

## PRIVATE PLACEMENT MEMORANDUM

### NEW ISSUE: Book-Entry Only

*In the opinion of Hodgson Russ LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions: (1) interest on the Bonds is not includable in gross income for federal income tax purposes, assuming compliance with certain covenants and the accuracy of certain representations, except that (a) no opinion is expressed as to the exclusion from gross income of interest on any Bond during any period when such Bond is held by a "substantial user" of the facilities financed by the Bonds, or a "related person" thereto, as those quoted terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended, and (b) the Company or another Person, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance thereof; (2) interest on the Bonds does not constitute an "item of tax preference" for purposes of computing the federal alternative minimum tax on individuals and corporations; and (3) interest on the Bonds is exempt from personal income taxes imposed by the State of New York and its political subdivisions (including The City of New York). See "TAX EXEMPTION" herein.*

**\$11,500,000**

### **CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY MULTIFAMILY HOUSING REVENUE BONDS**

### **(GINNIE MAE COLLATERALIZED MORTGAGE LOAN - TMG-NY ALBANY I, LP PROJECT) SERIES 2014A**

**Dated: November 21, 2014, with interest accruing from the Closing Date**

**Due: As shown below**

The Bonds are issuable only as fully registered bonds without coupons, initially, in the denomination of \$100,000 principal amount, and any amount in excess thereof shall be in whole dollars, but not in excess of the unpaid amount of Bonds. Interest on the Bonds will be payable on the 20<sup>th</sup> day of each month, commencing December 20, 2014. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York. Principal of and interest on the Bonds is payable by Manufacturers and Traders Trust Company, as trustee (the "Trustee"), to Cede & Co. See "BOOK-ENTRY-ONLY SYSTEM."

The Bonds are being issued pursuant to a Trust Indenture, dated as of November 1, 2014 (the "Indenture"), by and between City of Albany Industrial Development Agency (the "Issuer") and the Trustee, to provide funds for a mortgage loan (the "Mortgage Loan") to be originated by Greystone Servicing Corporation, Inc., a Georgia corporation (the "Lender") to TMG-NY Albany I, LP, a Delaware limited partnership (the "Company"), to finance the acquisition, rehabilitation and equipping of the Parkview Apartments (the "Project") located in the Albany, New York to provide housing for elderly persons of low and moderate income.

It is anticipated that the Bonds will be secured primarily by fully-modified, pass-through mortgage-backed securities (the "Ginnie Mae Certificates") guaranteed as to timely payment of principal and interest by Ginnie Mae ("Ginnie Mae"), issued by the Lender, and held by the Trustee. The Ginnie Mae Certificates will be backed by the Mortgage Loan and issued by the Lender pursuant to a loan agreement among the Issuer, the Company, the Lender and the Trustee. Prior to acquisition of the Ginnie Mae Certificates, the Bonds will be secured by certain of the Bond proceeds and other amounts invested by the Trustee as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

### **MATURITY SCHEDULE**

<u>Principal</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Offering</u>
\$11,500,000	4.10%	June 20, 2056	100%

There is no provision in the Bonds or the Indenture for an acceleration of the Bond indebtedness or payment of additional interest in the event interest on the Bonds is declared taxable or becomes taxable, and neither the Issuer nor the Company will be liable for any such payment whatsoever.

The Bonds are subject to redemption prior to maturity as described herein. Persons who purchase Bonds at a price in excess of their principal amount risk the loss of any premium paid in the event the Bonds are redeemed prior to maturity. See "THE BONDS-Redemption." Purchase of the Bonds involves certain other risks, and prospective purchasers should read "CERTAIN BONDHOLDERS' RISKS."

NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, ANY OBLIGATION WHICH THE ISSUER MAY INCUR UNDER THE INDENTURE OR UNDER ANY INSTRUMENT EXECUTED

IN CONNECTION HERewith WHICH SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER BUT SHALL BE A LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE BONDHOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS, TOGETHER WITH INTEREST THEREON, SHALL BE LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE BONDHOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NONE OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE SPECIFICALLY PLEDGED THERETO. THE ISSUER HAS NO TAXING POWER.

NEITHER THE UNITED STATES OF AMERICA, HUD, FHA, GINNIE MAE, OR ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA, NOR ANY POLITICAL SUBDIVISION THEREOF, SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS WHATSOEVER. THE BONDS ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES, HUD, FHA, GINNIE MAE OR ANY AGENCY OR INSTRUMENTALITY THEREOF.

This cover page contains only a brief description of the Issuer, the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors should read the entire Private Placement Memorandum to obtain information necessary to make an informed investment decision.

The Bonds are offered when, as and if issued and received by Greystone Select Holdings LLC, as purchaser, subject to the opinion of Hodgson Russ LLP, Bond Counsel, Albany, New York. Certain legal matters will be passed upon for the Company by its counsel, Cannon Heyman & Weiss, LLP, Buffalo, New York and Richards, Layton & Finger P.A., Wilmington, Delaware and for the Lender by Byrne Costello & Pickard, P.C., Syracuse, New York. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about November 21, 2014.

