circumstances the trustee under the NIBP Series 1 Resolution may direct remedies with respect to such mortgage loans, the exercise of remedies under the NIBP Series 1 Resolution by the trustee thereunder or by the holders of the applicable NIBP Bonds may impact the security and Revenues under the General Resolution.

The NIBP Bonds were issued as part of the New Issue Bond Program of the United States Department of the Treasury and the Federal National Mortgage Association and the Federal Home Loan

Mortgage Corporation purchased the NIBP Bonds. The proceeds of each Series of the NIBP Bonds are being applied to fund advances of mortgage loans and for certain other purposes.

Additional Obligations Issued Under the Resolution But Not Secured by the Resolution

On December 21, 2006, the Corporation issued \$100,000,000 principal amount of its Multi-Family Housing Revenue Bonds, 2006 Series J-1 (the “2006 Series J-1 Bonds”) pursuant to the General Resolution and a supplemental resolution 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 on December 8, 2006, all of which is Outstanding. The Corporation expects that, pursuant to an amendment and restatement of the 2006 Series J-1 Supplemental Resolution (the “Amended and Restated 2006 Series J-1 Supplemental Resolution”), on and after July 13, 2012, the 2006 Series J-1 Bonds will become a Series of Bonds that is separately secured from all other Bonds issued and to be issued under the General Resolution such that no revenues or assets pledged under the General Resolution shall be available for the payment of the principal or Redemption Price of or interest on the 2006 Series J-1 Bonds and no revenues or assets pledged under the Amended and Restated 2006 Series J-1 Supplemental Resolution shall under any circumstances (including, but not limited to, the occurrence of an Event of Default under the General Resolution) be available for the payment of the principal or Redemption Price of or Sinking Fund Payments or interest on any Bonds (other than the 2006 Series J-1 Bonds) issued or to be issued under the General Resolution. The Amended and Restated 2006 Series J-1 Supplemental Resolution will contain its own events of default and will provide that an event of default under the General Resolution is not an event of default under the Amended and Restated 2006 Series J-1 Supplemental Resolution and that an event of default under the Amended and Restated 2006 Series J-1 Supplemental Resolution is not an event of default under the General Resolution. If an event of default under the Amended and Restated 2006 Series J-1 Supplemental Resolution occurs, the holders of the 2006 Series J-1 Bonds will be entitled to pursue remedies only under the Amended and Restated 2006 Series J-1 Supplemental Resolution (but not under the General Resolution). If an event of default under the General Resolution occurs, the holders of Bonds (excluding the 2006 Series J-1 Bonds) will be entitled to pursue remedies under the General Resolution (but not under the Amended and Restated 2006 Series J-1 Supplemental Resolution).

## 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”), finance permanent Mortgage Loans and/or finance 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 “2005 Series F Participant Interest and 2005 Series J Participant Interest,” “2006 Series A Participant Interest,” and “2011 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, 2012. Subsequent to January 31, 2012, the Corporation issued (i) \$67,540,000 principal amount of 2012 Series A Bonds to finance an additional portion of the 2009 Series L-1/2010 Series B Mortgage Loan, (ii) \$42,650,000 principal amount of 2012 Series B Bonds to finance the 2012 Series B Mortgage Loans and reimburse the Corporation for amounts advanced by it to pay the redemption price of \$30,815,000 principal amount of the Corporation’s Multi-Family Housing Revenue Bonds, 2002 Series A and \$5,795,000 principal amount of the Corporation’s Multi-Family Housing Revenue Bonds, 2002 Series B, and (iii) \$72,065,000 principal amount of 2012 Series C Bonds to finance the 2012 Series C Mortgage Loans. See “Appendix E—Table 8: Developments and Mortgage Loans Financed Under the Program Subsequent to January 31, 2012” in Part II of this Official Statement.

### Mortgage Loans

#### General

The Mortgage Loans financed Developments located throughout the City of New York. Approximately 200 Developments have more than one Mortgage Loan. The following table summarizes all of the Mortgage Loans outstanding under the Program as of January 31, 2012 other than the 2005 Series F Participant Interest and the 2005 Series J Participant Interest (which are described under “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, the 2006 Series D Second Mortgage Loans, the 2008 Series C Third Mortgage Loan, the 2008 Series J Third Mortgage Loan, the 2008 Series L Second Mortgage Loan, the 2010 Series G Third Mortgage Loan the 2008 Series F/2011 Series F Second Mortgage Loan, and the 2011 Series H-2-B/2011 Series H-3-B Third Mortgage

Loan (such second Mortgage Loans and third Mortgage Loans are collectively referred to as the “ML Restructuring Subordinate 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	871	\$2,379,402,346	68.72%
Construction Mortgage Loans	82	1,083,049,710	31.25%
TOTAL†	953	3,462,452,056	100.00%

† May not add due to rounding.

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

Approximately 404 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 or are in the process of being 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. There are three (3) Developments with an aggregate outstanding senior Mortgage Loan balance of \$8,051,257 as of January 31, 2012 that have debt service payment delinquencies of over ninety (90) days. The Corporation is currently working with the Mortgagors of these Developments to cure these delinquencies. One (1) of these Developments, 1290 & 1326 Grand Concourse, with an outstanding principal balance of \$3,155,756 as of January 31, 2012, is expected to have a change in ownership and management, all delinquencies will be cured and this Mortgage Loan will be prepaid. A new Mortgage Loan is anticipated to be made to the new ownership entity with the proceeds of the 2012 Series D Bonds and will be referred to as the B&L Grand Concourse Development. See “Appendix E-1—Table 2: Developments and Permanent Mortgage Loans Outstanding Under the Program as of January 31, 2012.” The Corporation has also become aware of a foreclosure proceeding that has been instituted against the Mortgagor of the Harlem Gateway Development due to a default under a subordinate mortgage loan that was made without the Corporation’s consent. The Mortgagor continues to make timely payments of debt service on the Corporation’s first and second Mortgage Loans in the outstanding principal amounts of \$3,605,347 and \$1,490,911, respectively, as of January 31, 2012. The Corporation is monitoring the situation and has been in contact with the subordinate lender. In the event of foreclosure, the Corporation believes debt service on the first and second mortgage loans could continue to be paid as they are currently fully supported by project cash flow. See “Appendix E-1– Table 2: Developments and Permanent Mortgage Loans Outstanding Under the Program as of January 31, 2012.” In addition, the Corporation is currently aware that three (3) Developments with Section 236 Subsidy Contracts, with an aggregate outstanding senior Mortgage Loan balance of \$55,785,204 and an aggregate outstanding subordinate Mortgage Loan balance of \$9,139,243 as of January 31, 2012, have each received a Notice of Default of the Agreement for Interest Reduction Payments from HUD because of their low inspection ratings, and one (1) Development under the Program with a Mortgage Loan with an aggregate outstanding principal balance of \$991,546 as of January 31, 2012 has received notice of a default for failure to timely complete the Project. Subsequent to January 31,

2012, Community Preservation Corporation (“CPC”), has made a senior loan to the Development, the proceeds of which prepaid the outstanding principal balance of the Corporation’s senior Mortgage Loan.

The mortgage loans underlying the 2005 Series F Participant Interest and the 2005 Series J Participant Interest, the 2011 Participant Interest, the ML Restructuring Subordinate 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 or third mortgage liens on their respective Developments. The majority 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, 2012, approximately two hundred six (206) Permanent Mortgage Loans, with an aggregate outstanding principal balance of approximately \$1,307,198,849, and seventy-two (72) Construction Mortgage Loans, with an aggregate outstanding principal balance of \$841,859,619, 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 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 thirty-seven (37) Permanent Mortgage Loans, with an aggregate outstanding principal balance of approximately \$29,222,087 as of January 31, 2012 (twenty-eight (28) of which, with an aggregate outstanding principal balance of approximately \$19,505,730, 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 2006. As of January 31, 2012 four hundred five (405) of the Developments (which Developments represent approximately ninety-two percent (92%) of the aggregate outstanding principal balance of Permanent Mortgage Loans) were at least ninety-five percent (95%) occupied. Thirty-five (35) of the Developments (which Developments represent approximately six percent (6%) of the aggregate outstanding principal balance of Permanent Mortgage Loans) were at least ninety percent (90%) and less than ninety-five percent (95%) occupied. Eighteen (18) of the Developments (which Developments represent approximately two percent (2%) of the aggregate outstanding principal balance of Permanent Mortgage Loans) were less than ninety percent (90%) occupied. The information contained in this paragraph excludes information relating to the mortgage loans underlying 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 17 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 2005 Series F Participant Interest and the 2005 Series J Participant Interest, the ML Restructuring Subordinate Mortgage Loans) outstanding under the Program as of January 31, 2012.

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	6	\$24,745,889	1.04%
FHA	Subordinate Loan/Grant Program	3	4,123,714	0.17%
FHA	Section 236 <sup>†</sup>	2	3,661,274	0.15%
FHA	ML Restructuring	2	4,547,648	0.19%
SONYMA	Subordinate Loan/Grant Program	3	50,803,217	2.14%
SONYMA	None	3	34,426,963	1.45%
SONYMA	LAMP	12	103,203,067	4.34%
SONYMA	LAMP/LIRP	1	4,775,175	0.20%
SONYMA	LAMP Preservation	2	21,196,475	0.89%
SONYMA	ML Restructuring, Section 236 <sup>†</sup>	1	30,720,000	1.29%
REMIC	Subordinate Loan/Grant Program	140	680,124,022	28.58%
GNMA	None	1	6,710,839	0.28%
GNMA	Section 8	1	121,623,953	5.11%
None	ML Repair Loan <sup>†</sup>	25	79,923,122	3.36%
None	ML Restructuring <sup>†</sup>	24	77,873,806	3.27%
None	ML Restructuring, Section 236 <sup>†</sup>	3	40,103,505	1.69%
Fannie Mae	LAMP Preservation	2	12,951,897	0.54%
Fannie Mae	ML Restructuring, Section 236 <sup>†</sup>	9	110,001,609	4.62%
None	Section 8	7	2,380,034	0.10%
None	Subordinate Loan/Grant Program <sup>†</sup>	554	731,032,177	30.72%
None	Section 236 <sup>†</sup>	13	96,784,851	4.07%
None	LAMP/LIRP	1	6,490,000	0.27%
None	LAMP/ML Restructuring	1	12,173,915	0.51%
Freddie Mac	LAMP	7	26,329,220	1.11%
LOC	LAMP	11	63,473,878	2.67%
None	None <sup>†</sup>	37	29,222,087	1.23%
TOTAL <sup>†††</sup>		871	\$2,379,402,346	100.00%

<sup>†</sup> The Mortgagors of the majority of these Mortgage Loans are regulated by HPD pursuant to the Mitchell-Lama Law. See Appendix E-1 and Appendix G hereto.

<sup>††</sup> 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, 2012.”

## 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, 2012.

Summary of Construction Mortgage Loans

<b>Anticipated Permanent Mortgage Loan Supplemental Security</b>	<b>Subsidy Program</b>	<b>Number of Construction Mortgage Loans</b>	<b>Anticipated Amount of Permanent Mortgage Loans</b>	<b>Amount of Construction Mortgage Loans</b>	<b>Outstanding Principal Balance of Construction Mortgage Loans Advanced</b>
SONYMA	Subordinate Loan/ Grant Program	14	\$55,555,000	\$107,245,000	\$78,624,172
SONYMA	N/A	1	23,590,000	173,590,000	105,758,940
Freddie Mac	Subordinate Loan/ Grant Program	1	4,840,000	9,290,000	4,764,145
REMIC	Subordinate Loan/ Grant Program	51	330,580,000	795,625,000	501,329,393
REMIC	N/A	3	133,625,000	133,625,000	123,861,934
FHA	Section 8	1	30,098,700	30,098,700	26,046,479
FHA	LAMP	1	1,000,000	14,225,000	1,474,557
None	Mixed Income	1	2,535,000	2,535,000	2,534,800
None	Subordinate Loan/ Grant Program	5	11,740,000	62,675,000	50,086,797
None	None	4	38,215,000	246,215,000	188,568,494
<b>TOTAL<sup>††</sup></b>		<b>82</b>	<b>\$631,778,700</b>	<b>\$1,575,123,700</b>	<b>\$1,083,049,710</b>

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

As of January 31, 2012, sixty-five (65) Construction Mortgage Loans with an aggregate outstanding principal balance of \$991,269,048 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 relating to the applicable Mortgage Loan 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. See “Appendix G–Description of Supplemental Security and Subsidy Programs–Supplemental Security–Construction LOCs.” 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 will be secured by REMIC Insurance, SONYMA Insurance, FHA Risk Share Insurance, GNMA or a Long-term LOC or will not be secured by Supplemental Security, as shown in the table above. See “Appendix E-1– Table 4: Developments and Construction Mortgage Loans Outstanding Under the Program as of January 31, 2012.”

## 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”). 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 1,547 in five (5) developments. The aggregate outstanding principal balance of the second mortgage loans underlying the 2005 Series F Participant Interest is approximately \$26,922,372 as of January 31, 2012. The accrued and unpaid interest on the mortgage loans is approximately \$23,746,604 as of January 31, 2012. Approximately \$6,793,167 of additional 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 approximately ten years prior to the mortgage loan maturity date. The mortgage loans mature between August 1, 2027 and October 1, 2028 and the weighted average interest rate for the mortgage loans is 4.05%. The aggregate number of dwelling units in the 2005 Series J Participant Interest Developments is approximately 380 in two (2) developments. The aggregate outstanding principal balance of the second mortgage loans underlying the 2005 Series J Participant Interest is approximately \$4,004,845 as of January 31, 2012. The current accrued and unpaid interest on the mortgage loans is approximately \$4,420,244 as of January 31, 2012. Approximately \$1,335,961 of additional 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 approximately ten years prior to the mortgage loan maturity date. The mortgage loans mature on October 1, 2028 and the weighted average interest rate for the mortgage loans is 5.00%.

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, 2012.”

#### 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 E-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 3.595%, 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 50.36% 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 49.64% 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 19 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 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, 2012.”

### 2011 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 Multifamily Mortgage Pass-Through Certificates, Series 1996, Class B (the “Class B Certificates”) issued pursuant to 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 consisted of a trust fund made up primarily of Section 236 Contracts (the “Section 236 Contracts”) related to nine (9) permanent second mortgage loans (the “Participated 2004 Second Lien Loans”). On June 27, 2011, the Certificates Trust was dissolved and the Corporation and the City amended and restated the 2004 Participation Agreement (as amended and restated, the “2011 Participation Agreement”) and replaced the 2004 Participant Interest with the 2011 Participant Interest (defined below). A portion of the proceeds of the 2011 Series F-1 Bonds and the 2011 Series F-2 Bonds were used to reimburse the Corporation for amounts paid by the Corporation in connection therewith. The Corporation pledged the 2011 Participant Interest (net of certain amounts to be paid to the Corporation) for the benefit of the Holders of the Bonds, and the 2011 Participant Interest is a “Mortgage Loan” under the General Resolution. However, the 2011 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 General Resolution, and such release shall not require a Cash Flow Statement or a Cash Flow Certificate.

Under the 2011 Participation Agreement, the Corporation holds a 100% participation interest (the “2011 Participant Interest”) in the 2004 Participated Second Lien Loans and the Section 236 Contracts. As of January 31, 2012, the 2004 Participated Second Lien Loans had an aggregate outstanding principal balance of approximately \$38,846,015 and accrued interest of \$18,662,282. Subject to prepayments of the 2004 Participated Second Lien Loans, the monthly payments under the Section 236 Contracts are projected to be made from July 1, 2011 through September 1, 2025. Payments on the 2004 Participated Second Lien Loans are scheduled to be made after the related first mortgage loans are satisfied, commencing April 1, 2017 through September 1, 2029, and are expected to be satisfied in part by payments under the Section 236 Contracts.

The 2004 Participated Second Lien Loans contain terms permitting prepayment thereof at the option of the mortgagors at any time. The Corporation has offered to each of the mortgagors of a 2004 Participated Second Lien Loan the opportunity to receive new mortgage financing under the ML Restructuring Program of the Corporation, which new mortgage financing will cause a prepayment of the related 2004 Participated Second Lien Loan and, to the extent of any such prepayment, be paid to the Corporation pursuant to the 2011 Participation Agreement. Any such amounts paid under the 2011 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 2004 Participated Second Lien Loans do not participate in the ML Restructuring Program but obtain other sources for prepayment of their 2004 Participated Second Lien Loans, any prepayment of the related 2004 Participated Second Lien Loans by such mortgagors, to the extent of any such prepayment and less any

amounts owed to the Corporation, will be paid to the Corporation under the 2011 Participant Agreement 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.” The Corporation expects that there will be significant prepayments of the 2004 Participated Second Lien Loans.

The 2004 Participated Second Lien Loans included in the 2011 Participant Interest are not supported by any Supplemental Security. The 2004 Participated Second Lien Loans have a weighted average mortgage interest rate of 8.0% and a weighted average remaining time to maturity of 16 years. The weighted average remaining time until the expiration of the Section 236 Contracts of 12.8 years. The Developments financed with the 2004 Participated Second Lien Loans provide an aggregate of 2503 units. The 2004 Participated Second Lien Loans will be assigned a valuation of 75% under the 2011 Series F-1 Supplemental Resolution and the 2011 Series F-2 Supplemental Resolution.

For additional information regarding the 2004 Participated Second Lien Loans underlying the 2011 Participant Interest, see “Appendix E—Table 7: 2004 Participated Second Lien Loans Underlying the 2011 Participant Interest as of January 31, 2012.”

#### 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. Most of 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, secured by a subordinate mortgage lien on the applicable Development and subject to a residual right to ownership held by the City (the “ML Restructuring Subordinate Mortgage Loans”). The Corporation sold to the City a residual right to ownership of the ML Restructuring Subordinate Mortgage Loans, which will be transferred to the City on the date when no Mitchell-Lama Restructuring Bonds remain Outstanding under the General Resolution or other Mitchell Lama Restructuring Bonds outside of the General Resolution as defined in the Participation Agreement with the City remain outstanding. Such transfer of the ML Restructuring Subordinate 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. The interest rate for most ML Restructuring Subordinate Mortgage Loans is 0% and the term to maturity for most of the ML Restructuring Subordinate Mortgage Loans is 30 years. The ML Restructuring Subordinate Mortgage Loans do not amortize and the balloon payment on each of the ML Restructuring Subordinate Mortgage Loans is due within 90 days after maturity of the related ML Restructuring First Mortgage Loan. Most of the ML Restructuring Subordinate 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 Subordinate Mortgage Loans have not been assigned a valuation. See “SECURITY FOR THE BONDS—Cash Flow Statements and Cash Flow Certificates.”

Prepayments of the ML Restructuring First 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 Subordinate Mortgage Loans, see “Appendix E-1—Developments and Mortgage Loans Outstanding Under the Program— ML Restructuring Subordinate Mortgage Loans Outstanding under the Program as of January 31, 2012.”

### 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, (iii) certain Construction Mortgage Loans which are serviced by the bank issuing the letter of credit during construction and (iv) the mortgage loans underlying the 2005 Series F Participant Interest and the 2005 Series J Participant Interest. 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 five rating levels: superior (HUD score: 90-100), above average (HUD score: 80-89), satisfactory (HUD score: 60-79), 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, 2012, 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 4% superior, 4% above average, 88% satisfactory, 3% below average and 1% unsatisfactory. The foregoing information excludes information with respect to the Developments related to the mortgage loans underlying the 2005 Series F Participant Interest and the 2005 Series J Participant Interest. As of January 31, 2012, 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 1% superior, 77% satisfactory, 5% below average and 1% unsatisfactory. Developments subject to approximately 16% in outstanding principal balance of mortgage loans underlying the 2006 Series A Participant Interest have not been inspected recently.

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, 2012" 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 Wells Fargo Bank, N.A. ("Wells Fargo"), both of which are experienced mortgage loan servicers, service the mortgage loans underlying the 2006 Series A Participant Interest. Approximately 158 of the mortgage loans underlying the 2006 Series A Participant Interest (representing \$212,158,699 of the outstanding principal balance) are serviced by CPC, 31 of the mortgage loans underlying the 2006 Series A Participant Interest (representing \$50,855,733 of the outstanding principal balance) are serviced by Wells Fargo 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 Wells Fargo 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, 2012, 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, 2012, (i) principal prepayments, at the option of the applicable Mortgagor, are permitted with respect to approximately 496 Mortgage Loans with an aggregate outstanding principal balance of approximately

\$982,196,914 (the “Unrestricted Prepayment Mortgage Loans”) and the mortgage loans underlying 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 457 Mortgage Loans with an aggregate outstanding principal balance of approximately \$2,484,255,142 (the “Restricted Prepayment Mortgage Loans”) and the ML Restructuring Subordinate Mortgage Loans. All of the Mortgage Loans and the mortgage loans underlying 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 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—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 2005 Series F Participant Interest and the 2005 Series J Participant Interest, respectively.

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

Subsequent Prepayments. Subsequent to January 31, 2012, two (2) Restricted Prepayment Mortgage Loans and two (2) Unrestricted Prepayment Mortgage Loans with aggregate outstanding principal balances of \$4,803,067 and \$1,303,055, respectively, relating to Two Bridges and 287 Prospect Avenue have been prepaid. Also, subsequent to January 31, 2012, twelve (12) mortgage loans underlying

the 2006 Series A Participant Interest with an aggregate outstanding principal balance of \$40,813,464 have been prepaid.

In addition, subsequent to January 31, 2012, one (1) Restricted Prepayment Construction Mortgage Loan with an aggregate outstanding principal balance of \$991,546 as of January 31, 2012 relating to Bethany Place has been prepaid. This Development had received notice of a default for failure to timely complete the Project. The Community Preservation Corporation (“CPC”) has made a senior loan to the Development, the proceeds of which prepaid the outstanding principal balance of the Corporation’s senior Mortgage Loan.

Prepayment Notifications. In addition, with respect to two (2) Developments with Unrestricted Prepayment Mortgage Loans, Tower West and 1290 & 1326 Grand Concourse, the Corporation has been notified in writing of the Mortgagors’ intent to prepay their Mortgage Loans. Upon issuance of the 2012 Series D Bonds, the 1290 & 1326 Grand Concourse Development will be financed with a 2012 Series D Mortgage Loan and will be referred to as the B&L Grand Concourse Development. Such Unrestricted Prepayment Mortgage Loans had aggregate outstanding principal balances of \$1,924,541 and \$3,155,756, respectively as of January 31, 2012. Also, with respect to one (1) Development with a Restricted Prepayment Mortgage Loan and an Unrestricted Prepayment Subordinate Mortgage Loan, 167 Clermont Avenue, the Corporation has been notified in writing of the Mortgagor’s intent to prepay their Mortgage Loans. Such Mortgage Loans had aggregate outstanding principal balances of \$7,285,073 and \$1,680,849, respectively as of January 31, 2012. There can be no assurance as to whether these prepayments 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, 2012.” 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 2005 Series F Participant Interest, the 2005 Series J Participant Interest and the 2006 Series A Participant Interest. Subsequent to January 31, 2012, the Corporation has received six (6) notifications with respect to mortgage loans underlying the 2006 Series A Participant Interest with an aggregate outstanding principal balance of \$6,153,793.

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.

Section 236 Contracts may provide that the HUD Payments under a Section 236 Contract shall terminate if the related Development is acquired by the Corporation or by any ineligible owner, and that the Secretary of HUD (the "Secretary") may terminate HUD Payments if an action of foreclosure is instituted, unless the Secretary approves a plan providing for continuity of eligibility of the related Development for receiving HUD Payments. It may not be possible, under New York foreclosure procedures, to complete a foreclosure sale subject to the continuing lien of the mortgage being foreclosed. Under Pub. L. 98-473, enacted in 1984, contract authority which would otherwise be subject to recapture by HUD at the time of termination of a contract for Section 236 interest reduction payments as a result of

a foreclosure of the mortgage loan on a development shall remain available for such development for the balance of the contract term, and the Secretary is directed to offer to execute new Section 236 Contracts with the new owners of such projects, subject to satisfaction of statutory eligibility requirements. On this basis the Corporation believes that, notwithstanding the language of the Section 236 Contracts, in the event of a foreclosure of a Mortgage Loan secured by a Section 236 Contract not subject to FHA Insurance (which also would include 2006 Series A Trust Mortgage Loans with Section 236 Contracts), the Secretary would enter into a contract for Section 236 interest reduction payments with the new owner, subject to the satisfaction of statutory eligibility requirements, the availability of appropriations and the willingness of the mortgagee to enter into a new contract for interest reduction payments.

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

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

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

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

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

## FHA-Insured Mortgage Loans with Low Inspection Ratings

Pursuant to HUD regulations and 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 may be referred to DEC and will be evaluated for enforcement by local HUD Office of Housing Staff. A Notice of Violation/Default of Regulatory Agreement and Housing Assistance Payment Contract is then issued. The property owner has sixty (60) days to certify that all repairs have been completed. HUD will then re-inspect the property, either following such sixty (60) day period or, in certain cases with respect to properties being evaluated for enforcement by local HUD Office of Housing Staff, the following year. 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 three (3) Developments (other than those that relate to the 2006 Series A Mortgage Loan) with Fannie Mae insured Mortgage Loans with an aggregate outstanding senior Mortgage Loan balance of \$55,785,204 and an aggregate outstanding subordinate Mortgage Loan balance of \$9,139,243 as of January 31, 2012, have each received a Notice of Default of the Agreement for Interest Reduction Payments from HUD because of their low inspection ratings. The Developments are currently undergoing capital improvement plans under the Mitchell Lama Repair Loan Program and are also required to maintain certain reserves for replacements for capital improvements; such loan proceeds and reserves could be applied to rectify the Notice of Default of the Agreement for Interest Reduction Payments. However, the Corporation can give no assurance as to whether such loan proceed and reserves will, in fact, be used by the Mortgagors in such manner or whether the amount of such reserves will be sufficient to correct all violations.

### **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 2009/2012 Bonds by the provisions of the 2009/2012 Supplemental Resolutions, are reflected in the defined terms below. 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 Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2006 Series A, 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 ten percent (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.

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

“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 (i) the City of New York, New York or (ii) the city in which the Principal Office of the Trustee is located, (c) a day on which the New York Stock Exchange is closed or (d) 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 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 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 General Resolution or a Supplemental Resolution or (ii) the report of an accountant as to audit or other procedures called for by the General Resolution or a Supplemental Resolution.

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

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

“Code” means the Internal Revenue Code of 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.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors or assigns.

“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.

“Fannie Mae” means the Federal National Mortgage Association.

“Federal Housing Commissioner” or “FHA Commissioner” means the Secretary of HUD (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.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation.

“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.

“HPD” means the New York City Department of Housing Preservation and Development.

“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: GNMA, 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 GNMA 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 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.

"LIRP" means the Low Income Rental Program.

"MIRP" means the Mixed Income Rental Program.

"Mitchell-Lama Restructuring Bonds" means Bonds, including the 2004 Series E-1 Bonds, the 2004 Series E-2 Bonds, the 2004 Series F Bonds, the 2005 Series A-1 Bonds, the 2005 Series E Bonds, the 2005 Series F-1 Bonds, the 2005 Series F-2 Bonds, the 2005 Series G Bonds, the 2005 Series J-1 Bonds, the 2006 Series D-1 Bonds, the 2008 Series C-2 Bonds, a portion of the 2008 Series E Bonds (in an amount equal to the 2008 Series E Mortgage Loans for the Carol Gardens Development, the Esplanade Gardens Development, the Goddard Riverside Development, the RNA House Development, the Washington Square SE Development, the Atlantic Plaza Towers Development, the Strykers Bay Development, the Bethune Tower Development, the Rosalie Manning Development, the Lincoln Amsterdam Development and the Seaview Towers Development), a portion of the 2008 Series F Bonds (in an amount equal to the 2008 Series F Mortgage Loan for the Dayton Towers Development), the 2008 Series J Bonds, the 2008 Series L Bonds, the 2010 Series G Bonds, a portion of the 2010 Series H Bonds (in an amount equal to the 2010 Series H Mortgage Loan for the Cannon Heights Development), the 2010 Series N Bonds, the 2011 Series F-1 Bonds, the 2011 Series F-2 Bonds, the 2011 Series G-2-B Bonds, the 2011 Series H-2-B Bonds and the 2011 Series H-3-B 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 GNMA, Fannie Mae or 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

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\* The 2012 Series D Supplemental Resolution provides that, with respect to the 2012 Series D Mortgage Loans, any prepayment premiums or penalties shall not constitute Pledged Receipts. The 2012 Series D Supplemental Resolution provides that, with respect to any Acquired Project, Acquired Project Net Operating Income shall constitute Pledged Receipts. The 2012 Series D Supplemental Resolution provides that, with respect to the 2012 Series D Mortgage Loans, amounts obtained under a letter of credit or other credit enhancement securing a 2012 Series D Mortgage Loan or under any agreement entered into by the Corporation and the provider of such letter of credit or other credit enhancement in connection with the providing of such letter of credit or credit enhancement, in the event of a default on such 2012 Series D Mortgage Loan, with respect to scheduled principal and/or interest payments required by such 2012 Series D Mortgage Loan, including the applicable 2012 Series D Mortgage Loan Mandatory Prepayment, shall constitute Pledged Receipts. The 2012 Series D Supplemental Resolution provide that, with respect to the 2012 Series D Mortgage Loans, the payment in whole or in part of a 2012 Series D Mortgage Loan Mandatory Prepayment received within 60 days of the final maturity of the 2012 Series D Bonds of the applicable Series and maturity shall constitute Pledged Receipts. The 2012 Series D Supplemental Resolutions provide that, with respect to any 2012 Series D Mortgage Loan insured by SONYMA Insurance, amounts obtained pursuant to such SONYMA Insurance, with respect to scheduled principal and/or interest payments required by such 2012 Series D Mortgage Loan, shall constitute Pledged Receipts. The 2012 Series D Supplemental Resolution provides that, with respect to the 2012 Series D Mortgage Loans and any federal subsidy payments pursuant to Section 236 of the National Housing Act of 1934, as amended, with

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.

“Principal Office”, when used with respect to the Trustee shall mean The Bank of New York Mellon, 101 Barclay Street, Floor 7W, New York, New York 10286, Attention: New York Municipal Finance Unit, and when used with respect to the Tender Agent shall mean the same address as that of the Trustee or the address of any successor Tender Agent appointed in accordance with the terms of the 2009 Series H Supplemental Resolution, or such other office designated to the Corporation in writing by the Trustee or Tender Agent, as the case may be.

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respect thereto, only federal subsidy payments duly and properly paid and actually received by or on behalf of the Corporation or the Trustee shall constitute Pledged Receipts. The 2012 Series D Supplemental Resolution provides that, with respect to the 2012 Series D Mortgage Loan for the Southern Boulevard Development, any Set Rate Interest or Third Party Fees (as such terms are defined in the applicable Mortgage Note) shall not constitute Pledged Receipts. The 2006 Series A Supplemental Resolution provides that, with respect to any Acquired Project, Acquired Project Net Operating Income shall constitute a Pledged Receipt. The 2006 Series A Supplemental Resolution 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 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, with respect to the mortgage loans underlying the 2006 Series A Mortgage Loan subsidized through Section 8 of the United States Housing Act of 1937, as amended, 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 Purchased Mortgage Loans, provides that all amounts received with respect to any underlying mortgage loans and other assets backing the 2006 Series A Mortgage Loan (including amounts that would otherwise constitute Recoveries of Principal) shall constitute Pledged Receipts. 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 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. 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.

“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.

“Purchase Price” means an amount equal to one hundred percent (100%) of the principal amount of any 2009 Series H-2 Bond plus, unless the Purchase Price is to be paid on an Interest Payment Date (in which case interest will be paid in the normal manner), accrued and unpaid interest thereon to the date of purchase.

“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 tax covenants contained in the General Resolution.

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

“Record Date” means, (i) with respect to the 2009 Series H-2 Bonds, that day which is the fifteenth (15th) day of the month preceding any Interest Payment Date, and (ii) with respect to the 2012 Series D Bonds, the fifteenth (15th) day next preceding an Interest Payment Date.

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

“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 or the applicable Supplemental 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 in all events by the Corporation on a single future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by the Corporation by reason of the maturity of a Bond or by call for redemption at the election of the Corporation.

“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.

“Special Servicing Agreement” means one of the Special Servicing Agreements with respect to the 2006 Series A Bonds, as described in the 2006 Series A Supplemental Resolution.

“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, (b) mortgage-backed securities guaranteed by GNMA, (c) bank letters of credit securing Mortgage Loans and (d) a credit enhancement instrument by Fannie Mae securing a Mortgage Loan.

“Tender Agent” means The Bank of New York Mellon, a New York banking corporation, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party, or any successor Tender Agent appointed in accordance with the terms of the 2009 Series H Supplemental Resolution.

“Term Rate” means the rate of interest on the 2009 Series H-2 Bonds described in “DESCRIPTION OF THE 2009 SERIES H-2 BONDS—General.”

“Term Rate Period” means any period of time during which the 2009 Series H-2 Bonds bears interest at the Term Rate.

“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.

“2005 Series F Participant Interest” means the Participant Interest in the Participated Assets purchased with the proceeds of the 2005 Series F Bonds (all as defined in the 2005 Series F Participation Agreement).

“2005 Series F Participation Agreement” means the Participation Agreement by and between the Corporation and the City, dated the date of issuance of the 2005 Series F Bonds, as amended.

“2005 Series J Participant Interest” means the Participant Interest in the Participated Assets purchased with the proceeds of the 2005 Series J Bonds (all as defined in the 2005 Series J Participation Agreement).

“2005 Series J Participation Agreement” means the Participation Agreement by and between the Corporation and the City, dated the date of issuance of the 2005 Series J Bonds, as amended.

“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.”

“2009 Series H Bond Proceeds Account” means, with respect to the 2009 Series H-2 Bonds, the 2009 Series H Bond Proceeds Account established pursuant to the 2009 Series H Supplemental Resolution.

“2009 Series H Event of Default” means the event specified in the 2009 Series H Supplemental Resolution as a 2009 Series H Event of Default.

“2009 Series H Mortgage Loans” means the 2009 Series H Mortgage Loans for the multi-family housing developments financed with the proceeds of the 2009 Series H-2 Bonds and any replacement of any of said 2009 Series H Mortgage Loan as provided in the 2009 Series H Supplemental Resolution.

“2009 Series H Redemption Account” means, with respect to the 2009 Series H-2 Bonds, the 2009 Series H Redemption Account established pursuant to the 2009 Series H Supplemental Resolution.

“2009 Series H Revenue Account” means, with respect to the 2009 Series H-2 Bonds, the 2009 Series H Revenue Account established pursuant to the 2009 Series H Supplemental Resolution.

“2009 Series H-2 Fourth Term Rate Term” means, with respect to the 2009 Series H-2 Bonds, the Term Rate Period commencing with the date of remarketing of the 2009 Series H-2 Bonds to but excluding June 28, 2013.

“2011 Participant Interest” means the Participant Interest in the Participated Assets purchased with the proceeds of the 2011 Series F-1 Bonds and the 2011 Series F-2 Bonds (all as defined in the 2011 Participation Agreement).

“2011 Participation Agreement” means the Participation Agreement by and between the Corporation and the City, dated as of the date of issuance of the 2011 Series F-1 Bonds and the 2011 Series F-2 Bonds, as amended.

**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 2009/2012 Bonds by the provisions of the 2009/2012 Supplemental Resolutions, have also been summarized below. 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 ten percent (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, 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, at par.

Upon receipt of written instructions from an Authorized Officer, 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, and the 2012 Series D Supplemental Resolution, with respect to the 2012 Series D Bonds, each provide 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 Series of Bonds. In the event any such Cash Equivalents are so provided (other than in connection with the initial issuance of the applicable Series of Bonds, or to replenish the Debt Service Reserve Account) in replacement of funds on deposit in the Debt Service Reserve Account, the Trustee shall make such deposit and transfer funds in an equivalent amount from the Debt Service Reserve Account to the Revenue Account.

#### Rebate Fund

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

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

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Officer, shall deposit in the Rebate Fund at least as frequently as the end of each fifth Bond Year and at the time that the last Bond that is part of the Series for which a Rebate Amount is required is discharged, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such time of calculation. The amount deposited in the Rebate Fund pursuant to the

previous sentence shall be deposited from amounts withdrawn from the Revenue Account, and to the extent such amounts are not available in the Revenue Account, directly from earnings on the Accounts.

Amounts on deposit in the Rebate Fund shall be invested in the same manner as amounts on deposit in the Accounts, except as otherwise specified by an Authorized Officer to the extent necessary to comply with the tax 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 the 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 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 F Participant Interest, the 2005 Series J Second Mortgage Loans, the 2005 Series J Participant Interest, the 2006 Series D Second Mortgage Loans, the 2008 Series C Third Mortgage Loan, the 2008 Series F Second Mortgage Loan, the 2008 Series J Third Mortgage Loan, the 2008 Series L Second Mortgage Loan, the 2010 Series G Third Mortgage Loan, the 2011 Participant Interest and the 2011 Series H-2-B/2011 Series H-3-B Second 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.

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 2012 Series D Supplemental Resolution, with respect to the 2012 Series D Mortgage Loans, as the case may be, the following additional provisions shall apply:

(1) The Corporation shall take all steps, actions and proceedings necessary, in the judgment of the Corporation, to protect its rights with respect to (i) any mortgage securing a 2006 Series A Purchased Mortgage Loan backing the 2006 Series A Mortgage Loan or (ii) the Mortgages securing the 2012 Series D Mortgage Loans, as the case may be.

(2) Whenever, in the Corporation's judgment, it shall be necessary in order to protect and enforce the rights of the Corporation under (i) a mortgage securing a 2006 Series A Purchased Mortgage Loan backing the 2006 Series A Mortgage Loan or (ii) the Mortgage securing a 2012 Series D 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 or Mortgage, as the case may be, in default under the provisions of such mortgage or Mortgage, as the case may be, and/or, in protection and enforcement of its rights under such mortgage or Mortgage, as the case may be, the Corporation may, in its discretion, acquire and take possession of the Project covered by such mortgage or Mortgage, as the case may be, 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 (i) a 2006 Series A Purchased Mortgage Loan backing the 2006 Series A Mortgage Loan or (ii) a 2012 Series D Mortgage Loan, as the case may be, by foreclosure, deed in lieu of foreclosure or otherwise, and so long as the Corporation shall have title thereto or be in possession thereof, the Corporation shall, as the case may be, operate and administer such Project in the place and stead of the mortgagor or Mortgage, as the case may be, and in the manner required of such mortgagor or Mortgage, as the case may be, by the terms and provisions of such mortgage or Mortgage, as the case may be. 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 (i) a 2006 Series A Purchased Mortgage Loan backing the 2006 Series A Mortgage Loan or (ii) a 2012 Series D 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 or Mortgage Loan, as the case may be, with respect thereto as if such entity were the original mortgagor or Mortgage, as the case may be, provided that (i) the mortgage or Mortgage, as the case may be, securing such mortgage loan or Mortgage Loan, as the case may be, shall contain the terms, conditions, provisions and limitations substantially similar to the mortgage or Mortgage, as the case

may be, of such Project which had previously secured the related 2006 Series A Purchased Mortgage Loan backing the 2006 Series A Mortgage Loan or a 2012 Series D Mortgage Loan, as the case may be, (ii) said new mortgage loan or Mortgage Loan, as the case may be, 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 or Mortgage Loan, as the case may be, and specifying which 2006 Series A Purchased Mortgage Loan backing the 2006 Series A Mortgage Loan or 2012 Series D 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 Pledged Receipts with respect to the 2006 Series A Purchased Mortgage Loan backing the 2006 Series A Mortgage Loan or as Recoveries of Principal with respect to a 2012 Series D Mortgage Loan, as the case may be.

(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 backing the 2006 Series A Mortgage Loan or under a 2012 Series D 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 Mortgage, as the case may be, or (b) make a mortgage loan or Mortgage Loan, as the case may be, with respect thereto as if such entity were the original mortgagor or Mortgagor, as the case may be, if such sale shall occur after the original mortgage or Mortgage, as the case may be, shall have been discharged, provided, however, that (i) the mortgage or Mortgage, as the case may be, securing such mortgage loan or Mortgage Loan, as the case may be, shall contain the terms, conditions, provisions and limitations substantially similar to the mortgage or Mortgage, as the case may be, of such Project which had previously secured the related 2006 Series A Purchased Mortgage Loan backing the 2006 Series A Mortgage Loan or a 2012 Series D Mortgage Loan, as the case may be, (ii) said new mortgage loan or Mortgage Loan, as the case may be, 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 or Mortgage Loan, as the case may be, and specifying which underlying 2006 Series A Purchased Mortgage Loan backing the 2006 Series A Mortgage Loan or 2012 Series D Mortgage Loan, as the case may be, has been so replaced.

(6) Any rights of the Corporation set forth in (1)-(5) above may be exercised by, (i) to the extent permitted by law, a subsidiary of the Corporation established pursuant to Section 654-a of the Act and (ii) with respect to the 2006 Series A Purchased Mortgage Loan backing the 2006 Series A Mortgage Loan only, another entity in accordance with the provisions of the Special Servicing Agreement.

(7) Notwithstanding the foregoing provisions described above, from and after the date of issuance of SONYMA Insurance with respect to any 2012 Series D Mortgage Loan insured by SONYMA Insurance, the provisions of (1)-(6) above shall apply only during the period that SONYMA has failed to honor its payment obligations under such SONYMA Insurance.

(8) With respect to a 2012 Series D Mortgage Loan only, as a further alternative to the rights of the Corporation described above, following a default under a 2012 Series D Mortgage Loan, the Corporation may, in its discretion, obtain amounts under any letter of credit or other credit enhancement securing such 2012 Series D Mortgage Loan, or under any agreement entered into

by the Corporation and the provider of such letter of credit or other credit enhancement in connection with the providing of such letter of credit or credit enhancement, in accordance with the terms thereof; provided that if the Corporation obtains funds in an amount equal to the outstanding principal balance of such 2012 Series D Mortgage Loan, plus the lesser of (i) accrued interest thereon or (ii) the maximum amount available with respect to accrued interest thereon, pursuant to any such letter of credit, credit enhancement or other agreement, the Corporation shall immediately assign such 2012 Series D Mortgage Loan to or upon the order of the provider thereof free and clear of the lien of the General Resolution.

#### 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 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 or 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.

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS OF THE CORPORATION FOR FISCAL YEAR  
ENDED OCTOBER 31, 2011 INCLUDING AS SCHEDULE 2 SUPPLEMENTAL  
INFORMATION RELATED TO THE HOUSING REVENUE BOND PROGRAM**

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Combined Financial Statements  
and Other Information

New York City Housing  
Development Corporation

October 31, 2011



**New York City Housing Development Corporation**

**Combined Financial Statements and  
Additional Information**

**Year Ended October 31, 2011**

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## Report of Independent Auditors

The Members of the  
New York City Housing Development Corporation

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the New York City Housing Development Corporation (the Corporation), a component unit of the City of New York, as of and for the year ended October 31, 2011, 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 opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2010 financial statements and, in our report dated January 18, 2011 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Corporation as of October 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Management's discussion and analysis and the schedule of funding progress on pages 3 to 9 and page 64, respectively, 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 conducted for the purposes of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary information included in Schedule 2 on pages 65 to 67 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 18, 2012

**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended October 31, 2011**

**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 along with other monies of the Corporation to make loans to finance new residential construction and the rehabilitation of existing multi-family housing. 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. Presently, it 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 includes the schedule of funding progress 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, 2011. This period is also referred to as Fiscal Year 2011. Data is presented for the primary governmental entity HDC only. Reported amounts have been rounded to facilitate reading.

**FINANCIAL HIGHLIGHTS**

- In spite of the current economic conditions, significant growth in assets and liabilities has continued from last fiscal year due to ongoing financing activities.
- Twenty bond series sold, totaling \$685.0 million, to create and preserve affordable housing. Of the total issued, \$679.3 million was new money and \$5.7 million was refinancing of previously issued debt.
- Total assets of \$11.73 billion, an increase of \$544.3 million or 4.87% from 2010 as a result of borrowing activities noted above and related mortgages.
- Total liabilities of \$10.36 billion, an increase of \$401.0 million or 4.03% from 2010 as a result of the bonds issued and noted above.
- Total net assets of \$1.37 billion, an increase of \$143.2 million or 11.68% from 2010 due to normal operating activities and non-operating revenue of grant income.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

### HDC's Assets and Liabilities

The balance sheet presents the Corporation's assets, liabilities, and net assets as of October 31, 2011. The following table represents the changes in the primary entity, HDC's, net assets between October 31, 2010 and 2011 and should be read in conjunction with the financial statements. (Dollar amounts are in thousands):

	2011	2010	Change	Percent Change
<b>Assets</b>				
Cash and Investments	\$2,309,485	\$2,703,591	\$(394,106)	(14.6)%
Mortgage Loans	8,131,798	7,279,644	852,154	11.7
Other	1,286,446	1,200,232	86,214	7.2
<b>Total Assets</b>	<b>\$11,727,729</b>	<b>\$11,183,467</b>	<b>\$544,262</b>	<b>4.87%</b>
<b>Liabilities</b>				
Bonds Payable (net)	8,484,314	8,474,214	10,100	0.1
Payable to New York City	818,311	806,566	11,745	1.5
Other	1,055,985	676,804	379,181	56.0
<b>Total Liabilities</b>	<b>\$10,358,610</b>	<b>\$9,957,584</b>	<b>\$401,026</b>	<b>4.03%</b>
<b>Net Assets</b>				
Restricted for bond obligations	592,517	525,372	67,145	12.8
Unrestricted	776,602	700,511	76,091	10.9
<b>Total Net Assets</b>	<b>\$1,369,119</b>	<b>\$1,225,883</b>	<b>\$143,236</b>	<b>11.68%</b>

Assets of the Corporation consist largely of the following: mortgage loans; cash and investments from bond proceeds, debt service and other reserves; funds designated for various housing programs; and other assets, which include participation interests in cash flows from pools of mortgage loans, housing-related notes receivable and purpose investments, and working capital. Total assets grew 4.87% or \$544.3 million from 2010 due to the Corporation's ongoing debt issuances and lending activities. In the prior fiscal year, total assets increased \$1.21 billion or 12.2%.