Dated: November 21, 2014

No broker, dealer, salesman or other person has been authorized by the Issuer, the Company, the Lender or the Placement Agent to give any information or to make any representations with respect to the Bonds other than those contained in this Private Placement Memorandum and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the Company, the Lender or the Placement Agent. This Private Placement Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Company, the Lender and the Issuer and other sources believed by the Placement Agent to be reliable. This information is not guaranteed as to accuracy and is not to be construed as a representation of such by the Placement Agent, the Company, the Lender or the Issuer. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Private Placement Memorandum nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein since the date hereof. Neither the Placement Agent nor the Trustee has undertaken to review this Private Placement Memorandum and neither is responsible for its contents.

The Issuer has not provided, approved or made any independent verification of any information in this Private Placement Memorandum except with respect to the information under the captions “THE ISSUER” and “ABSENCE OF LITIGATION—The Issuer” and takes no responsibility for any other information contained in this Private Placement Memorandum. Without limiting the foregoing, the Issuer makes no representation as to the feasibility or performance of the Project, the financial condition of the Company or the suitability of the Bonds for any investor or compliance with any securities, tax or other laws or regulations.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the “Commission”) or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Private Placement Memorandum. Any representation to the contrary is a criminal offense.

NEITHER THE ISSUER NOR THE PLACEMENT AGENT MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

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## **PRIVATE PLACEMENT MEMORANDUM**

**\$11,500,000**

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY  
MULTIFAMILY HOUSING REVENUE BONDS  
(GINNIE MAE COLLATERALIZED MORTGAGE LOAN - TMG-NY ALBANY I, LP  
PROJECT)  
SERIES 2014A**

### **INTRODUCTORY STATEMENT**

This Private Placement Memorandum sets forth certain information concerning the City of Albany Industrial Development Agency (the “Issuer”), and the issuance and sale of its \$11,500,000 Multifamily Housing Revenue Bonds (Ginnie Mae Collateralized Mortgage Loan - TMG-NY Albany I, LP Project) Series 2014A (the “Bonds”). The Bonds will be issued under and secured by a Trust Indenture dated as of November 1, 2014 (the “Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Trustee”), to provide funds for a mortgage loan to be originated by Greystone Servicing Corporation, Inc., a Georgia corporation (the “Lender”), to TMG-NY Albany I, LP, a Delaware limited partnership (the “Company”), to finance a portion of the acquisition, rehabilitation and equipping of the Parkview Apartments located in Albany, New York (the “Project”) to provide housing for persons of low and moderate income.

The following is a summary of certain information contained in this Private Placement Memorandum, to which reference should be made for a complete statement thereof. Capitalized terms used but not defined herein will have the meanings ascribed to them in the Indenture, the Loan Agreement, the Regulatory Agreement, the Installment Agreement or the Lease or as set forth under “CERTAIN DEFINITIONS” attached hereto as APPENDIX A.

#### **Security for the Bonds**

The principal of, premium, if any, and interest on the Bonds will be payable from the payments on the Ginnie Mae Certificates (as hereinafter defined) and from any other security pledged under the Indenture. Prior to the acquisition of the Ginnie Mae Certificates by the Trustee, the Bonds will be secured by certain of the Bond proceeds and other amounts held in the Acquisition Fund and invested by the Trustee pursuant to terms of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “CERTAIN BONDHOLDERS’ RISKS.”

#### **Ginnie Mae Certificates**

Upon the purchase thereof by the Trustee, the Bonds will be secured primarily by fully modified mortgage-backed securities in the aggregate principal amount of \$11,500,000 and a pass-through rate of 4.14% (the “Ginnie Mae Certificates”), to be issued by the Lender, guaranteed as to principal and interest by the Government National Mortgage Association (“Ginnie Mae”) and backed by the Mortgage Loan from the Lender to the Company as evidenced by a note of the Company (the “Mortgage Note”). See “THE GINNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM.” In the event the Initial Construction Loan Certificate is not delivered to the Trustee on or prior to December 10, 2014 (the “Initial Construction Loan Delivery Date”) (unless extended pursuant to the Indenture) in an amount equal to at least \$5,272,619, the Bonds will be redeemed in whole on the 15<sup>th</sup> day thereafter, at a price of par, plus accrued interest. If the Project Loan Certificate is not delivered to the Trustee by August 20, 2016 (the “Delivery Date”) (as such date may be extended as described in APPENDIX B: “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Deposits into Acquisition Fund; Use of Money in Acquisition Fund — Project Loan Certificate”), the Bonds will be redeemed as follows: (a) in part, on the 15th day following the Delivery Date, in an amount equal to the remainder, if any, of (i) the aggregate principal amount of the Bonds then Outstanding less (ii) the

amount of the Construction Loan Certificates as delivered to the Trustee; and (b) in whole, the 15th day following the maturity date of the Construction Loan Certificates. See “THE BONDS — Redemption — Extraordinary Mandatory Redemption” and “CERTAIN BONDHOLDERS’ RISKS — Early Redemption and Loss of Premium.”

## **The Bonds**

The Bonds are available in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM.” So long as Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), is the registered owner of the Bonds, references herein to the Bondholders or registered owners of the Bonds mean Cede & Co. and not the beneficial owners of the Bonds.

The Bonds are issued in fully registered form without coupons in Authorized Denominations. See “THE BONDS.”

The Bonds are subject to optional redemption prior to maturity as a whole at any time on or after September 20, 2016 upon payment of the redemption prices set forth under “THE BONDS — Redemption — Optional Redemption.” The Bonds are also subject to extraordinary mandatory redemption and mandatory sinking fund redemption as described under “THE BONDS — Redemption — Extraordinary Mandatory Redemption” and “— Mandatory Sinking Fund Redemption.”

There is no provision in the Bonds or the Indenture for an acceleration or redemption of the Bonds or payment of additional interest in the event interest on the Bonds is declared or becomes taxable, and none of the Issuer, the Lender, the Company or the Placement Agent will be liable for any such payment whatsoever.

Any person who purchases a Bond above par should consider the risk that such premium may be lost in the event that the Bond is redeemed prior to maturity. See “CERTAIN BONDHOLDERS’ RISKS.”

## **Tax Matters**

In the opinion of Hodgson Russ LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions: (i) interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes, assuming compliance with certain covenants and the accuracy of certain representations, and is not an item of tax preference for purposes of the individual and corporate alternative minimum taxes imposed by the Internal Revenue Code of 1986, as amended (the “Code”), except that (a) the Company (as defined herein), or another Person, by failing to comply with certain restrictions contained in the Code, may cause interest on the Series 2014A Bonds to become subject to federal income taxation from the date of issue thereof, and (b) interest on the Series 2014A Bonds is not subject to certain alternative minimum taxes imposed on corporations, and certain other taxes; and (ii) interest on the Series 2014A 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 EXEMPTION” herein.

## **Certain Legal and Other Matters**

The Issuer has appointed Manufacturers and Traders Trust Company to serve as the trustee under the Indenture. Certain legal matters relating to the authorization and validity of the Bonds will be passed upon by Hodgson Russ LLP as Bond Counsel. Certain legal matters will be passed upon for the Company by its counsel, Cannon Heyman & Weiss, LLP, Buffalo, New York and Richards, Layton & Finger P.A., Wilmington, Delaware, and for the Lender by Byrne Costello & Pickard, P.C., Syracuse, New York.

## **Authority; Issuance and Delivery of Bonds**

The Bonds are being issued under authority contained under Title I of Article 18-A of the General Municipal Law of the State, as amended from time to time, together with Chapter 325 of the Laws of 1974 of the State, constituting Section 903-a of said General Municipal Law, as amended from time to time, as amended (the “Act”), and pursuant to an authorizing resolution adopted by the Board of Directors of the Issuer on November 3, 2014.

The Bonds are offered when, as and if issued and received by the Purchaser, subject to the approving opinion of Bond Counsel. It is expected that the Bonds will be available for delivery in book-entry-only form through the facilities of DTC on or about November 21, 2014.

The Bonds will only be sold and subsequently transferred to investors that satisfy the requirements of, and execute and deliver to the Trustee an Investor Letter, unless the Bonds are rated “A” (or the equivalent) or better by a Rating Agency.

Simultaneously with the issuance of the Bonds, (1) the Company and the Issuer will execute and deliver a certain underlying lease agreement (the “Underlying Lease”), pursuant to which the Company has agreed to lease the Project to the Issuer, the Company will execute and deliver a bill of sale dated as of November 1, 2014 from the Company to the Issuer, pursuant to which the Company will convey to the Issuer the Company’s interest in the portion of the Project constituting fixtures and other personal property, (2) the Issuer will execute and deliver a certain loan agreement dated as of November 1, 2014 (the “Loan Agreement”) by and among the Issuer, the Company, the Trustee and the Lender, and a certain installment sale agreement dated as of November 1, 2014 (the “Installment Sale Agreement”) by and between the Issuer and the Company, and (3) certain other documents related to the Project and to the Bonds, and a recapture agreement by and between the Company and the Issuer, required by the Act, regarding the recovery or recapture of certain sales and use taxes will also be executed and delivered.

Pursuant to the terms of the Installment Sale Agreement, the Company will agree (1) to cause the Project to be undertaken and completed, (2) as agent of the Issuer, to undertake and complete the Project, (3) to purchase the Project from the Issuer, and (4) to make certain installment purchase payments to or upon the order of the Issuer as the purchase price for the Project, which installment purchase payments shall include amounts equal to the debt service payments due on the Bonds, and the Issuer will agree to (1) undertake the Project, (2) appoint the Company as agent of the Issuer to undertake and complete the Project, and (3) sell the Project to the Company.

## **No Continuing Disclosure**

No financial or operating data concerning the Issuer is material to any decision to purchase, hold or sell the Bonds and the Issuer will not provide any such information and will not contractually obligate itself to provide any such information in the future. The Company has not undertaken to provide continuing disclosure to Bondholders.

## **Miscellaneous**

The information contained herein is current as of the date of this Private Placement Memorandum set forth on the cover page hereof. The information contained herein is subject to change after such date.

## **Additional Information**

Brief descriptions of the Issuer, the Bonds, the security for the Bonds, the Company, the Project, the Indenture, the Loan Agreement, the Regulatory Agreement, the Installment Sale

Agreement, the Underlying Lease, the Mortgage Note and the Mortgage are included in this Private Placement Memorandum and the Appendices hereto. All references herein to the Indenture, the Loan Agreement, the Regulatory Agreement, the Installment Sale Agreement, the Underlying Lease, the Mortgage Note and the Mortgage and other documents and agreements are qualified in their entirety by reference to such documents and agreements, copies of which are available for inspection at the offices of the Trustee.