As noted above, the growth in total assets in 2011 was due primarily to the Corporation's ongoing debt issuance and lending activities. When HDC sells bonds, the bond proceeds are an investment asset until converted to a loan asset once disbursed. The asset value is generally offset by the related bond liability.

Liabilities of the Corporation can be grouped into three main categories. By far the largest is HDC bonds outstanding, which totaled almost \$8.5 billion at October 31, 2011. The second largest category is "Payable to New York City" (the "City"). This includes construction loan funds administered on behalf of HPD and other assets which will ultimately revert to the City pursuant to various loan participation and other agreements. These include loan assets which are currently held by HDC and pledged to pay HDC bonds, but transfer to the City when the related bonds are retired. The last category, "Other", includes payable to mortgagors, deferred income and accounts and other payables. Payable to mortgagors are funds 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. Deferred income is where HDC receives certain mortgage and bond-related fee income as cash, but as a result of using the accrual method of accounting only recognizes the income when earned over the appropriate time period. This deferred income is shown as a liability. Accounts and other payables mainly consist of funds held by HDC in escrow to retire certain bonds and payable to other entities as part of a participation loan agreement for short-term loan funding.

Total liabilities of the Corporation were \$10.36 billion at October 31, 2011. Liabilities grew 4.03% or \$401.0 million from the prior year, principally as a result of HDC issuing 20 new bond series during Fiscal Year 2011, net of bond redemptions and retirements. There was minimal net increase in the Payable to the City as a whole. Three separate transactions primarily impacted this payable during the year. First, the aforementioned origination or purchase of a participation interest with the City in Mitchell Lama subordinate loans, to payoff the bondholders in the REMIC Trust and release of the trust's assets to the Corporation (subject to a reverter interest to NYC), and prepayments caused a net increase of \$68.4 million in Payable to the City. Second, a decline of \$5.1 million in the participation loan program with HPD due to the receipt of non-operating revenues and bond credit facility fees. Third, a decrease of \$51.6 million in the administration of construction and permanent loans on behalf of the City (HPD). "Other" liabilities primarily include accounts and other payables and payable to mortgagors. Accounts and others payable increased by \$301.0 million in fiscal year 2011 mainly due to a construction loan participating agreement between the Corporation and other entities and funds held in escrow to retire certain bonds. Payable to mortgagors and others increased by net of \$78.0 million mainly due to funds held in escrows by HDC for its loan servicing function and other payables.

Net assets of the Corporation are the excess of assets over liabilities, and totaled \$1.37 billion for the Corporation as of October 31, 2011. This represents an increase of \$143.2 million or 11.68% over the prior year. In 2010 total net assets increased \$59.3 million or 5.1%. The growth in net assets of \$143.2 million in 2011 includes \$68.0 million from normal operating activities and \$75.2 million from non-operating revenue grant income. A further discussion of this increase of revenues in excess of expenses is below.

Net assets are classified as restricted or unrestricted, with restricted assets being committed by law or contract to specific purposes. HDC's most significant restricted assets include debt service reserves for HDC bond issues and undisbursed bond proceeds held prior to construction advances. Unrestricted assets may be classified as designated or undesignated. Designated assets are those allocated by action or policy for specific purposes determined by HDC's Members, 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 Statement of Revenues, Expenses and Changes in Fund Net Assets presents revenues recognized in and expenses attributed to the fiscal year ended October 31, 2011. The table below summarizes the primary entity, HDC's, revenues and expenses and presents comparative data. It should be read in conjunction with the financial statements. (Dollar amounts are in thousands):

	2011	2010	Change	Percent Change
<b>Revenues</b>				
Interest on Loans and Participation Interests	\$189,739	\$171,693	\$18,046	10.5%
Investment Earnings	28,486	27,470	1,016	3.7
Fees and Charges	40,315	35,635	4,680	13.1
Other Revenues	477	363	114	31.4
<b>Total Revenues</b>	<b>259,017</b>	<b>235,161</b>	<b>23,856</b>	<b>10.1</b>
<b>Expenses</b>				
Bond Interest	148,794	144,325	4,469	3.1
Operating Expenses	37,812	37,680	132	0.4
Other (Revenues) Expenses	(70,825)	(6,170)	(64,655)	1047.9
<b>Total Expenses</b>	<b>115,781</b>	<b>175,835</b>	<b>(60,054)</b>	<b>(34.2)</b>
<b>Change in Net Assets</b>	<b>143,236</b>	<b>59,326</b>	<b>83,910</b>	<b>141.4</b>
Net Assets, Beginning of year	1,225,883	1,166,557	59,326	5.1
<b>Net Assets, End of Year</b>	<b>\$1,369,119</b>	<b>\$1,225,883</b>	<b>\$143,236</b>	<b>11.68%</b>

Revenues of the Corporation are classified as operating and non-operating. Interest income from mortgage and other loan-related interest 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 and revenues from grant income. 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 consist primarily of interest on bonds, which accounted for 79.7% of operating expenses in Fiscal Year 2011. 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 change in net assets for Fiscal Year 2011 was positively or negatively affected as described below:

- Interest on loans increased by \$18.0 million or 10.5%. The increase in mortgage interest earned was mainly due to an increase in the mortgage loan portfolio from the prior year. Income on Participation Interest decreased by \$0.4 million in total because there were no prepayments of loans in Mitchell-Lama programs during the year. In 2010, interest on loans declined by \$1.2 million or 0.7% from the previous year due to decreases in variable interest rates and the prepayment of loans in the Mitchell-Lama program.
- Earnings on investments increased by \$1.0 million or 3.7%. In 2010, earnings on investments decreased by \$7.4 million or 21.3% from the previous year.
- Fees and charges increased by a net of \$4.7 million or 13.1%. This was mainly due to a \$2.0 million increase in negative arbitrage fees earned due to the interest rate environment. Amortization of commitment fees increased by \$2.6 million due to increased loan financing activities. Minimal increases in servicing and other fees included credit fees for preservation loans enhanced by the Corporation. In 2010, fees and charges increased by \$8.8 million or 32.9 %.
- Interest expense increased from \$144.3 million to \$148.8 million or 3.1%. This was mainly due to bond issuance activities during the year. In 2010, interest expense decreased by \$0.9 million or 0.6% from the previous year.
- Other operating expenses increased by \$0.1 million or 0.4% mainly as a result of an increase in costs related to Other Post Employment Benefits ("OPEB") for FY 2011. There was a marginal increase in other operating costs in comparison to the growth in HDC's volume of business. In 2010, other operating expenses increased by \$5.9 million or 18.5% from the previous year because of an increase in bond related operating costs and costs related to OPEB.
- Other revenues reported as non-operating revenue increased by a net of \$64.7 million. This was mainly due to grant revenue income from the Battery Park City Authority ("BPCA") in the amount of \$75.2 million pursuant to a Grant Agreement relating to the elimination of certain tax programs under §421-a of Real Property Tax Law between the City, BPCA and the State of New York. This

increase in other revenue was slightly offset by a capital transfer of \$7.5 million by HDC to REMIC to increase the capital base of REMIC.

- As a result of the factors noted above, the Corporation’s growth in net assets resulting from revenues in excess of expenses amounted to \$143.2 million, an increase of \$83.9 million from \$59.3 million in 2010. This reflects a significant and steady growth in an economic environment that is slowly recovering from the recent financial crisis.

## DEBT ADMINISTRATION

At year-end, the Corporation had approximately \$8.5 billion of bond principal outstanding, net of deferred bond refunding costs and discount and premium, an increase of 0.1% over the prior year. The following table summarizes the changes in bonds payable between October 31, 2010 and October 31, 2011. (Dollar amounts are in thousands):

	2011	2010	Percentage Increase FY 2010 to 2011
Bonds Payable	\$8,484,314	\$8,474,214	0.1%

In Fiscal Year 2011, with the exception of one bond series all “VRDO” bond series were successfully remarketed, and at the end of the fiscal year, there were no Bank Bonds outstanding.

During Fiscal Year 2010, pursuant to a program created under the Housing and Economic Recovery Act of 2008 (“HERA”), the Corporation accepted an allocation of \$500,000,000 from the United States Treasury to issue bonds under the New Issue Bond Program (“NIBP”) and which would subsequently be issued by HDC, wrapped by the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and sold to the United States Treasury. This initiative has expanded the resources to provide affordable mortgages for low and middle income households and support the development and rehabilitation of affordable housing units. The Corporation issued the 2009 Series 1 bonds for \$415.0 million and the 2009 Series 2 bonds for \$85.0 million on December 23, 2009. As of October 31, 2011, a total of \$267.0 million were converted to fixed rate tax exempt bonds and of that \$233.0 million were outstanding. Additional information on the Corporation’s long-term debt can be found in Note 9 “Bonds Payable” and Note 18 “Subsequent Events” to the financial statements.

## NEW BUSINESS

During Fiscal Year 2011, the Corporation issued 20 new taxable and tax-exempt bond series totaling \$685.0 million. Included in this total were 19 series of Housing Revenue Bond Program bonds totaling \$655.0 million and one series of Multi-Family Mortgage Revenue Bonds for \$30.0 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. Subsequent to October 31, 2011, HDC issued one additional bond series in November 2011 of \$53.0 million and another 14 bond series in December 2011 with an aggregate amount of \$308.06 million. Additionally, subsequent to October 31, 2011, all of the

remaining bonds allocated to the Corporation under HERA and issued under NIBP were rolled out and converted to tax exempt bonds. (See Note 18: “Subsequent Events”.)

### **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](http://www.nychdc.com).

# New York City Housing Development Corporation Balance Sheets

At October 31, 2011 (with comparative summarized financial information as of October 31, 2010) (in thousands)

Discretely Presented Component Units				
New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	Total	
			2011	2010

## Assets

### Current Assets:

Cash and cash equivalents (note 3)	\$ 627,952	\$ -	\$ -	\$ 627,952	\$ 466,774
Investments (note 3)	360,922	-	-	360,922	66,075
Receivables:					
Mortgage loans (note 4)	156,416	166	-	156,582	77,312
Accrued interest	21,217	22	-	21,239	20,080
Notes (note 5)	11,730	-	-	11,730	11,160
Other (note 7)	59,702	-	8	59,710	21,846
<b>Total Receivables</b>	<b>249,065</b>	<b>188</b>	<b>8</b>	<b>249,261</b>	<b>130,398</b>
Other assets	52	-	-	52	61
<b>Total Current Assets</b>	<b>1,237,991</b>	<b>188</b>	<b>8</b>	<b>1,238,187</b>	<b>663,308</b>

### Noncurrent Assets:

Restricted cash and cash equivalents (note 3)	651,042	7,856	35,747	694,645	990,461
Restricted investments (note 3)	669,569	10,061	41,400	721,030	1,265,461
Purpose investment (note 2C)	186,644	-	-	186,644	190,631
Mortgage loans (note 4)	671,051	-	-	671,051	557,150
Restricted receivables:					
Mortgage loans (note 4)	7,304,331	30,042	-	7,334,373	6,675,505
Loan participation receivable - The City of NY (note 6)	656,707	-	-	656,707	609,581
Accrued interest	791	2,565	-	3,356	2,525
Notes (note 5)	278,668	-	-	278,668	290,399
Other (note 7)	2,779	-	-	2,779	-
<b>Total restricted receivables</b>	<b>8,243,276</b>	<b>32,607</b>	<b>-</b>	<b>8,275,883</b>	<b>7,578,010</b>
Unamortized issuance costs	48,451	-	-	48,451	49,020
Primary government/component unit receivable (payable)	2,767	(2,748)	(19)	-	-
Capital assets	1,321	-	-	1,321	1,363
Other assets (note 8)	15,617	-	-	15,617	6,057
<b>Total Noncurrent Assets</b>	<b>10,489,738</b>	<b>47,776</b>	<b>77,128</b>	<b>10,614,642</b>	<b>10,638,153</b>

<b>Total Assets</b>	<b>\$ 11,727,729</b>	<b>\$ 47,964</b>	<b>\$ 77,136</b>	<b>\$ 11,852,829</b>	<b>\$ 11,301,461</b>
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See accompanying notes to the basic financial statements.

# New York City Housing Development Corporation

## Balance Sheets (continued)

At October 31, 2011 (with comparative summarized financial information as of October 31, 2010) (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	2011	2010
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Bonds payable (net) (note 9)	\$ 476,641	\$ -	\$ -	\$ 476,641	\$ 481,566
Accrued interest payable	66,106	-	-	66,106	62,072
Payable to mortgagors	204,479	-	-	204,479	191,452
Restricted earnings on investments	8,438	39	-	8,477	13,826
Accounts and other payables	331,781	-	-	331,781	32,586
Deferred fee and mortgage income and other liabilities	-	-	-	-	217
<b>Total Current Liabilities</b>	<b>1,087,445</b>	<b>39</b>	<b>-</b>	<b>1,087,484</b>	<b>781,719</b>
<b>Noncurrent Liabilities:</b>					
Bonds payable (net) (note 9)	8,007,673	-	-	8,007,673	7,992,648
Payable to The City of New York:					
Loan participation agreement (note 11)	656,707	-	-	656,707	609,581
Other	161,604	46,766	-	208,370	247,455
Payable to mortgagors	270,102	504	-	270,606	203,283
OPEB liability (note 13)	9,809	-	-	9,809	8,035
Deferred fee and mortgage income and other liabilities	164,600	-	-	164,600	163,032
Due to the United States Government (note 14)	670	-	-	670	2,843
<b>Total Noncurrent Liabilities</b>	<b>9,271,165</b>	<b>47,270</b>	<b>-</b>	<b>9,318,435</b>	<b>9,226,877</b>
<b>Total Liabilities</b>	<b>10,358,610</b>	<b>47,309</b>	<b>-</b>	<b>10,405,919</b>	<b>10,008,596</b>
<b>Net Assets:</b>					
Restricted for bond obligations (note 17)	592,517	655	-	593,172	526,404
Restricted for insurance requirement and others (note 17)	-	-	48,448	48,448	43,733
Unrestricted (note 17)	776,602	-	28,688	805,290	722,728
<b>Total Net Assets</b>	<b>1,369,119</b>	<b>655</b>	<b>77,136</b>	<b>1,446,910</b>	<b>1,292,865</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,727,729</b>	<b>\$ 47,964</b>	<b>\$ 77,136</b>	<b>\$ 11,852,829</b>	<b>\$ 11,301,461</b>

See accompanying notes to the basic financial statements.

# New York City Housing Development Corporation

## Statements of Revenues, Expenses and Changes in Fund Net Assets

Year ended October 31, 2011 (with comparative summarized financial information for the year ended October 31, 2010) (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	2011	2010
<b>Operating Revenues</b>					
Interest on loans (note 4)	\$ 185,271	\$ -	\$ -	\$ 185,271	\$ 166,788
Fees and charges (note 7)	40,315	-	1,483	41,798	37,013
Income on loan participation interests (note 6)	4,468	-	-	4,468	4,905
Other	37	-	1	38	153
<b>Total Operating Revenues</b>	<b>230,091</b>	<b>-</b>	<b>1,484</b>	<b>231,575</b>	<b>208,859</b>
<b>Operating Expenses</b>					
Interest and amortization of bond premium and discount (note 9)	148,794	-	-	148,794	144,325
Salaries and related expenses (note 12)	20,987	-	-	20,987	20,319
Trustees' and other fees	4,399	-	-	4,399	4,770
Amortization of debt issuance costs	7,038	-	-	7,038	7,024
Corporate operating expenses (note 10)	5,388	-	-	5,388	5,567
<b>Total Operating Expenses</b>	<b>186,606</b>	<b>-</b>	<b>-</b>	<b>186,606</b>	<b>182,005</b>
<b>Operating Income</b>	<b>43,485</b>	<b>-</b>	<b>1,484</b>	<b>44,969</b>	<b>26,854</b>
<b>Non-operating Revenues (Expenses)</b>					
Earnings on investments (note 3)	28,486	(377)	2,642	30,751	32,413
Other non-operating revenues, net (note 7)	78,325	-	-	78,325	6,170
Payments to REMIC Subsidiary from HDC (note 1)	(7,500)	-	7,500	-	-
Payments from REMIC Subsidiary to HDC	440	-	(440)	-	-
<b>Total Non-operating Revenues, net</b>	<b>99,751</b>	<b>(377)</b>	<b>9,702</b>	<b>109,076</b>	<b>38,583</b>
<b>Change in Net Assets</b>	<b>143,236</b>	<b>(377)</b>	<b>11,186</b>	<b>154,045</b>	<b>65,437</b>
Total net assets - beginning of year	1,225,883	1,032	65,950	1,292,865	1,227,428
<b>Total Net Assets - End of Year</b>	<b>\$ 1,369,119</b>	<b>\$ 655</b>	<b>\$ 77,136</b>	<b>\$ 1,446,910</b>	<b>\$ 1,292,865</b>

See accompanying notes to the basic financial statements.

# New York City Housing Development Corporation Statements of Cash Flows

Year ended October 31, 2011 and 2010 (in thousands)

	2011	2010
<b>Cash Flows From Operating Activities</b>		
Mortgage loan repayments	\$ 651,587	\$ 531,298
Receipts from fees and charges	13,628	21,182
Mortgage escrow receipts	111,531	75,641
Reserve for replacement receipts	39,231	39,892
Mortgage loan advances	(1,307,305)	(1,077,740)
Escrow disbursements	(81,537)	(65,571)
Reserve for replacement disbursements	(30,190)	(31,275)
Payments to employees	(19,006)	(17,886)
Payments to suppliers for corporate operating expenses	(5,434)	(5,372)
Project contributions and funds received from NYC	95,081	134,603
Advances and other payments for NYC	(142,542)	(136,609)
Bond cost of issuance	(607)	(4,417)
Other receipts	488,422	236,318
Other payments	(149,243)	(112,632)
<b>Net Cash Used in Operating Activities</b>	<b>(336,384)</b>	<b>(412,568)</b>
<b>Cash Flows From Non Capital Financing Activities</b>		
Proceeds from sale of bonds	685,105	1,591,371
Retirement of bonds	(674,397)	(572,600)
Interest paid	(145,457)	(134,773)
Grant proceeds from BPCA	38,238	-
Payments from component units	440	210
Payments to component units	(10,200)	(3,000)
<b>Net Cash (Used in) Provided by Non Capital Financing Activities</b>	<b>(106,271)</b>	<b>881,208</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of capital assets	(85)	(73)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(85)</b>	<b>(73)</b>
<b>Cash Flows From Investing Activities</b>		
Sale of investments	18,233,199	21,197,364
Purchase of investments	(17,990,826)	(21,342,945)
Interest and dividends collected	28,831	35,136
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>271,204</b>	<b>(110,445)</b>
(Decrease) Increase in cash and cash equivalents	(171,536)	358,122
Cash and cash equivalents at beginning of year	1,450,530	1,092,408
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,278,994</b>	<b>\$ 1,450,530</b>

See accompanying notes to the basic financial statements.

# New York City Housing Development Corporation

## Statements of Cash Flows (continued)

Year ended October 31, 2011 and 2010 (in thousands)

	2011	2010
<b>Reconciliation of Operating Income to Net Cash Used in Operating Activities:</b>		
<b>Operating Income</b>	<b>\$ 43,485</b>	<b>\$ 25,476</b>
<b>Adjustments to reconcile operating income to net cash used in operating activities:</b>		
Depreciation expenses	128	391
Amortization of bond discount and premium	(1,452)	(1,375)
Amortization of deferred bond refunding costs	844	998
Amortization of bond issuance costs	6,194	6,026
Net cash provided by nonoperating activities	145,474	134,773
<b>Changes in Assets and Liabilities:</b>		
Mortgage loans	(960,624)	(802,373)
Accrued interest receivable	(21,294)	(1,940)
Other receivables	32,629	18,910
Bond issuance costs	(5,707)	(11,696)
Primary government/component unit receivable (payable)	59,531	79,344
Other assets	(9,707)	2,852
Payable to The City of New York	20,552	5,174
Payable to mortgagors	76,687	85,799
Accounts and other payables	281,988	34,893
Due to the United States Government	-	(17)
Restricted earnings on investments	(6,096)	(4,053)
Deferred fee, mortgage income and other liabilities	(3,050)	6,320
Accrued interest payable	4,034	7,930
<b>Net Cash Used in Operating Activities</b>	<b>\$ (336,384)</b>	<b>\$ (412,568)</b>
<b>Non Cash Investing Activities:</b>		
(Decrease) increase in fair value of investments	\$ (271)	\$ 1,736

See accompanying notes to the basic financial statements.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

### 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 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 Government 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 Board 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 Receivable for The City of New York”). 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) fees earned on loans serviced for HDC and for the City; (3) income from Corporate Services Fund investments; (4) grant revenues; (5) payments of the Corporation’s operating expenses; (6) loan assets made with corporate funds; and (7) Section 8 administrative fees.

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

The Housing Assistance Corporation (“HAC”) and the New York City Residential Mortgage Insurance Corporation (“REMIC”) represent active subsidiaries and together with the Housing New York Corporation (“HNYC”) and the Real Estate Owned Corporation (“REO”) comprise the reporting entity.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

HAC and REMIC have been included in the Corporation's financial statements as discretely presented component units of HDC. All of these entities have been reported as component units because HDC's Members comprise all or a controlling majority of the Board for each entity and HDC's staff provides all services for each entity.

### 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 Board Members substantially overlap with HDC's Board 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, 2011 is \$48,267,000.

REMIC must also maintain a Mortgage Insurance Fund which shall be used solely for the payment of liabilities arising from mortgage insurance contracts of the Old REMIC. The Mortgage Insurance Fund requirement at October 31, 2011 is \$181,000, which constitutes one hundred percent of Old REMIC's

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

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 an Operating Fund for operation purposes. During fiscal year 2011, to increase REMIC's capital base, the Corporation made a capital contribution of \$7.5 million to REMIC. The additional capital capacity will be used by REMIC to maintain its rating while affording it the opportunity to insure more mortgage loans. As a subsidiary of HDC, REMIC functions are administered by the Corporation. The Premium Reserve Fund and Operating Fund have a combined balance of \$27,414,000 at October 31, 2011. REMIC is reported as a component unit because HDC's Members comprise a controlling majority of the Board and HDC's staff provides all services for REMIC.

### *(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. On February 28, 2011, HDC acquired a property located at 271 East 139<sup>th</sup> street from the U.S. Department of Housing and Urban Development ("HUD") and immediately transferred such property to the East One Thirty Eight Housing Development Fund Company. The REO Subsidiary Corporation is treated as a blended component unit 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 statements are presented using the economic resources measurement focus and the accrual basis of

# **New York City Housing Development Corporation**

## **Notes to the Financial Statements**

### **October 31, 2011**

accounting wherein revenues are recognized when earned and expenses when incurred.

In its accounting and financial reporting, the Corporation follows the pronouncements of GASB. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed by the Corporation to the extent that those standards do not conflict with or contradict guidance of the GASB. The Corporation has elected not to follow subsequent private-sector guidance.

Other significant accounting policies are:

#### *A. Revenue and Expense Recognition*

The Corporation's operating revenues consist 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 and grant revenue are 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 the City in connection with loan participations and the payment, if necessary, of mortgage loan principal receipts on bond payments, as non-operating expenses. Expenses are recognized as incurred. Virtually all resources are either restricted or designated. Net assets have been restricted in accordance with terms of an award, agreement or by state law. Designated assets are committed for specific purposes pursuant to HDC policy and/or Board directives. Please see Note 17: "Net Assets" for more detailed information.

#### *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. All investments are reported at fair value, except for investment agreements. The Corporation's 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 require 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, 2011 to cover \$546,697,000 for payment of bond principal and interest due in the following year.

# **New York City Housing Development Corporation**

## **Notes to the Financial Statements**

### **October 31, 2011**

#### *C. Purpose Investments*

As part of its financing activities, HDC has made five housing development loans that are secured by GNMA certificates rather than mortgages on the related 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.

It is the Corporation's policy to record GNMA's at amortized cost, which amounted to \$186,644,000 and \$190,631,000, at October 31, 2011 and October 31, 2010, respectively. The fair value of these purpose investments amounted to \$193,380,000 and \$201,900,000, at October 31, 2011 and at October 31, 2010, respectively.

#### *D. Earnings on Investments*

Earnings on investments include interest income and changes in fair market 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.

#### *E. 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.

#### *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 developments. 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. Summarized Financial Information*

The financial statements include summarized comparative information for the year ended October 31, 2010 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

# New York City Housing Development Corporation

## Notes to the Financial Statements

### October 31, 2011

should be read in conjunction with the Corporation's financial statements for the year ended October 31, 2010 (which are available from the Corporation and on its website).

#### *H. Recent and Upcoming Accounting Pronouncements*

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (“GASB 62”). This Standard will improve financial reporting by incorporating into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. GASB 62 will supersede Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. The requirements of GASB 62 are effective for financial statements for periods beginning after December 15, 2011. The adoption of GASB 62 standard will not have significant impact on the Corporation’s financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (“GASB No. 63”). This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concept Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. GASB No.63 amends the net assets reporting requirements in GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The requirements of GASB 63 are effective for financial statements for periods beginning after December 15, 2011. The Corporation has not completed the process of evaluating the impact of GASB No. 63 on its financial statements.

#### *I. Reclassifications*

Certain fiscal year 2010 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. The Corporation principally

# New York City Housing Development Corporation

## Notes to the Financial Statements

### October 31, 2011

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. In fiscal year 2011, HDC continued investing in municipal bonds of New York State and New York City, consistent with the Corporation’s statute and Investment Guidelines. The Corporation did not enter into any reverse repurchase agreements during the year ended October 31, 2011. 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, 2011, the Corporation had the following investments.

Investment Type	Fair Value	Investment Maturities at October 31, 2011 (in Years)			
	2011	Less than 1	1-5	6-10	More than 10
<i>(in thousands)</i>					
Money Market and NOW Accounts	\$865,548	865,548	—	—	—
U.S. Treasury (Bonds, Notes, Bills)	547,617	543,015	90	—	4,512
FHLB	224,806	129,938	—	86,047	8,821
Fixed Repurchase Agreements	170,975	170,975	—	—	—
Open Time Deposits	139,246	53,100	55,841	—	30,305
NYS/NYC Municipal Bonds *	98,268	11,081	40,756	—	46,431
FHLMC	74,228	39,998	—	34,230	—
Certificates of Deposit	68,011	—	68,011	—	—
FNMA	52,281	24,973	20,204	—	7,104
Federal Farm Credit Bonds	33,568	—	15,031	18,537	—
Term Repurchase Agreements	25,820	24,630	—	1,190	—
<b>Total</b>	<b>2,300,368</b>	<b>1,863,258</b>	<b>199,933</b>	<b>140,004</b>	<b>97,173</b>
Less amounts classified as cash					
Equivalents	(1,269,877)	(1,269,877)	—	—	—
<b>Total investments</b>	<b>1,030,491</b>	<b>593,381</b>	<b>199,933</b>	<b>140,004</b>	<b>97,173</b>

\*Note: These are mostly VRDO instruments which can be put weekly.

In addition to the investments identified above, as of October 31, 2011 and 2010, the Corporation held \$9,117,000 and \$3,238,000, respectively, uninvested as cash in various trust and escrow accounts.

*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 by making decisions based on a review of ratings, collateral, and diversification requirements that vary according to the type of investment.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

As of October 31, 2011, 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 by Standard & Poor’s and/or Moody’s Investors Service (Fannie Mae, Freddie Mac, FHLB, Farmer MAC and Federal Farm Credit Bond are collectively referred to as “Agency”). These ratings were AA+ and A-1+ by Standard & Poor’s, and Aaa and P-1 by Moody’s for long-term and short-term instruments, respectively. Investments in Fannie Mae, Freddie Mac and FHLB are implicitly guaranteed by the U.S. government. They carry ratings equivalent to the credit ratings for the U.S. government. Some investments were not rated by Fitch Ratings. Of the investments that were rated by Fitch Ratings, they carried ratings from AAA to BBB. Money markets accounts are not rated; however the providers are rated and they are backed by either collateral held or letters of credit provided by third parties.

Ratings for investments in NYS/NYC municipal bonds are based on the issuers rating for its general obligation debt or the rating of their letter-of-credit providers, as the case may be. The letter-of-credit providers’ ratings carried a range from AA to A-, and Aa1 to A3, by Standard & Poor’s and Moody’s Investors Service, respectively. The remaining investments, short term and long term, that were rated by Standard & Poor’s and/or Moody’s Investors Service were rated from AAA to BBB, and Aaa to Baa1. Some investments were not rated by Fitch Ratings. Of the investments that were rated by Fitch Ratings, they carried ratings from AAA to BBB. Money Market, Open Time Deposits and Repurchase Agreements in the form of OTDs are not rated; however, the providers are 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, and accordingly, the Corporation was not exposed to custodial credit risk on its investment securities.

As of October 31, 2011, open time deposits in the amount of \$34,159,000, repurchase agreements in the amount of \$196,795,000, certificates of deposit in the amount of \$68,011,000, and demand accounts in the amount of \$865,548,000 were collateralized by high quality instruments such as U.S. Treasury Notes, U.S. Treasury Bills and Agency investments held by the Corporation’s agent in the name of the Corporation. All such investments are not subject to custodial credit risk.

For deposits, custodial credit risk is the risk that in the event of a bank failure, the Corporation’s deposit may not be returned to it. HDC limits its deposits to highly rated institutions, and such deposits are either in trust accounts or insured through the Federal Deposit Insurance Corporation (“FDIC”). HDC bank deposits amounted to \$17,298,000 as of October 31, 2011, of which \$10,357,000 was secured in trust accounts, which are protected under state law. \$6,941,000 was held in Demand Deposit Accounts (“DDA”). Under the deposit insurance provision of the Dodd-Frank Act, all funds in a “noninterest-bearing transaction account” are insured in full by the FDIC from December 31, 2010, through

# New York City Housing Development Corporation

## Notes to the Financial Statements

### October 31, 2011

December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules. All of the Corporation's funds held in the DDA are covered under this provision.

*Concentration of Credit Risk:* The Corporation reviews its credit concentration monthly. The Corporation's Credit Risk unit monitors concentration risk amongst issuers and reports to the Members of the Corporation's Audit Committee.

The following table shows issuers that represent 5% or more of total investments at October 31, 2011 (\$ in thousands):

Issuer	Dollar Amount	Percentage
Signature Bank	\$376,286	16.36%
HSBC	245,631	10.68
FHLB	224,806	9.77

#### **Note 4: Mortgage Loans**

The Corporation had outstanding, under various loan programs, mortgage loans of \$8,131,798,000 and \$7,279,644,000 as of October 31, 2011 and 2010, 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 as investments and this amounted to \$671,817,000 and \$1,087,889,000 at October 31, 2011 and October 31, 2010, respectively. (See Note 15: "Commitments".)

#### Changes in Mortgage Loans

The changes in Mortgage Loans are as follows:

Mortgage loans outstanding at October 31, 2009	6,563,945,000
Mortgage Advances	1,090,161,000
Principal Collections	(379,803,000)
Discount/Premium Amortized	5,341,000
Mortgage loans outstanding at October 31, 2010	7,279,644,000
Mortgage Advances	1,334,622,000
Principal Collections	(486,246,000)
Discount/Premium Amortized	3,778,000
Mortgage loans outstanding at October 31, 2011	\$8,131,798,000

#### *(A) New York City Housing Development Corporation*

The HDC mortgage loans listed above were originally repayable over terms of 2 to 55.5 years and bear interest at rates from 0.02% to 12% 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 of which are secured by notes (See Note 5: "Notes Receivable"), and loans secured by GNMA certificates (See Note 2C: "Purpose Investments"). Of the

# **New York City Housing Development Corporation**

## **Notes to the Financial Statements**

**October 31, 2011**

total HDC mortgages including those that are in the Mitchell-Lama programs held as of October 31, 2011, 79% are first mortgages and 21% are subordinate loans.

### *(B) Housing Assistance Corporation*

The Housing Assistance Corporation financed construction and capitalized interest costs for eight affordable housing projects during the period of 1986 to 1990. These loans, funded by the City, accrue interest at the rate of 0-1% per annum. As of October 31, 2011, there were five loans remaining and the total outstanding loan balance was \$30,208,000 and \$30,323,000 at October 31, 2011 and October 31, 2010, respectively.

### **Note 5: Notes Receivable**

HDC has two loans outstanding that are secured by notes and pledged revenues. Military Housing Notes Receivable of \$46,600,000 was 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. The interest rate on the mortgage loan is a blended rate of 6.32% which is equal to the bond interest rate. The interest on the mortgage is collected semi-annually on the debt service date.

In addition, notes receivable from NYCHA in connection with the Corporation's 2005 Series A Capital Fund Program Revenue Bond issuance was \$243,798,000 at October 31, 2011. 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 Receivable for The City of New York**

In fiscal year 2002, the Corporation acquired interests in two real estate mortgage investment trusts in connection with its housing activities. In addition, 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.

First, in each of fiscal years 2002 and 2003, HDC used bond proceeds from its Multi-Family Housing Revenue Bonds, "2002 Series D", and Multi-Family Housing Revenue Bonds, "2003 Series D" bond issues to purchase a subordinated position in a 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 is the Class B Certificate. Upon completion of the 2003 transaction, HDC's participation interest covered all the cash flows of the Sheridan Trust II. In September, 2005 the senior lien interests were satisfied and HDC became the primary beneficiary of Sheridan Trust II. 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. In April 2006, the Corporation issued its Multi-Family Housing Revenue Bonds, "2006 Series A" bonds to refinance the 2002 Series D and 2003 Series D bonds. At the time, the

# **New York City Housing Development Corporation**

## **Notes to the Financial Statements**

**October 31, 2011**

principal amount of the Sheridan Trust II had a balance of \$211,455,000 that was transferred to the 2006 Series A bond program. As of October 31, 2011, the principal amount was \$120,522,000.

Second, in fiscal year 2005, HDC used bond proceeds to acquire from the 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 (the “Certificates Trust”), also created by the City in 1996. On June 27 2011, the Certificates Trust was dissolved and the Corporation and the City amended and restated the 2004 Participation Agreement (as amended and restated, the “2011 Participation Agreement”) and replaced the 2004 Participation Interest with the 2011 Participation Interest. The remaining value of \$5,963,000 relating to the 2004 Participation Agreement was subtracted from the amount Payable to the City of New York. The Corporation pledged the 2011 Participation Interest (net of certain amounts to be paid to the Corporation) for the benefit of the holders of the 2011 Series F-1 and 2011 Series F-2 Bonds. The 2011 Participation Interest is considered a “Mortgage Loan” under the Resolution. (See Note 11: “Payable to The City of New York”.)

Third, the remaining \$536,185,000 in “Loan Participation Receivable - The City of New York” represents the excess face amount of collateral over the related bonds.

In each case, the “Loan Participation Receivable - The City of New York” are pledged to the associated bonds but revert to the City when such bonds are retired. (See Note 11: “Payable to The City of New York”.)

### **Note 7: Other Receivables**

Other Receivables of \$62,481,000 represent mortgage commitment and financing fees, servicing fees receivable, Reserve for Replacement loans and Corporate Services Fund loans not secured by mortgages on the properties, interest and servicing fees receivable on HPD loans serviced (but not owned) by HDC, and 421-A grant funds due to be received from the Battery Park City Authority (“BPCA”).

On March 29, 2010, the City of New York entered into a grant agreement with BPCA whereby the City is to receive funds from BPCA that exceed BPCA’s operating expenses over the next seven years. This amount is anticipated to be \$400,000,000. The City designated HPD and the Corporation to each receive \$200,000,000 of these funds to further the purpose of creating additional affordable housing in New York City.

On April 20, 2011, the Corporation entered into a “421-A Fund Agreement” with the City of New York which further details the roles and responsibilities of the Corporation and HPD related to the use and reporting of the BPCA funds. The funds are intended to be used by HDC and HPD to address the availability of affordable housing in the City with priority given to the fifteen sub-borough areas with the highest percentage of households below the poverty line according to the most recent United States census bureau data.

During this past fiscal year, the Corporation recognized grant revenue in the amount of \$75,253,000 from BPCA. The Corporation received the first installment of \$38,238,000 during the year ended October 31, 2011 and has recorded a receivable for the second installment of approximately

# **New York City Housing Development Corporation**

## **Notes to the Financial Statements**

### **October 31, 2011**

\$37,015,000 that it will receive in fiscal year 2012.

#### **Note 8: Other Non Current Assets**

Other non-current assets totaled \$15,617,000 at October 31, 2011, and consist of (a) various interest rate caps purchased by the Corporation in connection with certain bond issuances; (b) the value of purchased cash flows related to the 223(f) Program; and (c) the 2011 participation interest of Certificates Trust.

Interest rate caps are used to mitigate the Corporation's exposure to rising interest rates on its variable rate debt. 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 2002 Series C and 2002 Series D. These caps were carried at their amortized value. 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 from Goldman Sachs Mitsui Marine Derivative Products with substantially the same terms and conditions as the original caps. 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 in fiscal year 2006.

On April 28, 2006, the Corporation issued its Multi-Family Housing Revenue Bonds 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, 2011, the value of the interest rate cap for the 2006 Series A bonds was \$2,556,000.

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), relating to the 223(f) program and Multi-Family Housing Revenue Bonds, 2001 Series B. These cash flows were purchased by the Corporation from the City of New York 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 2011, \$102,000 was amortized and is reported as a non-operating expense. The unamortized value of these purchased cash flows is \$2,852,000 at October 31, 2011.

On June 27 2011, the Certificates Trust was dissolved and the Corporation and the City entered into 2011 Participation Interest (as defined above). The Certificates Trust consisted of a trust fund made up primarily of the pledge of the income from Interest Reduction Payment Contracts ("Section 236 Contracts") from the Federal government on 32 developments. Under the 2011 Participation Agreement, the Corporation holds a 100% participation interest in the second mortgages and related Section 236 Contracts on the remaining nine properties. The Corporation paid the City \$10,266,000 as the purchase price, which represents the discounted value of the future cash flows (monthly interest reduction payments). The 2011 Participation Interest was recorded as other assets and will be amortized over the period until 2025. During fiscal year 2011, \$58,000 was amortized and was recorded as a non-operating expense. The unamortized value of 2011 Participation Interest was \$10,209,000 at October 31, 2011.

# New York City Housing Development Corporation

## Notes to the Financial Statements

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### 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 \$10.25 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not exceed \$85 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, 2011, the limit on the aggregate principal amount outstanding remains unchanged at \$10.25 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, 2011, the Corporation had bonds outstanding in the aggregate principal amount of \$8,484,310,000. 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 "*C. Housing Revenue Bond Program*" below). None of the bonds under the bond programs described in "*A. Multi-Family Bond Program*", "*D. Liberty Bond Program*", and "*E. Section 223(f) Refinancing Bond Program*" provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

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

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

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

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

(4) Cooperative Housing; SONYMA-Insured Mortgage Loan: The Corporation 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"). The bonds relating to this program have been redeemed.

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

# New York City Housing Development Corporation

## Notes to the Financial Statements

### October 31, 2011

credit issued by investment-grade rated commercial lending institutions.

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

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

*C. Housing Revenue Bond Program.* Under its Housing Revenue Bond Program, the Corporation may issue bonds payable solely from and secured by the assets held under its 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 October 31, 2011, one hundred and fifty-five (155) series of bonds have been issued under the Housing Revenue Bond Program including the Corporation's Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program), 2009 Series 1 and 2009 Series 2, which are separately secured and then by the General Resolution.

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

*E. Section 223(f) Refinancing 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, as amended (the "National Housing Act"). Debt service on each series of bonds is paid only from monies received on account of the applicable mortgage loan securing such series, including, with respect to certain projects, interest reduction subsidy payments received by the Corporation pursuant to Section 236 of the National Housing Act.