## **THE ISSUER**

The City of Albany Industrial Development Agency is a body politic and corporate and a public benefit corporation of the State of New York having an office for the transaction of business located at 21 Lodge Street, Albany, New York 12207. The Issuer was formed in 1974 pursuant to Chapter 325 of the Laws of 1974, in accordance with the provisions of Title I of Article 18-A of the General Municipal Law of the State for the purpose of promoting, developing, encouraging and assisting in acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of, among others, industrial, manufacturing, warehousing, commercial, research and recreational facilities, thereby advancing the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and improving their recreational opportunities, prosperity and standard of living.

Under the Act, the Issuer has the power to acquire, hold and dispose of personal property for its corporate purposes; to acquire, use for its corporate purposes and dispose of real property within the corporate limits of the City of Albany, New York; to appoint officers, agents and employees; to make contracts and leases; to acquire, construct, reconstruct, lease, improve, maintain, equip or furnish one or more "projects" (as defined in the Act); to borrow money and issue bonds and to provide for the rights of the holders thereof; to grant options to renew any lease with respect to any project and to grant options to buy any project at such price as the Issuer may deem desirable; to designate depositories of its moneys; and to do all things necessary or convenient to carry out its purposes and exercise the powers given in the Act.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PAYMENTS MADE UNDER THE INSTALLMENT SALE AGREEMENT, FROM THE MONEYS AND SECURITIES HELD BY THE TRUSTEE UNDER THE INDENTURE. NEITHER THE ISSUER NOR ITS MEMBERS OR OFFICERS ARE PERSONALLY LIABLE WITH RESPECT TO THE BONDS. ACCORDINGLY, NO FINANCIAL INFORMATION WITH RESPECT TO THE ISSUER OR ITS MEMBERS OR OFFICERS HAS BEEN INCLUDED IN THIS OFFICIAL STATEMENT.

THE ACT PROVIDES THAT THE BONDS OF THE ISSUER SHALL NOT BE A DEBT OF THE ISSUER, THE STATE OR THE CITY OF ALBANY, NEW YORK, AND NEITHER THE STATE NOR THE ISSUER, NOR THE CITY OF ALBANY, NEW YORK SHALL BE LIABLE THEREON.

## **ESTIMATED SOURCES AND USES OF BOND PROCEEDS**

The proceeds of the Bonds will be deposited into the Acquisition Fund. \$261,316.15 deposited by the Company, will be deposited into the Capitalized Interest Account either to pay interest on the Bonds or pay accrued interest on the purchased Ginnie Mae Certificates. Moneys from the Company in the amount of \$10,000 and approximately \$8,500 will be deposited into the Bond Fund and the Costs of Issuance Fund, respectively.



## THE BONDS

The Bonds are available in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM” below. So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, references herein to the Bondholders or holders or registered owners or owners of the Bonds mean Cede & Co. and not the beneficial owners of the Bonds.

### General

The Bonds are issuable in Authorized Denominations. The Bonds will be dated the Closing Date, and will mature on the date and in the amount and bear interest from the Closing Date at the rate set forth on the cover page hereof. Interest will be payable on the 20<sup>th</sup> day of each month, commencing December 20, 2014 (each a “Payment Date”) and in accordance with the provisions of the Indenture, whether at maturity, prior redemption, upon acceleration or otherwise, as provided therein. Interest will be calculated and be due on a basis of a 360-day year consisting of twelve 30-day months. Principal of, premium, if any, and interest on the Bonds will be payable by the Trustee to Cede & Co.

### Redemption

Optional Redemption of Bonds. In the event the Company exercises any option to prepay the Mortgage Note and amounts are paid under the Ginnie Mae Certificates representing such prepayments, the Bonds are subject to redemption prior to maturity as a whole or in part at any time on or after September 20, 2016, on the first date after such prepayment for which timely notice of redemption can be given as described below under “Notice of Redemption”, at the respective redemption prices set forth below expressed as a percentage of the principal amount of the Bonds called for redemption, plus accrued interest, if any, to the redemption date. Notwithstanding the foregoing, the Company will not have the right to optionally redeem the Bonds until (i) the Project Loan Certificate has been issued. and (ii) the Company has claimed its first year of low-income housing tax credits as provided in Section 42 of the Code. The Trustee shall have no obligation to inquire as to whether the provisions of the foregoing sentence have been satisfied.

<u>Redemption Dates</u>	<u>Redemption Prices</u>
September 20, 2016 through September 19, 2017	110.00%
September 20, 2017 through September 19, 2018	109.00
September 20, 2018 through September 19, 2019	108.00
September 20, 2019 through September 19, 2020	107.00
September 20, 2020 through September 19, 2021	106.00
September 20, 2021 through September 19, 2022	105.00
September 20, 2022 through September 19, 2023	104.00
September 20, 2023 through September 19, 2024	103.00

September 20, 2024 through September 19, 2025	102.00
September 20, 2025 through September 19, 2026	101.00
September 20, 2026 and thereafter	100.00

Extraordinary Mandatory Redemption. The Bonds are required to be redeemed as follows:

(a) (i) in part, on the 15th day following the Delivery Date (as such date may be extended in accordance with Section 4.02(6)) of the Indenture, in an amount equal to the remainder, if any, of (A) the aggregate principal amount of the Bonds then Outstanding less (B) the amount of the Construction Loan Certificates as delivered to the Trustee or its nominee, and (ii) in whole, on the 15th day following the maturity date of the Construction Loan Certificates (as such date may be extended in accordance with Section 4.02(6)) of the Indenture, in each case, if the Project Loan Certificate is not delivered to the Trustee or its nominee on or before the Delivery Date (as the same may be extended), as provided in Section 4.02(6) of the Indenture; or

(b) in part, on the 15th day following the Delivery Date (as such date may be extended in accordance with Section 4.02(6)) of the Indenture, in an amount equal to the remainder, if any, of (i) the aggregate principal amount of the Bonds then Outstanding less (ii) the amount of the Project Loan Certificate delivered to the Trustee or its nominee; or

(c) in whole or in part in an amount equal to the corresponding payments on a Ginnie Mae Certificate, on the 15th day following receipt of such payments, if the Trustee receives payments on the Ginnie Mae Certificate exceeding regularly scheduled payments of principal and interest thereon on account of (i) payment of proceeds of the FHA Insurance, (ii) proceeds of any condemnation award or of any insurance recovery being applied to the prepayment of the Mortgage Note, (iii) a trustee in a bankruptcy proceeding with respect to the Company causing the Company to prepay the Mortgage Note without notice or premium, or (iv) any other reason (other than an optional prepayment of the Mortgage Note), including prepayment made by the Company following a determination by HUD that such prepayment will avoid a mortgage insurance claim and is therefore in the best interest of the federal government; or

(d) in whole, on the 15th day following the Initial Construction Loan Certificate Delivery Date (as such date may be extended pursuant to Section 4.02(8) of the Indenture) if the Initial Construction Loan Certificate is not delivered to the Trustee or its nominee on or before the Initial Construction Loan Certificate Delivery Date.

In the event of an extraordinary mandatory redemption, the Bonds shall be redeemed at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

Principal Reduction Payments.

(a) The Bonds are required to be redeemed in part at a redemption price equal to 100% of the principal amount thereof to be redeemed plus interest accrued to the Principal Reduction Payment Date in the amounts and on the Principal Reduction Payment Dates set forth below:

(b) After any partial optional or extraordinary mandatory redemption of the Bonds, the Principal Reduction Payment Requirements of the Bonds shall be reduced by the Trustee so that the resulting decrease in the Principal Reduction Payment Requirements is proportional, as nearly as practical, to the decrease in payments under the Ginnie Mae Certificates, except that in the event of a partial extraordinary mandatory redemption of Bonds as described under clause (b) in "THE

BONDS — Extraordinary Mandatory Redemption”, the portion, if any, of such redemption that is due to amortization shall be credited against the next succeeding Principal Reduction Payment Requirement and applied on the next Principal Reduction Payment Date and shall not be considered when calculating any decrease in the Principal Reduction Payment Requirements.

(c) If the Project Loan Certificate is not delivered by the Delivery Date, no Bonds shall be redeemed pursuant to a mandatory sinking fund redemption until the 15th day following the maturity date of the Construction Loan Certificates.

(d) If the Trustee receives any payments from the Lender that exceed the regularly scheduled payments of principal and interest on the Mortgage Note, the Lender shall specify the nature of such prepayments to the Trustee upon delivery of such prepayments.

Selection of Bonds for Redemption. In the event of a partial redemption of Bonds (other than a redemption as described under clause (b) in “THE BONDS — Extraordinary Mandatory Redemption” above which is due solely to amortization of the Mortgage Loan), the Bonds or portions thereof to be redeemed will be selected by the Trustee randomly such that the resulting decrease in the debt service on the Bonds is proportional to the decrease in payments under the Ginnie Mae Certificates.

Notice of Redemption. With the exception of Principal Reduction Payments identified in Section 3.01(3) of the Indenture, for which notice of redemption is not required, the Trustee, or the Bond Registrar on behalf of the Trustee, shall give notice of redemption not less than 15 nor more than 30 days prior to the redemption date, except that (a) with respect to a redemption pursuant to described under clause (a) in “THE BONDS — Extraordinary Mandatory Redemption”, the Trustee (or Bond Registrar) shall give such notice on the first Business Day following the Delivery Date or the Construction Loan Certificate maturity date, as appropriate; (b) with respect to a redemption described under clause (b) in “THE BONDS — Extraordinary Mandatory Redemption”, the Trustee (or Bond Registrar) shall give such notice on the date the Trustee accepts delivery of the Project Loan Certificate; (c) with respect to a redemption described under clause (c) in “THE BONDS — Extraordinary Mandatory Redemption” the Trustee (or Bond Registrar) shall give notice promptly upon receipt of any prepayment of the Ginnie Mae Certificate; and (d) with respect to a redemption described under clause (d) in “THE BONDS — Extraordinary Mandatory Redemption”, the Trustee (or Bond Registrar) shall give such notice on the first Business Day following the Initial Construction Loan Certificate Delivery Date. Notice shall be given by first-class mail, postage prepaid, to each Owner of Bonds to be redeemed at the address of such Owner as it appears on the Bond Register, to the Bondholder Representative and to the Rating Agency, if any, and to such other Persons as the Issuer shall specify to the Trustee in writing. The Trustee shall not send notice of any optional redemption pursuant to the Indenture unless the Trustee shall have received either (a) an amount of Available Money paid by the Company equal to the applicable prepayment premium on the Mortgage Note and/or (b) payment of such amount and payment of principal with respect to the applicable Ginnie Mae Certificate(s). The failure of the Trustee to mail notice of redemption to Persons other than the Owners of Bonds to be redeemed shall not affect the sufficiency of the proceedings for redemption.