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

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Changes in Bonds Payable

The summary of changes in Bonds Payable was as follows:

Bonds Payable outstanding at October 31, 2009	\$7,455,485,000
Bond Issued	1,591,345,000
Bond Principal Retired	(572,600,000)
Deferred Bond Refunding Costs	779,000
Net Premium/Discount on Bonds Payable	(795,000)
<hr/>	
Bonds Payable outstanding at October 31, 2010	\$8,474,214,000
Bond Issued	684,995,000
Bond Principal Retired	(674,397,000)
Deferred Bond Refunding Costs	844,000
Net Premium/Discount on Bonds Payable	(1,342,000)
<hr/>	
<u>Bonds Payable outstanding at October 31, 2011</u>	<u>\$8,484,314,000</u>

Details of changes in HDC bonds payable for the year ended October 31, 2011 were as follows:

<u>Description of Bonds as Issued</u>	<u>Balance at</u>			<u>Balance at</u>	<u>Amount Due</u>
<i>(in thousands)</i>	<u>Oct. 31, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Oct. 31, 2011</u>	<u>Within 1 Year</u>
<i>(variable rates cover fiscal year 2011)</i>					

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— 0.03% to 0.32% Variable Rate Bonds due upon demand through 2019.....	\$ 66,800	—	—	66,800	—
1997 Series A Related-Monterey Project— 0.03% to 0.31% Variable Rate Bonds due upon demand through 2019.....	104,600	—	—	104,600	—
1997 Series A Related-Tribeca Tower Project— 0.05% to 0.37% Variable Rate Bonds due upon demand through 2019.....	55,000	—	—	55,000	—
1998 Series A Jane Street Development— 0.06% to 0.33% Variable Rate Bonds due upon demand through 2028.....	16,450	—	—	16,450	—
1998 Series A One Columbus Place Project— 0.06% to 0.33% Variable Rate Bonds due upon demand through 2028.....	142,300	—	—	142,300	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
1999 Series A West 43rd Street Project—0.06% to 0.33% Variable Rate Bonds due upon demand through 2029.....	51,900	—	—	51,900	—
1999 Series A Brittany Development Project—0.06% to 0.33% Variable Rate Bonds due upon demand through 2029.....	57,000	—	—	57,000	—
2000 Series A Related West 89 <sup>th</sup> Street Development—0.05% to 0.30% Variable Rate Bonds due upon demand through 2029.....	53,000	—	—	53,000	—
2001 Series A Queenswood Refunding—0.03% to 0.30% Variable Rate Bonds due upon demand through 2031.....	10,800	—	—	10,800	—
2001 Series A Related Lyric Development—0.06% to 0.33% Variable Rate Bonds due upon demand through 2031.....	85,000	—	—	85,000	—
2001 Series B (Federally Taxable) Related Lyric Development—0.14% to 0.31% Variable Rate Bonds due upon demand through 2031.....	4,000	—	—	4,000	—
2002 Series A James Tower Development—0.03% to 0.33% Variable Rate Bonds due upon demand through 2032.....	20,530	—	(310)	20,220	—
2002 Series A The Foundry—0.06% to 0.33% Variable Rate Bonds due upon demand through 2032.....	55,100	—	—	55,100	—
2003 Series A Related-Sierra Development—0.06% to 0.33% Variable Rate Bonds due upon demand through 2033.....	56,000	—	—	56,000	—
2004 Series A West End Towers—0.06% to 0.33% Variable Rate Bonds due upon demand through 2034.....	135,000	—	—	135,000	—
2004 Series A Related-Westport Development—0.06% to 0.33% Variable Rate Bonds due upon demand through 2034.....	110,000	—	—	110,000	—
2004 Series B (Federally Taxable) Related-Westport Development—0.14% to 0.30% Variable Rate Bonds due upon demand through 2034.....	13,800	—	—	13,800	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
2005 Series A Royal Charter Properties— 0.03% to 0.30% Variable Rate Bonds due upon demand through 2035.....	89,200	—	—	89,200	—
2005 Series B Royal Charter Properties— 0.14% to 0.28% Variable Rate Bonds due upon demand through 2011.....	1,550	—	(1,550)	—	—
2005 Series A Atlantic Court Apartments— 0.06% to 0.33% Variable Rate Bonds due upon demand through 2035.....	83,700	—	—	83,700	—
2005 Series B (Federally Taxable) Atlantic Court Apartments—0.14% to 0.30% Variable Rate Bonds due upon demand through 2035.....	17,700	—	(1,100)	16,600	1,000
2005 Series A The Nicole Development— 0.06% to 0.33% Variable Rate Bonds due upon demand through 2035.....	54,600	—	—	54,600	—
2005 Series B (Federally Taxable) The Nicole Development—0.14% to 0.35% Variable Rate Bonds due upon demand through 2035.....	8,600	—	(700)	7,900	600
2005 Series B Progress of People Development—3.50% to 4.95% Term Bonds maturing in varying installments through 2036.	51,825	—	(900)	50,925	950
2006 Series A Rivereast Apartments – 0.04% to 0.32% Variable Rate Bonds due upon demand through 2036.....	50,000	—	—	50,000	—
2006 Series B (Federally Taxable) Rivereast Apartments – 0.09% to 0.37% Variable Rate Bonds due upon demand through 2036.....	5,700	—	(500)	5,200	—
2006 Series A Seaview Towers – 3.70% to 4.75% Serial & Term Bonds maturing in varying installments through 2039.....	23,375	—	(975)	22,400	1,015
2007 Series A Ocean Gate Development – 0.05% to 0.37% Variable Rate Bonds due upon demand through 2040.....	32,530	—	(24,085)	8,445	—
2007 Series B Ocean Gate Development – 4.80% to 5.35% Term Bonds maturing in varying installments through in 2025.....	14,240	—	(610)	13,630	650

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Description of Bonds as Issued	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2011)</i>					
2007 Series A West 61 <sup>st</sup> Street Apartments — 0.05% to 0.30% Variable Rate Bonds due upon demand through 2037.....	54,000	—	—	54,000	—
2007 Series B (Federally Taxable) West 61 <sup>st</sup> Street Apartments — 5.63% Fixed Rate Term Bonds due 2019.....	11,785	—	(990)	10,795	1,055
2007 Series A 155 West 21 <sup>st</sup> Street Apartments —0.05% to 0.30% Variable Rate Bonds due upon demand through 2037 .....	37,900	—	—	37,900	—
2007 Series B (Federally Taxable) 155 West 21 <sup>st</sup> Street Apartments —0.13% to 0.28% Variable Rate Bonds due upon demand through 2037.....	14,000	—	(400)	13,600	300
2008 Series A Linden Plaza — 0.05% to 0.37% Variable Rate Bonds due upon demand through 2043.....	70,925	—	(1,310)	69,615	1,375
2009 Series A Gateways Apartments – 2.65% to 4.5% Term Bonds due upon demand through 2025.....	22,020	—	(200)	21,820	215
2009 Series A Lexington Courts — 0.02% to 0.32% Variable Rate Bond due upon demand through 2039.....	25,500	—	—	25,500	—
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>					
1995 Series A Columbus Apartments Development—0.03% to 0.30% Variable Rate Bonds maturing in varying installments through 2025.....	21,870	—	—	21,870	—
2001 Series A West 48th Street— 0.06% to 0.33% Variable Rate Bonds due upon demand through 2034.....	20,000	—	—	20,000	—
2002 Series A First Ave Development — 0.06% to 0.33% Variable Rate Bond due upon demand through 2035.....	44,000	—	—	44,000	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
2004 Series A Aldus Street Apartments— 0.04% to 0.32% Variable Rate Bonds due upon demand through 2037.....	8,100	—	—	8,100	—
2004 Series A 941 Hoe Avenue Apartments — 0.04% to 0.32% Variable Rate Bonds due upon demand through 2037.....	6,660	—	—	6,660	—
2004 Series A Peter Cintron Apartments — 0.04% to 0.32% Variable Rate Bonds due upon demand through 2037.....	7,840	—	—	7,840	—
2004 Series A State Renaissance Court—0.04% to 0.32% Variable Rate Bonds due upon demand through 2037.....	35,200	—	—	35,200	—
2004 Series A Louis Nine Boulevard Apartments —0.05% to 0.30% Variable Rate Bonds due upon demand through 2037.....	7,300	—	—	7,300	—
2004 Series A Courtlandt Avenue Apartments —0.050% to 0.30% Variable Rate Bonds due upon demand through 2037.....	7,905	—	—	7,905	—
2004 Series A Ogden Avenue Apartments — 0.04% to 0.32% Variable Rate Bonds due upon demand through 2038.....	4,760	—	—	4,760	—
2004 Series A Nagle Courtyard Apartments — 0.04% to 0.320% Variable Rate Bonds due upon demand through 2038.....	4,200	—	—	4,200	—
2005 Series A Morris Avenue Apartments — 0.04% to 0.32% Variable Rate Bonds due upon demand through 2038.....	14,700	—	—	14,700	—
2005 Series A Vyse Avenue Apartments — 0.04% to 0.32% Variable Rate Bonds due upon demand through 2038.....	4,335	—	—	4,335	—
2005 Series A —33 West Tremont Avenue Apartments —0.04% to 0.32% Variable Rate Bonds due upon demand through 2038.....	3,490	—	—	3,490	—
2005 Series A Ogden Avenue Apartments II — 0.06% to 0.33% Variable Rate Bonds due upon demand through 2038.....	2,500	—	—	2,500	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
2005 Series A White Plains Courtyard Apartments — 0.06% to 0.33% Variable Rate Bonds due upon demand through 2038.....	4,900	—	—	4,900	—
2005 Series A Highbridge Apartments — 0.04% to 0.32% Variable Rate Bonds due upon demand through 2039.....	13,600	—	—	13,600	—
2005 Series A 89 Murray Street Development — 0.06% to 0.33% Variable Rate Bonds due upon demand through 2039.....	49,800	—	—	49,800	—
2005 Series A 270 East Burnside Avenue Apartments — 0.05% to 0.30% Variable Rate Bonds due upon demand through 2039.....	6,400	—	—	6,400	—
2006 Series A Reverend Ruben Diaz Gardens Apartments — 0.04% to 0.32% Variable Rate Bonds due upon demand through 2038.....	6,400	—	—	6,400	—
2006 Series A Villa Avenue Apartments — 0.04% to 0.32% Variable Rate Bonds due upon demand through 2039.....	5,990	—	—	5,990	—
2006 Series A Bathgate Avenue Apartments — 0.04% to 0.32% Variable Rate Bonds due upon demand through 2039.....	4,435	—	—	4,435	—
2006 Series A Spring Creek Apartments I & II — 0.06% to 0.33% Variable Rate Bonds due upon demand through 2039.....	24,000	—	—	24,000	—
2006 Series A Linden Boulevard Apartments – 3.90% to 4.75% Serial and Term Bonds maturing in varying installments through 2039	13,810	—	(200)	13,610	210
2006 Series A Markham Garden Apartments — 0.06% to 0.33% Variable Rate Bond due upon demand through 2040.....	16,000	—	—	16,000	—
2008 Series A 245 East 124 <sup>th</sup> Street – 0.02% to 0.32% Variable Rate Bonds due upon demand through 2046.....	40,000	—	—	40,000	4,600
2008 Series A Hewitt House Apartments — 0.06% to 0.31% Variable Rate Bonds due upon demand through 2048.....	11,000	—	(6,900)	4,100	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>					
2003 Series A (AMT) Related-Upper East — 0.11% to 0.60% Variable Rate Bonds due upon demand through 2036.....	67,000	—	—	67,000	—
2003 Series B (Federally Taxable) Related- Upper East—0.19% to 0.36% Variable Rate Bonds due upon demand through 2036.....	3,000	—	—	3,000	—
2004 Series A Manhattan Court Development — 0.06% to 0.35% Variable Rate Bonds due upon demand through 2036.....	17,500	—	—	17,500	—
2004 Series A East 165 <sup>th</sup> Street Development — 0.06% to 0.35% Variable Rate Bonds due upon demand through 2036.....	7,665	—	—	7,665	—
2004 Series A Parkview Apartments —0.08% to 0.36% Variable Rate Bonds due upon demand through 2036.....	5,935	—	—	5,935	—
2004 Series A Thessalonica Court Apartments —0.07% to 0.35% Variable Rate Bonds due upon demand through 2036.....	18,500	—	(300)	18,200	—
2004 Series A Brookhaven Apartments — 0.07% to 0.35% Variable Rate Bonds due upon demand through 2036.....	8,700	—	(200)	8,500	—
2004 Series A Marseilles Apartments — 0.04% to 0.31% Variable Rate Bonds due upon demand through 2034.....	12,525	—	(300)	12,225	—
2005 Series A 2007 LaFontaine Avenue Apartments —0.06% to 0.35% Variable Rate Bonds due upon demand through 2037.....	3,825	—	—	3,825	—
2005 Series A La Casa del Sol Apartments — 0.07% to 0.35% Variable Rate Bonds due upon demand through 2037.....	5,050	—	(200)	4,850	—
2005 Series A 15 East Clarke Place Apartments —0.08% to 0.34% Variable Rate Bonds due upon demand through 2037.....	5,430	—	—	5,430	—

**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 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
2005 Series A Urban Horizons II Development — 0.07% to 0.35% Variable Rate Bonds due upon demand through 2038.....	5,865	—	—	5,865	100
2005 Series A 1090 Franklin Avenue Apartments — 0.07% to 0.33% Variable Rate Bonds due upon demand through 2037.....	2,320	—	—	2,320	—
2005 Series A Parkview II Apartments — 0.07% to 0.33% Variable Rate Bonds due upon demand through 2037.....	4,255	—	—	4,255	—
2005 Series A Grace Towers Development — 0.07% to 0.35% Variable Rate Bonds due upon demand through 2037.....	10,900	—	(200)	10,700	—
2006 Series A Granville Payne Apartments — 0.06% to 0.35% Variable Rate Bonds due upon demand through 2039.....	5,560	—	—	5,560	—
2006 Series A Target V Apartments — 0.07% to 0.35% Variable Rate Bonds due upon demand through 2038.....	7,000	—	(100)	6,900	—
2006 Series A Beacon Mews Development — 0.08% to 0.36% Variable Rate Bonds due upon demand through 2039.....	23,500	—	—	23,500	—
2006 Series A Granite Terrace Apartments – 0.06% to 0.35% Variable Rate Bonds due upon demand through 2038.....	4,060	—	—	4,060	—
2006 Series A Intervale Gardens Apartments – 0.06% to 0.35% Variable Rate Bonds due upon demand through 2038.....	3,115	—	—	3,115	—
2006 Series A 500 East 165 <sup>th</sup> Street Apartments – 0.07% to 0.34% Variable Rate Bonds due upon demand through 2039.....	7,255	—	—	7,255	—
2006 Series A 1405 Fifth Avenue Apartments – 0.06% to 0.35% Variable Rate Bonds due upon demand through 2039.....	14,190	—	—	14,190	—
2006 Series A Pitt Street Residence – 0.24% to 0.37% Variable Rate Bonds due upon demand through 2040.....	31,000	—	(31,000)	—	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
2007 Series A 550 East 170 <sup>th</sup> Street Apartments – 0.06% to 0.35% Variable Rate Bonds due upon demand through 2042.....	5,500	—	—	5,500	—
2007 Series A Susan’s Court – 0.07% to 0.33% Variable Rate Bonds due upon demand through 2039.....	24,000	—	—	24,000	—
2007 Series A The Dorado Apartments – 0.07% to 0.33% Variable Rate Bonds due upon demand through 2040.....	3,470	—	—	3,470	—
2007 Series A The Plaza – 0.06% to 0.35% Variable Rate Bonds due upon demand through 2039.....	12,000	—	(200)	11,800	—
2007 Series A Queens Family Courthouse Apartments – 0.06% to 0.36% Variable Rate Bonds due upon demand through 2042.....	120,000	—	(1,810)	118,190	—
2007 Series A Boricua Village Apartments Site A-2 – 0.14% to 0.60% Variable Rate Bonds due upon demand through 2042.....	11,000	—	(6,750)	4,250	—
2007 Series A Boricua Village Apartments Site C – 0.08% to 0.36% Variable Rate Bonds due upon demand through 2042.....	17,300	—	(10,635)	6,665	—
2007 Series A Cook Street Apartments – 0.06% to 0.34% Variable Rate Bonds due upon demand through 2040.....	4,680	—	—	4,680	—
2008 Series A Las Casas Development –0.08% to 0.50% Variable Rate Bonds due upon demand through 2040.....	36,880	—	—	36,880	—
2008 Series A Bruckner by the Bridge — 0.04% to 0.36% Variable Rate Bonds due upon demand through 2048.....	68,500	—	—	68,500	—
2008 Series A Sons of Italy Apartments — 0.08% to 0.33% Variable Rate Bonds due upon demand through 2048.....	7,670	—	—	7,670	—
2009 Series A-1 Beekman Tower— 0.17% to 0.32% Variable Rate Bonds due upon demand through 2048.....	158,700	—	(35,350)	123,350	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
2009 Series A-2 Beekman Tower— 0.18% to 0.35% Variable Rate Bonds due upon demand through 2048.....	79,350	—	(17,650)	61,700	—
2010 Series A (Federally Taxable) Via Verde Apartments — 0.13% to 0.29% Variable Rate Bond due upon demand through 2016.....	33,690	—	—	33,690	—
2010 Series A-1 Beekman Tower— 0.17% to 0.32% Variable Rate Bonds due upon demand through 2048.....	98,050	—	(21,850)	76,200	—
2010 Series A-2 Beekman Tower— 0.18% to 0.35% Variable Rate Bonds due upon demand through 2048.....	95,000	—	(21,150)	73,850	—
2010 Series A 101 Avenue D Apartments — 0.04% to 0.33% Variable Rate Bonds due upon demand through 2043.....	25,000	—	—	25,000	—
2010 Series A Elliot Chelsea Development — 0.03% to 0.36% Variable Rate Bonds due upon demand through 2043.....	41,440	—	—	41,440	—
2011 Series A (West 26 <sup>th</sup> Street) Development — 2.34% Variable Rate Bonds due upon demand through 2044 (secured by MPA by Citibank).....	—	30,000	—	30,000	—
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>					
2009 Series A The Balton — 0.05% to 0.34% Variable Rate Bonds due upon demand through 2049.....	29,750	—	—	29,750	—
<i>Residential Revenue Bonds – Residential Housing; Letter of Credit Enhanced</i>					
1993 Series A Montefiore Medical Center— 0.05% to 0.33% Variable Rate Term Bonds maturing in varying installments through 2030..	7,200	—	(200)	7,000	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)	—	—

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2009 Series A Queens College Residence — 0.05% to 0.34% Variable Rate Bonds due upon demand through 2043.....	69,565	—	(270)	69,295	605
<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.....	9,670	—	(9,670)	—	—
1996 Series A Maple Plaza Cooperative— 6.08% Term Bonds maturing in varying installments through 2029.....	13,895	—	(13,895)	—	—
<i>Multi-Family Mortgage Revenue Bonds – Senior Housing; Letter of Credit Enhanced</i>					
2000 Series A 55 Pierrepont Development - 2.50% to 5.00% Variable Rate Bonds due upon demand through 2031.....	4,600	—	(4,600)	—	—
<i>Mortgage Revenue Bonds – Cooperative Housing; Letter of Credit Enhanced</i>					
2008 Series A Coop-HMRB Prospect Macy (Federally Taxable) — 0.13% to 0.29% Variable Rate Bonds due upon demand through 2013.....	8,565	—	—	8,565	—
2008 Series A Coop-HMRB East Harlem South Development (Federally Taxable) — 0.13% to 0.28% Variable Rate Bonds due upon demand through 2013.....	7,440	—	—	7,440	—
Sub-Total Multi-Family Bond Program	3,372,830	30,000	(227,200)	3,175,630	12,875
<b><u>MILITARY HOUSING REVENUE BOND PROGRAM</u></b>					
2004 Series A Class I & II Fort Hamilton Housing LLC Project—5.60% to 6.72% Term Bonds maturing in varying installments through 2049.....	46,895	—	(295)	46,600	310
Total Multi-Family Bond Program	3,419,725	30,000	(227,495)	3,222,230	13,185

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<b><u>HOUSING REVENUE BOND PROGRAM:</u></b>					
<i>Multi-Family Housing Revenue Bonds Under the Corporation's General Resolution, assets pledged to bondholders include a pool of mortgage loans.</i>					
1998 Series A (Federally Taxable) — 6.84% Term Bonds maturing in varying installments through 2030.....	5,800	—	(3,300)	2,500	2,200
1998 Series B — 3.75% to 5.25% Serial and Term Bonds maturing in varying installments through 2031.....	1,000	—	—	1,000	700
1999 Series A-1 — 5.83% to 6.06% Term Bonds maturing in varying installments through 2022 .....	20,300	—	(3,800)	16,500	4,000
1999 Series B-2 (Federally Taxable) — 6.83% to 7.32% Term Bonds maturing in varying installments through 2022 .....	21,500	—	(1,300)	20,200	1,400
1999 Series C — 4.40% to 5.70% Serial and Term Bonds maturing in varying installments through 2031.....	2,845	—	(2,445)	400	—
1999 Series E — 4.40% to 6.25% Serial and Term Bonds maturing in varying installments through 2036.....	700	—	(300)	400	—
2000 Series B (Federally Taxable) — 7.79% Term Bonds maturing in varying installments through 2032.....	22,500	—	(22,500)	—	—
2001 Series A Carnegie East — 3.70% to 5.60% Serial and Term Bonds maturing in varying installments through 2042.....	28,315	—	(6,310)	22,005	21,705
2001 Series C-2 — 2.85% to 5.40% Serial and Term Bonds maturing in varying installments through 2033.....	15,735	—	(345)	15,390	15,390
2002 Series A (AMT) — 2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2034.....	32,325	—	(665)	31,660	695

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Description of Bonds as Issued	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2011)</i>					
2002 Series B (AMT) — 2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2032.....	6,250	—	(150)	6,100	155
2002 Series C (Federally Taxable) — 0.401% to 0.503% Variable Rate Index Bonds maturing in varying installments through 2034.....	45,875	—	(730)	45,145	790
2002 Serial E-2 (AMT) — 2.00% to 5.20% Serial and Term Bonds maturing in varying installments through 2034.....	17,315	—	(365)	16,950	385
2002 Series F (AMT) — 2.00% to 5.20% Serial and Term Bonds maturing in varying installments through 2032.....	4,070	—	(100)	3,970	105
2003 Series B-2 (AMT) — 2.00% to 4.60% Serial and Term Bonds maturing in varying installments through 2036.....	26,865	—	(780)	26,085	810
2003 Series E-2 (AMT) — 2.25% to 5.05% Serial and Term Bonds maturing in varying installments through 2036.....	27,235	—	(440)	26,795	465
2004 Series A (Non-AMT)—1.85% to 5.25% Serial and Term Bonds maturing through 2030	128,925	—	(3,730)	125,195	3,900
2004 Series B-2 (AMT) —2.00% to 5.30% Serial and Term Bonds maturing in varying installments through 2036.....	21,340	—	(480)	20,860	500
2004 Series C-2 (Federally Taxable) — 5.52% to 6.34% Serial and Term Bonds maturing in varying installments through 2036.....	46,500	—	(740)	45,760	790
2004 Series E-1 (Non-AMT) 4.95% Term Bonds maturing in varying installments through 2033.....	39,595	—	—	39,595	—
2004 Series E-2 (Federally Taxable) — 5.75% Term Bonds maturing in varying installments through 2024.....	8,980	—	—	8,980	—
2004 Series F (Federally Taxable) — 3.68% to 5.70% Serial and Term Bonds maturing in varying installments through 2035.....	27,090	—	(2,250)	24,840	2,370

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Description of Bonds as Issued	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2011)</i>					
2004 Series G (Federally Taxable) — 5.63% Term Bonds maturing in varying installments through 2029.....	10,315	—	(70)	10,245	80
2004 Series H (AMT) — 2.70% to 5.25% Serial and Term Bonds maturing in varying installments through 2046.....	9,010	—	(95)	8,915	100
2004 Series I-2 (AMT) — 2.50% to 5.20% Serial and Term Bonds maturing in varying installments through 2038.....	24,720	—	(465)	24,255	480
2004 Series J (Federally Taxable) — 2.95% to 5.70% Serial and Term Bonds maturing in varying installments through 2036.....	22,780	—	(1,140)	21,640	1,085
2005 Series A-1 (Non-AMT) — 4.50% to 4.60% Term Bonds maturing in 2027 and 2035, respectively.....	9,735	—	—	9,735	—
2005 Series C (AMT) — 3.10% to 4.80% Serial and Term Bonds maturing in varying installments through 2037.....	4,205	—	(85)	4,120	85
2005 Series D (AMT) — 3.10% to 4.80% Serial and Term Bonds maturing in varying installments through 2047.....	5,645	—	(60)	5,585	65
2005 Series E (AMT) — 2.90% to 4.75% Serial and Term Bonds maturing in varying installments through 2035.....	3,215	—	(200)	3,015	205
2005 Series F-1 (Non-AMT) — 4.65% to 4.75% Term Bonds maturing in 2025 and 2035, respectively.....	65,410	—	—	65,410	—
2005 Series F-2 (Federally Taxable) — 4.66% to 5.43% Term Bonds maturing in 2010 and 2017, respectively.....	55,975	—	(6,400)	49,575	6,745
2005 Series G (Non-AMT) — 3.35% to 4.35% Serial and Term Bonds maturing in varying installments through 2018.....	3,610	—	(360)	3,250	380
2005 Series J-1 (Non-AMT) — 4.65% to 4.85% Term Bonds maturing in 2036.....	20,495	—	—	20,495	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
2005 Series K (AMT) — 3.60% to 5.00% Serial and Term Bonds maturing in 2037.....	12,330	—	(185)	12,145	190
2005 Series L (AMT) — 3.85% to 5.05% Serial and Term Bonds maturing in 2039.....	12,700	—	(190)	12,510	205
2006 Series A (Federally Taxable) — 6.42% Term Bonds maturing in 2027.....	165,170	—	(23,140)	142,030	16,545
2006 Series B (AMT) —5.35% Term Bonds maturing in varying installments through 2049.	31,485	—	(385)	31,100	530
2006 Series C (AMT) — 4.05% to 5.13% Serial and Term Bonds maturing in varying installments through 2040.....	38,470	—	(395)	38,075	535
2006 Series D-1 (Non-AMT) — 4.95% Term Bonds maturing in 2036.....	2,510	—	—	2,510	—
2006 Series G-1 (AMT) — 3.80% to 4.88% Serial and Term Bonds maturing in 2039 .....	25,295	—	(390)	24,905	405
2006 Series H-1 (AMT) — 3.85% to 4.70% Serial and Term Bonds maturing in 2040.....	25,005	—	—	25,005	405
2006 Series H-2 (AMT) — 3.95% Serial Bonds maturing in 2010 .....	30,775	—	(30,775)	—	—
2006 Series I (Federally Taxable) — 5.33% to 5.96% Term Bonds maturing in varying installments through 2040.....	6,700	—	(35)	6,665	90
2006 Series J-1 (Non-AMT) — 0.35% Fixed Rate Term Bonds mandatory tender in 2012....	100,000	—	—	100,000	—
2006 Series J-2-A (AMT) — 3.95% to 4.85% Serial and Term Bonds maturing in variable installments through 2040.....	10,900	—	—	10,900	175
2006 Series J-2B (AMT) – 0.26% to 0.34% Variable Rate Term Bonds maturing in 2040...	10,100	—	(10,100)	—	—
2006 Series J-2C (AMT) – 4.40% to 5.20% Serial and Terms Bonds maturing in variable installments through 2040.....	17,925	—	—	17,925	285
2007 Series A (Federally Taxable) – 5.26% to 5.52% Term Bonds maturing in 2041.....	25,690	—	—	25,690	315

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Description of Bonds as Issued	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2011)</i>					
2007 Series B-1 (AMT) – 4.40% to 5.25% Serial and Term Bonds maturing in varying installments through 2045 .....	34,610	—	—	34,610	500
2007 Series C (Federally Taxable) – 6.02% to 6.56% Term Bonds maturing in 2040.....	5,370	—	(25)	5,345	65
2007 Series D (Federally Taxable) –5.95% Terms Bonds maturing in 2039.....	27,930	—	(365)	27,565	385
2007 Series E-1 (AMT) – 3.90% to 5.45% Serial and Term Bonds maturing in varying installments through 2040.....	24,035	—	—	24,035	345
2007 Series E-2 (AMT) – 0.15% to 0.39% Variable rate Bonds due upon demand through 2042.....	16,885	—	(16,885)	—	—
2008 A-1-A (AMT) – 0.15% to 1.15% Variable Rate Bonds due upon demand through 2046....	30,945	—	(30,945)	—	—
2008 Series A-1-A (AMT) — 5.00% to 5.45% Fixed Rate Term Bonds due 2046.....	15,665	—	—	15,665	—
2008 Series A-1-B (AMT) - 0.26% to 0.34% Variable Rate Bonds due upon demand through 2013.....	11,030	—	(11,030)	—	—
2008 A-2 (AMT) – 4.35% to 5.00% Fixed Rate Serial Bonds maturing in varying installments through 2018.....	3,405	—	—	3,405	—
2008 Series C-2 (Federally Taxable) – 3.55% to 5.69% Serial & Term Bonds maturing in varying installments through 2018.....	6,930	—	(655)	6,275	700
2008 Series D (Non-AMT) – 0.21% to 0.32% Index Floating Rate Term maturing in varying installments through 2025.....	12,670	—	(12,670)	—	—
2008 Series E (Federally Taxable) – 0.40% to 0.50% Index Floating Rate Terms Bonds maturing in 2037.....	98,440	—	(1,145)	97,295	1,230
2008 Series F (Federally Taxable) – 0.40% to 0.50% Index Floating Rate Term Bonds maturing in 2041.....	86,825	—	—	86,825	410

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Description of Bonds as Issued	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2011)</i>					
2008 Series H-1 (AMT) – 4.50% to 5.50% Serial and Term Bonds maturing in varying installments through 2028.....	8,060	—	—	8,060	—
2008 Series H-2-A (AMT) — 0.15% to 0.75% Variable Rate Term Bonds maturing in 2041...	1,005	—	(1,005)	—	—
2008 Series H-2-A (AMT) — 0.55% Fixed Rate Term Bonds mandatory tender due 2012...	23,485	—	(5,145)	18,340	18,340
2008 Series H-2-A (AMT) — 5.00% to 5.35% Fixed Rate Term Bonds due 2041.....	14,540	—	—	14,540	—
2008 Series H-2-B (AMT) — 0.55% Fixed Rate Term Bonds maturing in 2012.....	32,210	—	—	32,210	32,210
2008 Series I-1 and I-2 (AMT) - 0.60% and 0.72% Term bonds due 2011.....	93,440	—	(93,440)	—	—
2008 Series J (Federally Taxable) —1.05% to 1.60% Index Floating Rate Term Bonds due 2043.....	34,590	—	(140)	34,450	120
2008 Series K (Federally Taxable) — 0.95% to 1.60% Index Floating Rate Term Bonds due 2043.....	104,230	—	(1,855)	102,375	1,925
2008 Series L (Non-AMT) — 2.25% to 6.50% Fixed Rate Serial and Term Bonds due 2028...	5,210	—	(250)	4,960	260
2008 Series M (Non-AMT) — 3.15% to 6.88% Fixed Rate Serial and Term Bonds due 2038...	30,620	—	(245)	30,375	410
2008 Series M (Non-AMT) — 0.48% Fixed Rate Term Bonds mandatory tender due Sep 2011 .....	27,220	—	(27,220)	—	—
2008 Series M (Non-AMT) — 0.30% Fixed Rate Term Bonds mandatory tender due Dec 2012 .....	9,455	—	—	9,455	9,455
2009 Series A (Non-AMT) — 2.00% to 4.20% Term Bonds maturing in varying installments through 2019.....	17,450	—	(1,350)	16,100	—
2009 Series C-1 (Non-AMT) — 2.50% to 5.70% Serial and Term Bonds due 2046.....	118,200	—	—	118,200	2,500

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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2011)</i>					
2009 Series C-2 (Non-AMT) — 2.30% to 5.00% Serial Bonds due 2013.....	82,140	—	(2,995)	79,145	57,140
2009 Series C-3 (Non-AMT) — 0.18% to 0.38% Variable Rate Bonds due 2015.....	6,425	—	(6,425)	—	—
2009 Series C-3 (Non-AMT) — 0.55% Fixed Rate Term Bonds mandatory tender due 2012...	41,665	—	—	41,665	41,665
2009 Series C-4 (Non-AMT) — 0.05% to 0.32% Variable Rate Bonds due 2015.....	13,045	—	—	13,045	—
2009 Series D (Non-AMT) — 3.45% Fixed Rate Serial Bonds due 2013.....	9,500	—	—	9,500	—
2009 Series E-2-A (Non-AMT) — 0.41% Fixed Rate Term Bonds mandatory tender due Sep 2011.....	1,575	—	(1,575)	—	—
2009 Series E-2-A (Non-AMT) — 0.25% Fixed Rate Term Bonds mandatory tender due Dec 2011.....	40,000	—	—	40,000	40,000
2009 Series E-2-B (Non-AMT) — 0.35% Fixed Rate Term Bonds mandatory tender due Dec 2010.....	3,800	—	(3,800)	—	—
2009 Series F (Non-AMT) — 1.95% to 4.85% Fixed Rate Serial and Term Bonds maturing in varying installments through 2041.....	9,000	—	—	9,000	—
2009 Series H-1 (Non-AMT) (Remarketed) — 0.37% Fixed Rate Term Bonds mandatory tender due Dec 2010.....	34,625	—	(34,625)	—	—
2009 Series H-2 (Non-AMT) — 0.30% Fixed Rate Term Bonds mandatory tender due 2012..	26,570	—	—	26,570	26,570
2009 Series I-1 (Federally Taxable) — 5.63% to 6.42% Fixed Rate Term Bonds maturing in varying installments through 2039.....	50,000	—	—	50,000	—
2009 Series I-2 (Federally Taxable) — 0.73% to 1.20% Index Floating Rate Term Bonds due 2039.....	25,000	—	—	25,000	—

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Description of Bonds as Issued	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2011)</i>					
2009 Series J (Non-AMT) — 0.70% to 4.80% Fixed Rate Serial and Term Bonds maturing in varying installments through 2036.....	25,590	—	(795)	24,795	800
2009 Series K (Non- AMT) — 1.95% to 4.95% Fixed Rate Serial and Term Bonds due 2039....	108,785	—	(6,170)	102,615	—
2009 Series L-1 (Non- AMT) — 1.65% to 4.95% Fixed Rate Serial and Term Bonds due 2043.....	23,590	—	—	23,590	—
2009 Series L-2 (Non- AMT) — 2.00% Fixed Rate Term Bonds mandatory tender due 2013..	68,000	—	—	68,000	—
2009 Series L-3 (Non- AMT) — 2.50% Fixed Rate Term Bonds mandatory tender due 2013..	27,745	—	—	27,745	—
2009 Series L-4 (Non- AMT) — 2.00% Fixed Rate Term Bonds mandatory tender due 2012...	10,200	—	—	10,200	10,200
2009 Series M (Non- AMT) — 1.85% to 5.15% Fixed Rate Serial and Term Bonds due 2045.....	30,945	—	—	30,945	—
2010 Series A-1 (Non- AMT) — 3.35% to 4.90% Fixed Rate Serial and Term Bonds maturing in vary installments through 2041.....	25,325	—	—	25,325	—
2010 Series A-2 (Federally Taxable) — 3.67% to 4.97% Fixed Rate Term Bonds maturing in vary installments through 2019.....	3,000	—	—	3,000	—
2010 Series B (Non- AMT) — 2.13% Fixed Rate Serial Bonds maturing 2014.....	150,000	—	—	150,000	—
2010 Series C (Non- AMT) — 1.50% to 4.95% Fixed Rate Serial and Term Bonds due 2047...	14,815	—	—	14,815	—
2010 Series D-1-A (Non- AMT) — 1.60% to 5.00% Fixed Rate Serial and Term Bonds due 2042.....	43,475	—	—	43,475	—
2010 Series D-2 (Non- AMT) — 0.08% to 0.33% Variable Rate Term bond due 2015.....	11,190	—	—	11,190	—
2010 Series E (Non- AMT) — 0.80% to 3.85% Fixed Rate Serial and Term Bonds due 2013.....	10,570	—	(225)	10,345	3,495

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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2011)</i>					
2010 Series F (Non- AMT) — 1.70% to 4.75% Fixed Rate Serial and Term Bonds due 2030.....	4,130	—	—	4,130	—
2010 Series G (Non- AMT) — 0.40% to 4.75% Fixed Rate Serial and Term Bonds maturing in vary installments through 2041.....	50,765	—	(905)	49,860	2,290
2010 Series H (Federally Taxable) — 0.79% to 0.84% Index Floating Rate Term Bonds due 2040.....	74,575	—	(2,570)	72,005	2,510
2010 Series I (Non- AMT) — 2.05% Fixed Rate Serial Bonds due 2014.....	8,115	—	—	8,115	—
2010 Series J-1 (Non- AMT) — 0.75% to 5.00% Fixed Rate Serial Bonds due 2022.....	—	21,560	—	21,560	705
2010 Series J-2 (Non- AMT) — 1.15% to 2.15% Fixed Rate Term Bonds due 2014.....	—	25,510	—	25,510	—
2010 Series J-3 (Non- AMT) — 2.05% Fixed Rate Term Bonds due 2014.....	—	11,240	—	11,240	—
2010 Series K-1 (Non- AMT) — 2.05% to 5.25% Fixed Rate Serial and Term Bonds due 2032.....	—	5,165	—	5,165	—
2010 Series K-2 (Non- AMT) — 2.05% Fixed Rate Term Bonds due 2014.....	—	23,175	—	23,175	—
2010 Series L-1 (Non- AMT) — 2.35% to 5.00% Fixed Rate Serial and Term Bonds due 2026.....	—	12,620	—	12,620	—
2010 Series L-2 (2-A) (Non- AMT) — 2.70% Fixed Rate Term Bonds due 2015.....	—	12,400	—	12,400	—
2010 Series L-2 (2-B) (Non- AMT) — 1.90% Fixed Rate Term Bonds due 2015.....	—	37,600	—	37,600	—
2010 Series M (Non- AMT) — 0.30% Fixed Rate Term Bonds mandatory tender due 2012...	—	67,285	(32,690)	34,595	34,595
2010 Series N (Non- AMT) — 0.60% to 4.25% Fixed Rate Serial Bonds due 2021.....	—	5,675	(100)	5,575	545

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2011**

Description of Bonds as Issued	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2011)</i>					
2011 Series B-1 (Non- AMT) — 0.50% to 3.65% Fixed Rate Serial and Term Bonds due 2018.....	—	21,240	—	21,240	455
2011 Series B-2 (Non- AMT) — 2.05% Fixed Rate Term Bonds due 2014.....	—	5,100	—	5,100	—
2011 Series C (Non- AMT) — 2.25% to 4.50% Fixed Rate Serial and Term Bonds due 2022.....	—	1,980	—	1,980	—
2011 Series D (Non- AMT) — 0.28% to 3.37% Fixed Rate Serial and Term Bonds due 2020.....	—	23,645	—	23,645	55
2011 Series E (Non- AMT) — 1.40% to 4.93% Fixed Rate Serial and Term Bonds due 2036.....	—	72,030	—	72,030	—
2011 Series F-1 (Taxable) — 0.29% to 3.47% Fixed Rate Serial Bonds due 2018.....	—	31,000	—	31,000	4,370
2011 Series F-2 (Taxable) — 0.73% Index Floating Rate Term Bonds due 2040.....	—	56,460	—	56,460	—
2011 Series F-3 (Taxable) — 0.73% Index Floating Rate Term Bonds due 2040.....	—	12,540	—	12,540	—
2011 Series A (Non- AMT) — 3.25% Fixed Rate Term Bonds due 2014.....	—	140,000	—	140,000	—
2011 Series I (Non- AMT) — 0.32% Fixed Rate Term Bonds mandatory tender due Dec 2012.....	—	68,770	—	68,770	68,770
<i>Multi-Family Secured Mortgage Revenue Bonds</i>					
2005 Series A-1 Secured Mortgage Revenue Bonds — 5.65% Term Bonds due upon demand through 2031.....	5,980	—	(50)	5,930	60
2005 Series A-2 Secured Mortgage Revenue Bonds — 6.32% Term Bonds due upon demand through 2037.....	4,355	—	(60)	4,295	70
2005 Series B — Secured Mortgage Revenue Bonds — 6.35% Term Bonds due upon demand through 2038.....	3,375	—	(45)	3,330	50

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2011**

Description of Bonds as Issued	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2011)</i>					
<i>Federal New Issue Bond Program</i>					
2009 Series 1 (Federally Taxable) (NIBP) — 0.004% to 0.127% Variable Rate Bonds due 2051.....	190,730	—	—	190,730	—
2009 Series 1-1 HRB (NIBP) (Non-AMT) — 3.96% Fixed Rate Term bonds due 2043 .....	41,850	—	—	41,850	—
2009 Series 1-2 HRB (NIBP) (Non-AMT) — 3.16% Fixed Rate Term bonds due 2043 .....	89,600	—	—	89,600	—
2009 Series 1-3-A HRB (NIBP) (Non-AMT) — 3.70% Fixed Rate Term bonds due 2043 .....	53,000	—	—	53,000	—
2009 Series 1-3-B HRB (NIBP) (AMT) — 3.70% Fixed Rate Term bonds due 2031 .....	10,180	—	—	10,180	—
2009 Series 1-4 HRB (NIBP) (Non-AMT) — 3.68% Fixed Rate Term bonds due 2051 .....	29,640	—	—	29,640	—
2009 Series 2 (Federally Taxable) (NIBP) — 0.004% to 0.127% Variable Rate Bonds due 2051.....	42,290	—	—	42,290	—
2009 Series 2-1 HRB (NIBP) (Non-AMT) — 3.96% Fixed Rate Term Bonds due 2043.....	16,590	—	(130)	16,460	260
2009 Series 2-2 HRB (NIBP) (Non-AMT) — 3.16% Fixed Rate Term Bonds due 2043.....	10,830	—	—	10,830	—
2009 Series 2-3 HRB (NIBP) (Non-AMT) — 3.70% Fixed Rate Term Bonds due 2043.....	3,120	—	—	3,120	230
2009 Series 2-4-A HRB (NIBP) (Non-AMT) — 3.68% Fixed Rate Term Bonds due 2044.....	9,550	—	—	9,550	100
2009 Series 2-4-B HRB (NIBP) (Non-AMT) — 3.68% Fixed Rate Term Bonds due 2041.....	2,620	—	—	2,620	40
<b>Total Housing Revenue Bond Program</b>	<b>3,743,555</b>	<b>654,995</b>	<b>(422,730)</b>	<b>3,975,820</b>	<b>449,095</b>

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
<b><u>LIBERTY BOND PROGRAM:</u></b>					
<i>Multi-Family Mortgage Revenue Bonds</i>					
2005 Series A 90 Washington Street — 0.02% to 0.32% Variable Rate Bonds due upon demand through 2035.....	74,800	—	—	74,800	—
2005 Series A The Crest— 0.13% to 0.50% Variable Rate Bonds due upon demand through 2036.....	132,500	—	—	132,500	—
2005 Series B (Federally Taxable) The Crest— 0.13% to 0.50% Variable Rate Bonds due upon demand through 2036.....	10,000	—	(800)	9,200	—
2006 Series A 90 West Street — 0.05% to 0.30% Variable Rate Bonds due upon demand through 2036.....	104,000	—	—	104,000	—
2006 Series B (Federally Taxable) 90 West Street — 0.13% to 0.28% Variable Rate Bonds due upon demand through 2036.....	8,000	—	—	8,000	—
2006 Series A - 2 Gold Street — 0.05% to 0.30% Variable Rate Bonds due upon demand through 2036.....	162,000	—	—	162,000	—
2006 Series B (Federally Taxable) - 2 Gold Street — 0.13% to 0.28% Variable Rate Bonds due upon demand through 2036.....	50,800	—	(1,300)	49,500	—
2006 Series A - 20 Exchange Place — 0.13% to 0.50% Variable Rate Bonds due upon demand through 2039.....	66,400	—	—	66,400	—
2006 Series B (Federally Taxable) 20 Exchange Place— 0.11% to 0.50% Variable Rate Bonds due upon demand through 2039.....	137,100	—	(2,000)	135,100	—
2006 Series A 201 Pearl Street — 0.05% to 0.30% Variable Rate Bonds due upon demand through 2041.....	65,000	—	—	65,000	—
2006 Series B (Federally Taxable) 201 Pearl Street — 0.13% to 0.28% Variable Rate Bonds upon demand through 2041.....	25,000	—	—	25,000	—

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2011**

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2011)</i>	Balance at Oct. 31, 2010	Issued	Retired	Balance at Oct. 31, 2011	Amount Due Within 1 Year
2008 Series A Beekman Tower – 0.08% to 0.50% Variable Rate Bonds due upon demand through 2048.....	203,900	—	—	203,900	—
<b>Total Liberty Bond Program</b>	<b>1,039,500</b>	<b>—</b>	<b>(4,100)</b>	<b>1,035,400</b>	<b>—</b>
<b><u>SECTION 223(f) REFINANCING BOND PROGRAM:</u></b>					
Multi-Family Housing Bond Program—6.50% to 7.25% Bonds maturing in varying installments through 2019.....	34,657	—	(9,207)	25,450	2,941
<b>Total Section 223(f) Refinancing Bond Program</b>	<b>34,657</b>	<b>—</b>	<b>(9,207)</b>	<b>25,450</b>	<b>2,941</b>
<b><u>CAPITAL FUND PROGRAM REVENUE BOND (New York City Housing Authority (“NYCHA”))</u></b>					
2005 Series A Capital Fund Program—3.00% to 5.00% Serial and Term Bonds maturing in varying installments through 2025.....	236,275	—	(10,865)	225,410	11,420
<b>Total Capital Fund Program Revenue Bonds</b>	<b>236,275</b>	<b>—</b>	<b>(10,865)</b>	<b>225,410</b>	<b>11,420</b>
Total Bonds Payable Prior to Net Premium (Discount) on Bonds Payable and Deferred Bond Refunding Costs	\$ 8,473,712	684,995	(674,397)	8,484,310	476,641
Net Premium (Discount) on Bonds Payable	13,736	110	(1,452)	12,394	—
Deferred Bond Refunding Costs	(13,234)	—	844	(12,390)	—
<b>Total Bonds Payable (Net)</b>	<b>\$ 8,474,214</b>	<b>685,105</b>	<b>(675,005)</b>	<b>8,484,314</b>	<b>476,641</b>

Interest on the Corporation’s variable rate debt is based on the Securities Industry and Financial Markets Association (“SIFMA”) rate and is reset daily and weekly.

**Bonds issued in Fiscal Year 2011**

*(A) New York City Housing Development Corporation*

On December 22, 2010, nine Multi-Family Housing Revenue Bonds were issued in the amount totaling \$222,230,000. The fixed rate 2010 Series J-1 Bonds were issued in the amount of \$21,560,000, the 2010 Series J-2 Bonds were issued in the amount of \$25,510,000, the 2010 Series J-3 Bonds were issued in the amount of \$11,240,000, the 2010 Series K-1 Bonds were issued in the amount of \$5,165,000, the

# **New York City Housing Development Corporation**

## **Notes to the Financial Statements**

**October 31, 2011**

2010 Series K-2 Bonds were issued in the amount of \$23,175,000, the 2010 Series N Bonds were issued in the amount of \$5,675,000, the term rate 2010 Series L-1 Bonds were issued in the amount of \$12,620,000, the 2010 Series L-2 Bonds were issued in the amount of \$50,000,000, and the 2010 Series M Bonds were issued in the amount of \$67,285,000. The 2010 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for the new construction or rehabilitation of certain developments and refund certain outstanding bonds of the Corporation.

On April 28, 2011, three Multi-Family Housing Revenue Bonds were issued in the amount totaling \$28,320,000. The fixed rate 2011 Series B-1 Bonds were issued in the amount of \$21,240,000, the 2011 Series B-2 Bonds were issued in the amount of \$5,100,000, and the 2011 Series C Bonds were issued in the amount of \$1,980,000. The 2011 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for the new construction or rehabilitation of certain developments.

On June 29, 2011, five Multi-Family Housing Revenue Bonds were issued in the amount totaling \$195,675,000. The fixed rate 2011 Series D Bonds were issued in the amount of \$23,645,000, the 2011 Series E Bonds were issued in the amount of \$72,030,000, the 2011 Series F-1 (Federally Taxable) Bonds were issued in the amount of \$31,000,000, the index floating rate 2011 Series F-2 (Federally Taxable) Bonds were issued in the amount of \$56,460,000 and the 2011 Series F-3 (Federally Taxable) Bonds were issued in the amount of \$12,540,000. The 2011 Bonds were issued and combined with other available monies to finance directly or indirectly construction and permanent mortgage loans for the new construction or rehabilitation of certain developments and to refund certain outstanding bonds of the Corporation.

On September 21, 2011, the fixed rate Multi-Family Housing Revenue Bonds 2011 Series A were issued in the amount of \$140,000,000 to directly finance construction and permanent mortgage loans for the acquisition and rehabilitation of certain developments.

On September 30, 2011, the term rate Multi-Family Housing Revenue Bonds 2011 Series I were issued in the amount of \$68,770,000 to finance construction and permanent mortgage loans for the new construction and/or rehabilitation of certain developments.

On October 19, 2011, the variable rate Multi-Family Mortgage Revenue Bonds 2011 Series A (West 26<sup>th</sup> Street Development) were issued in the amount of \$30,000,000 to finance a mortgage loan for the purposes of paying a portion of the project located in the borough of Manhattan, New York, and to pay certain other related costs.

All the bonds listed above are subject to regular redemption and certain issues are also subject to special redemption provisions as well. The parameters under which the redemptions may occur are set forth in the respective bond resolutions.

During fiscal year 2010, as part of the Housing Finance Agency (“HFA”) initiative using authority provided to Treasury by the HERA to help support low mortgage rates and expand resources to provide affordable mortgages for low and middle income households, and to support the development and rehabilitation of affordable housing units, the Corporation was allocated \$500,000,000 by Treasury to

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

issue bonds under the New Issue Bond Program (“NIBP”). HDC has issued two Multi-Family Housing Revenue Bonds under the NIBP. The variable rate 2009 Series 1 (Federally Taxable) Bonds were issued in the amount of \$415,000,000 and the 2009 Series 2 (Federally Taxable) Bonds were issued in the amount of \$85,000,000 on December 23, 2009.