All official notices of redemption shall be dated, shall be given in accordance with the Letter of Representations if the Bonds are registered in the name of DTC or its nominee, and shall state (a) the redemption date; (b) the redemption price; (c) if less than all Outstanding Bonds are to be redeemed, the identification by series designation, letters, numbers or other distinguishing marks (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (d) that on the redemption date the redemption price of each such Bond will become due and payable to the extent of funds on deposit with the Trustee for that purpose, and that interest on the principal amount of each such Bond to be redeemed shall cease to accrue on such date; (e) the place where such

Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Bond Registrar office of the Trustee; and (f) such additional information as the Trustee or the Issuer shall deem appropriate.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption and in addition (a) the complete official title, including series designation, Closing Date, interest rate and maturity date of each Bond being redeemed, (b) the certificate and CUSIP number of each such Bond, and, in the case of a partial redemption, the amount of the principal represented by each such certificate that is being redeemed, (c) the date of mailing of official notice of redemption, (d) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Bond Registrar office of the Trustee, and (e) any other descriptive information needed to identify accurately the Bonds being redeemed. Further notices of redemption shall be sent by first class mail or overnight delivery service to any Owner owning, on the date such notice is sent, Bonds in the aggregate principal amount of \$1,000,000 or more at the address of such Owner as it appears on the Bond Register.

If the Bonds are not then being held under a book-entry system, each further notice of redemption (other than an extraordinary mandatory redemption) shall be sent at least 30 days before the redemption date by first class mail or overnight delivery service to the Securities Depositories and to one or more Information Services.

A second notice of redemption shall be sent by the same means as the first such notice not later than 60 days after the redemption date to any Owner who shall not have presented for payment the Bond or Bonds called for redemption within 30 days after such date.

In the event the Bonds are called for redemption under circumstances resulting in discharge of the Indenture more than 90 days before the redemption date, additional official and further notice of redemption satisfying the requirements of the Indenture shall be given not less than 30 nor more than 60 days prior to such redemption date.

Failure to give any official or further notice or any defect therein shall not affect the validity of the proceedings for redemption of any Bond with respect to which no such failure or defect has occurred or exists.

Notice of any redemption of Bonds prior to the date the Project Loan Certificate is delivered to the Trustee shall be given to the Lender in the same manner as such notice is given to the Owners.

Notice of redemption having been given as aforesaid, the principal amount of the Bonds so to be redeemed shall become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the Issuer shall default in the payment of the redemption price) such principal amount of the Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the redemption price thereof to the extent that money is on deposit with the Bond Registrar for that purpose. Neither the failure of an Owner to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for such redemption.

If any Bond called for redemption shall not be so paid on the redemption date upon proper surrender of the Bond for redemption, the redemption price and, to the extent lawful, interest thereon shall, until paid, bear interest from the redemption date at the rate borne by the Bond immediately before the redemption date.

Notwithstanding the foregoing, with respect to any optional redemption of the Bonds, if the Bond Registrar does not have funds in its possession on the redemption date sufficient to pay the redemption price (including interest accruing to the redemption date) of all of the Bonds to be optionally redeemed for any reason (including, but not limited to, failure to issue any refunding obligations intended for such purpose on or prior to the redemption date), then the purported optional redemption and such notice of redemption shall be void, and the Bond Registrar shall so notify the Trustee. Such event shall not constitute an Event of Default hereunder.

If any Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Bond Registrar so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by, the Owner thereof or its attorney duly authorized in writing) and the appropriate officers of the Issuer shall execute and the Bond Registrar shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds of the same interest rate and of any Authorized Denomination or Authorized Denominations, as requested by such Owner, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

Optional Tender of Bonds by Owner. The Bonds are subject to tender at the option of the Beneficial Owner thereof in whole, and not in part, on any date from and after 30 days following the date of delivery of the Project Loan Certificate to the Trustee. In such an event, the Bonds shall be accepted for tender no earlier than the 15th calendar day following irrevocable written notice from the Beneficial Owner to the Trustee. Such written notice shall contain a certification that the party providing such written direction is the Beneficial Owner and shall be in the form attached to the Indenture as Exhibit D. Upon tender of the Bonds, the Trustee shall transfer to the Beneficial Owner (or its nominee), as full consideration for the tender price, and free and clear of the lien of the Indenture, ownership of the Project Loan Certificate at the current par amount outstanding together with any payment received on the Project Loan Certificate prior to the tender date (not already used to pay interest and principal on the Bonds). Upon delivery of the Project Loan Certificate to the Beneficial Owner, the Bonds shall be deemed tendered and cancelled on the books of the Trustee in accordance with Section 7.02 of the Indenture, whether or not such Bonds have been physically delivered.

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

*This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Private Placement Memorandum. The Issuer and the Placement Agent assume no responsibility for the accuracy of such information.*

DTC will act as securities depository for the Bonds. The 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 certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that its 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AAA." The DTC rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds ("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 interest in the 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for

their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 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 Issuer or Agent, on 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 (nor its nominee), the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and Placement Agent believe to be reliable, but the Issuer and Placement Agent take no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Bonds, the Issuer will have no obligation or responsibility to the DTC Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

In reading this Private Placement Memorandum it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Private Placement Memorandum to registered owners should be read to include the person for which the Direct or Indirect Participant acquires an interest in the Bonds, but (a) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (b) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

The Bonds will be secured by the Trust Estate, which consists of (a) all right, title and interest of the Issuer in the Loan Agreement and the Installment Sale Agreement; (b) all right, title and interest of the Issuer in the Ginnie Mae Certificates, including all payments with respect thereto and any interest, profits and other income derived from the investment thereof; (c) the Funds, including moneys and investments therein, held by the Trustee pursuant to the terms of the Indenture, excluding funds held in the Expense Fund and the Rebate Fund and excluding rebatable arbitrage whether or not deposited in the Rebate Fund; (d) all other property of any kind mortgaged, pledged or hypothecated at any time as and for additional security under the Indenture by the Issuer or by anyone on its behalf or with its written consent in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply the same subject to the terms of the Indenture; and (e) to the extent not covered above, all proceeds of the foregoing. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Security for the Bonds.”

## **THE GINNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM**

The summary and explanation of the Ginnie Mae Mortgage-Backed Securities Program and the other documents referred to herein do not purport to be complete, and reference is made to the Ginnie Mae I Mortgage-Backed Securities Guide (Ginnie Mae Handbook 5500.1 REV-7, as amended) (the “Ginnie Mae I Guide”) and to said documents for full and complete statements of their provisions.

Ginnie Mae is a non-stock corporate instrumentality of the United States within the Department of Housing and Urban Development (“HUD”) with its principal office in Washington, D.C.

The Ginnie Mae Certificates will be “fully modified pass-through” mortgage-backed securities issued and serviced by the Lender. The total face amount of the Project Loan Certificate will be in approximately the same \$12,113,500 principal balance as the Mortgage Note, subject to a rounding convention. The Lender will be required to pass through to the Trustee or its nominee, as the holder of the Ginnie Mae Certificates, by the 15th day of each month the monthly scheduled installments of principal and interest (interest only on the Construction Loan Certificates) on the Mortgage Note (less the Ginnie Mae guarantee fee and the Lender’s servicing fee), whether or not the Lender receives such payment from the Company, plus any unscheduled prepayments of principal of the Mortgage Note received by the Lender. Ginnie Mae guarantees the timely payment of the principal of and interest on the Ginnie Mae Certificates.

The principal amount of the Ginnie Mae Certificates equal to the difference between the principal amount of \$12,113,500 and \$11,500,000 will be sold by the Company in a private sale transaction. Scheduled and unscheduled payments of principal on the Ginnie Mae Certificates will be made on a pro rata basis to the holders thereof.

Two types of Ginnie Mae Certificates are intended to be issued by the Lender in connection with the Mortgage Loan to the Company: (i) Construction Loan Certificates which are to be issued with respect to each construction loan advance under the Mortgage Loan and (ii) the Project Loan Certificate which is to be issued with respect to the permanent Mortgage Loan with payment provisions which correspond to the monthly scheduled installments of principal and interest on the Mortgage Note. Construction Loan Certificates are expected to be dated no later than the first day of



the month following the month in which a construction advance is made under the Mortgage Loan and to provide that accrued interest for 30 days is payable by the Lender to the Trustee or its nominee as holder of the Construction Loan Certificates commencing 45 days after the issue date, and continuing on the 15th day of each successive month thereafter until maturity of the Construction Loan Certificates.

### **Ginnie Mae Guaranty**

Ginnie Mae is authorized by Section 306(g) of Title III of the National Housing Act, as amended (the "National Housing Act"), to guarantee the timely payment of the principal of and interest on securities which are based on and backed by mortgage pools consisting of a single mortgage insured by the Federal Housing Administration ("FHA") pursuant to Section 221(d)(4) of the National Housing Act. Section 306(g) of the National Housing Act further provides that "[T]he 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 March 12, 1969, of the then Assistant Attorney General of the United States, states that such guaranties under Section 306(g) of mortgage-backed securities of the type being delivered to the Trustee on behalf of the Issuer are authorized to be made by Ginnie Mae and "would constitute general obligations of the United States backed by its full faith and credit."

Pursuant to such authority, Ginnie Mae, upon delivery of a Ginnie Mae Certificate to the Lender in accordance with the related Ginnie Mae Guaranty Agreement (as hereinafter defined), will have guaranteed the timely payment of the principal of and interest on such Ginnie Mae Certificate.

### **Ginnie Mae Borrowing Authority**

In order to meet its obligations under such guaranty, Ginnie Mae, 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 Department (the "Treasury") in an amount outstanding at any one time sufficient to enable Ginnie Mae, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the Ginnie Mae Certificates. The Treasury is authorized to purchase any obligations so issued by Ginnie Mae and has indicated in a letter dated February 13, 1970, from the then Secretary of the Treasury to the then Secretary of HUD that the Treasury will make loans to Ginnie Mae, if needed, to implement the aforementioned guaranty.

Ginnie Mae warrants to the holder of the Ginnie Mae Certificates in the related Ginnie Mae Guaranty Agreement (as hereinafter defined), that, in the event it is called upon at any time to make good its guaranty of the payment of principal of and interest on the Ginnie Mae Certificates, it will, if necessary, in accordance with Section 306(d), apply to the Treasury for a loan or loans in amounts sufficient to make payments of principal and interest on the Ginnie Mae Certificates.

### **Servicing of Mortgage Loans**

The Lender is responsible for servicing and otherwise administering the Mortgage Loan in accordance with generally accepted practices of the mortgage banking industry and the Ginnie Mae I Guide.