On June 29, 2010, \$41,850,000 of the principal amount of the 2009 Series 1 (NIBP) Bonds and \$16,590,000 principal amount of the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds. These Bonds were designated as the 2009 Series 1-1 (Non-AMT) and the 2009 Series 2-1 (Non-AMT) (the “Converted Bonds”), respectively.

On December 22, 2010, \$89,600,000 of the principal amount of the 2009 Series 1 (NIBP) Bonds and \$10,830,000 principal amount of the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds. These Bonds were designated as the 2009 Series 1-2 (Non-AMT) and 2009 Series 2-2 (Non-AMT) (the “Converted Bonds”), respectively.

On April 28, 2011, \$63,180,000 of the principal amount of the 2009 Series 1 (NIBP) Bonds and \$3,120,000 principal amount of the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds. These Bonds were designated as the 2009 Series 1-3-A (Non-AMT), the 2009 Series 1-3-B (AMT), and the 2009 Series 2-3 (Non-AMT) (the “Converted Bonds”), respectively.

On June 29, 2011, \$29,640,000 of the principal amount of the 2009 Series 1 (NIBP) Bonds and \$12,170,000 of the principal amount of the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds. These Bonds were designated as the 2009 Series 1-4 (Non-AMT), the 2009 Series 2-4-A and the 2009 Series 2-4-B (Non-AMT) (the “Converted Bonds”), respectively.

As of October 31, 2011, a total of \$233,020,000 remained outstanding for the 2009 Series 1 (NIBP) Bonds and the 2009 Series 2 (NIBP) Bonds combined. The Corporation may direct any or all of the remaining portion of the 2009 Series 1 (NIBP) and 2009 Series 2 (NIBP) Bonds be converted to tax-exempt bonds and to another interest rate mode by December 31, 2011, and did as such on December 22, 2011. (See Note 18: “Subsequent Events”.)

Since fiscal year 2005, the Corporation has defeased several series of bonds. The table below lists those series as well as the amount outstanding as of October 31, 2011. These bonds are held with an escrow agent.

### Detail of Defeased Bonds outstanding as of October 31, 2011:

Bond issues	Date Defeased	Amount Defeased	Bonds Outstanding 10/31/11
2003 Series C Multi-Family Housing Revenue Bond	April 3, 2006	\$ 4,175,000	\$ 2,280,000
2004 Series D Multi-Family Housing Revenue Bond	October 24, 2006	18,000,000	18,000,000
2004 Series E-2 Multi-Family Housing Revenue Bond	October 24, 2006	19,720,000	19,720,000
Total		\$41,895,000	\$40,000,000

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2011**

Future Debt Service:

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

Year Ending October 31, (in thousands)	Principal	Interest	Total
2012.....	\$476,641	148,912	625,553
2013.....	249,889	146,824	396,713
2014.....	414,090	139,565	553,655
2015.....	227,752	126,826	354,578
2016.....	182,965	121,484	304,449
2017 – 2021.....	705,608	544,742	1,250,350
2022 – 2026.....	536,255	443,650	979,905
2027 – 2031.....	925,910	312,029	1,237,939
2032 – 2036.....	1,706,515	203,940	1,910,455
2037 – 2041.....	1,685,945	102,608	1,788,553
2042 – 2046.....	319,390	27,589	346,979
2047 – 2051.....	819,940	4,012	823,952
2052 – 2056.....	233,410	7	233,417
<b>Total</b>	<b>\$ 8,484,310</b>	<b>2,322,188</b>	<b>10,806,498</b>

Changes in Long Term Liabilities:

Long term liability activities for the year ended October 31, 2011, are as follows:

Descriptions (in thousands)	Balance at Oct. 31, 2010	Additions	Deductions	Balance at Oct. 31, 2011	Due Within 1 Year
Bonds Payable, (net)	\$8,474,214	685,105	(675,005)	8,484,314	476,641
Payable to The City of New York	806,566	156,082	(144,337)	818,311	—
Payable to Mortgagors & Restricted Earnings on Investments	408,019	533,875	(458,875)	483,019	212,917
Other	268,785	518,446	(214,265)	572,966	397,887
<b>Total</b>	<b>\$9,957,584</b>	<b>1,893,508</b>	<b>(1,492,482)</b>	<b>10,358,610</b>	<b>1,087,445</b>

**Note 10: Consultant's Fees**

The fees paid by the Corporation for legal, accounting and consulting services in fiscal year 2011 for HDC include \$38,973 to The City of New York Law Department; \$17,434 to Seyfarth Shaw, LLP; \$16,235 to Epstein, Becker & Green, P.C.; \$4,000 to Tao Lin Esq.; and \$2,086 to the Law Office of Allen E. Kayes, PC. Auditing Fees of \$216,000 were paid to Ernst & Young, LLP.

The Corporation paid consulting fees in the amount of \$311,822 to Quest America, Inc.; \$131,703 to Finsoft Consultant, Inc.; \$41,250 to Bartley & Dick Advertising/Design; \$35,687 to Hawkins, Delafield & Wood; \$30,000 to Cristo Rey New York High School; \$22,768 to The Institute of Internal Auditors; \$8,930 to Dyntek Services; \$3,075 to Kirsten Major; \$1,915 to Carlton Architecture, PC; and \$1,800 to Insurance Advisors, LLC.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

In addition, the Corporation paid legal, accounting and consulting fees for services provided in connection with bond financings which have been reimbursed either from bond proceeds or from project developers. Fees of \$1,085,790 to Hawkins, Delafield & Wood; \$92,500 to Ballard Spahr, LLP; \$48,000 to Ernst & Young, LLP; \$41,500 to Carter Ledyard & Milburn, LLP; \$30,000 to Orrick, Herrington & Sutcliffe, LLP; \$3,000 to Dewey & LeBoeuf, LLP; \$25,000 to Nixon Peabody, LLP; \$12,000 to Causey Demgen & Moore; \$3,000 to Novogradac & Comp, LLP; and \$2,500 to Harris Beach, LLP.

### Note 11: Payable to the City of New York

#### *(A) New York City Housing Development Corporation*

Since fiscal year 2002, the Corporation has 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. Additionally, starting from fiscal year 2005 and 2006 and onward, HDC originated 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. The excess of such interest over the amount of the related bonds, which totaled \$656,707,000 as of October 31, 2011 is reported in the Corporation Balance Sheet as “Loan participation receivable - The City of NY” in the Noncurrent Assets section and “Payable to The City of New York: Loan participation agreement” in the Noncurrent Liabilities. The related details are described in the next three paragraphs.

In fiscal years 2002 and 2003, the Corporation issued its Multi-Family Housing Revenue Bonds, 2002 Series D and Multi-Family Housing Revenue Bonds, 2003 Series D (the “2002 Series D Bonds” and “2003 Series D Bonds”, respectively). In each case, HDC used the bond proceeds to purchase from the City a 100% participation interest in the cash flow of a portfolio of mortgage loans and a 100% participation interest in the cash flows of a loan pool securitized by the City in 1996 and known as the Sheridan Trust II. As noted in Note 6: “Loan Participation Interest Receivable”, the 2002 Series D Bonds and 2003 Series D Bonds were substantially over-collateralized by their respective total loan assets. Due to over-collateralization of these bonds and the opportunity to release funds to the Corporation by capitalizing the underlying loan portfolio, the Corporation issued the Multi-Family Housing Revenue Bonds 2006 Series A (the “2006 Series A Bonds”) to refinance the 2002 Series D Bonds and 2003 Series D Bonds. At October 31, 2011, the Corporation’s payable to the City relating to the 2006 Series A Bonds was \$287,937,000.

The Corporation has completed numerous transactions as part of its Mitchell-Lama Restructuring Program, an affordable housing preservation program. The following Multi-Family Housing Revenue Bonds were issued prior to the current fiscal year as part of the Mitchell Lama Restructuring Program: 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, 2006 Series D-2, 2008 Series C-1, 2008 Series C-2, 2008 Series G-1, 2008 Series G-2, 2008 Series J, 2008 Series L, 2010 Series G and a portion of 2010 Series H (“Mitchell-Lama Restructuring Bonds”), and this fiscal year, 2011 Series F-1 and 2011 Series F-2 were issued as Mitchell-Lama Restructuring Bonds. Under this program the Corporation has funded various new first and second mortgage loans as well as the acquisition of participation interests in City-owned second mortgages and associated cash flows. As long as any

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

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 the City. HDC also has 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. As of October 31, 2011, the Corporation's payable to the City under the Mitchell-Lama Restructuring Bonds program was \$311,495,000.

As previously noted, during fiscal year 2011, the Corporation and the City had entered into the 2011 Participation Agreement. The Corporation pledged the 2011 Participation Interest (net of certain amount to be paid to the Corporation) for the benefit of the holders of the 2011 Series F-1 and 2011 Series F-2 bonds. As of October 31, 2011, the second mortgage underlying the 2011 Participation Interest had an aggregate outstanding principal balance of \$38,846,000 and accrued interest owed of \$18,429,000.

In 2009, HPD and HDC entered into a Memorandum of Understanding ("MOU"), which provides for the granting of funds by HPD to HDC pursuant to Section 661 of the Act, to make subordinate loans for affordable housing. At October 31, 2011, the total related payable to the City relating to this MOU was \$31,289,000.

The Corporation also administers construction loans on behalf of HPD, using funds provided by HPD. All such funds are the property of HPD and thus are reported as due to the City in the Corporation's financial statements. At October 31, 2011, the total related payable to the City was \$130,315,000.

On April 20, 2011, the Corporation entered into a "421-Fund Agreement" with HPD as presented in note 7. HDC will treat funding pursuant to the 421-A Fund Agreement as funds received from the City and will be reported as payable to the City. As of October 31, 2011 the Corporation did not receive any of HPD's 421-A funds.

### *(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. At October 31, 2011, total resources payable to the City amounted to \$46,766,000. 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.

Since fiscal year 2009, the Corporation has been transferring funds to HAC in monthly increments in an original amount not to exceed \$5,000,000 to provide funds for the tenant assistance ("TAC") payments for Ruppert/Yorkville pursuant to an agreement made by the City for the benefit of such residents. On March 10, 2011 the Corporation's Members approved an additional \$5,000,000 for Ruppert/Yorkville. The total debt to HDC is not to exceed \$10,000,000. As of October 31, 2011, the TAC advances from HDC to HAC were \$6,700,000. HAC is obligated to repay the Corporation for all funds advanced by HDC, without interest, at such time as funds become available to HAC.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

### Note 12: Retirement Programs

The Corporation is a participating employer in the New York City Employees' Retirement System ("NYCERS"), a cost sharing multi-employer plan, of which 89 employees of the Corporation are members. The Corporation made contributions to NYCERS of \$1,181,481, \$898,559 and \$1,019,415 during fiscal years 2011, 2010 and 2009, respectively. Copies of NYCERS' financial statements can be obtained by writing to 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3751.

The Corporation also offers its employees the option of participating in a Tax Sheltered Annuity Plan managed by Wells Fargo Bank, N.A. 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 defined benefit 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 by actions taken by the Corporation's Members and there is no statutory requirement for HDC to continue this plan for future HDC employees. The plan is currently a non-contributory plan with all payments for plan benefits being funded by HDC on a pay-as-you-go-basis.

HDC follows the 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 costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC includes interest of \$78,000 on the net OPEB obligation. 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	\$2,033
Contributions made	(259)
Increase in net OPEB obligation	1,774
Net OPEB obligation—beginning of year	8,035
Net OPEB obligation—end of year	\$9,809

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

HDC's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the previous three years were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
10/31/11	\$2,033	12.75%	\$9,809
10/31/10	\$1,643	2.24%	\$8,035
10/31/09	\$1,592	1.19%	\$6,429

As of October 31, 2011, the actuarial accrued liability for benefits was \$18,407,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$12,863,000 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 143%. Actual payments during Fiscal Year 2011 amounted to \$259,307. This amount includes a payment of \$196,861 to the City of New York's Office of Labor Relations to cover retirees' medical coverage from the period of January 1, 2000 through September 30, 2010.

The actuarial valuation date was October 31, 2010. 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 multi-year 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 for fiscal year ended October 31, 2006 and October 31, 2008 and is changed to the entry age normal cost method for fiscal year ended October 31, 2010. The actuarial assumptions included a 4% discount rate, 3% wage inflation rate and an annual healthcare cost trend rate of 9.5% 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 24 years.

### **Note 14: Due to the United States Government – Non Current**

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

#### *A. Due to HUD*

The Corporation has entered into contracts with HUD to administer housing assistance payment contracts with housing projects occupied by tenants qualifying for Section 8 housing assistance

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2011**

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, 2011, the Corporation held \$654,000 in prefunded annual contributions. Related fees earned during fiscal year 2011 amounted to \$535,000 and are included in operating income.

*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, 2011, HDC had set aside \$16,000 to make future rebate payments when due.

**Note 15: Commitments**

*(A) New York City Housing Development Corporation*

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

Year Ending October 31,	
2012.....	\$1,640,000
2013.....	1,801,000
2014.....	1,801,000
2015.....	1,801,000
2016.....	1,801,000
2017—2021.....	9,989,000
<b>Total</b>	<b>\$18,833,000</b>

For fiscal year 2011, the Corporation’s rental expense amounted to \$ 2,124,000.

# New York City Housing Development Corporation

## Notes to the Financial Statements

### October 31, 2011

(ii.) HDC’s practice is to close loans only when all the funds committed to be advanced have been made available through bond 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.

(iii.) The portion of closed construction loans that had not yet been advanced as of October 31, 2011 is as follows:

<u>Programs:</u>	
Multi-Family Bond Programs	
Housing Revenue	\$338,963,000
Liberty Bond	34,159,000
New Housing Opportunity Program (NEW HOP)	55,491,000
Loans Secured by 80/20 Certificates	20,658,000
Low-Income Affordable	10,282,000
Section 8	415,000
Corporate Services Fund Loans	167,849,000
421-A Housing Trust Fund	16,166,000
<u>Unadvanced Construction Loans (closed loans)</u>	<u>\$643,983,000</u>

As of October 31, 2011 the Corporation had executed commitment letters for several loans that had not yet closed in the amount totaling \$125,480,000.

(iv.) 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:

- 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, 2011, loans totaling \$27,208,000 had been closed and \$27,208,000 had been advanced. The Corporation’s commitment to purchase loans under the MOU has expired. Out of the total loans advanced through FY 2011, \$9,992,000 in loans were assigned back to HPD after repayment to HDC of the same amount.

*(B) New York City Residential Mortgage Insurance Corporation*

As of October 31, 2011, REMIC insured loans with coverage totaling \$128,785,000 and had outstanding commitments to insure loans with a maximum insurance coverage of \$112,551,000.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

### 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 net assets restricted by bond resolutions, 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.

#### Changes in Net Assets

The changes in Net Assets are as follows:

	Restricted	Unrestricted	Total
Net assets at October 31, 2009	\$522,469,000	644,088,000	1,166,557,000
Income	50,526,000	8,800,000	59,326,000
Transfers	(47,623,000)	47,623,000	—
Net assets at October 31, 2010	\$525,372,000	700,511,000	1,225,883,000
Income	138,512,000	4,724,000	143,236,000
Transfers	(71,367,000)	71,367,000	—
Net assets at October 31, 2011	\$592,517,000	776,602,000	1,369,119,000

Summary of Restricted Net Assets	2011	2010
Multi-Family Bond Programs	\$508,728,000	\$515,693,000
421-A Housing Trust Fund	75,582,000	—
Corporate Debt Service Reserve 2006 Series A Purchase Bonds	5,860,000	7,335,000
Claim Payment Fund for 223(f) Program	2,347,000	2,344,000
Total Restricted Net Assets	\$592,517,000	\$525,372,000

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2011

Of the total Unrestricted Net Assets listed below, \$671,051,000 is existing mortgages and other loans. An additional \$9,841,000 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 \$1,321,000 in capital assets.

Summary of Unrestricted Net Assets	2011	2010
Designated Assets:		
Housing Programs	9,841,000	\$54,322,000
Existing Mortgages	671,051,000	558,455,000
Working Capital	19,037,000	18,418,000
Rating Agency Reserve Requirement	72,500,000	65,000,000
<u>Total Designated Net Assets</u>	<u>772,429,000</u>	<u>696,195,000</u>
Undesignated Assets:		
Loan spread purchased from New York City	2,852,000	2,953,000
Capital Assets	1,321,000	1,363,000
<u>Total Undesignated Net Assets</u>	<u>4,173,000</u>	<u>4,316,000</u>
<u>Total Unrestricted Net Assets</u>	<u>\$ 776,602,000</u>	<u>\$700,511,000</u>

### Note 18: Subsequent Events

Subsequent to October 31, 2011, a total of \$361,055,000 of bonds were issued in the course of the Corporation's normal business activities. Additionally, on December 22, 2011, the remaining amount of bonds allocated to the Corporation under HERA and issued under NIBP I and NIBP II, \$190,730,000 and \$42,290,000, respectively, were rolled out and converted to tax exempt bonds.

# New York City Housing Development Corporation Required Supplementary Information

October 31, 2011

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) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10-31-2010	0	\$16,374	\$16,374	0%	\$12,484	131.2%
10-31-2008	0	\$17,050	\$17,050	0%	\$11,260	151.0%
10-31-2006	0	\$13,779	\$13,779	0%	\$9,097	151.0%

# New York City Housing Development Corporation

## Other Information

October 31, 2011

### 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 Balance Sheet October 31, 2011 and 2010 (in thousands)

	2011	2010
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 308,301	\$ 255,466
Investments	175,131	29,139
Receivables:		
Mortgage loans	138,838	51,090
Accrued interest	14,071	12,105
Other	314	505
Total Receivables	153,223	63,700
Other assets	34	33
<b>Total Current Assets</b>	<b>636,689</b>	<b>348,338</b>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	507,215	669,608
Restricted investments	307,750	666,112
Purpose investment (note 2C)	186,644	190,631
Restricted receivables:		
Mortgage loans	3,069,651	2,485,705
Loan participation receivable - The City of NY (note 6)	656,707	609,581
Accrued interest	292	-
Other	258	-
Total restricted receivables	3,726,908	3,095,286
Unamortized issuance costs	23,212	20,881
Primary government/component unit receivable (payable)	(12,598)	(167)
Other assets	12,765	3,104
<b>Total Noncurrent Assets</b>	<b>4,751,896</b>	<b>4,645,455</b>
<b>Total Assets</b>	<b>\$ 5,388,585</b>	<b>\$ 4,993,793</b>

# New York City Housing Development Corporation

## Other Information

October 31, 2011

**Schedule 2 (cont'd):**

**Housing Revenue Bond Program  
Balance Sheet  
October 31, 2011 and 2010 (in thousands)**

	2011	2010
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Bonds payable (net)	\$ 448,915	\$ 388,165
Accrued interest payable	57,933	52,298
Payable to mortgagors	-	468
Restricted earnings on investments	(558)	453
Accounts and other payables	69,733	23,892
<b>Total Current Liabilities</b>	<b>576,023</b>	<b>465,276</b>
<b>Noncurrent Liabilities:</b>		
Bonds payable (net) (note 9)	3,512,778	3,340,783
Payable to The City of New York:		
Loan participation due to The City of New York (note 11)	656,707	609,581
Others due to The City of New York	22,439	-
Payable to mortgagors	68,700	32,186
Deferred fee and mortgage income and other liabilities	67,247	62,160
Due to the United States Government	670	2,843
<b>Total Noncurrent Liabilities</b>	<b>4,328,541</b>	<b>4,047,553</b>
<b>Total Liabilities</b>	<b>4,904,564</b>	<b>4,512,829</b>
<b>Net Assets:</b>		
Restricted for bond obligations	484,021	480,964
<b>Total Net Assets</b>	<b>484,021</b>	<b>480,964</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,388,585</b>	<b>\$ 4,993,793</b>

# New York City Housing Development Corporation

## Other Information

October 31, 2011

### Schedule 2 (cont'd):

#### Housing Revenue Bond Program Schedule of Revenues, Expenses and Changes in Fund Net Assets Fiscal Years ended October 31, 2011 and 2010 (in thousands)

	2011	2010
<b>Operating Revenues</b>		
Interest on loans	\$ 144,056	\$ 123,715
Fees and charges	18,760	14,256
Income on loan participation interests	4,468	4,858
Other	10	-
<b>Total Operating Revenues</b>	<b>167,294</b>	<b>142,829</b>
<b>Operating Expenses</b>		
Interest and amortization of bond premium and discount	116,425	106,932
Trustees' and other fees	1,788	576
Amortization of debt issuance costs	3,224	2,135
Corporate operating expenses	-	13
<b>Total Operating Expenses</b>	<b>121,437</b>	<b>109,656</b>
<b>Operating Income (Loss)</b>	<b>45,857</b>	<b>33,173</b>
<b>Non-operating Revenues (Expenses)</b>		
Earnings on investments	21,950	19,832
Other non-operating revenues (expenses), net	3,174	6,326
<b>Total Non-operating Revenues</b>	<b>25,124</b>	<b>26,158</b>
<b>Income (Loss)</b>	<b>70,981</b>	<b>59,331</b>
Operating transfers to Corporate Services Fund	(8,904)	(8,776)
Capital transfers	(59,020)	(47,473)
<b>Change in Net Assets</b>	<b>3,057</b>	<b>3,082</b>
Total net assets - beginning of year	480,964	477,882
<b>Total Net Assets - End of Year</b>	<b>\$ 484,021</b>	<b>\$ 480,964</b>

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## 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 C – Housing Revenue Bond Program.” As of January 31, 2012, the Corporation had bonds outstanding in the aggregate principal amount of approximately \$8,446,610,805. 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 B–Military Housing Revenue Bond Program,” “Section D–Liberty Bond Program,” “Section E–Section 223(f) Refinancing Program,” and “Section F–Capital Fund Revenue Bond Program” provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

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

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

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

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

(4) 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.

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

(6) Rental Projects; Not Rated: The Corporation has issued bonds to provide financing for rental projects, which bonds are not rated by a rating agency and are directly purchased by a qualified financial institution which is obligated to purchase the underlying note and mortgage in the event of non-payment by the mortgagor, resulting in the redemption of the related bonds.

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

C. Housing Revenue Bond Program. Under its Housing Revenue Bond Program, the Corporation may issue bonds payable solely from and secured by the assets held under the General Resolution

which include a pool of mortgage loans, some of which are construction loans (which pool contains FHA-insured mortgage loans, REMIC-insured mortgage loans, SONYMA-insured mortgage loans, GNMA mortgage-backed securities, other mortgage loans and participation interests in mortgage loans), the revenues received on account of all such loans and securities, and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments.

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

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

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

G. Secured Mortgage Revenue Bond Program. Under this program, the Corporation may issue bonds to finance loans evidenced by a note and secured by a mortgage for privately owned multi-family housing. Such mortgage loans or the related bonds are required to be subject to supplemental security as defined in the applicable bond resolution. As of January 31, 2012, three (3) series of bonds have been issued under the Secured Mortgage Revenue Bond Program.

The following table summarizes bonds outstanding under these bond programs as of January 31, 2012:

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
<b><u>MULTI-FAMILY PROGRAM</u></b>				
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>				
Related-Carnegie Park	461	\$66,800,000	\$66,800,000	1997
Related-Monterey	522	\$104,600,000	\$104,600,000	1997
Related-Tribeca Tower	440	\$55,000,000	\$55,000,000	1997
One Columbus Place Development	729	\$150,000,000	\$142,300,000	1998
100 Jane Street Development	148	\$17,875,000	\$16,450,000	1998
Brittany Development	272	\$57,000,000	\$57,000,000	1999
West 43 <sup>rd</sup> Street Development	375	\$55,820,000	\$51,900,000	1999
Related-West 89 <sup>th</sup> Street Development	265	\$53,000,000	\$53,000,000	2000
Queenswood Apartments	296	\$10,800,000	\$10,800,000	2001

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Related-Lyric Development	285	\$91,000,000	\$89,000,000	2001
James Tower Development	201	\$22,200,000	\$20,220,000	2002
The Foundry	222	\$60,400,000	\$55,100,000	2002
Related Sierra Development	212	\$56,000,000	\$56,000,000	2003
West End Towers	1,000	\$135,000,000	\$135,000,000	2004
Related Westport Development	371	\$124,000,000	\$123,800,000	2004
Atlantic Court Apartments	321	\$104,500,000	\$99,300,000	2005
Progress of Peoples Developments	1,008	\$83,400,000	\$50,455,000	2005
Royal Charter Properties East, Inc. Project	615	\$98,775,000	\$89,200,000	2005
The Nicole	149	\$65,000,000	\$61,900,000	2005
Rivereast Apartments	196	\$56,800,000	\$54,600,000	2006
Seaview Towers	462	\$32,000,000	\$22,400,000	2006
155 West 21st Street Development	110	\$52,700,000	\$51,200,000	2007
Ocean Gate Development	542	\$48,500,000	\$21,755,000	2007
West 61st Street Apartments	211	\$68,000,000	\$64,275,000	2007
Linden Plaza	1527	\$73,900,000	\$69,615,000	2008
Gateways Apartments	365	\$22,190,000	\$21,820,000	2009
Lexington Courts (Met Paca)	229	\$25,500,000	\$25,500,000	2010
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>				
Columbus Apartments Project	166	\$23,570,000	\$21,870,000	1995
West 48 <sup>th</sup> Street Development	109	\$22,500,000	\$20,000,000	2001
First Avenue Development	231	\$44,000,000	\$44,000,000	2002
Renaissance Court	158	\$35,200,000	\$35,200,000	2004
Nagle Courtyard Apartments	100	\$9,000,000	\$4,200,000	2004
Ogden Avenue Apartments	130	\$10,500,000	\$4,760,000	2004
Peter Cintron Apartments	165	\$14,400,000	\$7,840,000	2004
Aldus Street Apartments	164	\$14,200,000	\$8,100,000	2004
Courtlandt Avenue Apartments	167	\$15,000,000	\$7,905,000	2004
Hoe Avenue Apartments	136	\$11,900,000	\$6,660,000	2004
Louis Nine Boulevard Apartments	95	\$9,500,000	\$7,300,000	2004
270 East Burnside Avenue Apartments	114	\$13,000,000	\$6,400,000	2005
Highbridge Apartments	296	\$32,500,000	\$13,600,000	2005
Morris Avenue Apartments	210	\$22,700,000	\$14,700,000	2005

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Ogden Avenue Apartments II	59	\$5,300,000	\$2,500,000	2005
White Plains Courtyard Apartments	100	\$9,900,000	\$4,900,000	2005
89 Murray Street Development	232	\$49,800,000	\$49,800,000	2005
33 West Tremont Avenue Apartments	84	\$8,450,000	\$3,490,000	2005
1904 Vyse Avenue Apartments	96	\$9,650,000	\$4,335,000	2005
Reverend Ruben Diaz Gardens Apartments	111	\$13,300,000	\$6,400,000	2006
Villa Avenue Apartments	111	\$13,700,000	\$5,990,000	2006
Bathgate Avenue Apartments	89	\$12,500,000	\$4,435,000	2006
Spring Creek Apartments I and II	582	\$24,000,000	\$24,000,000	2006
Linden Boulevard Apartments	300	\$14,000,000	\$13,400,000	2006
Markham Gardens Apartments	240	\$25,000,000	\$16,000,000	2006
245 East 124 <sup>th</sup> Street	185	\$40,000,000	\$35,400,000	2008
Hewitt House Apartments	83	\$11,000,000	\$4,100,000	2008
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>				
Related-Upper East	262	\$70,000,000	\$70,000,000	2003
Brookhaven Apartments	95	\$9,100,000	\$8,400,000	2004
East 165 <sup>th</sup> Street Development	136	\$13,800,000	\$7,665,000	2004
Manhattan Court Development	123	\$17,500,000	\$17,500,000	2004
Marseilles Apartments	135	\$13,625,000	\$12,225,000	2004
Parkview Apartments	110	\$12,605,000	\$5,935,000	2004
Thessalonica Court Apartments	191	\$19,500,000	\$17,900,000	2004
15 East Clarke Place Apartments	102	\$11,600,000	\$5,430,000	2005
1090 Franklin Avenue Apartments	60	\$6,200,000	\$2,320,000	2005
2007 La Fontaine Avenue Apartments	88	\$8,500,000	\$3,825,000	2005
Grace Towers Apartments	168	\$11,300,000	\$10,500,000	2005
La Casa del Sol	114	\$12,800,000	\$4,850,000	2005
Parkview II Apartments	88	\$10,900,000	\$4,255,000	2005
Urban Horizons II Development	128	\$19,600,000	\$5,765,000	2005
500 East 165 <sup>th</sup> Street Apartments	128	\$17,810,000	\$7,255,000	2006
1405 Fifth Avenue Apartments	80	\$14,190,000	\$14,190,000	2006
Beacon Mews Development	125	\$23,500,000	\$23,500,000	2006
Granite Terrace Apartments	77	\$9,300,000	\$4,060,000	2006

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
Granville Payne Apartments	103	\$12,250,000	\$5,560,000	2006
Intervale Gardens Apartments	66	\$8,100,000	\$3,115,000	2006
Target V Apartments	83	\$7,200,000	\$6,900,000	2006
550 East 170th Street Apartments	98	\$14,300,000	\$5,500,000	2007
Boricua Village Apartments	85	\$28,300,000	\$10,915,000	2007
Cook Street Apartments	152	\$26,600,000	\$4,680,000	2007
Queens Family Courthouse Apartments	277	\$120,000,000	\$118,190,000	2007
Susan's Court	125	\$24,000,000	\$24,000,000	2007
The Dorado Apartments	58	\$8,750,000	\$3,470,000	2007
The Plaza	383	\$30,000,000	\$11,800,000	2007
Las Casas Development	227	\$36,880,000	\$19,200,000	2008
Bruckner by the Bridge	419	\$68,500,000	\$45,835,000	2008
Sons of Italy Apartments	106	\$7,670,000	\$7,670,000	2009
Beekman Tower <sup>3</sup>	N/A	\$431,100,000	\$335,100,000	2009- 2010
Via Verde Apartments	151	\$33,690,000	\$33,690,000	2010
101 Avenue D Apartments	78	\$25,000,000	\$25,000,000	2010
Eliot Chelsea Development	168	\$41,440,000	\$41,440,000	2010
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>				
The Balton	156	\$29,750,000	\$29,750,000	2009
<i>Residential Revenue Bonds – Letter of Credit Enhanced</i>				
Montefiore Medical Center Project	116	\$8,400,000	\$7,000,000	1993
Queens College Residences	144	\$69,865,000	\$69,295,000	2009
<i>Mortgage Revenue Bonds – Cooperative Housing Letter of Credit Enhanced</i>				
Prospect Macy	63	\$8,565,000	\$8,565,000	2008
Via Verde Cooperative Apartments	71	\$7,440,000	\$7,440,000	2010
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Not Rated</i>				
West 26 <sup>th</sup> Street Development	204	\$38,470,000	\$38,470,000	2011

	<b>No. of Units</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Year of Issue</b>
<b><u>MILITARY HOUSING REVENUE BOND PROGRAM</u></b>				
Fort Hamilton Housing	228	\$47,545,000	\$46,445,000	2004
<b><u>HOUSING REVENUE BOND PROGRAM*</u></b>				
<i>Multi-Family Housing Revenue Bonds*</i>	100,197	\$6,331,565,000	\$3,414,940,000	1993-2011
<i>Multi-Family Housing Revenue Bonds – Federal New Issue Bond Program†</i>		\$500,000,000	\$499,590,000	2009
<b><u>LIBERTY BOND PROGRAM</u></b>				
<i>Multi-Family Mortgage Revenue Bonds</i>				
90 Washington Street <sup>1</sup>	398	\$74,800,000	\$74,800,000	2005
The Crest <sup>2</sup>	476	\$143,800,000	\$140,800,000	2005
2 Gold Street <sup>1</sup>	650	\$217,000,000	\$211,500,000	2006
20 Exchange Place <sup>2</sup>	366	\$210,000,000	\$201,500,000	2006
90 West Street <sup>1</sup>	410	\$112,000,000	\$112,000,000	2006
201 Pearl Street Development <sup>1</sup>	189	\$90,000,000	\$90,000,000	2006
Beekman Tower <sup>3</sup>	904	\$203,900,000	\$203,900,000	2008
<b><u>SECTION 223(f) REFINANCING PROGRAM</u></b>				
<i>Multifamily Housing Limited Obligations Bonds</i>	724	\$79,998,100	\$3,986,819	1977
<i>FHA-Insured Mortgage Loans</i>	2,219	\$299,886,700	\$20,748,986	1978
<b><u>CAPITAL FUND REVENUE BOND PROGRAM</u></b>				
<i>New York City Housing Authority Program</i>	N/A	\$281,610,000	\$225,410,000	2005
<b><u>SECURED MORTGAGE REVENUE BOND PROGRAM</u></b>				
<i>Multi-Family Secured Mortgage Revenue Bonds</i>	1352	\$67,155,000	\$66,555,000	2005-2011
<b>TOTAL</b>	<b><u>129,703</u></b>	<b><u>\$12,352,689,800</u></b>	<b><u>\$8,446,610,805</u></b>	

\* Information for all series of bonds that the Corporation has issued under its Housing Revenue Bond Program from 1993 through January 31, 2012 as described in Section C above.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**IV. LOAN SERVICING.** The Corporation services the majority of its own loans and also services loans for others. Such loan servicing activities, which are described below, relate to over 1,506 mortgage loans with an approximate aggregate face amount of \$11.9 billion.

A. Portfolio Servicing. The Corporation acts as loan servicer in connection with the permanent mortgage loans made to approximately 674 developments under its bond, mortgage loan and other loan programs (including its Housing Revenue Bond Program) in the approximate aggregate face amount of \$6.5 billion.

B. HPD Loan Servicing. The Corporation acts as loan servicer in connection with certain construction and permanent housing loan programs of HPD pursuant to several agreements with HPD. As of January 31, 2012, the Corporation was servicing construction and permanent loans made to approximately 615 developments in the approximate aggregate face amount of \$2.4 billion.

C. Loan Servicing Monitoring. In addition to the Corporation's loan servicing activities, the Corporation monitors the loan servicing activities of other servicers who service approximately 217 mortgage loans made under the Corporation's various bond, mortgage loan and other loan programs in the approximate aggregate face amount of \$3.0 billion.

**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, 2012 (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, 2012. 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, 2012 except the 2006 Series A Participant Interest, 2005 Series F Participant Interest, 2005 Series J Participant Interest, the 2011 Participant Interest and the ML Restructuring Subordinate 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 on an aggregated basis with respect to Developments and permanent Mortgage Loans securing the ML Restructuring Subordinate Mortgage Loans. See “THE PROGRAM—ML Restructuring Mortgage Loans.”

Table 6 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 7 sets forth information on an aggregated basis with respect to the 2004 Participated Second Lien Loans underlying the 2011 Participant Interest as of January 31, 2012. See “THE PROGRAM—2011 Participant Interest.”

Table 8 sets forth information with respect to the Developments and Mortgage Loans financed with Bonds subsequent to January 31, 2012.

**TABLE 1: VALUATION OF MORTGAGE LOANS  
AS OF JANUARY 31, 2012**

<b>Series of Bonds</b>	<b>Value as a Percentage of Outstanding Principal Balance</b>	<b>Outstanding Principal Balance of Mortgage Loans<sup>♦</sup></b>	<b>Percentage of Total Outstanding Principal Balance of Mortgage Loans<sup>♦</sup></b>
1998 Series A	96%	\$34,964,806	1.01%
1999 Series A	85%	\$24,668,571	0.71%
1999 Series B	78%	\$38,001,683	1.10%
1999 Series C	77%	\$4,813,757	0.14%
1998 Series A/ 1999 Series A <sup>(1)†</sup>	N/A	\$8,053,531	0.23%
2001 Series A	100%	\$6,710,839	0.19%
2001 Series C	78%	\$15,300,892	0.44%
2002 Series A	80%	\$32,904,200	0.95%
2002 Series B	80%	\$6,079,096	0.18%
2002 Series C	80%	\$74,539,516	2.15%
2002 Series E	80%	\$17,405,056	0.50%
2002 Series F	80%	\$3,930,701	0.11%
2003 Series B <sup>(1)</sup>	80%	\$28,783,202	0.83%
2003 Series E	80%	\$22,433,185	0.65%
2004 Series A	100%	\$121,623,953	3.51%
2004 Series B	80%	\$20,822,102	0.60%
2004 Series C <sup>(1)</sup>	80%	\$41,974,014	1.21%
2004 Series E <sup>(2)</sup>	85%	\$57,540,055	1.66%
2004 Series F	70%	\$33,461,641	0.97%
2004 Series G	100%	\$23,936,943	0.69%
2004 Series H	100%	\$0	0.00%
2004 Series I	100%	\$24,213,025	0.70%
2004 Series J	100%	\$19,502,043	0.56%
2005 Series A <sup>(2)</sup>	85%	\$13,544,414	0.39%
2005 Series C	100%	\$4,035,798	0.12%
2005 Series D	100%	\$0	0.00%
2005 Series E <sup>(2)</sup>	100%	\$2,587,903	0.07%
2005 Series F <sup>(2)</sup>	98%	\$103,166,659	2.98%
2005 Series G	85%	\$2,867,369	0.08%
2005 Series J <sup>(2)</sup>	95%	\$27,588,658	0.80%
2005 Series K	100%	\$12,021,769	0.35%
2005 Series L	100%	\$12,238,286	0.35%
2006 Series A	80%	\$400,534,128	11.57%
2006 Series B <sup>(1)</sup>	99%	\$26,046,479	0.75%
2006 Series C	100%	\$36,435,183	1.05%
2006 Series D <sup>(2)</sup>	96%	\$7,768,726	0.22%
2006 Series G	100%	\$23,104,319	0.67%
2006 Series H	100%	\$23,602,036	0.68%
2006 Series I	100%	\$6,370,413	0.18%
2006 Series J-1 <sup>(1)</sup>	100%	\$100,000,000	2.89%
2006 Series J-2 <sup>(1)</sup>	100%	\$8,629,037	0.25%
2007 Series A	100%	\$25,304,823	0.73%
2007 Series B <sup>(4)</sup>	100%	\$31,568,636	0.91%
2007 Series C	100%	\$5,312,769	0.15%
2007 Series D <sup>(1)</sup>	100%	\$28,156,328	0.81%
2007 Series E	100%	\$23,602,603	0.68%
2008 Series A-1-A	100%	\$16,693,031	0.48%
2008 Series C <sup>(2)</sup>	100%	\$0	0.00%
2008 Series E <sup>(1)</sup>	80%	\$101,245,840	2.92%
2008 Series F <sup>(1)</sup>	100%	\$56,584,307	1.63%
2008 Series H <sup>(1)</sup>	100%	\$66,798,796	1.93%
2008 Series I <sup>(2)</sup>	N/A	\$0	0.00%
2008 Series J <sup>(2)</sup>	100%	\$9,496,345	0.27%
2008 Series C-2/2008 Series J	100%	33,727,970	0.97%
2008 Series C-2/2008 Series J(7)	N/A	1,304,605	0.04%
2008 Series K <sup>(1)</sup>	86%	\$170,439,750	4.92%
2008 Series L <sup>(2)</sup>	100%	\$5,806,400	0.17%
2008 Series M <sup>(1)</sup>	100%	\$30,535,088	0.88%
2009 Series A <sup>(1)</sup>	100%	\$17,335,561	0.50%
2009 Series C <sup>(1)</sup>	100%	\$161,155,195	4.65%
2009 Series D <sup>(1)</sup>	100%	\$5,599,800	0.16%

Series of Bonds	Value as a Percentage of Outstanding Principal Balance	Outstanding Principal Balance of Mortgage Loans <sup>♦</sup>	Percentage of Total Outstanding Principal Balance of Mortgage Loans <sup>♦</sup>
2009 Series E <sup>(3)</sup>	N/A	-	0.00%
2009 Series F <sup>(1)</sup>	100%	\$9,000,000	0.26%
2007 Series B/ 2009 Series G <sup>(4)</sup>	100%	\$6,845,044	0.20%
2009 Series H <sup>(3)</sup>	N/A	-	0.00%
2009 Series I	80%	\$91,513,230	2.64%
1998 Series B/ 2009 Series J <sup>(5)</sup>	100%	\$16,839,253	0.49%
1999 Series E/ 2009 Series J <sup>(5)</sup>	100%	\$8,659,140	0.25%
2009 Series K <sup>(1)</sup>	100%	\$98,396,345	2.84%
2009 Series L <sup>(1)</sup>	100%	\$98,641,639	2.85%
2008 Series A/ 2009 Series M <sup>(1)(6)</sup>	100%	\$32,853,709	0.95%
2010 Series A <sup>(1)</sup>	100%	\$22,546,006	0.65%
2010 Series C <sup>(1)</sup>	100%	\$14,359,072	0.41%
2010 Series D <sup>(1)</sup>	100%	\$43,859,190	1.27%
2010 Series E <sup>(1)</sup>	100%	\$9,730,603	0.28%
2010 Series F <sup>(1)</sup>	100%	\$11,115,724	0.32%
2009 Series L-1/ 2010 Series B <sup>(1)</sup>	100%	\$105,758,940	3.05%
2010 Series G <sup>(1)(2)</sup>	89%	\$51,930,004	1.50%
2010 Series H <sup>(1)</sup>	90%	\$100,142,942	2.89%
2010 Series I <sup>(1)</sup>	100%	\$8,115,000	0.23%
2010 Series J <sup>(1)</sup>	100%	\$31,705,207	0.92%
2010 Series K <sup>(1)</sup>	100%	\$16,391,434	0.47%
2010 Series L <sup>(3)</sup>	N/A	\$0	0.00%
2010 Series M <sup>(4)</sup>	N/A	\$0	0.00%
2010 Series N <sup>(1)</sup>	80%	\$5,121,117	0.15%
2011 Series B/2010 Series L-1	100%	\$28,925,751	0.84%
2011 Series C/2010 Series L-2-A	100%	\$3,482,058	0.10%
2011 Series E/2010 Series L-2-B	100%	\$12,689,255	0.37%
2011 Series D <sup>(1)</sup>	100%	\$10,124,510	0.29%
2011 Series E <sup>(1)</sup>	100%	\$38,143,057	1.10%
2011 Series F <sup>(1)</sup>	82%	\$123,858,255	3.58%
2008 Series F/2011 Series F <sup>(1)</sup>	100%	\$14,835,633	0.43%
2011 Series A <sup>(1)</sup>	100%	\$107,965,852	3.12%
2011 Series G <sup>(1)</sup>	100%	\$32,644,132	0.94%
2011 Series H <sup>(1)</sup>	100%	\$19,462,601	0.56%
2011 Series J <sup>(1)</sup>	100%	\$23,925,515	0.69%
<b>TOTAL<sup>(8)</sup></b>	<b>91.78% (weighted average)</b>	<b>\$3,462,452,056</b>	<b>100.00%</b>

♦ May not add due to rounding.

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

† The 1998 Series A/1999 Series A Mortgage Loan has not been assigned a valuation.

(1) Subsequent to January 31, 2012, the Corporation expects to make advances from Construction Mortgage Loans (see Table 4 in this Appendix).

(2) 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, the 2006 Series D Bonds, the 2008 Series C Bonds, the 2008 Series J Bonds and the 2008 Series L 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, the 2006 Series D Second Mortgage Loans, the 2008 Series J Third Mortgage Loans, the 2008 Series L Second Mortgage Loans, the 2008 Series F/2011 Series F Second Mortgage Loan, the 2011 Series H-2-B/2011 Series H-3-B Third Mortgage Loan and the 2008 Series C and the 2010 Series G Third Mortgage Loan, the 2005 Series F Participant Interest or the 2005 Series J Participant Interest, which have not been valued. See "The Program— ML Restructuring Mortgage Loans."

(3) Subsequent to January 31, 2012, the Corporation expects to finance construction and permanent mortgage loans.

(4) The 2009 Series G Bonds redeemed \$24,175,000 of the 2007 Series B-2 Bonds.

(5) The 2009 Series J Bonds redeemed \$17,450,000 of the 1998 Series B Bonds and \$8,525,000 of the 1999 Series E Bonds.

(6) The 2009 Series M Bonds redeemed \$30,945,000 of the 2008 Series A-1 Bonds.

(7) The 2008 Series C-2/2008 Series J Mitchell Lama Subordinate Loan is a surplus cash note and has not been assigned a valuation.

(8) Subsequent to January 31, 2012, the Corporation issued (i) \$67,540,000 principal amount of 2012 Series A Bonds to finance an additional portion of the 2009 Series L-1/2010 Series B Mortgage Loan which was assigned a valuation of 100% under the 2009 Series L Supplemental Resolution and the 2010 Series B Supplemental Resolution, (ii) \$42,650,000 principal amount of 2012 Series B Bonds to (a) finance the 2012 Series B Mortgage Loans which were assigned a weighted average valuation of 84.31% under the 2012 Series B Supplemental Resolution, (b) reimburse the Corporation for amounts advanced by it to pay the redemption price of \$30,815,000 principal amount of the Corporation's Multi-Family Housing Revenue Bonds, 2002 Series A and the Mortgage Loans associated with the 2002 Series A Bonds are referred to as the "2002 Series A/2012 Series B Mortgage Loans" and were assigned a valuation of 100% and (c) reimburse the Corporation for amounts advanced by it to pay the redemption price of \$5,795,000 principal amount of the Corporation's Multi-Family Housing Revenue Bonds, 2002 Series B and the Mortgage Loans associated with the 2002 Series B Bonds are referred to as the "2002 Series B/2012 Series B Mortgage Loans" and were assigned a weighted average valuation of 83.28% and (iii) \$72,065,000 principal amount of 2012 Series C Bonds to finance the 2012 Series C Mortgage Loans for which a valuation has not yet been determined.

**TABLE 2: DEVELOPMENTS AND PERMANENT MORTGAGE LOANS  
OUTSTANDING UNDER THE PROGRAM  
AS OF JANUARY 31, 2012**

Supplemental Security	Subsidy Program(S) <sup>†</sup>	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 <sup>††</sup>	Final Mortgage Maturity	HAP/TAC/ §236 Contract Expiration Date <sup>†††</sup>	Prepayment Category (see Appendix E-2)	Physical Inspection <sup>††††</sup>
FHA 221(d)(3)-FAF	Section 8	Fulton Park Sites 7 & 8	2010 Series H	Brooklyn	208	100%	9,804,637	13,780,700	6.25%	02/18/86	4/01/25	12/18/29	3	SUP
FHA 221(d)(4)	Section 8	Clinton Arms	2010 Series H	Bronx	85	100%	3,791,025	4,962,700	10.36%	12/19/85	7/01/25	01/31/30	4	S
FHA 221(d)(4)	Section 8	Crown Heights Development I	2010 Series H	Brooklyn	35	97%	1,614,199	2,197,400	7.25%	02/19/85	8/01/25	11/25/14	4	SUP
FHA 221(d)(4)	Section 8	Crown Heights Development II	2010 Series H	Brooklyn	31	100%	1,271,787	1,744,700	6.75%	01/04/85	8/01/25	10/04/14	4	SUP
FHA 221(d)(4)	Section 8	La Cabana Houses	2010 Series H	Brooklyn	166	100%	7,147,364	9,603,700	9.70%	10/25/85	7/01/25	09/30/25	3	S
FHA 221(d)(4)	Section 8	1650 President Street	2010 Series H	Brooklyn	47	100%	1,116,878	2,411,200	7.50%	05/19/82	8/01/21	05/30/16	2	S
REMIC****	Section 8	Borough Park Court	2008 Series K	Brooklyn	131	100%	6,117,342	6,552,195	6.25%	01/01/07	12/31/36	08/31/15	8	S
FHA 221(d)(4)	HAC	Astoria	2008 Series E	Queens	62	98%	765,951	2,193,200	8.50%	06/01/91	05/01/16	N/A	1	S
FHA 223(a)(7)	HoDAG/PLP	1290 & 1326 Grand Concourse <sup>1,7</sup>	2008 Series K	Bronx	104	84%	3,155,756	3,680,000	5.83%	12/13/93	06/01/30	N/A	1	S
FHA 223(F)	Section 236	Goodwill Terrace 0	2008 Series K	Queens	208	99%	1,736,733	3,606,100	8.50%	07/31/79	08/01/19	07/31/19	1	U
FHA 223(F)	Section 236	Tower West <sup>2</sup>	2008 Series K	Manhattan	217	99%	1,924,541	3,996,100	8.50%	07/11/79	08/01/19	07/11/19	1	S
N/A	N/A	Central Harlem Plaza	2008 Series E	Manhattan	241	100%	(S) 6,104,536	6,935,000	1.00%	03/01/05	11/01/36	N/A	1	S
N/A	N/A	State Renaissance Court	2009 Series I	Brooklyn	158	100%	(S) 1,942,263	3,510,000	1.00%	10/01/08	09/30/38	N/A	1	SUP
SONYMA	N/A	CUNY Graduate Center Housing <sup>3</sup>	2010 Series C	Manhattan	77	100%	14,359,072	14,370,000	5.65%	11/22/11	12/31/46	N/A	9	N/A
SONYMA	N/A	Ellington on the Park	2011 Series F	Manhattan	60	100%	11,372,099	11,695,000	3.81%	03/01/10	02/28/40	N/A	8	S
SONYMA	N/A	Maple Court	2011 Series F	Manhattan	135	99%	8,695,792	11,863,627	6.51%	01/01/96	04/30/27	N/A	1	S
REMIC	N/A		2011 Series F				3,425,136	3,464,100	6.50%	12/22/10	12/31/40	08/31/22	1	
REMIC	N/A	Morningside One Apartments	2010 Series K	Manhattan	109	97%	3,847,165	3,900,000	5.50%	12/22/10	12/31/40	08/31/22	7	N/A
N/A	N/A		2008 Series E				(S) 13,580	120,000	3.00%	11/01/93	09/01/23	N/A	1	
N/A	N/A	Tremont Vyse I	2009 Series I	Bronx	24	100%	(S) 15,188	20,549	1.00%	08/01/07	10/31/23	N/A	1	BA
N/A	N/A	Tremont Vyse II	2008 Series E	Bronx	18	100%	(S) 10,199	90,000	3.00%	11/01/93	09/01/23	N/A	1	S
REMIC	N/A		2011 Series E				2,074,527	2,100,000	5.35%	07/27/11	07/30/41	N/A	8	
REMIC	N/A	520-540 Audubon Avenue	2011 Series F	Manhattan	138	100%	1,982,184	1,995,000	6.00%	07/27/11	07/30/41	N/A	8	S
REMIC	N/A	Revive 103 North	2011 Series E	Manhattan	30	100%	1,235,056	1,245,000	5.35%	05/17/11	04/30/41	N/A	8	SUP
SONYMA	New HOP		1998 Series B/2009 Series J				16,839,253	20,665,000	5.30%	02/21/01	10/01/31	N/A	8	
N/A	New HOP	de Sales Assisted Living Project	2008 Series E	Manhattan	127	98%	(S) 960,000	960,000	3.00%	04/01/01	10/01/31	N/A	1	S
N/A	New HOP	East 119th Street Coop	2008 Series K	Manhattan	111	100%	(S) 4,853,571	4,995,000	1.00%	10/01/06	09/30/36	N/A	1	S
SONYMA	New HOP	Williamsburg Edge	2007 Series A	Brooklyn	347	100%	25,304,823	25,690,000	6.20%	09/28/10	09/16/40	N/A	7	S
N/A	New HOP	The Washington	2004 Series G	Manhattan	104	100%	6,221,606	6,760,000	4.50%	08/01/04	07/31/29	N/A	1	BA
REMIC*	New HOP		1998 Series A				1,156,867	2,092,000	7.50%	03/26/99	04/01/29	N/A	8	
N/A	New HOP	39-07 208th Street	2008 Series E	Queens	26	96%	(S) 484,104	500,000	3.00%	05/01/99	04/01/29	N/A	1	U
REMIC**	New HOP	58-12 Queens Blvd	1998 Series A	Queens	122	100%	12,863,759	13,130,198	5.50%	10/01/10	09/30/35	N/A	8	S
REMIC*	New HOP		1998 Series A				3,842,721	4,740,000	7.50%	03/11/99	04/01/29	N/A	8	
N/A	New HOP	287 Prospect Avenue <sup>4</sup>	2008 Series K	Brooklyn	52	100%	(S) 603,055	886,000	3.00%	05/01/99	04/01/29	N/A	1	S
REMIC**	New HOP		1998 Series A				5,065,823	7,713,000	7.50%	03/15/00	04/01/30	N/A	8	
N/A	New HOP	421 DeGraw Street	2008 Series K	Brooklyn	90	96%	(S) 1,265,814	1,710,000	1.00%	05/01/00	04/30/30	N/A	1	AA
REMIC*	New HOP		1998 Series A				1,715,240	2,330,000	7.50%	04/20/00	04/01/30	N/A	8	
N/A	New HOP	471 Vanderbilt	2008 Series E	Brooklyn	26	100%	(S) 472,365	520,000	1.00%	05/01/00	04/01/30	N/A	1	S
REMIC**	New HOP		1998 Series A				10,320,396	12,068,769	7.50%	09/11/00	11/01/30	N/A	8	
N/A	New HOP	3310-22 Palmer Avenue	2008 Series E	Bronx	135	94%	(S) 2,844,514	3,034,170	1.00%	06/01/01	05/01/31	N/A	1	S
REMIC**	New HOP		1999 Series A				7,285,073	10,340,000	7.50%	10/25/00	11/01/30	N/A	10	
N/A	New HOP	167 Clermont Avenue <sup>2</sup>	2008 Series E	Brooklyn	110	99%	(S) 1,680,849	2,200,000	1.00%	12/01/00	11/01/30	N/A	1	S
REMIC**	New HOP		1999 Series A				2,526,259	3,617,000	7.50%	10/25/00	11/01/30	N/A	10	
N/A	New HOP	597 Grand Avenue	2008 Series E	Brooklyn	52	100%	(S) 1,462,000	1,462,000	1.00%	12/01/00	11/01/30	N/A	1	S
REMIC**	New HOP		1999 Series A & 2000 Series C				7,345,081	8,290,000	7.50%	12/13/02	01/01/33	N/A	10	
N/A	New HOP	3815 Putnam Avenue	2008 Series K	Bronx	91	97%	(S) 1,330,073	1,820,000	1.00%	02/01/03	01/31/33	N/A	1	S

Supplemental Security	Subsidy Program(S) <sup>†</sup>	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 <sup>††</sup>	Final Mortgage Maturity	HAP/TAC/\$236 Contract Expiration Date <sup>†††</sup>	Prepayment Category (see Appendix E-2)	Physical Inspection <sup>††††</sup>
REMIC*	New HOP		1999 & 2000 Series B				2,978,564	3,820,000	7.58%	11/28/00	12/01/30	N/A	10	
N/A	New HOP		2008 Series E				(S) 1,275,000	1,275,000	1.00%	01/01/01	12/01/30	N/A	1	
N/A	New HOP	Triangle Court Phase I	2008 Series K	Manhattan	51	100%	(S) 858,556	929,831	8.00%	10/01/07	12/31/30	N/A	1	S
REMIC**	New HOP	Boricua A-1	2007 Series D	Bronx	135	99%	16,127,753	16,190,000	6.45%	06/02/11	07/31/46	N/A	7	N/A
REMIC**	New HOP	Boricua B	2007 Series D	Bronx	100	100%	12,028,574	12,075,000	6.45%	06/02/11	07/31/46	N/A	7	N/A
REMIC**	New HOP		2008 Series K				2,365,152	2,375,000	7.00%	07/12/11	08/31/41	N/A	7	
N/A	New HOP	Longwood Gardens	2010 Series H	Bronx	25	100%	(S) 2,125,000	2,125,000	1.00%	07/12/11	08/31/41	N/A	1	N/A
REMIC**	New HOP		2010 Series H				2,776,678	3,440,000	8.51%	07/24/02	08/01/27	N/A	8	
N/A	New HOP	Triangle Court Phase II	2008 Series E	Manhattan	40	98%	(S) 1,030,822	1,060,000	1.00%	09/01/02	08/01/27	N/A	1	S
REMIC**	New HOP		1999 Series B				2,351,355	2,770,000	8.00%	06/28/00	07/01/30	N/A	10	
N/A	New HOP	32-08 Union Street	2008 Series E	Queens	25	96%	(S) 591,480	642,500	1.00%	08/01/00	07/01/30	N/A	1	AA
REMIC**	New HOP		1999 Series B				6,205,672	7,200,000	8.00%	02/01/01	03/31/31	N/A	10	
N/A	New HOP	137-02 Northern Blvd	2008 Series E	Queens	71	97%	(S) 1,642,680	1,775,000	1.00%	04/01/01	03/01/31	N/A	1	S
REMIC**	New HOP		1999 Series B				3,016,970	4,000,000	8.00%	11/27/00	12/01/30	N/A	10	
N/A	New HOP	139 Emerson Place	2008 Series E	Brooklyn	50	100%	(S) 872,623	1,250,000	2.00%	01/01/01	12/01/30	N/A	1	S
REMIC**	New HOP		2010 Series H				228,616	261,000	8.50%	04/04/01	06/01/31	N/A	10	
REMIC**	New HOP		1999 Series B				4,497,711	5,190,000	8.00%	04/04/01	06/01/31	N/A	10	
N/A	New HOP	140-26 Franklin Avenue	2008 Series E	Queens	54	98%	(S) 1,207,447	1,415,000	1.00%	06/01/01	06/01/31	N/A	1	S
REMIC**	New HOP		1999 Series B				2,720,219	3,460,000	8.00%	02/22/02	06/01/31	N/A	10	
N/A	New HOP	349-53 East 4th Street	2008 Series E	Manhattan	33	100%	(S) 652,025	869,000	1.00%	04/01/02	03/01/32	N/A	1	S
REMIC**	New HOP		1999 & 2000 Series B				3,145,040	4,047,000	8.06%	08/01/01	08/31/31	N/A	10	
N/A	New HOP		2008 Series E				(S) 602,820	950,000	1.00%	08/01/01	08/01/31	N/A	1	
N/A	New HOP	390-96 East 8th Street	2008 Series K	Manhattan	38	97%	(S) 641,620	669,427	8.00%	10/01/07	09/30/37	N/A	1	S
REMIC**	New HOP		2010 Series H				3,605,347	4,570,000	8.73%	11/21/02	12/01/27	N/A	8	
N/A	New HOP	Harlem Gateway <sup>5</sup>	2008 Series K	Manhattan	50	100%	(S) 1,490,911	1,530,000	2.75%	01/01/03	12/31/27	N/A	1	S
REMIC**	New HOP		2010 Series H				1,211,663	1,320,000	9.00%	07/03/03	09/01/33	N/A	8	
N/A	New HOP	46-19 88th Street	2008 Series E	Queens	17	100%	(S) 446,413	475,000	1.00%	07/03/03	08/01/33	N/A	1	S
REMIC**	New HOP		2010 Series H				2,639,768	3,619,000	9.00%	03/26/02	04/01/32	N/A	8	
N/A	New HOP	50 Greene Avenue	2008 Series E	Brooklyn	39	100%	(S) 1,181,366	1,322,100	1.00%	03/26/02	04/01/32	N/A	1	S
REMIC**	New HOP		2010 Series H				6,231,752	7,000,000	9.00%	10/24/01	10/01/31	N/A	8	
N/A	New HOP	136-14 Northern Blvd	2008 Series E	Queens	60	97%	(S) 1,834,657	1,950,000	1.00%	10/24/01	10/01/31	N/A	1	S
REMIC**	New HOP		2010 Series H				1,410,259	1,570,000	9.00%	03/26/02	04/01/32	N/A	8	
N/A	New HOP	800 Bergen Street	2008 Series E	Brooklyn	32	100%	(S) 1,280,000	1,280,000	1.00%	03/26/02	04/01/32	N/A	1	S
REMIC**	New HOP		2001 Series C				5,688,588	6,550,000	6.00%	10/28/03	12/01/33	N/A	8	
N/A	New HOP	202-18 West 148th Street	2008 Series E	Manhattan	100	99%	(S) 3,257,471	3,300,000	1.00%	12/01/03	11/01/33	N/A	1	S
REMIC**	New HOP		2002 Series C				6,534,868	7,400,000	7.75%	08/13/02	08/01/32	N/A	8	
N/A	New HOP	14-56 31st Drive	2008 Series E	Queens	60	98%	(S) 1,315,107	1,450,000	1.00%	09/01/02	08/01/32	N/A	1	S
REMIC**	New HOP		2002 Series C				2,973,673	3,390,000	7.75%	03/05/02	04/01/32	N/A	8	
N/A	New HOP	99-22 67th Road	2008 Series E	Queens	29	100%	(S) 982,924	1,010,000	1.00%	05/01/02	04/01/32	N/A	1	S
REMIC**	New HOP		2002 Series C				3,164,941	3,800,000	8.00%	01/15/04	02/01/34	N/A	8	
N/A	New HOP	235-47 East 105th Street	2008 Series E	Manhattan	48	100%	(S) 1,764,936	1,800,000	1.00%	03/01/04	02/01/34	N/A	1	S
REMIC**	New HOP		2002 Series C				1,347,095	1,530,000	7.75%	05/28/03	07/01/33	N/A	8	
N/A	New HOP	170 E108 St, 156 E109 St. & 1509 Lexington Avenue	2008 Series E	Manhattan	17	100%	(S) 209,710	250,000	3.00%	07/01/03	06/01/33	N/A	1	S
REMIC**	New HOP		2002 Series C				3,947,647	4,400,000	7.75%	05/30/03	07/01/33	N/A	8	
N/A	New HOP	1825 Needham Avenue	2008 Series E	Bronx	47	100%	(S) 1,588,787	1,600,000	1.00%	07/01/03	06/01/33	N/A	1	S
REMIC**	New HOP		2002 Series C				1,725,196	1,910,000	8.50%	09/24/03	11/01/33	N/A	8	
N/A	New HOP	2232 & 2295-97 First Avenue	2008 Series E	Manhattan	21	90%	(S) 549,872	630,000	1.00%	11/01/03	10/01/33	N/A	1	S
REMIC**	New HOP		2004 Series J				2,687,521	2,815,000	7.25%	02/19/08	03/31/38	N/A	8	
N/A	New HOP	250 West 116th Street	2009 Series I	Manhattan	32	100%	(S) 1,439,311	1,440,000	1.00%	02/19/08	03/31/38	N/A	1	S
REMIC**	New HOP		2004 Series J				9,236,523	9,810,000	7.25%	12/01/06	11/30/36	N/A	8	
N/A	New HOP	Ralph Avenue Phase II	2008 Series K	Brooklyn	72	97%	(S) 2,922,091	2,952,000	1.00%	12/01/06	11/30/36	N/A	1	S
REMIC**	New HOP		2008 Series E				3,189,312	3,445,000	6.70%	02/08/06	03/31/36	N/A	8	
N/A	New HOP	Little Larkspur	2008 Series K	Manhattan	22	98%	(S) 802,484	825,000	1.00%	04/01/06	03/31/36	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**	New HOP	870 Jennings	2008 Series K	Bronx	84	98%	12,134,730	12,175,000	7.00%	08/10/11	09/30/41	N/A	7	N/A
N/A	New HOP		2010 Series H				6,300,000	6,300,000	1.00%	08/10/11	09/30/41	N/A	1	
REMIC**	New HOP	Creston Towers	2008 Series K	Bronx	42	100%	2,110,000	2,110,000	7.10%	03/01/12	02/28/42	N/A	7	N/A
N/A	New HOP		2010 Series H				3,570,000	3,570,000	1.00%	03/01/12	02/28/42	N/A	1	
REMIC***	New HOP	Harriet Tubman	2004 Series G	Manhattan	74	100%	5,370,081	5,920,000	4.25%	10/09/03	11/01/28	N/A	1	S
REMIC***	New HOP	Madison Plaza	2004 Series G	Manhattan	92	99%	6,781,477	7,360,000	4.50%	09/01/04	08/31/29	N/A	1	S
REMIC***	New HOP	The Hamilton	2004 Series G	Manhattan	77	100%	5,563,778	6,080,000	4.50%	03/01/04	02/28/29	N/A	1	SUP
REMIC**	New HOP	Artimus Site 8	2008 Series F	Manhattan	54	98%	13,433,310	13,445,000	6.70%	01/01/12	10/01/40	N/A	8	N/A
REMIC**	New HOP	Columbia Hicks Street	2008 Series F	Brooklyn	95	100%	11,549,825	11,570,000	6.70%	10/06/11	11/30/41	N/A	9	N/A
REMIC**	New HOP	Decatur Terrace	2008 Series F	Bronx	122	98%	11,220,000	11,220,000	6.70%	03/01/12	02/28/42	N/A	9	N/A
N/A	New HOP		2010 Series H				10,370,000	10,370,000	1.00%	03/01/12	02/28/42	N/A	1	
REMIC**	PLP	Longfellow Hall	2004 Series J	Bronx	111	97%	310,397	915,000	7.50%	02/01/03	01/31/15	N/A	8	S
REMIC**	PLP	Morris Heights	2004 Series J	Bronx	203	100%	775,096	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%	707,539	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	100%	677,636	1,108,869	7.26%	06/01/02	05/01/32	N/A	8	S
REMIC**	PLP	70-74 East 116th Street	2004 Series J	Manhattan	23	100%	481,507	712,532	7.95%	07/01/02	06/30/17	N/A	8	S
REMIC**	PLP	160-66 Morningside Avenue	2004 Series J	Manhattan	29	100%	404,167	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%	68,226	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	100%	155,883	250,000	7.02%	05/01/02	04/30/28	N/A	8	BA
REMIC**	PLP	219 Sackman Street	2004 Series J	Brooklyn	38	95%	600,174	939,000	7.95%	03/01/03	02/28/20	N/A	8	S
REMIC**	PLP	270 Rochester Avenue	2004 Series J	Brooklyn	16	100%	330,112	387,000	7.65%	05/01/03	04/30/33	N/A	8	S
REMIC**	PLP	309 Alexander Avenue	2004 Series J	Bronx	11	100%	96,774	222,000	7.83%	09/01/01	08/31/16	N/A	8	BA
REMIC**	PLP	328 & 340 Pleasant Avenue	2004 Series J	Manhattan	10	100%	288,755	629,500	7.87%	09/01/01	08/31/19	N/A	8	U
REMIC**	PLP	1002 Garrison Avenue	2004 Series J	Bronx	20	100%	287,508	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%	342,655	475,000	6.85%	07/01/02	06/30/26	N/A	8	S
REMIC**	PLP	4673 Park Avenue	2004 Series J	Bronx	9	100%	129,272	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	99%	11,603,567	12,645,000	5.85%	04/20/06	05/31/36	08/09/13	8	S
GNMA	Section 8	Manhattan Park at Roosevelt Island	2004 Series A	Manhattan	1,103	98%	121,623,953	147,150,000	5.30%	01/01/89	07/15/30	01/09/14	7	S
GNMA	N/A	1842-46 Second Avenue	2001 Series A	Manhattan	104	84%	6,710,839	18,437,469	5.70%	05/27/04	02/15/43	N/A	8	S
Long-term LOC	LAMP	Two Bridges Apts.	2005 Series K	Manhattan	104	99%	7,980,501	8,500,000	5.25%	02/01/08	03/31/38	02/04/13	8	SUP
Long-term LOC	LAMP	Logan Gardens	2005 Series K	Manhattan	104	100%	4,041,268	4,230,000	5.25%	12/09/08	10/31/36	02/28/31	8	S
Freddie Mac	LAMP	Clinton Terrific Tenements ◊	2010 Series E	Manhattan	88	94%	3,001,790	3,370,000	5.50%	06/29/10	07/31/40	N/A	9	S
Freddie Mac	LAMP	New Horizons ◊	2010 Series E	Manhattan	48	100%	1,192,903	1,350,000	5.25%	06/29/10	07/31/40	N/A	9	S
Freddie Mac	LAMP	Concord/Seaside ◊	2010 Series J	Staten Island	430	100%	8,059,075	8,610,000	5.15%	01/05/11	01/31/41	02/28/31	7	AA
Freddie Mac	LAMP	Morris Heights Mews ◊	2010 Series J	Bronx	111	100%	1,634,341	1,755,000	5.15%	11/17/10	11/01/40	10/31/30	7	S
N/A	LAMP	203-15 West 148th Street	2001 Series C	Manhattan	87	100%	2,923,386	3,440,000	6.00%	10/29/03	11/06/33	N/A	8	S
N/A	LAMP		2008 Series E				3,480,000	3,480,000	1.00%	12/01/03	11/01/33	N/A	1	
REMIC**	LAMP	Clinton Parkview Apts	2003 Series B	Manhattan	96	100%	10,514,189	11,295,000	5.30%	09/18/08	07/30/37	N/A	8	S
REMIC**	LAMP	1450 Clay Avenue	2004 Series B	Bronx	98	99%	6,484,576	6,885,000	5.95%	11/01/07	10/31/37	N/A	9	S
N/A	LAMP		2008 Series K				407,740	446,298	3.50%	11/01/07	10/31/37	N/A	9	
N/A	LAMP	St. Ann's Apartments	2008 Series E	Bronx	86	98%	5,389,618	5,390,000	1.00%	11/01/07	10/31/37	N/A	1	S
N/A	LAMP	270 East Burnside Apartments	2008 Series E	Bronx	86	98%	576,824	1,449,229	2.65%	03/01/03	02/01/18	N/A	1	BA
N/A	LAMP	Casa del Sol Apartments	2009 Series I	Bronx	114	95%	322,114	605,000	1.00%	01/01/09	12/31/38	N/A	1	S
N/A	LAMP		2009 Series I				6,714,909	6,714,909	1.00%	09/01/09	07/01/37	N/A	1	
N/A	LAMP	Courtlandt Ave Apartments	2009 Series I	Bronx	167	94%	51,000	51,000	0.00%	09/01/09	07/01/37	N/A	1	S
N/A	LAMP	East 165th St Development	2009 Series I	Bronx	135	99%	5,559,328	5,885,000	1.00%	11/01/07	10/31/37	N/A	1	S
N/A	LAMP	Highbridge Apartments	2009 Series I	Bronx	296	97%	816,646	1,100,000	1.00%	05/01/07	05/31/36	N/A	1	S
N/A	LAMP	Parkview II Apartments	2009 Series I	Bronx	296	97%	3,540,900	4,070,000	1.00%	01/01/09	12/01/48	N/A	1	S
N/A	LAMP	Target V Apartments	2009 Series I	Bronx	88	100%	3,960,000	3,960,000	1.00%	01/01/09	12/01/48	N/A	1	S
N/A	LAMP	Jacob's Place	2009 Series I	Bronx	83	99%	639,698	670,000	1.00%	09/01/08	02/28/38	07/31/27	1	S
REMIC**	LAMP		2005 Series C				1,284,761	1,335,000	5.50%	04/15/09	06/30/37	N/A	8	
N/A	LAMP	2009 Series I	2,814,509	2,835,000	1.00%	06/01/09	04/30/39	N/A	1	S				
REMIC**	LAMP	Westchester Avenue	2005 Series C	Bronx	70	100%	2,751,037	2,870,000	5.50%	01/29/09	02/28/39	N/A	8	S
N/A	LAMP		2009 Series I				4,723,275	4,772,084	1.00%	01/29/09	02/28/39	N/A	1	

Supplemental Security	Subsidy Program(S) <sup>†</sup>	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 <sup>††</sup>	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date <sup>†††</sup>	Prepayment Category (see Appendix E-2)	Physical Inspection <sup>††††</sup>
REMIC**	LAMP	1068 Gerard Avenue	2005 Series L	Bronx	82	100%	3,515,042	3,665,000	5.75%	12/09/08	01/31/39	N/A	8	AA
N/A	LAMP		2009 Series I				4,473,322	4,510,000	1.00%	12/09/08	01/31/39	N/A	1	
REMIC**	LAMP	45 Malta Street	2005 Series L	Brooklyn	48	96%	2,098,993	2,200,000	5.75%	08/26/08	12/28/37	N/A	8	S
N/A	LAMP		2009 Series I				2,611,248	2,640,000	1.00%	08/26/08	12/28/37	N/A	1	
REMIC**	LAMP	Morrisania Terrace	2005 Series L	Bronx	42	93%	1,365,396	1,420,000	5.75%	02/26/09	03/31/39	N/A	8	S
N/A	LAMP		2009 Series I				2,294,265	2,310,000	1.00%	02/26/09	03/31/39	N/A	1	
REMIC**	LAMP	Prospect Avenue	2005 Series L	Bronx	124	100%	5,258,855	5,415,000	5.75%	10/13/09	11/01/39	N/A	1	AA
REMIC**	LAMP	1211 Southern Blvd	2006 Series C	Bronx	123	95%	6,625,483	6,835,000	5.85%	08/21/09	06/29/38	N/A	1	S
REMIC**	LAMP	830 Fox Street	2006 Series C	Bronx	58	97%	3,039,589	3,155,000	5.85%	03/27/09	04/30/39	N/A	8	S
N/A	LAMP		2009 Series I				3,190,000	3,190,000	1.00%	03/27/09	04/30/39	N/A	1	
REMIC**	LAMP	East Tremont Ave Apts	2006 Series C	Bronx	73	100%	3,189,150	3,290,000	5.85%	08/12/09	09/30/39	N/A	9	S
N/A	LAMP		2009 Series I				4,015,000	4,015,000	1.00%	08/12/09	09/30/39	N/A	1	
REMIC**	LAMP	Lenox Powell Apartments	2006 Series C	Bronx	59	97%	2,836,479	2,935,000	5.85%	09/30/09	06/29/38	N/A	9	S
REMIC**	LAMP	St. Peter's Avenue Apartments <sup>†</sup>	2006 Series C	Bronx	58	100%	4,482,319	4,520,000	5.85%	05/13/10	06/30/40	N/A	9	S
REMIC**	LAMP	West 153rd Street	2006 Series C	Manhattan	85	100%	2,379,647	2,470,000	5.85%	04/01/09	06/30/38	N/A	8	S
N/A	LAMP		2009 Series I				4,675,000	4,675,000	1.00%	04/01/09	06/30/38	N/A	1	
REMIC**	LAMP	Montmac (Unimac II)	2006 Series G	Bronx	111	98%	3,046,371	3,255,000	5.95%	12/01/08	11/30/38	N/A	8	AA
N/A	LAMP		2009 Series I				4,200,000	4,200,000	1.00%	12/01/08	11/30/38	N/A	1	
REMIC**	LAMP	Cedars Projects	2006 Series G	Bronx	95	99%	2,468,979	2,525,000	5.95%	03/30/10	04/30/40	N/A	9	S
REMIC**	LAMP	Astoria Residence	2006 Series H	Queens	184	100%	3,446,729	3,500,000	5.70%	10/19/10	11/30/40	N/A	9	S
REMIC**	LAMP	Crotona Parkway Apartments	2006 Series H	Bronx	95	97%	5,865,849	5,985,000	5.70%	11/19/09	12/31/44	N/A	9	S
REMIC**	LAMP	Monterey Phipps	2006 Series H	Bronx	97	100%	1,444,872	1,490,000	5.70%	09/02/09	10/01/39	N/A	9	S
REMIC**	LAMP	New Hope Project (Walton)	2006 Series H	Bronx	63	100%	2,726,498	2,775,000	5.70%	08/13/10	12/28/38	N/A	9	S
REMIC**	LAMP	YWCA Third Avenue	2006 Series H	Brooklyn	84	100%	2,754,229	2,800,000	5.70%	09/30/10	10/31/40	N/A	9	S
REMIC**	LAMP	All Saints	2006 Series J-2	Manhattan	99	100%	2,850,689	2,900,000	5.85%	08/26/10	09/30/40	N/A	9	S
REMIC**	LAMP	1085 Washington Ave	2007 Series B	Bronx	90	99%	5,528,843	5,690,000	5.85%	10/15/09	11/01/39	N/A	9	AA
REMIC**	LAMP	1825 Atlantic	2007 Series B	Brooklyn	150	100%	5,249,767	5,370,000	5.90%	03/10/10	09/28/39	N/A	9	S
REMIC**	LAMP	3035 White Plains	2007 Series B	Bronx	74	93%	4,211,905	4,284,000	5.85%	02/09/10	03/31/45	N/A	9	S
REMIC**	LAMP	2065 Morris Avenue	2007 Series E	Bronx	63	100%	2,583,445	2,605,000	6.20%	12/06/10	11/01/40	N/A	9	S
REMIC**	LAMP	Fabria Houses	2007 Series B/2009 Series G	Manhattan	65	100%	1,514,979	1,550,000	5.85%	03/23/10	04/30/40	N/A	9	S
REMIC**	LAMP	Friendly Hands	2007 Series B/2009 Series G	Manhattan	76	100%	2,338,698	2,390,000	5.85%	04/23/10	05/31/40	N/A	9	S
REMIC**	LAMP	Melrose Commons Site 5	2007 Series B/2009 Series G	Bronx	63	100%	2,991,368	3,050,000	5.85%	06/23/10	06/28/39	N/A	9	S
REMIC**	LAMP	1334 Louis Nine	2008 Series A-1-A	Bronx	123	100%	12,460,458	12,495,000	6.10%	10/01/11	05/05/45	N/A	9	N/A
REMIC**	LAMP	Boricaa Site E	2008 Series A-1-A	Bronx	80	100%	4,232,573	4,245,000	5.85%	08/05/11	09/30/46	N/A	9	N/A
REMIC**	LAMP	Decatur II	2008 Series H	Bronx	50	100%	2,327,724	2,330,000	6.10%	01/01/12	12/31/42	N/A	9	N/A
REMIC**	LAMP	River Rock	2008 Series H	Brooklyn	54	100%	2,345,730	2,355,000	6.10%	08/25/11	09/30/41	N/A	9	S
REMIC**	LAMP	El Jardin de Seline	2008 Series A/2009 Series M	Bronx	84	92%	5,148,525	5,200,000	6.15%	02/15/11	03/01/41	N/A	9	S
N/A	LAMP		2011 Series F				5,089,335	5,100,000	1.00%	02/15/11	03/01/41	N/A	1	
REMIC**	LAMP	Tiffany Street	2008 Series A/2009 Series M	Bronx	84	96%	4,178,941	4,240,000	6.10%	04/07/10	05/31/45	N/A	9	S
REMIC**	LAMP	Walton Henwood	2008 Series A/2009 Series M	Bronx	105	100%	5,468,318	5,515,000	6.10%	12/01/10	01/31/46	N/A	9	S
REMIC**	LAMP	West Side Bronx	2008 Series A/2009 Series M	Bronx	147	97%	3,103,308	3,125,000	6.10%	05/19/11	06/30/41	N/A	9	N/A
REMIC**	LAMP	550 Watkins Street	2008 Series M	Brooklyn	104	100%	4,901,027	4,910,000	7.20%	08/25/11	09/30/41	N/A	9	N/A
REMIC**	LAMP	New Lots Plaza	2008 Series M	Brooklyn	87	100%	3,842,001	3,845,000	7.25%	11/17/11	12/31/41	N/A	9	N/A
REMIC**	LAMP	Bristol/Hopkinson	2008 Series H	Brooklyn	168	100%	6,865,161	6,970,000	6.15%	09/01/10	10/30/40	N/A	9	S
N/A	LAMP		2011 Series F				10,476,703	10,500,000	1.00%	09/01/10	10/30/40	N/A	1	
REMIC**	LAMP	Freeman Gardens	2004 Series B	Bronx	36	100%	1,217,110	1,305,000	5.95%	04/01/04	04/01/37	N/A	9	S
N/A	LAMP		2008 Series K				1,974,537	1,980,000	1.00%	04/01/07	03/31/37	N/A	1	
REMIC**	LAMP	1490 Dumont Avenue	2009 Series C	Brooklyn	176	100%	5,469,755	5,475,000	6.20%	01/01/12	12/31/41	N/A	9	N/A
REMIC**	LAMP	Arista/UAC	2009 Series C	Bronx	290	100%	13,240,925	26,880,000	6.00%	08/30/11	03/30/46	N/A	9	N/A
Long-term LOC	LAMP	Fania Gersham Apartments	2006 Series C	Manhattan	29	97%	1,906,509	2,050,000	5.35%	05/09/07	06/30/37	08/15/28	9	SUP
Long-term LOC	LAMP	Self Help Houses	2006 Series C	Queens	149	98%	5,639,355	6,000,000	5.35%	12/29/07	10/01/37	12/26/25	9	S
Long-term LOC	LAMP	Davis Chavis Apartments	2006 Series G	Brooklyn	153	99%	11,040,284	11,650,000	5.45%	07/01/08	06/28/38	10/13/13	9	S
Long-term LOC	LAMP	Metropolitan Avenue	2006 Series G	Brooklyn	65	98%	2,968,109	3,150,000	5.45%	03/01/08	02/28/38	08/07/12	9	S
Long-term LOC	LAMP	Monsignor Vetro Apartments	2006 Series G	Brooklyn	45	98%	3,580,576	3,800,000	5.45%	03/01/08	02/28/38	09/23/12	9	S

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Long-term LOC	LAMP	Casabe House	2006 Series H	Manhattan	125	89%	7,363,859	7,700,000	5.20%	01/08/09	12/28/39	02/21/14	9	S
Long-term LOC	LAMP	Mannie Wilson	2007 Series B	Manhattan	102	96%	9,654,449	9,950,000	5.35%	11/18/09	12/01/40	06/26/26	8	S
Long-term LOC	LAMP	Albany Crossings	2007 Series E	Brooklyn	92	100%	4,488,314	4,595,000	5.70%	03/05/10	04/30/40	N/A	9	S
Long-term LOC	LAMP	Kingston Heights	2007 Series E	Brooklyn	132	100%	4,110,653	4,925,000	5.70%	03/05/10	04/30/40	N/A	9	S
SONYMA	LAMP	University Macombs	2004 Series I	Bronx	210	100%	12,609,458	13,675,000	5.85%	03/15/07	07/01/37	N/A	8	S
SONYMA	LAMP	Brook Willis Apartments	2006 Series C	Bronx	122	97%	6,336,651	6,565,000	5.85%	07/21/11	08/01/41	N/A	9	N/A
SONYMA	LAMP	Magnolia Plaza	2007 Series B	Brooklyn	102	100%	6,923,671	7,160,000	5.85%	06/04/09	07/31/39	06/30/28	8	S
SONYMA	LAMP	Crown Heights Residence	2007 Series E	Brooklyn	144	100%	11,720,191	11,910,000	6.20%	08/19/10	09/30/40	12/31/24	9	S
SONYMA	LAMP	Churchill House	2008 Series A/2009 Series M	Manhattan	98	100%	6,720,085	6,915,000	6.10%	09/15/09	10/31/39	08/31/28	8	S
SONYMA	LAMP		2008 Series A/2009 Series M				124,312	460,084	4.70%	09/15/09	12/01/12	08/31/28	9	S
SONYMA	LAMP	Rose Hill	2008 Series A/2009 Series M	Bronx	119	100%	8,110,219	8,280,000	6.10%	04/08/10	05/31/40	03/07/31	8	S
SONYMA	LAMP	Maria Lopez	2008 Series M	Bronx	216	100%	15,706,423	15,875,000	7.20%	05/20/10	12/23/45	11/30/28	9	S
SONYMA	LAMP	Serviam Towers	2008 Series M	Bronx	160	100%	6,085,638	6,100,000	7.25%	09/27/11	10/31/41	09/14/25	9	N/A
SONYMA	LAMP	Livonia Terrace	2009 Series C	Brooklyn	173	100%	1,865,328	1,880,000	6.20%	05/31/11	06/30/41	05/31/30	9	N/A
SONYMA	LAMP	2059 Madison Avenue	2009 Series K	Manhattan	54	100%	4,845,479	4,880,000	6.00%	05/10/11	06/01/41	11/30/29	9	N/A
SONYMA	LAMP	West 135th Street	2009 Series K	Manhattan	198	100%	22,155,611	22,360,000	6.00%	03/10/11	03/29/41	03/31/24	9	N/A
Fannie Mae	LAMP Preservation	North Park Apartments ◊	2011 Series B/2010 Series L-1	Manhattan	123	99%	8,521,897	8,760,000	5.35%	04/28/11	05/01/41	01/31/25	8	N/A
Fannie Mae	LAMP Preservation	55 Pierrepont St ◊	2011 Series G	Brooklyn	189	99%	4,430,000	4,430,000	5.35%	12/22/11	12/01/41	07/31/29	8	S
Freddie Mac	LAMP Preservation	Trinity Apartments ◊	2011 Series D	Bronx	75	99%	1,121,110	1,170,000	5.35%	07/01/11	07/01/41	07/01/31	8	N/A
Freddie Mac	LAMP Preservation	East River Apartments ◊	2011 Series G	Manhattan	179	100%	4,900,000	4,900,000	5.35%	12/22/11	12/01/41	12/31/12	8	N/A
Freddie Mac	LAMP Preservation	Oceanview ◊	2011 Series G	Queens	328	100%	6,420,000	6,420,000	5.35%	12/22/11	12/01/41	09/30/15	8	N/A
SONYMA	LAMP Preservation	Jennings Hall	2009 Series C	Brooklyn	150	97%	5,885,555	6,000,000	6.20%	05/26/10	06/30/40	12/29/20	9	S
SONYMA	LAMP Preservation	1428 Fifth Avenue	2009 Series K	Manhattan	120	100%	15,310,920	15,420,000	6.00%	05/04/11	06/30/41	01/31/36	9	N/A
N/A	PLP/LAMP	Fox Street	2004 Series B	Bronx	106	95%	2,264,663	3,000,000	7.00%	07/15/04	08/01/23	N/A	8	S
N/A	LAMP/Certificate Program		2003 Series B				4,454,013	5,025,000	5.30%	01/31/05	03/01/35	N/A	8	
N/A	LAMP/Certificate Program	1240 Washington Ave	2009 Series I	Bronx	100	100%	(S) 3,240,955	3,350,000	1.00%	01/31/05	03/01/35	N/A	1	S
N/A	LAMP/Certificate Program		2003 Series E				3,558,811	3,890,000	5.75%	03/01/06	04/30/36	N/A	8	
N/A	LAMP/Certificate Program	600 Concord Avenue	2009 Series I	Bronx	83	93%	(S) 3,630,000	3,630,000	1.00%	03/01/06	04/30/36	N/A	1	S
N/A	LAMP/Certificate Program		2003 Series E	Bronx	89		4,098,579	4,480,000	5.75%	05/01/06	04/30/36	N/A	9	
N/A	LAMP/Certificate Program	1001 Martin Luther King, Jr. Blvd	2009 Series I	Bronx	89	94%	(S) 3,960,000	3,960,000	1.00%	05/01/06	04/30/36	N/A	1	S
REMIC**	LAMP/HAC	Selfhelp K4	2006 Series J-2	Queens	159	99%	5,778,348	6,900,000	5.66%	11/12/08	12/31/38	02/01/36	9	SUP
N/A	LAMP/HTF		2003 Series E				3,741,046	4,070,000	5.75%	08/01/06	07/31/36	N/A	9	
N/A	LAMP/HTF	Olga Mendez	2009 Series I	Manhattan	74	99%	(S) 2,849,033	2,850,000	1.00%	08/01/06	07/31/36	N/A	1	S
N/A	LAMP/HTF		2003 Series E				6,809,665	7,420,000	5.75%	07/01/06	06/30/36	N/A	9	
N/A	LAMP/HTF	Palacio del Sol	2009 Series I	Bronx	124	99%	(S) 3,150,000	3,150,000	1.00%	07/01/06	06/30/36	N/A	1	S
REMIC**	LAMP/HTF		2004 Series B				6,080,577	6,315,000	5.95%	01/14/09	02/28/39	N/A	8	
N/A	LAMP/HTF	Abeken Apartments	2009 Series I	Bronx	120	100%	(S) 5,400,000	5,400,000	1.00%	01/14/09	02/28/39	N/A	1	S
SONYMA	LAMP/MIRP		2004 Series B				4,775,175	5,120,000	5.95%	04/01/07	04/01/37	N/A	9	
N/A	LAMP/MIRP	Silverleaf	2008 Series K	Bronx	118	99%	(S) 6,490,000	6,490,000	1.00%	04/01/07	03/31/37	N/A	1	S
N/A	PLP	Fifth Avenue Corridor	2008 Series K	Brooklyn	36	97%	270,665	631,000	8.95%	10/17/97	11/01/16	N/A	8	S
N/A	PLP	Van Buren Street	2008 Series K	Brooklyn	65	97%	209,555	502,500	8.95%	08/13/97	09/01/16	N/A	8	S
N/A	PLP	1/5/7 West 137th Street	2008 Series K	Manhattan	51	98%	246,318	602,000	8.95%	08/14/96	09/01/16	N/A	8	S
N/A	PLP	302-306 Willis Avenue	2008 Series K	Bronx	35	97%	22,053	373,000	8.95%	06/27/97	07/10/12	N/A	8	BA
N/A	PLP	651 Southern Boulevard	2008 Series K	Bronx	41	98%	67,225	167,250	8.95%	06/27/97	07/01/16	N/A	8	S
N/A	PLP	753, 759, 763 & 787 Greene Avenue	2008 Series K	Brooklyn	41	100%	1,625	164,000	8.75%	11/18/96	12/01/11	N/A	8	S
N/A	PLP	889 & 890 Dawson Street	2008 Series K	Bronx	96	97%	831,059	1,120,000	8.95%	02/08/95	3/01/25	N/A	8	S
N/A	PLP	55 E. 130th Street	2008 Series K	Manhattan	25	88%	727,706	968,000	1% (yrs. 21-30)	03/02/00	03/01/30	N/A	8	S
N/A	PLP	117-19 East 115th Street	2008 Series K	Manhattan	55	100%	1,889,868	2,635,000	1% (yrs. 21-30)	04/23/99	05/01/29	N/A	8	S

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N/A	PLP	500 Nostrand Avenue	2008 Series K	Brooklyn	46	98%	1,901,701	3,212,000	3.31%	09/13/99	10/01/29	N/A	8	BA
N/A	PLP	542-48 W. 149th Street	2008 Series K	Manhattan	36	100%	1,122,763	1,659,000	1% (yrs. 21-30)	01/14/99	02/01/29	N/A	8	S
N/A	PLP	1120-22 Madison St	2008 Series K	Brooklyn	16	88%	467,690	670,000	1% (yrs. 21-30)	12/23/99	01/01/30	N/A	8	S
N/A	PLP	Clarkson Gardens	2008 Series E	Brooklyn	105	99%	532,163	2,000,000	7.65%	10/04/96	11/01/15	N/A	8	S
N/A	PLP	21-23 East 104th Street	2008 Series E	Manhattan	70	100%	554,467	1,144,000	6.92%	04/23/99	05/01/18	N/A	8	BA
N/A	PLP	36 West 131st Street	2008 Series E	Manhattan	14	100%	217,471	430,885	7.50%	03/10/00	04/01/18	N/A	8	S
N/A	PLP	54 Vermilyea Avenue	2008 Series E	Manhattan	20	100%	97,112	233,075	6.95%	03/30/98	04/01/17	N/A	8	S
N/A	PLP	70 Post Avenue	2008 Series E	Manhattan	40	93%	757,683	1,001,451	6.90%	10/01/04	09/01/23	N/A	1	S
N/A	PLP	83 Post Avenue	2008 Series E	Manhattan	20	85%	108,128	142,915	6.90%	10/01/04	09/01/23	N/A	1	S
N/A	PLP	128-36 Edgecombe	2008 Series E	Manhattan	67	96%	590,948	1,000,000	8.00%	02/26/98	09/01/23	N/A	8	S
N/A	PLP	171 Rockaway Blvd.	2008 Series E	Brooklyn	44	100%	10,429	98,000	8.95%	11/10/97	12/01/12	N/A	8	S
N/A	PLP	201 Pulaski St. & 305 Franklin Ave	2008 Series E	Brooklyn	17	94%	412,627	590,712	7.21%	01/26/00	02/01/29	N/A	8	S
N/A	PLP	201 W144 St, 216 W116St & 234 Bradhurst Avenue	2008 Series E	Manhattan	63	98%	260,275	959,444	7.55%	07/27/00	08/01/14	N/A	8	S
N/A	PLP	205-13 West 145th St	2008 Series E	Manhattan	62	100%	853,576	1,512,431	8.95%	09/09/99	10/01/20	N/A	8	S
N/A	PLP	236 Greene Ave	2008 Series E	Brooklyn	16	100%	456,296	645,124	7.25%	02/10/98	03/01/25	N/A	8	BA
N/A	PLP	252 Wadsworth Avenue	2008 Series E	Manhattan	26	100%	307,116	405,924	6.90%	10/01/04	09/01/23	N/A	1	S
N/A	PLP	253-57 W132 St & 57-60 Macombs Place	2008 Series E	Manhattan	58	98%	(S) 433,298	500,000	3.00%	07/01/00	12/01/14	N/A	1	S
N/A	PLP	263 East Tremont Ave & 1911 Anthony Ave	2008 Series E	Manhattan	31	100%	923,638	1,207,706	7.50%	11/08/00	12/01/22	N/A	8	S
N/A	PLP	340 South Third Street	2008 Series E	Brooklyn	40	98%	37,119	129,230	1.00%	03/01/01	02/01/16	N/A	1	S
N/A	PLP	349-59 Lenox Avenue	2008 Series E	Manhattan	26	100%	157,032	761,000	7.02%	11/24/99	12/01/14	N/A	8	S
N/A	PLP	455 Decatur Street	2008 Series E	Manhattan	8	88%	172,071	255,850	7.21%	06/01/00	07/01/28	N/A	8	S
N/A	PLP	466-70 West 150th St	2008 Series E	Manhattan	60	100%	465,885	760,314	7.65%	02/25/99	03/01/23	N/A	8	S
N/A	PLP	630 West 135th Street	2008 Series E	Manhattan	31	100%	91,305	234,262	7.28%	09/24/97	10/01/16	N/A	8	S
N/A	PLP	709-15 Lafayette Ave	2008 Series E	Brooklyn	24	100%	475,166	815,000	7.43%	01/20/00	02/01/20	N/A	8	S
N/A	PLP	887-889 Hunts Point Ave	2008 Series E	Bronx	46	93%	676,570	1,237,161	7.28%	03/22/00	04/01/19	N/A	8	S
N/A	PLP	932-38 Eastern Parkway	2008 Series E	Brooklyn	24	92%	319,210	814,000	7.40%	09/04/97	10/01/16	N/A	8	S
N/A	PLP	982 Prospect Avenue	2008 Series E	Bronx	21	86%	176,998	240,732	1.00%	11/01/04	10/01/29	N/A	1	S
N/A	PLP	1296 Sheridan Avenue	2008 Series E	Bronx	59	95%	(S) 1,915,442	2,537,000	1.00%	06/04/97	06/04/27	N/A	1	S
N/A	PLP	1469-71 Bedford Avenue	2008 Series E	Brooklyn	27	89%	566,045	956,725	6.50%	08/25/00	09/01/12	N/A	8	S
N/A	PLP	1544 Park Place	2008 Series E	Brooklyn	34	91%	172,749	460,000	7.25%	05/07/98	06/01/16	N/A	8	S
N/A	PLP	1572 Lexington Avenue	2008 Series E	Manhattan	13	92%	185,607	540,039	7.73%	10/05/98	10/01/15	N/A	8	S
N/A	PLP	1615 St. John's Place	2008 Series E	Brooklyn	34	97%	716,700	788,000	7.05%	01/01/05	12/01/34	N/A	1	S
N/A	PLP	1740 Grand Avenue	2008 Series E	Bronx	92	100%	267,179	1,107,738	7.25%	06/03/98	07/01/14	N/A	8	S
N/A	PLP	1985 & 1995 Creston Ave. <sup>1</sup>	2008 Series E	Bronx	85	94%	413,182	987,383	6.80%	05/27/99	06/01/14	N/A	8	S
N/A	PLP	2038 5th Avenue	2008 Series E	Manhattan	7	100%	114,295	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	2008 Series E	Manhattan	27	96%	221,357	406,086	7.20%	03/08/00	04/01/19	N/A	8	S
N/A	PLP	2492 Frederick Douglass Boulevard	2008 Series E	Manhattan	27	100%	40,045	152,000	9.00%	04/23/99	05/01/14	N/A	8	S
N/A	PLP	2733 Frederick Douglass Boulevard	2008 Series E	Manhattan	12	100%	126,142	406,000	6.92%	07/27/98	08/01/15	N/A	8	S
N/A	PLP	Broadway Terrace	2008 Series E	Manhattan	51	100%	234,245	651,895	3.00%	04/01/00	03/01/17	N/A	1	S
N/A	PLP	Brook East	2001 Series C	Bronx	34	88%	760,642	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	96%	1,922,298	2,200,000	7.15%	10/01/02	09/30/32	N/A	8	S
N/A	PLP	West 148th Street Cluster	2008 Series E	Manhattan	86	100%	2,134,507	2,900,000	6.90%	11/01/04	10/01/22	N/A	1	U
N/A	GML Article 16		2008 Series E				960,346	7,541,997	8.00%	03/03/98	03/01/13	N/A	7	
N/A	Article 16	Two Bridges <sup>4</sup>	2009 Series I	Manhattan	198	100%	(S) 700,000	700,000	1.00%	03/03/98	03/01/13	N/A	1	S
N/A	PLP	TPT Findlay Avenue	2008 Series K	Bronx	20	100%	773,570	814,697	5.50%	03/15/10	04/30/30	N/A	8	S
N/A	New HOP		1999 Series A				7,512,157	8,768,000	7.50%	05/24/01	06/01/31	N/A	10	
N/A	New HOP	Celebration at Rainbow Hill	2008 Series E	Staten Island	74	97%	(S) 972,472	1,030,000	1.00%	07/01/01	06/01/31	N/A	1	S
REMIC**	New HOP		2002 Series C				4,297,929	4,550,000	8.00%	06/19/06	07/31/36	N/A	8	
N/A	New HOP	221 Parkville Avenue	2009 Series I	Brooklyn	41	88%	(S) 1,587,738	1,600,000	1.00%	06/19/06	07/31/36	N/A	1	S
REMIC**	New HOP		2002 Series C				5,060,086	5,820,000	7.75%	07/15/04	02/01/34	N/A	8	
N/A	New HOP	222-26 & 247-65 West 144th Street	2008 Series E	Manhattan	100	100%	(S) 3,800,000	3,800,000	1.00%	10/01/04	02/01/34	N/A	1	S
REMIC**	New HOP		2002 Series C				2,156,114	2,500,000	8.00%	08/29/05	10/31/36	N/A	8	
N/A	New HOP	227 Gates Avenue	2008 Series K	Brooklyn	35	83%	(S) 859,918	875,000	1.00%	08/01/05	07/31/35	N/A	1	BA

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	1061 E73 St. a/k/a 1961 Ralph Avenue	2002 Series C	Brooklyn	72	96%	8,444,078	9,190,000	8.00%	07/25/04	04/30/34	N/A	8	S
N/A	New HOP		2008 Series E				2,173,806	2,330,000	1.00%	09/01/04	08/01/34	N/A	1	
REMIC**	New HOP	1514 Sedgwick Avenue	2004 Series C	Bronx	96	99%	9,585,591	10,185,000	6.75%	04/01/07	04/01/37	N/A	8	S
N/A	New HOP		2008 Series K				4,320,000	4,320,000	1.00%	04/01/07	03/31/37	N/A	1	
REMIC**	New HOP	15-21 West 116th Street	2004 Series C	Manhattan	38	100%	5,578,921	5,850,000	7.00%	12/31/07	12/24/37	N/A	9	S
N/A	New HOP		2009 Series I				1,331,202	1,362,000	1.00%	12/31/07	12/24/37	N/A	1	
REMIC**	New HOP	9501 Rockaway Beach Blvd	2002 Series C	Queens	72	97%	4,993,471	5,380,000	7.00%	01/19/06	02/28/36	N/A	8	S
N/A	New HOP		2008 Series K				2,745,729	2,880,000	1.00%	03/01/06	02/28/36	N/A	1	
REMIC**	New HOP	279 West 117th Street	2002 Series A	Manhattan	138	99%	16,768,353	18,770,000	6.00%	10/27/04	11/01/34	N/A	8	SUP
N/A	New HOP		2008 Series K				2,750,390	3,492,000	1.00%	12/01/04	11/30/34	N/A	1	
REMIC**	New HOP	306-18 West 117th Street	2002 Series A	Manhattan	96	99%	16,135,847	17,600,000	6.00%	01/31/06	03/31/36	N/A	8	S
N/A	New HOP		2008 Series K				2,847,440	3,720,000	1.00%	02/08/06	02/28/36	N/A	1	
REMIC**	New HOP	Yorkside Towers I/ 90-05 161st Street	2002 Series C	Queens	90	99%	8,345,500	9,100,000	7.50%	11/15/04	01/01/35	N/A	8	AA
N/A	New HOP		2008 Series K				2,865,878	2,925,000	1.00%	01/01/05	12/31/34	N/A	1	
REMIC**	New HOP	141-24 & 141-28 84th Drive	2002 Series C	Queens	49	96%	6,156,377	6,760,000	7.50%	10/06/04	11/01/34	N/A	8	SUP
N/A	New HOP		2008 Series E				1,389,619	1,470,000	1.00%	12/01/04	07/01/34	N/A	1	
REMIC**	New HOP	893-95 Pacific Street	2002 Series C	Brooklyn	16	100%	1,372,638	1,490,000	8.00%	09/28/04	11/01/34	N/A	8	S
N/A	New HOP		2008 Series E				57,008	200,000	1.00%	11/01/04	10/01/14	N/A	1	
REMIC**	New HOP	Artimus Vacant Buildings	2002 Series C	Manhattan	42	100%	2,778,777	3,020,000	6.88%	02/15/06	03/31/25	N/A	8	S
N/A	New HOP		2008 Series K				1,406,787	1,470,000	1.00%	04/01/06	03/31/36	N/A	1	
REMIC**	New HOP	Beach 94th Street & Holland Avenue	2002 Series C	Queens	92	96%	7,059,446	7,640,000	7.75%	01/28/05	04/01/35	N/A	8	S
N/A	New HOP		2008 Series K				1,787,173	2,240,000	1.00%	04/01/05	03/31/35	N/A	1	
REMIC**	New HOP	210-214 East 118th Street	1999 Series B	Manhattan	27	100%	3,096,073	3,400,000	6.75%	02/14/05	04/01/35	N/A	8	S
N/A	New HOP		2008 Series K				959,793	1,012,500	1.00%	04/01/05	03/31/35	N/A	1	
REMIC**	New HOP	Orloff Avenue	1999 Series B	Bronx	101	85%	9,990,080	10,740,000	6.75%	02/15/06	06/30/36	N/A	8	S
N/A	New HOP		2008 Series K				4,211,132	4,545,000	1.00%	07/01/06	06/30/36	N/A	1	
REMIC**	New HOP	64-78 West 9th Street	2010 Series H	Brooklyn	26	85%	2,824,237	3,060,000	8.50%	04/26/05	06/30/34	N/A	8	S
N/A	New HOP		2008 Series K				623,351	725,000	1.00%	06/01/05	05/31/35	N/A	1	
REMIC**	New HOP	Triangle Court Phase III	2002 Series E	Manhattan	97	95%	12,684,623	14,000,000	5.10%	11/01/05	10/31/35	N/A	8	S
N/A	New HOP		2008 Series K				2,690,169	3,152,500	1.00%	06/26/05	10/31/35	N/A	1	
REMIC**	New HOP	130-136 West 112th Street	2004 Series C	Manhattan	41	100%	5,103,049	5,450,000	6.75%	12/01/06	11/30/36	N/A	8	S
N/A	New HOP		2008 Series K				1,845,000	1,845,000	1.00%	12/01/06	11/30/36	N/A	1	
REMIC**	New HOP	138 East 112th Street	2004 Series C	Manhattan	43	100%	5,760,772	6,210,000	6.75%	03/31/06	04/30/36	N/A	8	S
N/A	New HOP		2008 Series K				1,513,626	1,612,500	1.00%	05/01/06	04/30/36	N/A	1	
REMIC**	New HOP	201 West 148th Street	2004 Series C	Manhattan	25	92%	1,665,473	1,785,000	7.00%	07/22/06	06/30/36	N/A	8	S
N/A	New HOP		2009 Series I				1,125,000	1,125,000	1.00%	07/22/06	06/30/36	N/A	1	
REMIC**	New HOP	Yorkside Towers II	2004 Series C	Queens	90	98%	9,285,425	10,065,000	6.75%	11/22/05	12/31/35	N/A	8	S
N/A	New HOP		2008 Series K				3,375,000	3,375,000	1.00%	01/01/06	12/31/35	N/A	1	
REMIC**	New HOP	3800 Putnam Avenue	2002 Series C	Bronx	44	95%	4,181,681	4,310,000	8.00%	04/15/09	10/31/38	N/A	8	S
N/A	New HOP		2009 Series I				1,422,825	1,430,000	1.00%	04/15/09	10/31/38	N/A	1	
REMIC**	New HOP	Twin Pine Apartments	2004 Series C	Bronx	32	100%	2,884,832	2,965,000	6.75%	07/29/09	08/01/39	N/A	8	S
N/A	New HOP		2009 Series I				1,575,000	1,575,000	1.00%	07/29/09	08/01/39	N/A	1	
REMIC**	New HOP	Casablanca Houses	2006 Series I	Manhattan	48	98%	6,370,413	6,495,000	7.00%	02/19/10	03/31/40	N/A	7	SUP
N/A	New HOP		2010 Series H				3,600,000	3,600,000	1.00%	02/19/10	03/31/40	N/A	1	
REMIC**	New HOP	Austin Street	2008 Series F	Queens	50	98%	7,236,372	7,350,000	6.70%	07/28/10	06/26/40	N/A	7	S
N/A	New HOP		2010 Series H				3,250,000	3,250,000	1.00%	07/28/10	06/26/40	N/A	1	
REMIC**	New HOP	Cliffside Properties	2007 Series C	Bronx	84	100%	5,312,769	5,370,000	6.75%	12/08/10	07/01/39	N/A	7	S
N/A	New HOP		2010 Series H				5,750,000	5,750,000	1.00%	12/08/10	07/01/39	N/A	1	
N/A	New HOP	1400 Fifth Avenue	2008 Series E	Manhattan	129	99%	1,495,847	1,920,000	1.00%	11/16/04	12/01/34	N/A	1	S
N/A	New HOP	Madison Park Apartments	2008 Series E	Manhattan	129	99%	6,700,204	7,500,000	4.25%	12/01/02	11/01/27	N/A	1	S
N/A	New HOP	Beacon Mews	2010 Series H	Manhattan	125	100%	5,593,722	5,625,000	1.00%	06/02/10	04/01/39	N/A	1	S
N/A	HTF	Brook Avenue Gardens	2008 Series E	Bronx	79	98%	2,322,247	2,750,000	7.15%	01/26/01	03/01/31	N/A	8	S
N/A	HTF		2008 Series E				216,896	900,000	7.00%	06/01/00	05/01/14	N/A	8	
N/A	HTF	1046 & 1050 Hoe Avenue	2008 Series E	Bronx	42	98%	404,702	420,000	3.00%	06/01/00	05/01/18	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 ††††
N/A	HTF	Wavecrest Apartments II	1999 Series C	Queens	123	99%	4,813,757	5,600,000	6.00%	01/14/03	10/01/31	N/A	8	S
N/A	HTF	75 East 116th Street	2008 Series K	Manhattan	129	99%	6,022,415	6,890,000	7.00%	10/24/02	09/01/32	N/A	8	S
N/A	HTF	Nelson Houses	2001 Series C	Bronx	82	98%	2,982,838	3,380,000	6.00%	03/25/04	04/30/34	N/A	8	S
N/A	HTF	2913, 17, 19, 20 & 2922 Eighth Avenue	2002 Series E	Manhattan	40	95%	1,983,560	2,200,000	5.10%	08/01/05	07/31/35	N/A	8	BA
N/A	HTF	Freeman Simpson	2004 Series C	Bronx	67	100%	1,118,405	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	100%	1,046,763	1,230,000	6.00%	08/29/02	09/01/32	N/A	8	S
N/A	Certificate Program	Spring Creek IV	2002 Series B	Brooklyn	83	93%	2,229,690	2,620,000	6.00%	08/29/02	07/01/32	N/A	8	S
N/A	Certificate Program	2035 Marmon Avenue	2002 Series B	Bronx	90	92%	2,802,643	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	91%	2,945,437	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	93%	3,930,701	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	95%	2,736,874	3,100,000	5.75%	06/22/04	06/20/34	N/A	9	S
N/A	Certificate Program	1314 Nelson Avenue	2003 Series E	Bronx	115	94%	4,225,084	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	100%	8,063,748	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	98%	1,911,827	2,114,473	6.50%	05/01/67	01/31/35	N/A	11	S
N/A	ML Restructuring		2004 Series E				2,754,142	3,046,070	6.50%	03/01/67	01/31/35	N/A	11	
N/A	ML Repair Loan		2004 Series F			(S)	1,607,437	1,943,724	6.25%	11/16/04	11/30/34	N/A	7	
N/A	ML Repair Loan	Carol Gardens ∅∅	2008 Series E	Bronx	314	99%	(S) 575,163	1,620,276	6.25%	11/16/04	11/30/34	N/A	7	S
N/A	ML Restructuring		2004 Series E				13,262,262	14,668,007	6.50%	06/01/67	01/31/35	N/A	11	
N/A	ML Repair Loan	Esplanade Gardens ∅∅	2008 Series E	Manhattan	1,870	99%	(S) 4,966,104	5,364,492	6.25%	05/01/07	01/01/35	N/A	7	S
N/A	ML Restructuring		2004 Series E				2,187,675	2,419,560	6.50%	11/08/67	01/31/35	N/A	11	
N/A	ML Repair Loan	Goddard Riverside ∅∅	2008 Series E	Manhattan	193	99%	(S) 1,038,976	1,505,860	6.25%	09/13/06	09/30/19	N/A	7	S
N/A	ML Restructuring		2004 Series E				1,487,170	1,644,805	6.50%	03/05/69	01/31/35	N/A	11	
N/A	ML Repair Loan	Jefferson Towers ∅∅	2004 Series F	Manhattan	189	99%	(S) 980,352	1,447,795	6.25%	09/01/05	07/31/20	N/A	7	S
N/A	ML Restructuring	Kingsbridge Arms ∅∅	2004 Series E	Bronx	105	98%	707,025	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	96%	6,335,951	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	98%	7,594,674	8,399,679	6.50%	06/01/68	01/31/35	N/A	11	S
N/A	ML Restructuring		2004 Series E				1,691,669	1,870,978	6.50%	04/01/67	01/31/35	N/A	11	S
N/A	ML Repair Loan	RNA House ∅∅	2008 Series E	Manhattan	207	97%	(S) 527,612	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	100%	2,524,917	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	99%	1,373,121	1,518,666	6.50%	09/01/68	01/31/35	N/A	11	S
N/A	ML Restructuring	Village East ∅∅	2004 Series E	Manhattan	427	100%	3,862,508	4,219,371	6.50%	07/01/68	01/31/35	N/A	11	S
N/A	ML Restructuring		2004 Series E				1,750,114	1,935,618	6.50%	03/01/67	01/31/35	N/A	11	
N/A	ML Repair Loan		2004 Series F			(S)	139,644	363,157	6.25%	12/08/04	12/31/14	N/A	7	
N/A	ML Repair Loan	Washington Square SE ∅∅	2008 Series E	Manhattan	175	99%	(S) 367,933	956,843	6.25%	12/08/04	12/31/14	N/A	7	S
N/A	ML Restructuring	Woodstock Terrace ∅∅	2004 Series E	Bronx	319	99%	2,033,253	2,248,769	6.50%	11/01/62	01/31/35	N/A	11	AA
N/A	ML Restructuring		2005 Series A				4,973,178	5,458,050	6.50%	09/21/65	06/30/35	N/A	11	
N/A	ML Repair Loan		2004 Series F			(S)	2,538,124	2,710,718	6.25%	01/01/08	06/30/35	N/A	7	
N/A	ML Repair Loan	Atlantic Plaza Towers ∅∅	2008 Series E	Brooklyn	716	100%	(S) 6,514,630	6,957,628	6.25%	01/01/08	06/30/35	N/A	7	S
N/A	ML Restructuring	Brighton House ∅∅	2005 Series A	Brooklyn	191	99%	1,366,432	1,499,656	6.50%	09/24/69	06/30/35	N/A	11	S
N/A	ML Restructuring	Gouverneur Gardens ∅∅	2005 Series A	Manhattan	778	99%	5,545,123	6,085,757	6.50%	05/18/65	06/30/35	N/A	11	U
N/A	ML Restructuring		2005 Series A				1,659,681	1,821,496	6.50%	01/15/68	06/30/35	N/A	11	
N/A	ML Repair Loan		2004 Series F			(S)	146,118	356,895	6.25%	05/25/05	06/30/35	N/A	7	
N/A	ML Repair Loan	Strycker's Bay ∅∅	2008 Series E	Manhattan	233	97%	(S) 719,706	1,638,105	6.25%	05/25/05	06/30/35	N/A	7	S
N/A	ML Restructuring		2006 Series D				1,426,806	1,536,667	6.50%	11/15/68	07/01/36	N/A	11	
N/A	ML Repair Loan	Bethune Tower ∅∅	2008 Series E	Manhattan	133	97%	(S) 1,568,467	1,660,243	6.25%	03/01/08	11/30/36	N/A	7	S
N/A	ML Restructuring		2006 Series D				914,615	914,615	6.50%	09/22/65	07/01/36	N/A	11	
N/A	ML Repair Loan	Rosalie Manning ∅∅	2008 Series E	Manhattan	108	97%	(S) 147,874	275,000	6.25%	09/01/06	08/31/16	N/A	7	S
N/A	ML Restructuring	Cannon Heights ∅∅	2010 Series H	Bronx	170	100%	2,170,210	2,585,000	6.45%	10/14/10	11/30/45	N/A	7	S
Fannie Mae	ML Restructuring, Section 236		2005 Series E				2,587,903	3,552,085	6.50%	09/29/72	10/31/35	10/01/22	11	
N/A	ML Repair Loan	Hamilton Housing ∅∅ <sup>6</sup>	2005 Series G	Manhattan	176	94%	(S) 2,867,369	4,840,000	6.25%	02/01/06	01/31/18	N/A	7	S
Fannie Mae	ML Restructuring, Section 236	1199 Plaza ∅∅ <sup>6</sup>	2005 Series F	Manhattan	1,594	98%	44,758,499	58,530,903	6.50%	05/15/73	10/31/35	08/01/25	11	S

Supplemental Security	Subsidy Program(S) <sup>†</sup>	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 <sup>††</sup>	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date <sup>†††</sup>	Prepayment Category (see Appendix E-2)	Physical Inspection <sup>††††</sup>
Fannie Mae N/A	ML Restructuring, Section 236 ML Repair Loan	Clinton Towers ∅∅	2005 Series F 2011 Series F	Manhattan	396	96%	9,351,800 (S) 3,832,702	12,651,477 3,843,400	6.50% 6.25%	01/30/73 12/01/11	10/31/35 10/31/35	02/01/25 N/A	11 7	S
Fannie Mae	ML Restructuring, Section 236	Confucius Plaza ∅∅	2005 Series F	Manhattan	762	97%	21,681,618	28,663,900	6.50%	07/26/73	10/31/35	12/01/25	11	S
Fannie Mae N/A	ML Restructuring, Section 236 ML Repair Loan	Crown Gardens ∅∅	2005 Series F 2004 Series F	Brooklyn	239	98%	6,169,655 (S) 193,199	8,241,952 252,320	6.50% 6.25%	03/02/71 10/01/08	10/31/35 09/30/23	07/01/23 N/A	11 1	S
Fannie Mae N/A	ML Restructuring, Section 236 ML Repair Loan	Second Atlantic Terminal ∅∅ <sup>6</sup>	2005 Series F 2004 Series F	Brooklyn	305	99%	8,438,802 (S) 6,271,874	10,809,667 6,279,746	6.50% 6.25%	06/20/73 06/01/11	10/31/35 05/31/41	04/01/26 N/A	11 7	S
Fannie Mae N/A N/A	ML Restructuring, Section 236 ML Repair Loan ML Repair Loan	Lincoln Amsterdam ∅∅	2005 Series J 2004 Series F 2008 Series E	Manhattan	186	99%	5,714,238 (S) 1,068,062 (S) 186,711	7,490,187 1,330,335 216,283	6.50% 6.25% 6.25%	12/03/74 02/01/06 02/01/06	01/31/36 01/31/26 01/31/26	06/01/25 N/A N/A	11 7 7	S
Fannie Mae	ML Restructuring, Section 236	First Atlantic ∅∅	2006 Series D	Brooklyn	201	98%	5,492,694	6,882,575	6.50%	08/16/79	07/01/36	02/28/26	11	S
N/A N/A N/A	ML Restructuring, Section 236 N/A ML Repair Loan	North Shore Plaza ∅∅	2005 Series F 2009 Series I 2004 Series F	Staten Island	536	96%	12,766,285 (S) 1,543,501 (S) 10,202,219	16,977,913 1,543,501 11,157,846	6.50% 1.00% 5.25%	07/10/79 11/01/05 09/23/05	10/31/35 04/30/16 10/31/35	12/01/26 N/A N/A	11 1 7	S
N/A N/A N/A N/A N/A	ML Restructuring, Section 236 ML Repair Loan ML Repair Loan ML Repair Loan ML Repair Loan	Stevenson Commons ∅∅ Seaview Towers ∅∅ Ocean Gate ∅∅ Penn South ∅∅	2005 Series J 2004 Series F 2008 Series E 2010 Series N 2011 Series F	Bronx Queens Brooklyn Manhattan	948 462 542 2,820	96% 95% 94% 98%	21,874,419 (S) 10,314,611 (S) 1,098,760 (S) 5,121,117 (S) 16,928,359	29,012,737 11,229,999 1,160,000 5,500,000 17,000,000	6.50% 6.25% 6.25% 5.00% 1.00%	12/31/73 02/01/06 01/01/08 04/01/11 08/01/11	01/01/36 01/31/36 01/31/37 03/31/21 07/31/41	01/01/26 N/A N/A N/A N/A	11 7 7 7 1	S S N/A N/A
Fannie Mae	ML Restructuring, Section 236	Tanya Towers ∅∅	2008 Series L	Manhattan	138	97%	5,806,400	6,468,592	6.00%	02/01/09	02/28/39	02/01/29	11	S
FHA 223(F)	ML Restructuring, Section 236	Keith Plaza ∅∅	2011 Series F	Bronx	310	98%	2,732,854	6,814,687	8.13%	05/01/78	01/01/18	01/31/18	1	S
FHA 223(F)	ML Restructuring, Section 236	Kelly Towers ∅∅	2011 Series F	Bronx	302	95%	1,814,794	4,525,363	8.13%	05/01/78	01/01/18	01/31/18	1	S
SONYMA N/A	ML Restructuring, Section 236 ML Restructuring, Section 236	Tivoli Towers ∅∅	2010 Series G 2010 Series G	Brooklyn	320	100%	30,720,000 (S) 5,462,801	30,720,000 6,550,000	5.35% 5.50%	10/28/10	11/30/42 11/30/42	12/01/17 11/30/27	7 7	BA
REMIC** N/A	ML Restructuring and Repair Loan ML Restructuring and Repair Loan	Big Six Towers ∅∅	2008 Series C-2/2008 Series J 2008 Series C-2/2008 Series J	Queens	983	100%	33,727,970 (S) 1,304,605	35,020,002 1,532,170	6.43% 6.00%	06/01/08	05/31/48 05/31/48	N/A N/A	11 11	S
REMIC** N/A	ML Restructuring and Repair Loan ML Restructuring	River Terrace ∅∅ Trinity House ∅∅	2008 Series J 2010 Series G	Manhattan Manhattan	431 200	99% 100%	9,496,345 1,038,488	9,695,309 2,540,500	3% & 6.309% 7.25%	06/30/08 11/01/78	07/01/38 10/01/18	N/A N/A	11 11	S S
N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	Lamp, Mitchell-Lama and Section 236 N/A N/A N/A PLP PLP PLP PLP N/A N/A New HOP	Linden Plaza ∅∅ Daly Avenue Tremont Vyse III 334 Beach 54th Street 215 Audubon Avenue 865 East 167th Street 1203 Fulton Ave & 575 East 168th Street The Aspen	2010 Series G 2008 Series K 2008 Series K	Brooklyn Bronx Bronx Queens Manhattan Bronx Bronx Manhattan	1,527 32 30 32 47 52 37 231	95% 100% 100% 97% 100% 96% 97% 100%	12,173,915 (S) 22,309 (S) 20,915 (S) 43,866 361,583 59,463 558,763 356,661 (S) 2,001,962	15,000,000 160,000 150,000 59,183 393,232 265,735 903,652 538,754 2,750,000	5.00% 3.00% 3.00% 1.00% 7.40% 1.00% 1.00% 1.00% 1.00%	10/26/10 04/01/94 04/01/94 09/01/07 04/01/05 04/01/00 04/01/05 04/01/05 09/01/05	12/01/22 03/01/14 03/01/14 09/30/23 03/31/35 03/31/15 03/31/22 03/31/24 11/30/35	12/01/13 N/A N/A N/A N/A N/A N/A N/A N/A	1 1 1 8 1 1 1 1 1	S BA S S S S S S S S

Supplemental Security	Subsidy Program(S) <sup>†</sup>	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 <sup>††</sup>	Final Mortgage Maturity	HAP/TAC/ \$236 Contract Expiration Date <sup>†††</sup>	Prepayment Category (see Appendix E-2)	Physical Inspection <sup>††††</sup>
N/A	New HOP	Strivers Gardens	2008 Series K	Manhattan	170	100%	(S) 2,265,913	3,380,000	1.00%	06/01/05	05/31/35	N/A	1	AA
N/A	New HOP	Manhattan Court	2008 Series K	Manhattan	123	98%	(S) 3,384,867	4,046,250	1.00%	02/01/07	08/01/39	N/A	1	S
SONYMA	New HOP/HTF		1999 Series E/2009 Series J			96%	8,659,140	9,790,000	6.35%	05/21/09	06/30/36	N/A	8	S
N/A	New HOP/HTF	Village Care Apartments	2009 Series I	Manhattan	85	96%	(S) 2,000,000	2,000,000	1.00%	09/01/04	06/30/36	N/A	1	S
N/A	LAMP	Aldus Street Apartments	2008 Series K	Bronx	164	94%	(S) 5,965,031	6,270,000	1.00%	02/15/07	03/31/37	N/A	1	S
N/A	LAMP	Hoe Avenue Apartments	2008 Series K	Bronx	136	92%	(S) 6,019,461	6,270,000	1.00%	04/01/07	03/31/37	N/A	1	S
N/A	LAMP	Parkview Apartments	2008 Series K	Bronx	110	99%	(S) 4,950,000	4,950,000	1.00%	09/01/07	08/31/37	N/A	1	S
N/A	LAMP	Louie Nine Boulevard Apartments	2008 Series K	Bronx	95	92%	(S) 3,888,839	4,180,000	1.00%	10/01/07	10/31/37	N/A	1	S
Total					47,306		1,921,359,921	2,191,512,484						

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

<sup>††</sup> 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.

<sup>†††</sup> Where there is more than one expiration date, the Development was completed in two or more stages. Subsequent to January 31, 2012, expiration dates for expiring contracts have been extended unless the Mortgagor has prepaid the Mortgage Loan.

<sup>††††</sup> Physical inspection ratings determined by the Corporation are as follows: SUP = Superior; AA = Above Average; 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.

\*\*\*\* REMIC Insurance is for fifty (50%) of the Mortgage Loan for this Development.

∅ The loan amount set forth here represents the portion of each Mortgage Loan that is financed with a portion of the proceeds of the 2010 Series E Bonds, 2010 Series J Bonds, 2010 Series L-1 Bonds, 2011 Series B Bonds, 2011 Series D Bonds, and/or 2011 G Bonds, as applicable. The remainder of each Mortgage Loan is being financed with a portion of the proceeds of the NIBP Series 1 Bonds in the following amounts: \$21,630,000 for the Clinton Terrific Tenements Development, \$8,750,000 for the New Horizons Development, \$44,060,000 for the Concord/Seaside Development, \$8,870,000 for the Morris Heights Mews Development, \$27,240,000 for the North Park Apartments Development, \$8,760,000 for the Trinity Apartments Development, \$23,440,000 for the 55 Pierrepont Street Development, \$26,700,000 for the East River Apartments Development, and \$34,980,000 for the Oceanview Development.

∅∅ The Mortgagor of this Development is regulated by HPD pursuant to the Mitchell-Lama Law.

1 The Mortgagor of this Development is over 90 days delinquent in payment of debt service on this Mortgage Loan due to temporary financial difficulties that are in the process of being cured.

2 The Mortgagor of this Development has notified the Corporation of its intention to prepay this mortgage loan.

3 Until such time as SONYMA insurance becomes effective for this Mortgage Loan, The City University of New York will be obligated to pay any debt service and fees due to the Corporation that have not been paid by the Borrower on or before their due date pursuant to the terms of a Support Agreement.

4 The Mortgagor of this Development has prepaid this Mortgage Loan.

5 The Corporation has become aware of a foreclosure proceeding that has been instituted against the Mortgagor of this Development due to a default under a subordinate mortgage loan that was made without the Corporation's consent. The Mortgagor continues to make timely payments of debt service on the Corporation's senior and subordinate Mortgage Loans. The Corporation is monitoring the situation and has been in contact with the subordinate lender.

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.

7 This Development is expected to have a change in ownership and management, all delinquencies will be cured and this Mortgage Loan will be prepaid. A new Mortgage Loan is anticipated to be made to the new ownership entity with the proceeds of the 2012 Series D Bonds.

**TABLE 3: DEVELOPMENTS AND PERMANENT MORTGAGE LOANS UNDERLYING THE 2006 SERIES A PARTICIPANT INTEREST AS OF JANUARY 31, 2012**

**2006 SERIES A PURCHASED MORTGAGE LOANS AND 2006 SERIES A TRUST MORTGAGE LOANS AS OF JULY 31, 2011\***

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 223(a)(7)	HoDAG/PLP	1	104	\$202,017	1.00%	0.3	1
Purchased	N/A	Section 8 Mod Rehab/PLP	7	344	\$2,380,034	1.00%	12.5	1
Purchased	N/A	HoDAG/PLP	5	540	\$17,538,340	1.00%	15.2	1
Purchased	N/A	PLP	216	9,522	\$229,816,774	0.99%	12.3	1
Purchased	N/A	N/A***	6	2,623	\$8,220,641	2.36%	5.3	1
Purchased	N/A	Article 8-A	42	1,890	\$11,520,268	3.00%	12.7	1
Purchased	N/A	Article 8-A	66	4,979	\$11,314,585	2.38%	12.4	13
	SUB-TOTAL**		343	20,022	\$280,992,659	1.17%	12.29	
Trust	N/A	PLP	30	2,444	\$68,685,736	1.13%	9.8	1
Trust	N/A	Section 236***	4	1,245	\$39,276,554	8.33%	0.9	1
Trust	N/A	N/A***	22	3,719	\$11,285,089	5.59%	5.0	1
Trust	N/A	Article 8-A	5	1,567	\$294,090	1.00%	1.1	13
	SUB-TOTAL**		61	8,975	\$119,541,469	3.92%	6.44	
	<b>TOTAL**</b>		404	28,977	\$400,534,128	1.99%	10.55	

† The cash flow on the Class B-1 Sheridan Trust II Certificate is based on the weighted average mortgage interest 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, 2012, the Corporation has received regularly scheduled payments on the mortgage loans. In addition, since January 31, 2012, the Corporation has received notification from the mortgagors of six (6) mortgage loans underlying the 2006 Series A Mortgage Loan with an aggregate outstanding principal balance of \$5,380,126 that such mortgagors intend to prepay their mortgage loans. Also, subsequent to January 31, 2012, twelve (12) mortgage loans underlying the 2006 Series A Participant Interest with an aggregate outstanding principal balance of \$40,813,464 have been prepaid.

\*\* 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, 2012**

Permanent Mortgage Loan Supplemental Security	Subsidy Program	Development Name	Applicable Series Resolution	Borough	No. of Units	Advances Made to Date (S) = Subordinate Lien Position	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-2)	Construction Mortgage Loan Supplemental Security (Construction LOC)
N/A	LAMP	Council Towers	2009 Series L-4	Queens	78	10,024,956	10,200,000	3.00%	0	N/A	6/28/2012 <sup>(1)</sup>	N/A	9	N/A*
FHA	LAMP	Riverway Apartments †	2011 Series D	Brooklyn	115	1,474,557	14,225,000	4.95%	1,000,000	4.95%	11/01/13	10/01/51	9	FHA
SONYMA	LAMP	Dr. Betty Shabazz Houses	2009 Series K	Brooklyn	160	1,910,000	1,910,000	4.90%	1,540,000	5.60%	05/31/12	09/19/35	9	N/A
SONYMA	LAMP		2003 Series B			7,000,000	7,000,000	4.60%	7,000,000	5.80%	05/31/12	09/19/35	9	N/A **
SONYMA	LAMP	Medgar Evers Houses	2009 Series K	Brooklyn	308	5,050,000	5,050,000	4.90%	5,050,000	5.60%	05/31/12	09/19/35	9	N/A
SONYMA	LAMP		2003 Series B			6,815,000	6,815,000	4.60%	6,815,000	5.80%	05/31/12	09/19/35	9	N/A **
REMIC	LAMP	Courtlandt Corners I	2008 Series H	Bronx	71	14,629,714	15,695,000	4.30%	3,320,000	6.10%	09/30/12	12/30/40	9	JP Morgan Chase
REMIC	LAMP	Roscoe C. Brown	2008 Series H	Bronx	279	40,630,467	40,685,000	4.26%	7,585,000	6.10%	06/26/12	12/26/40	9	HSBC
N/A	N/A	Broad Street Senior Housing	2009 Series A	Staten Island	102	(S) 1,350,000	1,350,000	1.25%	1,350,000	1.00%	02/02/12	05/07/41	9	N/A
REMIC	LAMP		2009 Series A			15,985,561	16,100,000	4.07%	3,640,000	6.70%	02/02/12	05/07/41	9	Capital One Bank <sup>(2)</sup>
REMIC	LAMP	BRP Garvey	2009 Series C	Brooklyn	78	11,691,611	12,450,000	3.95%	2,785,000	6.20%	03/26/12	09/25/41	9	Capital One Bank <sup>(2)</sup>
REMIC	LAMP	La Terraza/Melrose Site B-1	2009 Series C	Bronx	107	12,863,247	13,045,000	Variable	0	N/A	3/24/2012 <sup>(1)</sup>	N/A	9	Bank of New York
REMIC	LAMP		2009 Series C			6,616,487	6,710,000	5.30%	6,710,000	6.00%	03/24/12	09/26/41	9	Bank of New York
REMIC	LAMP	St. Ann's CDE	2009 Series C	Bronx	314	48,607,547	49,100,000	4.29%	21,435,000	6.00%	03/25/12	12/25/46	9	JP Morgan Chase
REMIC	LAMP	The Ciena Hobbs Court	2009 Series C	Manhattan	340	15,272,215	71,380,000	3.98%	19,175,000	6.00%	09/30/12	12/31/41	9	JP Morgan Chase
REMIC	LAMP	The Douglass	2009 Series D	Manhattan	70	5,599,800	9,500,000	4.17%	0	N/A	9/15/2012 <sup>(1)</sup>	N/A	7	Bank of America
REMIC	LAMP		2009 Series C			6,000,000	6,000,000	4.17%	6,000,000	6.00%	09/15/12	09/15/48	9	Bank of America
REMIC	LAMP	Atlantic Commons Cornerstone	2009 Series K	Brooklyn	48	5,974,639	8,250,000	3.55%	1,980,000	6.00%	03/26/12	03/26/42	9	Capital One Bank <sup>(2)</sup>
REMIC	LAMP	Rev. Dr. Fletcher C. Crawford	2009 Series K	Bronx	84	13,088,387	13,450,000	3.62%	3,620,000	6.00%	07/21/12	07/21/42	9	Bank of New York
REMIC	LAMP	The Dempsey	2009 Series K	Manhattan	80	12,421,189	13,090,000	3.28%	1,620,000	6.00%	06/22/12	12/22/41	9	Capital One Bank <sup>(2)</sup>
REMIC	LAMP	Sedgelliff †	2009 Series L-3	Bronx	128	9,588,359	11,700,000	3.53%	670,000	5.50%	11/23/12	11/23/42	9	Bank of New York
REMIC	LAMP		2010 Series E			1,392,796	1,700,000	3.53%	0	N/A	11/23/2012 <sup>(1)</sup>	N/A	9	Bank of New York
REMIC	LAMP	St. Ann's Terrace FG	2009 Series L-3	Bronx	161	14,611,315	16,045,000	3.60%	0	N/A	9/29/2012 <sup>(1)</sup>	N/A	9	Capital One Bank <sup>(2)</sup>
REMIC	LAMP		2010 Series D-1-A			7,711,762	7,925,000	3.60%	7,925,000	5.50%	09/29/12	09/26/42	9	Capital One Bank <sup>(2)</sup>
REMIC	LAMP	1778-1800 Southern Boulevard	2010 Series D-1-A	Bronx	64	4,398,104	6,800,000	5.15%	6,800,000	5.85%	09/01/12	11/01/42	9	JP Morgan Chase
REMIC	LAMP	920 Westchester Avenue	2010 Series D-1-A	Bronx	110	15,026,287	18,000,000	3.56%	7,230,000	5.85%	08/29/12	08/29/42	9	Citibank
REMIC	LAMP	Navy Green R3	2010 Series D-2	Brooklyn	101	10,929,383	11,190,000	variable	0	N/A	12/29/2012 <sup>(1)</sup>	N/A	9	JP Morgan Chase
REMIC	LAMP		2010 Series D-1-A			0	2,510,000	5.05%	2,510,000	5.75%	12/29/12	12/29/42	9	JP Morgan Chase
REMIC	LAMP	Bradford	2010 Series F	Brooklyn	105	11,115,724	20,720,000	4.80%	20,720,000	5.50%	06/01/12	03/29/43	8	Goldman Sachs Bank USA
REMIC	LAMP	Gateway Elton Street †	2010 Series J	Brooklyn	197	8,110,573	25,460,000	3.27%	2,670,000	5.15%	04/22/12	04/22/42	9	Bank of America
REMIC	LAMP	Navy Green R-1 †	2010 Series J	Brooklyn	112	4,432,185	12,690,000	3.34%	1,450,000	5.20%	09/22/12	09/22/42	9	JP Morgan Chase
REMIC	LAMP	Forest House	2010 Series K	Bronx	124	6,213,164	19,210,000	3.01%	3,935,000	5.15%	11/01/14	11/01/44	9	Bank of New York
REMIC	LAMP	Self Help KVII	2010 Series K	Queens	92	4,411,014	13,075,000	3.40%	5,475,000	5.15%	11/01/14	11/01/44	9	JP Morgan Chase
REMIC	LAMP	Richmond Place	2011 Series C/2010 Series L-2-A	Queens	117	3,482,058	17,500,000	3.87%	5,100,000	5.35%	10/28/13	11/01/43	9	Bank of America
REMIC	LAMP	Harlem River Point North & West	2011 Series E/2010 Series L-2-B	Manhattan	173	5,842,238	29,300,000	4.65%	8,670,000	5.35%	03/29/14	03/29/44	9	Wells Fargo Bank
REMIC	LAMP	Lindenguild Hall	2011 Series E/2010 Series L-2-B	Bronx	104	3,642,199	17,700,000	3.39%	4,220,000	5.35%	01/29/14	01/29/44	9	Bank of America
REMIC	LAMP	Prospect Court	2011 Series E/2010 Series L-2-B	Bronx	59	3,204,817	11,475,000	3.58%	4,060,000	5.35%	04/29/14	10/31/44	9	Capital One Bank <sup>(2)</sup>
REMIC	LAMP	Intervale Independent	2011 Series E	Bronx	48	1,155,003	5,660,000	3.23%	780,000	5.35%	06/29/13	06/29/43	9	JP Morgan Chase
REMIC	LAMP	Coney Island Commons †	2011 Series G	Brooklyn	195	5,304,001	32,330,000	3.36%	1,330,000	5.35%	12/31/14	12/31/44	9	Citibank <sup>(3)</sup>
REMIC	LAMP	Courtlandt Crescent †	2011 Series G	Bronx	217	2,841,597	33,915,000	3.35%	1,285,000	5.35%	10/31/14	10/31/44	9	Citibank <sup>(3)</sup>
REMIC	LAMP	Berean Apartments	2011 Series J	Bronx	107	3,063,613	17,000,000	3% - 4.65%	4,700,000	5.35%	10/23/14	10/23/44	9	Capital One Bank <sup>(2)</sup>

SONYMA	LAMP	Good Neighbor Apartment †	2010 Series J	Manhattan	118	4,470,000	4,470,000	4.45%	4,470,000	5.15%	06/22/12	06/22/42	7	Bank of New York
SONYMA	LAMP	Mother Zion †	2010 Series J	Manhattan	76	4,999,033	5,090,000	4.05%	4,420,000	5.15%	07/05/12	07/05/42	9	Goldman Sachs Bank USA
Freddie Mac	LAMP Preservation	Haven Plaza †	2011 Series G	Manhattan	371	4,764,145	9,290,000	4.54%	4,840,000	5.50%	09/01/13	09/01/43	9	N/A
N/A	LAMP Preservation	L&M HCCI Harlem Preservation Portfolio	2011 Series E	Manhattan	447	27,330,495	38,300,000	3.00%	0	N/A	N/A	N/A	1	N/A
SONYMA	LAMP Preservation	The Bridge	2009 Series F	Manhattan	81	9,000,000	9,000,000	4.73%	5,820,000	6.10%	04/12/12	04/01/41	9	N/A
SONYMA	LAMP Preservation	Mid-Bronx Apartments †	2011 Series B/2010 Series L-1	Bronx	184	7,433,522	8,180,000	4.23%	3,080,000	5.35%	10/28/12	10/28/42	9	Wells Fargo Bank
SONYMA	LAMP Preservation	West Farms Square †	2011 Series B/2010 Series L-1	Bronx	526	12,970,333	22,020,000	4.05%	5,800,000	5.35%	05/09/13	05/09/43	9	JP Morgan Chase
SONYMA	LAMP Preservation	PRC Simpson Street †	2011 Series D	Bronx	301	7,528,842	8,250,000	3.94%	2,040,000	5.00%	11/30/12	11/30/43	9	N/A
SONYMA	LAMP Preservation	CABS Housing †	2011 Series G	Brooklyn	72	440,318	5,470,000	3.82%	770,000	5.35%	01/01/14	01/01/44	9	JP Morgan Chase
SONYMA	LAMP Preservation	Greene Avenue Senior Housing †	2011 Series G	Brooklyn	150	3,544,072	11,540,000	3.98%	2,340,000	5.35%	01/01/14	01/01/44	9	JP Morgan Chase
SONYMA	LAMP Preservation	St. Luke's Housing for the Elderly	2011 Series J	Bronx	81	3,319,939	8,300,000	4.04%	5,220,000	5.35%	06/30/13	06/30/43	9	JP Morgan Chase
REMIC	LAMP Preservation		2010 Series K			1,920,091	2,685,000	2.87%	2,685,000	5.15%	05/24/13	11/01/32	9	Bank of New York
REMIC	LAMP Preservation	Ocelot ECW	2010 Series I	Bronx	30	8,115,000	10,800,000	2.87%	0	N/A	5/24/2013 <sup>(1)</sup>	N/A	9	Bank of New York
REMIC	LAMP Preservation	Aurea Aparatments	2011 Series E	Bronx	85	5,032,049	10,300,000	3.33%	2,050,000	5.35%	10/01/13	10/01/43	9	JP Morgan Chase
REMIC	LAMP Preservation	Bryant Avenue Apartments	2011 Series H	Bronx	99	6,411,617	10,265,000	3.68%	4,230,000	5.35%	12/30/14	12/30/44	9	Citibank <sup>(3)</sup>
SONYMA	LAMP	Echo Apartments †	2010 Series E	Manhattan	99	4,143,113	4,150,000	4.30%	1,190,000	5.50%	04/30/12	09/30/41	9	N/A
REMIC	ML Restructuring	DCA Apartments	2011 Series H	Brooklyn	216	13,050,984	17,535,000	4.30%	17,535,000	5.03%	07/01/13	07/01/48	8	N/A
N/A	Mixed Income	101 Avenue D	2010 Series G	Manhattan	78	(S) 2,534,800	2,535,000	1.00%	2,535,000	6.75%	05/31/13	07/01/43	1	N/A
REMIC	New HOP	Boricua Site D	2008 Series K	Bronx	80	10,971,145	11,005,000	6.30%	11,005,000	6.75%	05/01/12	04/30/45	7	Citibank
REMIC	New HOP	Boricua Site F	2008 Series K	Bronx	77	10,009,150	10,220,000	6.30%	10,220,000	6.75%	05/01/12	04/30/45	7	Citibank
REMIC	New HOP	Courtland Corners II	2011 Series J	Bronx	252	17,541,963	18,020,000	5.50%	18,020,000	5.35%	11/22/14	11/22/44	8	JP Morgan Chase
REMIC	New HOP	116 West 116th Street	2008 Series E	Manhattan	21	2,516,308	2,575,000	6.30%	2,575,000	7.00%	03/31/12	07/01/40	7	HSBC
N/A	New HOP		2010 Series H			944,800	945,000	1.00%	945,000	1.00%	03/31/12	03/31/40	1	N/A
REMIC	New HOP	Shakespeare Place	2008 Series F	Bronx	127	13,144,800	13,145,000	5.50%	13,145,000	6.70%	03/30/12	09/30/45	7	M&T Bank
N/A	New HOP		2010 Series H			10,795,000	10,795,000	1.00%	10,795,000	1.00%	03/30/12	09/30/45	1	N/A
REMIC	New HOP	3254 White Plains Road	2009 Series C	Bronx	125	8,438,705	9,610,000	5.50%	9,610,000	6.20%	07/29/12	07/29/41	8	JP Morgan Chase
REMIC	New HOP	St. Ann's ABH	2009 Series C	Bronx	166	25,203,820	25,830,000	5.50%	25,830,000	6.20%	06/25/12	12/25/46	8	JP Morgan Chase
REMIC	New HOP	850 Jennings	1998 Series A/1999 Series A	Bronx	103	8,053,531	9,220,000	5.00%	9,220,000	7.50%	03/02/12	12/02/41	8	JP Morgan Chase
REMIC	New HOP	Genesis Cornerstone	2008 Series K	Manhattan	86	11,629,400	11,630,000	4.00%	11,630,000	7.40%	06/29/12	07/08/41	8	JP Morgan Chase
REMIC	New HOP	The Tiffany	2009 Series K	Bronx	54	4,163,356	4,190,000	5.30%	4,190,000	6.00%	06/18/12	12/18/41	8	Hudson Valley Bank <sup>(5)</sup>
REMIC	New HOP	University Ave Consolidated III	2009 Series K	Bronx	173	13,476,764	13,620,000	5.30%	13,620,000	6.00%	06/23/12	12/23/41	8	JP Morgan Chase
REMIC	New HOP	Stapleton Court	2010 Series D-1-A	Staten Island	92	5,793,655	7,615,000	4.80%	7,615,000	5.50%	06/01/12	11/01/42	8	JP Morgan Chase
N/A	New HOP	Bethany Place	2004 Series C	Manhattan	28	991,546	2,435,000	6.30%	0	N/A	5/31/2012 <sup>(1)</sup>	N/A	8	HSBC
REMIC	N/A	Avalon Morningside <sup>(4)</sup>	2006 Series J-1	Manhattan	296	100,000,000	100,000,000	variable	100,000,000	variable	06/27/12	12/27/40	1	Bank of America

REMIC	N/A	Metro North Gardens	2011 Series E	Manhattan	48	1,315,927	5,300,000	4.65%	5,300,000	5.35%	11/10/12	11/10/42	8	N/A
SONYMA	N/A		2009 Series L-1/2010 Series B			105,758,940	173,590,000	2.125%-5.8%	23,590,000	6.30%	09/16/2013 <sup>(1)</sup>	03/01/43	9	Citibank
N/A	N/A		2011 Series A			107,965,852	140,000,000	3.25%	0	N/A	09/16/2013 <sup>(1)</sup>	N/A	9	Citibank
N/A	N/A	NYCHA Public Housing Preservation I LLC	2009 Series L-2	Manhattan/Bronx/ Brooklyn	14,465	(S) 64,417,008	68,000,000	2.25%	0	N/A	09/16/2013 <sup>(1)</sup>	N/A	9	N/A***
REMIC	N/A	NYCHA Public Housing Preservation II LLC	2010 Series A	Manhattan	5,674	22,546,006	28,325,000	4.60%	28,325,000	5.10%	09/16/13	03/01/41	8	Citibank
N/A	N/A	Dayton Tower Coop	2008 Series F / 2011 Series F	Queens	1,758	14,835,633	36,865,000	3.00%	36,865,000	6.25%	12/14/13	12/14/43	8	N/A
FHA 221(d)(4)	Section 8	Phipps Plaza South	2006 Series B	Manhattan	404	26,046,479	30,098,700	6.50%	30,098,700	6.50%	03/14/12	02/01/49	7	N/A
Total					31,491	1,083,049,710	1,575,123,700		631,778,700					

\* HUD 202 funds will provide cash collateral as Bond proceeds are advanced.

\*\* The Citibank N.A. Construction LOCs were released on November 1, 2010. The projects are expected to convert in the first quarter of 2012.

\*\*\* American Reinvestment and Recovery Act of 2009 ("ARRA") funds will provide cash collateral as Bond proceeds are advanced.

(1) This date indicates the anticipated end of the construction loan period.

(2) The Construction LOC is confirmed by an irrevocable standby letter of credit confirmation issued by Federal Home Loan Bank of Atlanta.

(3) The Construction LOC is confirmed by an irrevocable standby letter of credit confirmation issued by Federal Home Loan Bank of New York.

(4) The Corporation expects that, on and after July 13, 2012, the Mortgage Loan for Avalon Morningside will be separately secured within the Open Resolution as described in "SECURITY FOR THE BONDS - Additional Obligations Issued Under the Resolution But Not Secured by the Resolution" in Part II of this Official Statement.

† The loan amount set forth here represents the portion of each Mortgage Loan that is financed with a portion of the proceeds of the 2009 Series L-3 Bonds, 2010 Series E Bonds, 2010 Series J Bonds, 2010 Series L-1 Bonds, 2011 Series B Bonds, 2011 Series D Bonds, and/or 2011 Series G Bonds as applicable. The remainder of each Mortgage Loan is being financed with a portion of the proceeds of the NIBP Series 1 Bonds in the following amounts: \$6,510,000 for the Echo Apartments Development, \$4,600,000 for the Sedgcliff Development, \$13,580,000 for the Good Neighbor Apartments Development, \$9,360,000 for the Gateway Elton Development, \$7,110,000 for the Mother Zion Development, \$5,510,000 for the Navy Green R-1 Development, \$12,020,000 for the Mid-Bronx Apartments Development, \$22,840,000 for the West Farms Square Development, \$14,210,000 for the PRC Simpson Street Development, \$6,000,000 for the Riverway Apartments Development, \$7,170,000 for the Coney Island Commons Development, \$7,350,000 for the Courtlandt Crescent Development, \$10,960,000 for the Greene Avenue Senior Citizens Development, \$3,730,000 for the CABS Housing Development, and \$25,160,000 for the Haven Plaza Development.

**TABLE 5: ML RESTRUCTURING SUBORDINATE MORTGAGE LOANS  
OUTSTANDING UNDER THE PROGRAM  
AS OF JANUARY 31, 2012**

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%	03/31/35-12/31/36
N/A	ML Restructuring	2005 Series A	4	1,918	\$29,115,882.35	\$29,115,882.35	0.00%	09/30/35
N/A	ML Restructuring	2005 Series E	1	176	\$2,599,799.69	\$2,599,799.69	0.00%	10/31/36
N/A	ML Restructuring	2005 Series F	6	3,832	\$41,419,792.62	\$41,419,792.62	0.00%	10/31/36
N/A	ML Restructuring	2005 Series J	2	1,134	\$10,215,086.28	\$10,215,086.28	0.00%	01/31/36
N/A	ML Restructuring	2006 Series D	3	442	\$6,025,012.44	\$6,025,012.44	0.00%	10/31/36-12/01/36
N/A	ML Restructuring	2008 Series F/2011 Series F	1	1752	\$24,196,596.00	\$24,196,596.00	0.00%	03/31/39
N/A	ML Restructuring	2008 Series J	1	983	\$12,289,720.19	\$12,289,720.19	0.00%	05/31/48
N/A	ML Restructuring	2008 Series L	1	138	\$2,660,760.00	\$2,660,760.00	0.00%	02/28/39
N/A	ML Restructuring	2010 Series G	1	320	\$4,173,300.00	\$4,050,000.00	4.00%	11/01/42
N/A	ML Restructuring	2011 Series H-2-B/ 2011 Series H-3-B	1	216	\$2,241,380.27**	\$10,245,806.00	0.00%	07/01/48
N/A	ML Restructuring	N/A	1*	462	\$10,709,065.87	\$10,314,968.00	1.00%	01/31/37

\* Surplus cash flow note requiring annual payments.

\*\* The 2011 Series H-2-B/2011 Series H-3-B ML Restructuring Subordinate Mortgage Loan is a construction mortgage loan. The Outstanding Mortgage Balance is the amount of the loan advanced as of January 31, 2012.

**TABLE 6: MORTGAGE LOANS UNDERLYING THE 2005 SERIES F PARTICIPANT INTEREST  
AND THE 2005 SERIES J PARTICIPANT INTEREST  
OUTSTANDING UNDER THE PROGRAM  
AS OF JANUARY 31, 2012\***

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 <sup>†</sup>	5 <sup>**</sup>	1,547	\$26,922,372	26,922,372	4.05%	8/01/27- 10/01/28
N/A	2005 Series J <sup>†</sup>	2 <sup>***</sup>	380	\$4,044,844	4,044,844	5.00%	10/01/28

\* Since January 31, 2012, the Corporation has received regularly scheduled payments on the mortgage loans.

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

\*\* Original number of mortgage loans = 12

\*\*\* Original number of mortgage loans = 11

**TABLE 7: 2004 PARTICIPATED SECOND LIEN LOANS HELD AS ASSETS  
UNDERLYING THE 2011 PARTICIPANT INTEREST  
AS OF JANUARY 31, 2012<sup>†\*</sup>**

<b>Supplemental Security</b>	<b>Subsidy Program(s)</b>	<b>Number of Mortgage Loans</b>	<b>Number of Units</b>	<b>Aggregate Outstanding Mortgage Balance<sup>▼</sup></b>	<b>Weighted Average Mortgage Interest Rate</b>	<b>Weighted Average Remaining Time to Maturity</b>	<b>Weighted Average Remaining Time to Section 236 Contract Expiration</b>
N/A	Section 236	9	2,503	\$57,508,297	8.0%	16 years	12.8 years

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<sup>†</sup> The Corporation owns a 100% participation interest in the 2004 Participated Second Lien Loans and the Section 236 Contracts. See “THE PROGRAM – 2011 Participant Interest” in Part II of the Official Statement. For purposes of valuation under the General Resolution, the 2011 Participant Interest constitutes a “Mortgage Loan” and the underlying 2004 Participated Second Lien Loans are assigned a valuation of 75% under the 2011 Series F-1 Supplemental Resolution and the 2011 Series F-2 Supplemental Resolution.

\* Since January 31, 2012, the Corporation has received regularly scheduled payments on the mortgage loans.

<sup>▼</sup> Includes accrued interest.

**TABLE 8: DEVELOPMENTS AND MORTGAGE LOANS OUTSTANDING UNDER THE PROGRAM  
DEVELOPMENTS AND MORTGAGE LOANS FINANCED UNDER THE PROGRAM  
SUBSEQUENT TO JANUARY 31, 2012**

**Table 8.** Developments and Construction Mortgage Loans financed subsequent to January 31, 2012. The information below is as of the issuance of the applicable Bonds.

<b>Date of Issuance</b>	<b>Anticipated Mortgage Loan Supplemental Security</b>	<b>Applicable Series Resolution</b>	<b>Subsidy Program</b>	<b>Development Name</b>	<b>Borough</b>	<b>Construction Loan Amount</b>	<b>Anticipated Permanent Mortgage Loan Amount</b>
March 7, 2012	N/A	2012 Series A	N/A	NYCHA Public Housing Preservation I LLC	Manhattan/ Bronx/ Brooklyn	\$67,540,000*	\$0
May 3, 2012	LAMP	2012 Series B	LAMP	Las Casas Development	Brooklyn	N/A	\$12,485,000
May 3, 2012	LAMP	2012 Series B	LAMP	River Rock	Brooklyn	N/A	\$2,970,000
May 3, 2012	LAMP	2012 Series B	LAMP	Hewitt House Apartments	Bronx	N/A	\$4,565,000
May 3, 2012	LAMP	2012 Series B	LAMP	550 Watkins Street	Brooklyn	N/A	\$5,895,000
May 3, 2012	LAMP	2012 Series B	LAMP	New Lots Plaza	Brooklyn	N/A	\$4,785,000
May 3, 2012	LAMP	2012 Series B	LAMP	Maria Lopez Plaza	Bronx	N/A	\$1,550,000

\* The construction loan amount represents an additional portion of the 2009 Series L-1/2010 Series B Mortgage Loan. For more information regarding the 2009 Series L-1/2010 Series B Mortgage Loan and the applicable Development, see "Table 4: Developments and Construction Mortgage Loans Outstanding Under the Program as of January 31, 2012."

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## 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, 2012. The chart does not include information with respect to the mortgage loans underlying the 2005 Series F Participant Interest and the 2005 Series J Participant Interest and the ML Restructuring Subordinate 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	496	\$982,196,914	28.37%
Category 2	1	1,116,878	0.03%
Category 3	2	16,952,001	0.49%
Category 4	3	6,677,011	0.19%
Category 5	0	-	0.00%
Category 6	0	-	0.00%
Category 7	48	402,958,425	11.64%
Category 8	165	664,188,748	19.18%
Category 9	119	1,063,370,462	30.71%
Category 10	12	49,812,717	1.44%
Category 11	36	263,570,225	7.61%
Category 12	0	-	0.00%
Category 13	71	11,608,675	0.34%
<b>TOTAL</b>	<b>953</b>	<b>\$3,462,452,056</b>	<b>100.00%</b>

\* 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 permanent 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 two (2) 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, 2012.”

**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 five rating levels: superior (HUD score: 90-100), above average (HUD score: 80-89), satisfactory (HUD score: 60-79), 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, 2012. 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 2005 Series F Participant Interest and the 2005 Series J Participant Interest and the ML Restructuring Subordinate Mortgage Loans other than those Developments with other Mortgage Loans under the Open Resolution.

PHYSICAL INSPECTION	Number of Mortgage Loans*	Outstanding Principal Balance of Mortgage Loans	PERCENTAGE OF TOTAL OUTSTANDING PRINCIPAL BALANCE OF MORTGAGE LOANS
Superior	15	\$ 74,132,232	4.50%
Above Average	15	58,866,524	3.57%
Satisfactory	369	1,450,576,718	88.06%
Below Average	18	52,282,760	3.17%
Unsatisfactory	6	11,346,089	0.69%
<b>TOTAL**</b>	<b>423</b>	<b>\$1,647,204,323</b>	<b>100.00%</b>

#### 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; virtually no minor deficiencies; adequate funds available to make necessary repairs; and overall attractive physical plant with highly presentable public and utility areas.

\* Developments with Permanent Mortgage Loans made recently may not yet have been inspected by the Corporation.

\*\* May not add due to rounding.

**Above Average**

This rating is assigned based on a physical inspection that reveals no major deficiencies and very few and only minor deficiencies. These deficiencies would be easily correctable by the maintenance staff. The Development would have no structural deficiencies and no health or safety violations. The common, utility and public areas would be secure, clean, and well lit.

**Satisfactory**

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

**Below Average**

This rating is assigned based on a physical inspection that reveals multiple minor deficiencies, several major deficiencies or a critical deficiency. A critical deficiency is a violation that affects the health and safety of the residents and can affect the habitability of parts of the development. Critical deficiencies include an inoperable fire alarm control system; other fire and safety hazards; 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 <sup>1</sup>	Maximum Interest Rate	Final Maturity	Cross-Calls Into Series Permitted	Cross-Calls Out of Series Permitted
1998 Series A	\$ 57,800,000	\$ 300,000	6.84%	05/01/30	No	Yes
1998 Series B	21,380,000	300,000	5.25%	11/01/31	No	No
1999 Series A-1	49,100,000	12,500,000	6.06%	11/01/22	No	Yes
1999 Series B-2	30,200,000	18,800,000	7.32%	05/01/22	No	Yes
1999 Series C	9,800,000	400,000	5.70%	11/01/31	Yes	Yes
1999 Series E	10,715,000	400,000	6.25%	05/01/36	No	No
2001 Series A	30,115,000	300,000	5.60%	11/01/42	No	No
2002 Series A	36,370,000	150,000	5.50%	11/01/34	Yes	Yes
2002 Series B	7,150,000	150,000	5.50%	11/01/32	Yes	Yes
2002 Series C	49,500,000	44,560,000	15.00% <sup>2</sup>	05/01/34	No	Yes
2002 Series E-2	19,300,000	16,565,000	5.20%	11/01/34	Yes	Yes
2002 Series F	4,600,000	3,865,000	5.20%	11/01/32	Yes	Yes
2003 Series B-2	33,175,000	25,275,000	4.60%	11/01/36	Yes	Yes
2003 Series E-2	28,690,000	26,330,000	5.05%	11/01/36	Yes	Yes
2004 Series A	147,150,000	121,295,000	5.25%	11/01/30	No	No
2004 Series B-2	22,625,000	20,360,000	5.30%	11/01/36	Yes	Yes
2004 Series C-2	47,920,000	44,970,000	6.34%	11/01/36	No	Yes
2004 Series E-1	39,595,000	39,595,000	4.95%	11/01/33	No <sup>3</sup>	No <sup>3</sup>
2004 Series E-2	28,700,000	8,980,000	5.75%	11/01/24	No <sup>3</sup>	No <sup>3</sup>
2004 Series F	33,970,000	22,470,000	5.70%	05/01/35	No	No
2004 Series G	10,680,000	10,165,000	5.63%	11/01/29	No	Yes
2004 Series H	9,395,000	8,815,000	5.25%	05/01/46	Yes	Yes
2004 Series I-2	26,320,000	23,775,000	5.20%	11/01/38	Yes	Yes
2004 Series J	27,900,000	20,555,000	5.70%	11/01/36	No	Yes
2005 Series A-1	9,735,000	9,735,000	4.60%	05/01/35	No <sup>3</sup>	No <sup>3</sup>
2005 Series C	17,015,000	4,035,000	4.80%	05/01/37	No	No
2005 Series D	13,145,000	5,520,000	4.80%	05/01/47	No	No
2005 Series E	3,900,000	2,810,000	4.75%	11/01/35	No <sup>3</sup>	No <sup>3</sup>
2005 Series F-1	65,410,000	65,410,000	4.75%	11/01/35	No <sup>3</sup>	No <sup>3</sup>
2005 Series F-2	80,935,000	42,830,000	5.43%	11/01/17	No <sup>3</sup>	No <sup>3</sup>
2005 Series G	4,840,000	2,870,000	4.15%	11/01/18	Yes	Yes
2005 Series J-1	20,495,000	20,495,000	4.85%	05/01/36	No <sup>3</sup>	No <sup>3</sup>
2005 Series K	12,730,000	11,955,000	5.00%	11/01/37	Yes	Yes
2005 Series L	37,145,000	12,305,000	5.05%	11/01/39	Yes	Yes
2006 Series A	306,100,000	76,555,000	6.42%	11/01/27	No	No
2006 Series B	31,900,000	30,570,000	5.35%	05/01/49	No	No
2006 Series C	81,635,000	37,540,000	5.125%	05/01/40	Yes	Yes
2006 Series D-1	2,510,000	2,510,000	4.95%	11/01/36	No <sup>3</sup>	No <sup>3</sup>
2006 Series G-1	25,665,000	24,500,000	4.875%	11/01/39	Yes	Yes
2006 Series H-1	25,005,000	24,600,000	4.70%	11/01/40	Yes	Yes
2006 Series I	6,700,000	6,575,000	5.96%	11/01/40	No	No
2006 Series J-1	100,000,000	100,000,000	0.48% <sup>4</sup>	05/01/46	Yes	Yes
2006 Series J-2-A	10,900,000	10,725,000	4.85%	11/01/40	Yes	Yes
2006 Series J-2-C	25,650,000	17,640,000	5.20%	11/01/40	Yes	Yes
2007 Series A	\$25,690,000	\$25,375,000	5.52%	05/01/41	No	No

Series of Bonds	Original Par Amount	Outstanding Par Amount <sup>1</sup>	Maximum Interest Rate	Final Maturity	Cross-Calls Into Series Permitted	Cross-Calls Out of Series Permitted
2007 Series B-1	34,610,000	34,110,000	5.25%	11/01/45	Yes	Yes
2007 Series C	5,370,000	5,280,000	6.56%	11/01/40	No	No
2007 Series D	28,265,000	27,180,000	5.95%	11/01/39	No	No
2007 Series E-1	24,035,000	23,690,000	5.45%	11/01/40	Yes	Yes
2008 Series A-1-A	46,610,000	15,665,000	5.45%	11/01/46	Yes	Yes
2008 Series A-2	3,405,000	3,405,000	5.00%	11/01/18	Yes	Yes
2008 Series C-2	14,760,000	5,575,000	5.69%	11/01/18	No <sup>3</sup>	No <sup>3</sup>
2008 Series E	100,000,000	96,065,000	15.00% <sup>2</sup>	11/01/37	No	No
2008 Series F	86,825,000	86,415,000	15.00% <sup>2</sup>	05/01/41	No	No
2008 Series H-1	8,060,000	8,060,000	5.50%	11/01/28	Yes	Yes
2008 Series H-2-A	24,490,000	12,220,000	0.55% <sup>4</sup>	05/01/13	Yes	Yes
2008 Series H-2-A	14,540,000	14,540,000	5.35%	05/01/41	Yes	Yes
2008 Series H-2-B	47,990,000	20,840,000	0.55% <sup>4</sup>	05/01/13	Yes	Yes
2008 Series J	34,590,000	34,330,000	9.45% <sup>2</sup>	11/01/43	No <sup>3</sup>	No <sup>3</sup>
2008 Series K	106,945,000	100,450,000	9.45% <sup>2</sup>	11/01/43	No	No
2008 Series L	10,515,000	4,700,000	6.50%	11/01/43	No <sup>3</sup>	No <sup>3</sup>
2008 Series M	30,730,000	29,965,000	6.875%	11/01/38	Yes	Yes
2009 Series A	17,450,000	16,100,000	4.20%	11/01/19	Yes	Yes
2009 Series C-1	118,200,000	115,700,000	5.70%	11/01/46	Yes	Yes
2009 Series D	9,500,000	5,600,000	3.45%	05/01/13	Yes	Yes
2009 Series F	9,000,000	5,820,000	4.85%	05/01/41	Yes	Yes
2009 Series H-2	26,570,000	26,570,000	0.55% <sup>4</sup>	05/01/41	No	No
2009 Series I-1	50,000,000	50,000,000	6.42%	11/01/39	No	No
2009 Series I-2	25,000,000	25,000,000	9.45% <sup>2</sup>	11/01/39	No	No
2009 Series J	25,975,000	23,995,000	4.80%	05/01/39	Yes	Yes
2009 Series K	108,785,000	102,220,000	4.95%	11/01/39	Yes	Yes
2009 Series L-1	23,590,000	23,590,000	4.95%	11/01/43	Yes	Yes
2009 Series L-2	68,000,000	68,000,000	2.00% <sup>4</sup>	05/01/45	No	No
2009 Series L-3	27,745,000	27,745,000	2.50% <sup>4</sup>	05/01/45	Yes	Yes
2009 Series L-4	10,200,000	10,200,000	2.00% <sup>4</sup>	05/01/45	Yes	Yes
2009 Series M	30,945,000	30,945,000	5.15%	11/01/45	Yes	Yes
2010 Series A-1	25,325,000	25,325,000	4.90%	11/01/41	Yes	Yes
2010 Series A-2	3,000,000	3,000,000	4.974%	05/01/19	Yes	Yes
2010 Series B	150,000,000	82,170,000	2.125%	05/01/14	Yes	Yes
2010 Series C	14,815,000	14,815,000	4.95%	05/01/47	Yes	Yes
2010 Series D-1-A	43,475,000	43,475,000	5.00%	11/01/42	Yes	Yes
2010 Series D-2	11,190,000	11,190,000	12.00% <sup>2</sup>	05/01/15	Yes	Yes
2010 Series E	10,570,000	6,850,000	3.85%	11/01/19	Yes	No
2010 Series F	4,130,000	4,130,000	4.75%	11/01/22	Yes	No
2010 Series G	50,765,000	47,570,000	4.75%	05/01/41	No <sup>3</sup>	No <sup>3</sup>
2010 Series H	74,575,000	69,495,000	9.00% <sup>2</sup>	11/01/40	No	No
2010 Series I	8,115,000	8,115,000	2.05%	11/01/14	Yes	Yes
2010 Series J-1	21,560,000	20,855,000	5.00%	11/01/22	Yes	No
2010 Series J-2	25,510,000	25,510,000	2.15%	11/01/14	Yes	No
2010 Series J-3	11,240,000	11,240,000	2.05%	11/01/14	Yes	No
2010 Series K-1	5,165,000	5,165,000	5.25%	11/01/32	Yes	No
2010 Series K-2	23,175,000	23,175,000	2.05%	11/01/14	Yes	No
2010 Series L-1	12,620,000	12,620,000	5.00%	11/01/26	Yes	Yes
2010 Series L-2-A	12,400,000	12,400,000	2.70%	11/01/15	Yes	Yes
2010 Series L-2-B	37,600,000	37,600,000	1.90%	11/01/15	Yes	Yes
2010 Series N	5,675,000	5,030,000	4.25%	05/01/21	Yes	Yes
2011 Series A	140,000,000	140,000,000	3.25%	05/01/14	Yes	Yes
2011 Series B-1	21,240,000	20,785,000	3.65%	11/01/18	Yes	No
2011 Series B-2	5,100,000	5,100,000	2.05%	05/01/14	Yes	No
2011 Series C	1,980,000	1,980,000	4.50%	11/01/22	Yes	No
2011 Series D	23,645,000	23,590,000	3.37%	11/01/20	Yes	No
2011 Series E	72,030,000	72,030,000	4.93%	11/01/36	Yes	No
2011 Series F-1	31,000,000	26,630,000	3.47%	11/01/18	No <sup>3</sup>	No <sup>3</sup>
2011 Series F-2	\$56,460,000	\$56,460,000	9.00% <sup>2</sup>	11/01/40	No <sup>3</sup>	No <sup>3</sup>
2011 Series F-3	12,540,000	12,540,000	9.00% <sup>2</sup>	11/01/40	Yes	Yes
2011 Series G-1	63,630,000	63,630,000	2.50%	11/01/15	Yes	No

Series of Bonds	Original Par Amount	Outstanding Par Amount <sup>1</sup>	Maximum Interest Rate	Final Maturity	Cross-Calls Into Series Permitted	Cross-Calls Out of Series Permitted
2011 Series G-2-A	38,925,000	38,565,000	1.20%	11/01/14	Yes	No
2011 Series G-2-B	7,235,000	6,925,000	1.39%	05/01/17	No <sup>3</sup>	No <sup>3</sup>
2011 Series G-3	22,180,000	22,180,000	1.32%	05/01/15	Yes	No
2011 Series H-1	6,035,000	6,035,000	2.50%	05/01/15	Yes	No
2011 Series H-2-A	22,890,000	22,890,000	4.40%	05/01/31	Yes	No
2011 Series H-2-B	15,970,000	15,970,000	4.40%	05/01/31	No <sup>3</sup>	No <sup>3</sup>
2011 Series H-3-A	8,620,000	8,620,000	1.32%	05/01/15	Yes	No
2011 Series H-3-B	11,685,000	11,685,000	2.51%	11/01/22	No <sup>3</sup>	No <sup>3</sup>
2011 Series J-1	38,345,000	38,345,000	4.80%	11/01/44	Yes	Yes
2011 Series J-2	25,550,000	25,550,000	2.55%	11/01/22	Yes	Yes
2011 Series J-3	16,940,000	16,940,000	1.65%	11/01/15	Yes	Yes
2011 Series J-4	21,580,000	21,580,000	1.65%	11/01/15	Yes	Yes
2012 Series A	67,540,000	67,540,000	SIFMA plus 1.10% <sup>2</sup>	05/01/14	Yes	Yes
2012 Series B	42,650,000	42,650,000	3.93%	11/01/25	No	Yes
2012 Series C	72,065,000	72,065,000	0.27% <sup>4</sup>	05/01/45	No	No

<sup>1</sup> As of May 31, 2012.

<sup>2</sup> This Series of Bonds currently bears interest at a variable rate.

<sup>3</sup> 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.

<sup>4</sup> This Series of Bonds currently bears interest at the Term Rate set forth above and may be converted to another interest rate mode or redeemed on or before the end of its Term Rate Term.

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**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”), Credit Agricole through its New York Branch (“Credit Agricole”), Daiwa Securities America (“Daiwa”), Flushing Commercial Bank (“Flushing Commercial Bank”), HSBC Securities (USA) Inc. (“HSBC Securities”), JPMorgan Chase Bank, N.A. (“JP Morgan”), Mizuho Securities USA (“Mizuho”), New York Community Bank (“New York Community Bank”), Rabobank International (“Rabobank”), Royal Bank of Canada (“RBC”), Signature Bank (“Signature”), Societe Generale, New York Branch (“Societe Generale”), Wachovia Bank, N.A. (“Wachovia”) 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, 2012.

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Debt Service Reserve Account

Investment	Amount	Interest Rate	Maturity Date
Bayerische Time Deposit Repurchase Agreement	\$22,195,000	6.600%	05/01/12
West LB Time Deposit Repurchase Agreement	1,190,000	6.160%	10/31/18
Bayerische Time Deposit Agreement	2,397,140	5.800%	05/01/30
Bayerische Time Deposit Agreement	715,000	5.280%	11/01/31
Bayerische Time Deposit Agreement	3,571,000	5.150%	05/01/37
Bayerische Time Deposit Agreement	365,000	6.110%	06/01/36
Bank of America Time Deposit Agreement	6,130,000	5.580%	11/01/42
Rabobank Time Deposit Agreement	3,825,000	4.500%	11/01/33
U. S. Treasury Bonds	2,531,000	7.125%	02/15/23
New York City Muni Bonds	1,800,000	0.700%	01/01/33
New York City General Obligation Bonds	1,591,200	2.670%	12/01/14
New York City General Obligation Bonds	1,551,000	3.100%	03/01/15
New York City General Obligation Bonds	3,135,000	2.530%	10/01/15
New York City General Obligation Bonds	3,016,049	2.430%	11/01/15
Federal Farm Credit Bank	455,000	2.200%	01/23/20
Federal Home Loan Bank	4,706,000	3.000%	12/21/21
New York City Muni Bonds	2,169,200	5.640%	12/15/13
Federal National Mortgage Association	12,530,000	3.100%	12/14/21
HSBC Money Market <sup>†</sup>	249	N/A	-
Signature Money Market <sup>†</sup>	18,842	N/A	-
Funding Agreement <sup>††</sup>	6,274,250	N/A	11/01/27
<b>Total</b>	<b>\$80,165,930</b>		

<sup>†</sup> The Corporation is currently investing these amounts in short-term Investment Securities which are at least 102% collateralized and held by a third party.

<sup>††</sup> 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	Investment	Investment Provider	Amount	Interest Rates	Maturity Date
2004 Series C-2 <sup>†</sup>	Money Market	NY Community Bank	\$1,441,868	VAR	-
2005 Series H <sup>†</sup>	Money Market	Signature	2,978,286	VAR	-
2006 Series E <sup>†</sup>	Money Market	JP Morgan	1,919,844	VAR	-
2006 Series E	New York City General Obligation Bonds	N/A	4,000,000	1.000%	08/01/29
2006 Series E <sup>†</sup>	Repurchase Agreements	Daiwa	13,100	0.120%	02/03/12
2006 Series J-2 <sup>†</sup>	Money Market	NY Community Bank	444,047	VAR	-
2007 Series B-2 <sup>†</sup>	Money Market	Signature	231,356	VAR	-
2008 Series B <sup>†</sup>	Money Market	NY Community Bank	116,631	VAR	-
2008 Series B <sup>†</sup>	Repurchase Agreements	Daiwa	454,500	0.140%	02/03/12
2008 Series F <sup>†</sup>	Money Market	JP Morgan	456,083	VAR	-
2008 Series F <sup>†</sup>	Repurchase Agreements	Daiwa	16,376,000	0.120%	-
2008 Series H-1 <sup>†</sup>	Money Market	NY Community Bank	112,219	VAR	-
2009 Series A <sup>†</sup>	Repurchase Agreements	Mizuho	114,400	0.900%	02/02/12
2009 Series C-3 <sup>†</sup>	Money Market	Flushing Commercial Bank	1,718,529	VAR	-
2009 Series C-3	New York State Municipal Bonds	N/A	5,000,000	2.154%	06/15/12
2009 Series C-4 <sup>†</sup>	Money Market	JP Morgan	430,396	VAR	-
2009 Series K <sup>†</sup>	Money Market	Signature	237,959	VAR	-
2009 Series K <sup>†</sup>	Money Market	Flushing Commercial Bank	3,237,705	VAR	-
2009 Series L-2	Certificate of Deposit	JP Morgan	3,582,992	2.000%	09/16/13
2010 Series A-1	Open Time Deposit Agreement	Credit Agricole	5,778,994	0.687%	11/01/13
2009 Series L-3 <sup>†</sup>	Money Market	JP Morgan	62,244	VAR	-
2009 Series L-3 <sup>†</sup>	Money Market	Signature	3,480,823	VAR	-
2009 Series L-4 <sup>†</sup>	Money Market	JP Morgan	175,044	VAR	-
2010 Series D-1-A <sup>†</sup>	Money Market	NY Community Bank	970,819	VAR	-
2010 Series D-1-A <sup>†</sup>	Money Market	Signature	882,976	VAR	-
2010 Series D-1-A	Federal Farm Credit Bank Bonds	N/A	6,500,000	1.125%	07/21/14
2010 Series D-1-A <sup>†</sup>	Money Market	JP Morgan	37,808	VAR	-
2010 Series D-1-A	Repurchase Agreements	Mizuho	1,528,100	0.220%	02/01/12
2010 Series D-1-A	Money Market	Signature	21,522	VAR	-
2011 Series D-2 <sup>†</sup>	Money Market	HSBC	239,095	VAR	-
2010 Series E <sup>†</sup>	Money Market	Signature	34,363	VAR	-

2010 Series E <sup>†</sup>	Money Market	JP Morgan	279,667	VAR	-
2010 Series F <sup>†</sup>	Money Market	Flushing Commercial Bank	7,500,000	VAR	-
2010 Series F <sup>†</sup>	Money Market	NY Community Bank	36,918	VAR	-
2010 Series F <sup>†</sup>	Money Market	Signature	1,892,944	VAR	-
2010 Series F <sup>†</sup>	Money Market	JP Morgan	174,414	VAR	-
2010 Series J-1 <sup>†</sup>	Money Market	Signature	1,167,991	VAR	-
2010 Series J-1 <sup>†</sup>	Money Market	JP Morgan	1,637,945	VAR	-
2010 Series J-2 <sup>†</sup>	Money Market	Signature	2,554,320	VAR	-
2010 Series J-2	New York City General Obligation Bonds	N/A	6,231,800	2.670%	12/01/14
2010 Series J-2	New York City General Obligation Bonds	N/A	1,000,000	2.070%	08/01/14
2010 Series J-2 <sup>†</sup>	Money Market	JP Morgan	3,874,175	VAR	-
2010 Series J-2	New York City Municipal Bonds	N/A	2,000,000	0.700%	01/01/33
2010 Series J-3 <sup>†</sup>	Money Market	Signature	4,010,555	VAR	-
2010 Series J-3 <sup>†</sup>	Money Market	JP Morgan	304,036	VAR	-
2010 Series J-3	FHLB (Federal Home Loan Bank) Bonds	N/A	2,000,000	1.000%	11/15/13
2010 Series J-3	New York City General Obligation Bonds	N/A	1,000,000	2.070%	08/01/14
2010 Series K-1 <sup>†</sup>	Money Market	Signature	3,024,030	VAR	-
2010 Series K-1 <sup>†</sup>	Money Market	JP Morgan	50,578	VAR	-
2010 Series K-1	FHLB (Federal Home Loan Bank) Bonds	N/A	2,000,000	1.000%	11/15/13
2010 Series K-1	New York City General Obligation Bonds	N/A	1,000,000	2.070%	08/01/14
2010 Series K-1	New York State Municipal Bonds	N/A	1,000,000	2.454%	06/15/13
2010 Series K-2 <sup>†</sup>	Money Market	Signature	4,107,286	VAR	-
2010 Series K-2 <sup>†</sup>	Money Market	JP Morgan	840,654	VAR	-
2010 Series K-2	New York City General Obligation Bonds	N/A	6,000,000	1.910%	12/01/13
2010 Series K-2	FHLB (Federal Home Loan Bank) Bonds	N/A	1,000,000	1.000%	11/15/13
2010 Series K-2	New York City General Obligation Bonds	N/A	1,000,000	2.070%	08/01/14
2010 Series K-2	New York State Municipal Bonds	N/A	1,000,000	2.454%	06/15/13
2010 Series K-2	New York City Municipal Bonds	N/A	1,703,000	0.700%	01/01/33
2010 Series L-1 <sup>†</sup>	Money Market	New York Community Bank	2,079,820	VAR	-
2010 Series L-2-A <sup>†</sup>	Money Market	New York Community Bank	7,926,909	VAR	-

2010 Series L-2-A <sup>†</sup>	Money Market	Signature	2,000,000	VAR	-
2011 Series B-1 <sup>†</sup>	Money Market	Flushing Commercial Bank	4,287,649	VAR	-
2011 Series B-1	New York State Municipal Bonds	N/A	3,000,000	2.454%	06/15/13
2011 Series B-2 <sup>†</sup>	Money Market	JP Morgan	465,409	VAR	-
2011 Series C <sup>†</sup>	Money Market	JP Morgan	4,085,229	VAR	-
2011 Series D <sup>†</sup>	Money Market	JP Morgan	6,290,775	VAR	-
2011 Series D <sup>†</sup>	Money Market	Flushing Commercial Bank	7,176,430	VAR	-
2011 Series E <sup>†</sup>	Repurchase Agreements	Mizuho	10,500	0.220%	02/01/12
2011 Series E <sup>†</sup>	Money Market	JP Morgan	41,213	VAR	-
2011 Series E <sup>†</sup>	Money Market	Signature	2,488,607	VAR	-
2011 Series E <sup>†</sup>	Money Market	Flushing Commercial Bank	2,630,924	VAR	-
2011 Series E <sup>†</sup>	Repurchase Agreements	Mizuho	2,641,600	0.900%	02/02/12
2011 Series E <sup>†</sup>	Money Market	New York Community Bank	22,727,556	VAR	-
2011 Series E	New York State Municipal Bonds	N/A	7,000,000	2.250%	09/01/21
2011 Series E	Federal Farm Credit Bank	N/A	3,500,000	1.450%	11/02/15
2011 Series F-1 <sup>†</sup>	Repurchase Agreements	Daiwa	405,900	0.120%	02/03/12
2011 Series F-1 <sup>†</sup>	Money Market	JP Morgan	2,768,284	VAR	-
2011 Series F-2 <sup>†</sup>	Money Market	HSBC	5,782,381	VAR	-
2010 Series L-2-B	Money Market	New York Community Bank	18,529,780	VAR	-
2010 Series L-2-B	New York State Municipal Bonds	N/A	6,001,000	2.250%	09/01/21
2010 Series L-2-B <sup>†</sup>	Repurchase Agreements	Mizuho	4,875,500	0.900%	02/02/12
2009 Series H-2	Federal Home Loan Bank	N/A	26,570,000	0.250%	06/29/12
2009 Series H-2 <sup>†</sup>	Repurchase Agreements	Daiwa	33,200	0.120%	02/03/12
2011 Series A	Open Time Deposit Agreement	Credit Agricole	33,034,148	0.395%	04/30/13
2011 Series G-1 <sup>†</sup>	Repurchase Agreements	Daiwa	55,810,000	0.120%	02/03/12
2011 Series G-2-A <sup>†</sup>	Money Market	JP Morgan	16,686,033	VAR	-
2011 Series G-2-B <sup>†</sup>	Money Market	JP Morgan	7,020,000	VAR	-
2011 Series G-3 <sup>†</sup>	Repurchase Agreements	Daiwa	19,354,500	0.120%	02/03/12
2011 Series H-1 <sup>†</sup>	Money Market	New York Community Bank	2,265,482	VAR	-
2011 Series H-2-A <sup>†</sup>	Repurchase Agreements	Daiwa	26,268,700	0.120%	02/03/12

2011 Series H-2-B <sup>†</sup>	Money Market	Signature	119,194	VAR	-
2011 Series H-2-B <sup>†</sup>	Money Market	New York Community Bank	13,750,845	VAR	-
2011 Series H-3-A <sup>†</sup>	Money Market	JP Morgan	8,533,666	VAR	-
2011 Series H-3-A <sup>†</sup>	Repurchase Agreements	Daiwa	86,300	0.120%	02/03/12
2011 Series H-3-B <sup>†</sup>	Repurchase Agreements	Daiwa	10,900	0.120%	02/03/12
2011 Series H-3-B <sup>†</sup>	Money Market	New York Community Bank	8,723,000	VAR	-
2011 Series J-1 <sup>†</sup>	Repurchase Agreements	Daiwa	492,500	0.120%	02/03/12
2011 Series J-1 <sup>†</sup>	Money Market	Signature	21,212,317	VAR	-
2011 Series J-2 <sup>†</sup>	Money Market	Signature	22,162,588	VAR	-
2011 Series J-3 <sup>†</sup>	Money Market	Signature	16,940,000	VAR	-
2011 Series J-4 <sup>†</sup>	Repurchase Agreements	Daiwa	112,400	0.120%	02/03/12
2011 Series J-4 <sup>†</sup>	Money Market	Signature	18,018,429	VAR	-
<b>Total</b>			<b>\$533,887,681</b>		

<sup>†</sup> The Corporation is currently investing these amounts in short-term Investment Securities which are at least 102% collateralized and held by a third party.

Revenue Account<sup>†</sup>

Series of Bonds	Investment	Investment Provider	Interest Rate	Maturity Date
1995 Series A	Repurchase Agreements	Bayerische	6.600%	05/01/12
1996 Series A	Repurchase Agreements	Bayerische	6.600%	05/01/12
1998 Series A	Time Deposit Agreement	Bayerische	5.800%	05/01/30
1998 Series B	Time Deposit Agreement	Bayerische	5.280%	11/01/31
1999 Series A-1	Time Deposit Agreement	Bayerische	5.150%	05/01/37
1999 Series C	Time Deposit Agreement	Bayerische	5.665%	11/01/31
1999 Series E	Time Deposit Agreement	Bayerische	6.110%	06/01/36
2001 Series A	Time Deposit Agreement	Bank of America	5.580%	11/01/42
2002 Series A	Time Deposit Agreement	Bayerische	2.650%	12/01/15
2002 Series B	Time Deposit Agreement	Bayerische	2.650%	12/01/15
2002 Series C	Time Deposit Agreement	Bayerische	2.650%	12/01/15
2002 Series E-2	Time Deposit Agreement	Bayerische	1.760%	12/01/15
2002 Series F	Time Deposit Agreement	Bayerische	1.760%	12/01/15
2003 Series B-2	Time Deposit Agreement	Societe Generale	3.500%	11/01/34
2003 Series E-2	Time Deposit Agreement	Rabobank	2.020%	11/01/33
2004 Series A	Time Deposit Agreement	RBC	4.270%	07/15/30

<sup>†</sup> The Corporation invests all other amounts in the Revenue Account in various short-term Investment Securities including without limitation: U.S. Treasury Notes, Repurchase Agreements and Deposit Agreements.

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## INTEREST RATE CAP AGREEMENTS

Notional Amount <sup>1</sup>	Counterparty	Index	Strike Rate	Ceiling Rate	Effective Date	Termination Date
\$132,714,345	Goldman Sachs Mitsui Marine Derivative Products, L.P.	Three-Month LIBOR <sup>2</sup>	7.35%	14.85%	12/2/2005	11/1/2032
\$107,355,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	Three-Month LIBOR <sup>2</sup>	7.35%	14.85%	5/1/2007	5/1/2027

<sup>1</sup> As of January 31, 2012. The notional amounts amortize over time.

<sup>2</sup> “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.

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**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 and Part 221 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.

#### **FHA Risk-Sharing Insurance Program**

General. Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "Risk-Sharing Act"), authorizes the Secretary of HUD to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable those HFAs to underwrite and process loans for which HUD will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "Regulations") pursuant to the Risk-Sharing Act. The Corporation has been designated by HUD as a "qualified HFA" under the Risk-Sharing Act and has entered into a risk-sharing agreement (the "Risk-Sharing Agreement") with HUD.

Under the program established by the Risk-Sharing Act (the "Risk-Sharing Program"), a participating HFA retains underwriting, loan management and property disposition functions and responsibility for defaulted loans. Following default under a mortgage loan subject to a HUD contract of mortgage insurance under the Risk-Sharing Program, the participating HFA may obtain from HUD an initial claim payment of 100% of the loan's unpaid principal balance and accrued interest, subject to certain adjustments, as further described below. After a period during which the HFA may work toward curing the default, foreclosure or resale of the related project, losses (if any) are to be calculated and apportioned between the HFA and HUD according to a specified risk-sharing percentage for the mortgage loan (determined at the time of its endorsement for insurance), and the amount of the HFA's reimbursement obligation to HUD is determined. During the period preceding such final loss settlement, the HFA is to pay HUD interest on the amount of the initial claim payment under a debenture required to be issued to HUD at the time of initial claim payment. In the case of the Corporation, such debenture interest and the Corporation's reimbursement and other payment obligations to HUD under the Risk-Sharing Agreement will not be payable from the Revenues, Accounts and Mortgage Loans pledged under the Resolution.

FHA Mortgage Insurance. In the case of a Mortgage Loan to be insured during construction, under the Regulations, HUD evidences its insurance by an initial endorsement of the

applicable Mortgage Note at or prior to the first advance of moneys under the insured Mortgage Loan to the Mortgagor. Such advance ordinarily occurs prior to the commencement of construction although construction may begin using a Mortgagor's own funds with the Corporation's consent prior to initial endorsement. All advances for construction items will be made as authorized by the Corporation pursuant to the requirements of HUD. The Regulations also provide for insurance of a Mortgage Loan following completion of the project without insurance of construction advances. In either case, upon completion of the project, presentation of a closing docket and certifications required by the Regulations, HUD issues a final endorsement of the Mortgage Note for the costs related to the project which have been certified by an independent certified public accountant and have been approved by the Corporation. Although the Corporation has been given authority to approve cost certifications by a Mortgagor, such certifications are contestable by HUD, up to and during final endorsement of the applicable Mortgage.

The Regulations define an event of default under a HUD-insured mortgage as (i) a failure to make any payment due under the Mortgage or (ii) a failure to perform any other mortgage covenant (which include covenants in the related Regulatory Agreement, which is incorporated by reference in the applicable Mortgage) if the Corporation, because of such failure, has accelerated the debt. The Corporation is entitled to receive the benefits of insurance after the Mortgagor has defaulted and such default continues for a period of 30 days. If the default continues to exist at the end of the 30 day grace period, the Corporation is required to give HUD written notice of the default within 10 days after such grace period and monthly thereafter, unless waived by HUD, until such default has been cured or the Corporation has filed an application for an initial claim payment.

Unless a written extension is granted by HUD, the Corporation must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default. Such claim may be made as early as the first day of the month following the month for which a payment was missed. Upon request of the Corporation, HUD may extend, up to 180 days from the date of default, the deadline for filing a claim. In those cases where the Corporation certifies that the Mortgagor is in the process of transacting a bond refunding, refinancing the Mortgage, or changing the ownership for the purpose of curing the default and bringing the Mortgage current, HUD may extend the deadline for filing a claim beyond 180 days.

The initial claim amount is 100% of the unpaid principal balance of the Mortgage Note as of the date of default, plus interest at the Mortgage Note rate from the date of default to the date of initial claim payment (subject to curtailment as described below). HUD must make all claim payments in cash. The initial claim payment from HUD is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. The Regulations provide that proceeds of the initial claim payment must be used to retire any bonds or any other financing mechanisms securing the Mortgage within 30 days of the initial claim payment, and that any excess funds resulting from such retirement or repayment shall be returned to HUD within 30 days of the retirement.

In determining the Mortgage Note interest component of the initial claim amount, if the Corporation fails to meet any of the requirements of the Regulations concerning claim procedures within the specified time (including any granted extension of time), HUD shall curtail the accrual of Mortgage Note interest by the number of days by which the required action was late.

FHA insurance under the Risk Sharing Program with respect to any Mortgage Loan may be terminated upon the occurrence of certain events, including the following: (i) the corresponding Mortgage is paid in full; (ii) the Corporation acquires the applicable project and notifies the FHA Commissioner that it will not file an insurance claim; (iii) a party other than the Corporation acquires the applicable

project at a foreclosure sale; (iv) the Corporation notifies the FHA Commissioner of a voluntary termination; (v) the Corporation or its successors commit fraud or make a material misrepresentation to the FHA Commissioner with respect to certain information; (vi) the receipt by the FHA Commissioner of an application for final claims settlement by the Corporation; or (vii) the Corporation acquires the applicable project and fails to make an initial claim.

### **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 or 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, 2012, the HIF's total liability against commitments and against housing insurance contracts in force was approximately \$244 million. As of January 31, 2012, the HIF had a total loan amount on outstanding commitments and housing insurance contracts in force of approximately \$1,040 million on 262 properties. As of January 31, 2012, 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, 2012, the REMIC MIF's total liability against mortgage insurance contracts in force was \$155,084. As of January 31, 2012, the REMIC MIF had a total loan amount on outstanding commitments and mortgage insurance contracts in force of \$310,602 on five (5) properties. As of January 31, 2012, 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, 2012, the PRF totaled approximately \$28 million.

Claims for Loss. As of January 31, 2012, 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 \$598,291. As of January 31, 2012, 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” by S&P. 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 this rating 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, 2011 are included in the audited financial statements of the Corporation for the fiscal year ended October 31, 2011 which are incorporated by reference in 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.com/subsidiaries/REMIC.html](http://www.nychdc.com/subsidiaries/REMIC.html).

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, 2012, one hundred and thirty-nine (139) permanent Mortgage Loans under the Program, with an aggregate outstanding Mortgage Loan balance of approximately \$680 million 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**

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

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

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

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

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

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

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

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

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

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

Mortgage recording taxes have been collected in the State for more than 75 years. SONYMA has been entitled to receive Tax receipts since December 1978. Under existing law, no further action on the part of the State legislature is necessary for the SONYMA Mortgage Insurance Fund to continue to receive such monies. However, the State is not bound or obligated to impose, or to impose at current levels, the mortgage recording taxes described above or to direct the proceeds to SONYMA as currently provided. The SONYMA Mortgage Insurance Fund's receipt of Tax receipts is dependent upon the performance by the county recording officers of their collection and remittance obligations; the State Tax Commission is given general supervisory power over such officers. Tax receipts paid to the Mortgage Insurance Fund in calendar years 2006, 2007, 2008, 2009, 2010 and 2011 were approximately \$184 million, \$210 million, \$140 million, \$73 million, \$64 million and \$79 million respectively. Tax receipts have fluctuated over the period they have been payable to the Mortgage Insurance Fund, due to changing conditions in the State's real estate market.

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

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

As of March 31, 2012, the amount of reserves (money or cash equivalents) in the Project Pool Insurance Account was \$1,371,201,902 and the Mortgage Insurance Fund Requirement related to such Account was \$679,084,652. Amounts on deposit in the Project Pool Insurance Account may be transferred to other accounts or withdrawn as described in the second preceding paragraph.

As of March 31, 2012, the SONYMA Mortgage Insurance Fund's total liability against project mortgage insurance commitments and policies in force was \$3,066,861,650 and the SONYMA Mortgage Insurance Fund had a total loan amount on outstanding project mortgage insurance commitments and policies in force of \$3,314,454,041.

As of March 31, 2012, the Project Pool Insurance Account had paid 58 project mortgage insurance claims for loss in the aggregate amount of \$118,717,355. As of March 31, 2012, the SONYMA Mortgage Insurance Fund had 20 project mortgage insurance policies in force on which claims for loss had been submitted. SONYMA estimates that its total liability thereon is \$35,886,279.

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

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

Copies of SONYMA's audited financial statements for the fiscal year ended October 31, 2011 are available from the State of New York Mortgage Agency, 641 Lexington Avenue, New York, New York 10022, telephone (212) 688-4000.

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

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

#### State 2012-2013 Fiscal Year Executive Budget

A provision of the State 2012-2013 Fiscal Year Executive Budget provides for the transfer of up to \$100 million from the Project Pool Insurance Account to the State Treasury no later than January 1, 2013 provided that the reserves remaining are sufficient to attain and maintain the credit rating required to accomplish the purposes of the Project Pool Insurance Account (as determined by the Agency). Similar legislation resulted in the transfer of \$100 million to the State Treasury in 2008.

An additional provision of the proposed State 2012-2013 Fiscal Year Executive Budget authorizes any public benefit corporation of the State of New York, including SONYMA, to make voluntary contributions to the State general fund in such amounts as its Board of Directors deem "feasible and advisable ... after due consideration of [its] legal and financial obligations." A source of voluntary contributions by SONYMA could be amounts withdrawn from any account in the MIF, including the Project Pool Insurance Account.

The SONYMA Act provides that no monies shall be withdrawn from any account within the SONYMA Mortgage Insurance Fund at any time in an amount which would reduce the amount in each account of such Fund to less than its applicable Mortgage Insurance Fund Requirement, except for the purpose of paying liabilities as they become due and for which other monies are not available.

#### Collection of SONYMA Mortgage Insurance Benefits – 100% Mortgage Loans.

It is expected that the SONYMA-insured Mortgage Loans 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, certain Mortgage Loans insured by SONYMA have been or will be insured for 100% of the outstanding principal balance thereof (the "100% Mortgage Loans"). The following description relates only to 100% Mortgage Loans which are insured for 100% of the outstanding principal balance thereof.

Pursuant to the SONYMA Insurance with respect to each of the SONYMA-insured 100% Mortgage Loans, following certain defaults under the respective Mortgage securing such 100% 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 100% 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 100% 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 100% 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 100% 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 100% Mortgage Loans, the Corporation has covenanted to undertake to assign such 100% 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.

#### Collection of SONYMA Mortgage Insurance Benefits – 50% Mortgage Loans.

It is expected that the SONYMA-insured Mortgage Loans 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, certain Mortgage Loans insured by SONYMA have been or will be insured for 50% of the originally insured principal balance thereof on a first loss basis (the “50% Mortgage Loans”). The following description relates only to 50% Mortgage Loans which are insured for 50% of the originally insured principal balance thereof.

Pursuant to the SONYMA Insurance with respect to each of the SONYMA-insured 50% Mortgage Loans, following certain defaults under the respective Mortgage securing such 50% 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 50% Mortgage Loan plus certain other amounts expended by the Corporation (for which the Corporation has not been reimbursed) in an aggregate amount not to exceed 50% of the originally insured principal balance or (ii) make a lump sum payment under the SONYMA Insurance in an amount not to exceed the lesser of (i) 50% of the originally insured amount thereof, or (ii) the sum of the principal outstanding and interest accrued on such 50% 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). SONYMA shall make periodic payments for a period not to exceed three (3) years at the expiration of which, SONYMA may elect to continue the periodic payments or suspend payments until the Corporation obtains a deficiency judgment, at which time SONYMA will pay to the Corporation the remainder of its then outstanding obligation under the SONYMA Insurance. Periodic payments are to be made monthly. In addition, if SONYMA has chosen initially to make periodic payments it may at any time nevertheless exercise its option to make a lump sum payment. The SONYMA Insurance with respect to such 50% 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 50% 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 50% Mortgage Loans, the Corporation has covenanted to 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 (15<sup>th</sup>) 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 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.

On September 6, 2008, Fannie Mae’s safety and soundness regulator, the Federal Housing Finance Agency, or FHFA, placed Fannie Mae into conservatorship. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer, or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae.

On September 7, 2008 Fannie Mae, through its conservator, entered into two agreements with the U.S. Department of the Treasury (“Treasury”) – a Senior Preferred Stock Purchase Agreement (“Stock Purchase Agreement”) and a Common Stock Warrant (“Warrant”). Pursuant to the Stock Purchase Agreement, Fannie Mae issued to Treasury 1,000,000 shares of Senior Preferred Stock with an initial liquidation preference of \$1,000 per share. Under the terms of the Warrant, Treasury may purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae.

The Senior Preferred Stock and the Warrant were issued to Treasury as an initial commitment fee for Treasury’s commitment (the “Commitment”), set forth in the Stock Purchase Agreement, to provide funds to Fannie Mae under the terms and conditions set forth therein. On May 6, 2009, the size of the Commitment was increased to \$200 billion, and on December 24, 2009, the size of the Commitment was increased to ensure that the Commitment would accommodate any Fannie Mae net worth deficits for calendar quarters in 2010 through 2012. If we do not have a positive net worth as of December 31, 2012, then the amount of funding available under the Stock Purchase Agreement after 2012 will be \$124.8 billion (\$200 billion less \$75.2 billion in cumulative draws for net worth deficiencies through December 31, 2009). In the event we have a positive net worth as of December 31, 2012, then the amount of funding available after 2012 under the Stock Purchase Agreement will depend on the size of that positive net worth relative to the cumulative draws for net worth deficiencies attributable to periods during 2010, 2011 and 2012, as follows:

- If our positive net worth as of December 31, 2012 is less than the cumulative draws for net worth deficiencies attributable to periods during 2010, 2011 and 2012, then the amount of available funding will be \$124.8 billion less our positive net worth as of December 31, 2012.
- If our positive net worth as of December 31, 2012 is greater than the cumulative draws for net worth deficiencies attributable to periods during 2010, 2011 and 2012, then the amount of available funding will be \$124.8 billion less the cumulative draws attributable to periods during 2010, 2011 and 2012.

Fannie Mae generally may draw funds under the Commitment on a quarterly basis when Fannie Mae’s total liabilities exceed its total assets on its consolidated balance sheet calculated in accordance with generally accepted accounting principles as of the end of a quarter. As of March 31, 2012, Fannie Mae has drawn \$116.1 billion in funds under the Commitment from Treasury.

The Stock Purchase Agreement and the Warrant contain covenants that significantly restrict Fannie Mae’s business activities. These covenants include a prohibition on the issuance of equity securities (except in limited instances), a prohibition on the payment of dividends or other distributions on Fannie Mae’s equity securities (other than the Senior Preferred Stock or the Warrant), a prohibition on

Fannie Mae's issuance of subordinated debt securities, and a limitation on the amount of debt securities Fannie Mae may have outstanding.

Fannie Mae is incorporating by reference in this Official Statement the documents listed below that Fannie Mae publishes from time to time. This means that Fannie Mae is disclosing information to you by referring you to those documents. Those documents are considered part of this Official Statement, so you should read this Official Statement, and any applicable supplements or amendments, together with those documents before making an investment decision.

**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 are contained in periodic reports that are filed with the Securities and Exchange Commission (the "SEC"). Fannie Mae's SEC filings are available at the SEC's website at [www.sec.gov](http://www.sec.gov), and 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.

You should rely only on the information provided or incorporated by reference in this Official Statement and any applicable supplement, and you should rely only on the most current information.

Fannie Mae incorporates by reference the following documents Fannie Mae has filed, or may file with the SEC:

- Fannie Mae's Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on February 29, 2012, as amended by Fannie Mae's Form 10-K/A filed with the SEC on March 9, 2012;
- Fannie Mae's Form 10-Q for the quarterly period ended March 31, 2012, filed with the SEC on May 9, 2012; and
- all other proxy statements that Fannie Mae files with the SEC, and all documents Fannie Mae files with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act after the date of this Official Statement and prior to the termination of the offering of securities under the Official Statement, excluding any information "furnished" to the SEC on Form 8-KK.

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 and the Program Agreement and the Assignments executed in connection therewith.

Fannie Mae Standby Irrevocable Transferable Credit Enhancement Instrument. Fannie Mae is expected to issue to the Corporation a separate standby credit enhancement instrument ("Standby Credit Enhancement Instrument") with respect to a 2012 Series D Mortgage Loan ("Fannie Mae Credit Enhanced Mortgage Loan") pursuant to which, subject to certain requirements set forth therein, Fannie Mae agrees to pay certain payment deficiencies related to the scheduled payments on the Fannie Mae Credit Enhanced Mortgage Loan and any deficiencies in the event of a mandatory prepayment or acceleration thereof, as described below. Under the Standby Credit Enhancement Instrument, if the

payment is not received by the eighth business day after payment is due on the Fannie Mae Credit Enhanced Mortgage Loan, HDC is entitled to submit a demand for an advance under the Standby Credit Enhancement Instrument. Upon a demand from the Corporation for an advance with respect to the Fannie Mae Credit Enhanced Mortgage Loan, Fannie Mae is required to pay the unpaid and delinquent amounts of principal and interest on the Fannie Mae Credit Enhanced Mortgage Loan, excluding that portion of interest attributable to credit enhancement, servicing and third party fees, but including a specified portion of the fee owed to the Corporation (the "Interest Component") (the "Scheduled Payment Advance") as applicable, but not in excess of the Available Amount, within two or three business days, depending on whether the demand is received on or prior to 12:00 noon (EDT) on a business day.

The amount that Fannie Mae is required to advance under the Credit Enhancement Instrument with respect to any Scheduled Payment Advance is an amount equal to the difference between the sum of the monthly Interest Component and principal scheduled to be paid under the Fannie Mae Credit Enhanced Mortgage Loan for a given month and the amount received by the Corporation with respect thereto, not to exceed the Amount Available.

The amount that Fannie Mae is required to advance under the Credit Enhancement Instrument with respect to an Extraordinary Advance is an amount equal to the difference between the sum of the Interest Component and principal required to be paid under the Fannie Mae Credit Enhanced Mortgage Loan required to pay the principal of and Interest Component on the Mortgage Loan as a result of a mandatory prepayment or an acceleration of the Mortgage Loan and the amount received by the Corporation with respect thereto, not to exceed the Amount Available.

In addition, Fannie Mae is required to advance under the Credit Enhancement Instrument to pay the amount of any payment of principal of or Interest Component on the Fannie Mae Credit Enhanced Mortgage Loan (i) which is recovered from the Corporation as a result of an act of Bankruptcy or (ii) such principal or Interest Component being prevented from being paid to the Corporation as the result of the imposition of the automatic stay pursuant to the Bankruptcy Code.

The Amount Available under the Standby Credit Enhancement Instrument is, at any time, an amount equal to (i) the outstanding principal balance of the Fannie Mae Credit Enhanced Mortgage Loan (the "Principal Portion") plus (ii) an amount equal to the accrued Interest Component on the outstanding principal balance of such Mortgage Loan for up to 60 days at the specific interest rate computed on the basis of a 360-day year of twelve 30 day months (the "Interest Portion"), in each instance as reduced by that amount, if any, previously provided by Fannie Mae to the Corporation for payment under the Standby Credit Enhancement Instrument, such reduction to be in an amount equal to 100% of the amount of such payment. Following any payment in connection with a Scheduled Payment Advance, the Interest Portion of the Available Amount will be immediately reinstated.

Upon its receipt of a demand for and advance with respect to the Fannie Mae Credit Enhanced Mortgage Loan or the occurrence of an event of default thereunder, Fannie Mae can elect to pay the Corporation the sum of the Principal Component and the accrued Interest Component on the Fannie Mae Credit Enhanced Mortgage Loan Interest Portion and receive an assignment of such Mortgage Loan. The Standby Credit Enhancement Instrument will expire at 4:00 p.m. Eastern Time on July 6, 2044, unless terminated prior thereto. The Standby Credit Enhancement Instrument will terminate on the first to occur of (a) the date Fannie Mae honors an advance under the Standby Credit Enhancement Instrument which permanently and automatically reduces the Principal Portion of the Fannie Mae Credit Enhanced Mortgage Loan to zero, or (b) the date Fannie Mae receives a certificate in the form attached to the Standby Credit Enhancement Instrument as Exhibit D indicating that no amounts of the Mortgage Loan are outstanding under the Mortgage Loan Documents.

FANNIE MAE'S OBLIGATIONS WITH RESPECT TO THE FANNIE MAE CREDIT ENHANCED MORTGAGE LOAN IS SOLELY AS PROVIDED IN THE STANDBY CREDIT ENHANCEMENT INSTRUMENT. THE OBLIGATIONS OF FANNIE MAE UNDER THE STANDBY CREDIT ENHANCEMENT INSTRUMENT WILL BE OBLIGATIONS SOLELY OF FANNIE MAE. FANNIE MAE HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FANNIE MAE, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FANNIE MAE.

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 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.

## **Freddie Mac**

Freddie Mac has issued standby credit enhancement agreements with respect to certain Mortgage Loans pursuant to which, subject to certain requirements set forth therein, Freddie Mac has agreed to pay certain payment deficiencies related to the scheduled payments on such Mortgage Loans and any deficiencies in the event of optional or mandatory prepayment or acceleration thereof, as described therein.

Information on Freddie Mac and its financial condition is contained in periodic reports that are filed with the SEC. The SEC filings are available at the SEC's website at [www.sec.gov](http://www.sec.gov).

## **Long-term LOCs**

Supplemental Security in the form of a letter of credit issued by a bank or other financial institution may be provided with respect to a permanent Mortgage Loan (a "Long-term LOC"). The Long-term LOCs need not meet the requirements under the General Resolution for a Credit Facility and will not be pledged to the owners of the Bonds; however, any payments received by the Corporation from the letter of credit provider pursuant to a Long-term LOC constitute Revenues and therefore will be pledged for the benefit of the owners of the Bonds. It is anticipated that Long-term LOCs will provide that they may be drawn upon by the Corporation if the applicable Mortgagor fails to make the required debt service payments on the related Mortgage Loan. The Long-term LOCs are expected to provide that the amount drawn on a Long-term LOC be equal to such required debt service payment or, at the direction of the provider of the Long-term LOC, to the outstanding principal balance of the applicable Mortgage Loan plus the lesser of (i) accrued interest or (ii) the maximum amount available under the Long-term LOC with respect to accrued interest. It is expected that, in the case of the latter draw, such Mortgage Loan will be immediately assigned to the Long-term LOC provider, will no longer be pledged for the benefit of the owners of the Bonds and will be free and clear of the pledge and lien of the General Resolution.

The following table provides information regarding Long-term LOCs for Mortgage Loans as of April 1, 2012:

<b>Long-term LOC Bank</b>	<b>Number of LOCs</b>	<b>Total Dollar Amount</b>
Citibank N.A.	11	\$67,064,032

Each bank providing a Long-term LOC is a wholly-owned subsidiary of a parent corporation. These parent corporations file annual, quarterly, and certain other reports with the SEC. Such reports are available at the SEC's website at [www.sec.gov](http://www.sec.gov).

## **Construction LOCs**

Prior to the Corporation making a Mortgage Loan to a Mortgagor, such Mortgagor executes an HDC Commitment in which the Corporation agrees to provide the applicable Mortgage Loan. The HDC Commitment may require the Mortgagor to obtain a letter of credit (a "Construction LOC") to be available during construction from a bank or other financial institution acceptable to the Corporation as a condition to the Corporation providing the applicable Mortgage Loan during construction. The Construction LOCs need not meet the requirements under the Resolution for a Credit Facility. Such letters of credit will not be pledged to the owners of the Bonds; however, any payments related to the applicable Mortgage Loan received by the Corporation from the letter of credit providers pursuant to such Construction LOCs constitute Revenues and therefore will be pledged for the benefit of the owners of the Bonds. It is anticipated that such Construction LOCs may be drawn upon by the Corporation or the

Custodian (as defined below) if the applicable Mortgagor fails to make the required debt service payments on the applicable Mortgage Loan. The amount drawn on a Construction LOC will be the outstanding principal balance of the applicable construction Mortgage Loan plus the lesser of (i) accrued interest or (ii) the maximum amount available with respect to accrued interest, and such Mortgage Loan will be immediately assigned to the letter of credit provider and no longer be pledged for the benefit of the owners of the Bonds and will be free and clear of the pledge and lien of the General Resolution.

Following the satisfaction of the conditions of the applicable HDC Commitment which may require, among other things, the provision by the Mortgagor of equity, the satisfactory completion of construction within a certain time schedule from the making of the applicable construction Mortgage Loan and within a certain construction budget, the issuance of a certificate of occupancy, the attainment of a specified minimum rental achievement level, and delivery of other required certificates and legal opinions, the Corporation will release the Construction LOC relating to the applicable construction Mortgage Loan. If said Construction LOC is not released because of a failure by the Mortgagor of applicable 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 or the Custodian and the proceeds from said draw could be used to redeem a portion of the Series of Bonds issued to finance such Mortgage Loan. Generally, until such Construction LOC is released, the bank issuing the Construction LOC will service or provide for the servicing of the applicable Mortgage Loan. Thereafter, it is expected that the Corporation will service the applicable Mortgage Loan (see “The PROGRAM—Servicing” in Part II of this Official Statement).

Construction LOCs securing a Mortgage Loan financed with the proceeds of General Resolution Bonds and securing a mortgage loan financed with NIBP Series 1 Bonds are subject to a letter of credit custody agreement among the Corporation, The Bank of New York Mellon, as Custodian (the “Custodian”), the Trustee, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. In the event of a draw on any such Construction LOC, the amount funded with NIBP Series 1 Bonds would not be available to redeem Bonds issued under the General Resolution.

The following table provides information regarding Construction LOCs for Mortgage Loans as of June 1, 2012:

<b>Construction LOC Bank</b>	<b>Number of LOCs</b>	<b>Total Dollar Amount<sup>(3)</sup></b>
Bank of America, N.A.	5	\$ 183,246,771
The Bank of New York Mellon	5	80,431,478
Capital One Bank <sup>(1)</sup>	7	113,534,515
Citibank N.A. <sup>(2)</sup>	9	425,060,340
Goldman Sachs Bank USA	1	20,885,760
HSBC Bank USA, N.A.	1	41,051,165
JPMorgan Chase Bank, N.A.	17	217,085,497
M & T Bank	1	13,265,495
Wells Fargo Bank, N.A.	2	49,883,625
<b>Total:</b>	<b>47</b>	<b>\$1,144,444,646</b>

<sup>(1)</sup> These Construction LOCs are each confirmed by an irrevocable standby letter of credit confirmation issued by Federal Home Loan Bank of Atlanta.

<sup>(2)</sup> The Construction LOCs for four (4) Mortgage Loans in the aggregated amount of \$110,842,423 are each confirmed by an irrevocable standby letter of credit confirmation issued by Federal Home Loan Bank of New York.

<sup>(3)</sup> With respect to sixteen (16) Construction LOCs securing sixteen (16) Mortgage Loans of which a portion of each is

financed with the proceeds of NIBP Series 1 Bonds, in the event of a draw on any of such Construction LOCs, the amount equal to the portion funded with NIBP Series 1 Bonds would not be available to redeem Bonds issued under the General Resolution. With respect to fourteen (14) of these Mortgage Loans that were closed by January 31, 2012, 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, 2012” for the amount of the portion for each such Mortgage Loan that is financed with the proceeds of the Multi-Family Housing Revenue Bonds. With respect to two (2) of the Mortgage Loans that were closed after January 31, 2012, (i) one of them for the Kingsbridge Court Development is secured by a Construction LOC provided by JPMorgan Chase Bank, N.A. and the portion of the Mortgage Loan that is financed with the proceeds of NIBP Series 1 Bonds is in the amount of \$4,180,000; and (ii) the other Mortgage Loan for the 27 East 169<sup>th</sup> Street Development is secured by a Construction LOC provided by Citibank N.A., which is confirmed by an irrevocable standby letter of credit confirmation issued by Federal Home Loan Bank of New York, and the portion of the Mortgage Loan that is financed with the proceeds of NIBP Series 1 Bonds is in the amount of \$5,000,000.

Each bank providing a Construction LOC is a wholly-owned subsidiary of a parent corporation. These parent corporations file annual, quarterly, and certain other reports with the Securities and Exchange Commission (the “SEC”). Such reports are available at the SEC’s website at [www.sec.gov](http://www.sec.gov).

## **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 certain mortgage loans underlying the 2006 Participant Interest 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, interest and mortgage insurance premiums or mortgage servicing fees, as appropriate, which a mortgagor is obligated to pay under its mortgage loan and the monthly payment for principal and interest 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.**

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 owner. 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, there is established (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 and rent restrictions applicable to 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. The law 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 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.

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)(5) 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)(5) 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 until recently, HUD has sought and received amendment authority from Congress sufficient to enable it to discharge its obligations under the HAP Contracts and the ACCs. During 2007, a revision in HUD’s interpretation of its outstanding contracts coupled with the amount of appropriations available led to many late payments to owners while HUD made adjustments. See “Late Payments in 2007” below.

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 Contract Administrator, 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. HUD’s provision of such amendments and renewals was partially disrupted for a temporary period during 2007, when HUD determined appropriations available at the time to be inadequate to fulfill all such needs. For further discussion of that situation, see “Late Payments in 2007” below. 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. 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 or omissions 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. 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 National Housing Act, 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 or fully funded. 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.

Late Payments in 2007. During 2007, a revision by HUD in its legal interpretation of its Section 8 renewal contracts led HUD to conclude that it only could stay within appropriated funding levels by amending renewal contracts to more explicitly allow for partial-year funding of those contracts. As a result of the time it took to implement this change, many fiscal 2007 payments were not paid on time. While HUD allowed owners to take steps such as borrowing against project reserves, some owners indicated that the delayed payments caused late fees on mortgages or other bills or interruptions in service at their properties.

HUD now has made the necessary contract changes to allow for partial-year renewal funding, but has told Congress that further improvements are needed in its budgeting, contract management and payment process. If future problems in these systems resulting from partial-year funding or otherwise cause delayed subsidy payments, such delays could jeopardize owners’ ability to fulfill their mortgage obligations in a timely fashion, and thus jeopardize amounts available for payment of the Bonds.

Project-Based Voucher Programs. In addition to the project-based Section 8 program described in the preceding paragraphs, the 1937 Housing Act and the Regulations grant certain state and local housing agencies authority to establish programs (“Project-Based Voucher Programs”) pursuant to which they may enter into HAP Contracts to provide assistance to projects that set aside units for lower income families, using up to twenty percent of the funds they receive from HUD under annual contributions contracts for the administration of the housing choice voucher program authorized by Section 8(o) of the 1937 Housing Act (the “Housing Choice Voucher Program”). Under Project-Based Voucher Programs, as under the project-based Section 8 program described in the preceding paragraphs, HAP Contracts provide for housing assistance payments to owners generally equal to the difference between specified contract rents for covered units in a project and the respective tenants’ required contributions. However, under a Project Based Voucher Program, rules concerning the establishment of initial contract rents, the terms of periodic adjustment of contract rents (including whether reduction to levels below the initial rents may occur), the availability of payments for vacant units, and the availability of renewal of a HAP Contract upon expiration of its stated term, differ from the rules applicable to the project-based Section 8 program described in the preceding paragraphs and depend in part on the policies of the state or local agency operating the Project-Based Voucher Program. The project-based HAP Contracts may only be for terms up to 15 years each, and the state or local agency must determine whether renewal of the contracts for terms of up to 15 years each is appropriate to continue providing affordable housing for lower income families. A state or local agency’s obligations pursuant to a HAP Contract under its Project-Based Voucher Program are subject to the annual appropriation by Congress and obligation by HUD of funds in

amounts sufficient to operate the Housing Choice Voucher Program, including the agency's Project-Based Voucher Program.

Tenant-Based Housing Choice Vouchers. Pursuant to the Housing Choice Voucher Program referred to in the preceding paragraph, funds appropriated by Congress are distributed by HUD to certain state and local housing agencies under annual contributions contracts for the purpose of making housing assistance payments to owners of housing units that eligible families who have been granted a voucher by the agency have chosen to lease. A HAP Contract under the Housing Choice Voucher Program entered into between the agency and the owner of the housing unit chosen by such a family generally provides for housing assistance payments to such owner for the term of the family's tenancy equal to the difference between (a) an amount that is generally 30% of such family's income (with certain adjustments and subject to certain floor amounts) and (b) the lower of the rent payable under the family's lease (with certain adjustments) or a specified payment standard established by the agency in accordance with HUD requirements. Such payments are subject to termination if, among other reasons, the respective family moves out of the unit or the agency determines that sufficient funding is not available under its annual contributions contract for continued assistance to families in the Housing Choice Voucher Program, and are subject to reduction for reasons that include reduction in the size of the respective family or reduction in the agency's established payment standards.

### **Public Housing**

The 1937 Housing Act and the regulations thereunder provide that amounts appropriated by Congress in any year for the public housing operating fund under Section 9 of such Act ("Section 9") are to be allocated by HUD among eligible state and local public housing agencies according to a formula that takes into account projections of the income from, and standards for the costs of, operating and managing the housing units assisted under the 1937 Housing Act (other than under the Section 8 program) ("Public Housing Units") that are owned, operated or assisted by such agencies. Such appropriated funds allocated to a public housing agency ("Public Housing Operating Subsidy") are provided to the agency pursuant to an annual contributions contract between HUD and the agency. Under certain circumstances, a public housing agency may request that such annual contributions contract be amended to permit use of Public Housing Operating Subsidy to pay eligible costs of operating and managing Public Housing Units located within a property that is owned and operated by an entity other than the agency (an "Owner Entity") and to provide for capital assistance for such units from amounts appropriated by Congress for the public housing capital fund under Section 9 and made available to the agency by HUD ("Capital Fund Assistance"). An annual contributions contract so amended (an "Amended ACC") generally provides that, for the purpose of ensuring that Public Housing Units are operated in accordance with applicable law, regulations and HUD policies in effect from time to time ("Applicable Public Housing Requirements"), the Owner Entity shall enter into a regulatory and operating agreement with the agency and shall enter into a declaration of covenants for the benefit of HUD restricting use of the property by the Owner Entity and successive owners that is prior to any other encumbrance of the property (collectively, together with the Amended ACC, "Mixed-Finance Agreements").

Among other provisions, Mixed-Finance Agreements with respect to Public Housing Units owned by an Owner Entity generally (1) provide for allocation of a portion of the agency's Public Housing Operating Subsidy to such Public Housing Units, (2) require that Public Housing Units be developed, operated and maintained in accordance with Applicable Public Housing Requirements, including requirements concerning occupancy by eligible lower income families (which may include minimum requirements as to occupancy by families whose income does not exceed 30% of the median income for the area as determined by HUD) and requirements concerning determination of rents, for a period extending to the latest of 10 years beyond the end of the year in which Public Housing Operating

Subsidy is last provided by the agency, 20 years after any modernization using Capital Fund Assistance is last completed and, in the case of Public Housing Units developed using Capital Fund Assistance, 40 years after the units become available for occupancy, (3) prohibit disposition of the Public Housing Units before the expiration of such period, (4) require HUD consent prior to transferring or encumbering interests in the Public Housing Units or in the Owner Entity, and (5) provide that, in the event of casualty or condemnation with respect to the property in which the Public Housing Units are located, proceeds shall be applied to restoration of the property to the extent feasible, and any reduction of the number of units in the property shall neither reduce the percentage of units that are subject to Applicable Public Housing Requirements nor (except in certain circumstances) reduce the number of units that are subject to such requirements.

## **Corporation Programs**

### **Affordable Housing Permanent Loan Program**

The Corporation's Affordable Housing Permanent Loan Program ("AHPLP") was 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 does not exceed 60% of the combined mortgage loans from HPD or other-subordinated lenders. The Corporation services the permanent first mortgage loan and the HPD subordinate mortgage loan.

For each AHPLP construction mortgage loan, the Corporation entered into a buy-sell agreement with the mortgagor's construction lender. A minimum replacement reserve of \$250 per unit is required. It is expected that AHPLP permanent mortgage loans will not be secured by Supplemental Security.

### **Low-Income Affordable Marketplace Program**

The Corporation established the Low-income Affordable Marketplace Program ("LAMP") to finance the construction or substantial rehabilitation of developments affordable to low-income tenants. LAMP projects are financed with a combination of a first construction and permanent mortgage loan funded from tax-exempt bond proceeds, as of right 4% Federal tax credits and a second mortgage loan funded from the Corporation's reserves. Formerly known as 100% LITE, LAMP may also be used to finance mixed-income projects, where a minimum of 80% of the units are affordable to those earning less than or equal to 60% of the area median income. Each development financed under LAMP will be subject to a regulatory agreement restricting the rents to levels affordable to low income households.

For each 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. The Corporation may seek mortgage insurance from SONYMA or REMIC for all or a portion of the principal balance of the permanent mortgage loans.

The second mortgage loan is a subordinate loan of up to \$65,000 per unit provided at 1% interest with fixed minimum payments of at least interest only.

### **Low-Income Affordable Marketplace Preservation Program**

The Corporation has established a Low-income Affordable Marketplace Preservation Program ("LAMP Preservation") to finance the acquisition and moderate rehabilitation of developments affordable to low-income tenants. LAMP Preservation projects are financed with a mortgage loan funded from tax-

exempt bonds proceeds and as of right 4% Federal tax credits. In most cases, this program does not offer a second mortgage loan funded by the Corporation. Tenant income must be the lesser of 60% of area median income or levels required by additional subsidy providers.

For some, but not all, LAMP Preservation construction mortgage loans 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 mortgage loan plus a specified interest reserve amount. For such construction mortgage loans, the letter of credit may be drawn upon by the Corporation if the developer fails to make scheduled payments of interest and principal. Any amounts received by the Corporation under a 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 any such letter of credit. The Corporation may seek mortgage insurance from SONYMA or REMIC for all or a portion of the principal balance of the permanent mortgage loans.

### **Mitchell-Lama Programs**

The Mitchell-Lama program was enacted by the State in the mid-1950's as a way to promote and facilitate the construction of affordable rental and cooperative housing throughout New York State. The law stated that after twenty years from the occupancy date, the mortgagor is allowed to prepay the mortgage and release the affordability obligations of the program. To preserve such projects as affordable housing and to prevent owners of these projects from leaving the Mitchell-Lama 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 Mitchell-Lama Restructuring Program preserves Mitchell-Lama projects as affordable housing by refinancing existing mortgages. To refinance the mortgage loans the Corporation will refund the existing bonds that financed or refinanced the original Mitchell-Lama development loans by issuing longer term bonds and/or restructure the mortgagor's existing mortgage loans. The Corporation restructures the existing mortgage loans into new mortgage loans which contain an extended maturity date and a lower rate of interest. For certain developments, a new subordinate mortgage loan, which is subject to a residual right of ownership by the City, is made with a reduced rate of interest, usually 0%, due as a balloon payment upon the retirement of the new senior mortgage loans.

#### **Mitchell-Lama Repair Loan Program**

A significant number of the Mitchell-Lama developments are aging (each is between 35 and 50 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.

### **Mixed Income Program**

The Corporation established the Mixed Income Program to finance the construction or substantial rehabilitation of mixed-income multi-family rental housing. The Mixed-Income Program combines a first mortgage loan funded from variable or fixed rate tax-exempt bond proceeds and a subordinate mortgage loan funded from the Corporation's reserves. Some projects also qualify for as of right 4% Federal tax credits. Typically, the developments reserve 50% of the units for market rate tenants, 30% of the units for moderate to middle income tenants and 20% of the units for low income tenants.

Each development will be subject to a regulatory agreement restricting the rents to levels affordable to low, moderate and middle income households.

For each Mixed Income 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. The Corporation may seek mortgage insurance from SONYMA or REMIC for all or a portion of the principal balance of the permanent mortgage loans.

The subordinate loan amortizes at a minimum 2% constant but may provide for full amortization.

### **New Housing Opportunities Program**

The Corporation established the New Housing Opportunities Program (“New HOP”) in 1997 to finance the construction or substantial rehabilitation 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. New HOP projects are financed with a first mortgage loan funded from variable or fixed-rate bonds proceeds and a second subordinate mortgage loan funded from the Corporation’s reserves. 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. The Corporation may seek mortgage insurance from SONYMA or REMIC for all or a portion of the principal balance of the permanent mortgage loans.

The subordinate loan is provided at 1% interest with fixed minimum payments of at least interest only but may provide for amortization, depending on underwriting criteria established by the Corporation.

### **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”) was designed to link the creation of market rate multi-family housing in certain areas of Manhattan (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 was not eligible to receive any real estate tax exemption unless the developer of such housing either (i) set aside at least 20% of the units in such projects for low income households or (ii) purchased §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. The Certificate Program generally permitted 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 allowed 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 increased the value of the market rate Geographical Exclusion Zone unit. Therefore, the developer of the market rate unit paid the developer of the off-site unit to be able to receive and utilize the §421-a Negotiable Certificates that was generated by the off-site low income project. The program was authorized by §421-a of the New York Real Property Tax Law which has since been amended.

### **Low Income Rental Program**

Under the Low Income Rental Program (“LIRP”), formerly known as 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 LIRP, HPD will provide a direct subsidy of up to \$75,000 per unit. The funds from HPD are advanced through a 1% loan for a maximum term of 30 years.

LIRP is used to leverage construction and permanent financing from private institutional lenders and from other public sources including the Corporation and the State. LIRP 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 provides monthly rental assistance payments pursuant to a Tenant Assistance Contract (“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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