The monthly remuneration of the Lender, for its servicing and administrative functions, and the guaranty fee charged by Ginnie Mae, are based on the unpaid principal amount of the Ginnie Mae Certificates outstanding. The total of the servicing and guaranty fees with respect to the Ginnie Mae Certificates is .25% per annum, payable monthly, calculated on the principal balance of the Ginnie Mae Certificates outstanding on the last day of the month preceding such date of calculation. Of such fee, part is paid to Ginnie Mae as a guaranty fee, and the remainder is retained by the Lender as a servicing fee. The Ginnie Mae Certificates carry an interest rate that is .25% per annum less than the

interest rate on the Mortgage Note because the servicing and guaranty fee is deducted from payments on the Mortgage Note.

It is expected that interest and principal payments on the Mortgage Note will be the source of moneys for payments on the Ginnie Mae Certificates. If such payments are less than what is due, the Lender may advance its own funds to ensure timely payment of scheduled installments of principal and interest due on the Ginnie Mae Certificates. Ginnie Mae guarantees such timely payment in the event of the failure of the Lender to pass through such scheduled principal and interest payments when due.

The Lender is required to advise Ginnie Mae in advance of any impending default on scheduled payments on the Ginnie Mae Certificates so that Ginnie Mae as guarantor will be able to continue such payments as scheduled on the 15th day of each month. If, however, such payments are not received as scheduled, the Trustee, on behalf of the Issuer, has recourse directly to Ginnie Mae.

The guaranty agreements to be entered into by Ginnie Mae and the Lender in connection with the issuance of the Construction Loan Certificates and the Project Loan Certificate (collectively, the "Ginnie Mae Guaranty Agreement") will provide that, in the event of a default by the Lender, including (a) a request to Ginnie Mae to make a payment of principal or interest on the Ginnie Mae Certificates when the Company is not in default under the Mortgage Note, (b) insolvency of the Lender, or (c) default by the Lender under any other guaranty agreement with Ginnie Mae, Ginnie Mae will have the right, by letter to the Lender, to effect and complete the extinguishment of the Lender's interest in the Mortgage Note, and the Mortgage Note will thereupon become the absolute property of Ginnie Mae, subject only to the unsatisfied rights of the holder of the Ginnie Mae Certificates. In such event, the Ginnie Mae Guaranty Agreement will provide that on and after the time Ginnie Mae directs such a letter of extinguishment to the Lender, Ginnie Mae will be the successor in all respects to the Lender in its capacity under the Ginnie Mae Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and will be subject to all responsibilities, duties, and liabilities (except the Lender's indemnification of Ginnie Mae), theretofore placed on the Lender by the terms and provisions of the Ginnie Mae Guaranty Agreement, provided that at any time, Ginnie Mae may enter into an agreement with any other eligible issuer of Ginnie Mae securities under which the latter undertakes and agrees to assume any part or all of such responsibilities, duties or liabilities theretofore placed on the Lender, and provided that no such agreement will detract from or diminish the responsibilities, duties or liabilities of Ginnie Mae in its capacity as guarantor of the Ginnie Mae Certificates, or otherwise adversely affect the rights of the holders thereof.

#### **Payment of Principal and Interest on the Ginnie Mae Certificates**

Payment of interest on each Ginnie Mae Certificate is required to be made in monthly installments on or before the 15th day of each month commencing the month next following the date of issue of such Ginnie Mae Certificate. Upon the issuance of the Project Loan Certificate and commencement of the payment of principal thereon, the Project Loan Certificate will be payable in monthly installments of principal and interest, subject to prepayment due to prepayment, assignment for insurance benefits or acceleration of the Mortgage Note. Each installment on the Project Loan Certificate is applied first to interest and then in reduction of the principal balance then outstanding on the Project Loan Certificate. The amount of principal due on the Project Loan Certificate is the scheduled principal amortization currently due on the Mortgage Note.

The monthly installments are subject to adjustment by reason of any prepayments or other early or unscheduled recoveries of principal on the Mortgage Note. The Lender is required to pay to the Trustee or its nominee, as holder of the Ginnie Mae Certificates, monthly installments of not less than the interest due on the Ginnie Mae Certificates by the Trustee at the rate specified in the Ginnie Mae Certificates, together with any scheduled installments of principal, whether or not collected from the Company, and any prepayments or early recoveries of principal.

### **Liability of Lender**

The Ginnie Mae Certificates will not necessarily constitute a liability of nor evidence any recourse against the Lender. The Ginnie Mae Certificates are based on and backed by the Mortgage on the real property securing the Mortgage Note. Recourse may be had by the Trustee only to Ginnie Mae in the event of any failure of timely payment as provided for in the Ginnie Mae Guaranty Agreement.

**NEITHER THE UNITED STATES OF AMERICA, HUD, FHA, GINNIE MAE, OR ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA, NOR ANY POLITICAL SUBDIVISION THEREOF, SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS WHATSOEVER. THE BONDS ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES, HUD, FHA, GINNIE MAE OR ANY AGENCY OR INSTRUMENTALITY THEREOF.**

### **THE MORTGAGE NOTE AND MORTGAGE**

This summary and explanation of the Mortgage Note and Mortgage does not purport to be comprehensive and is qualified in its entirety by reference to the Mortgage Note and Mortgage for full and complete statements of their provisions. The Mortgage Note and Mortgage will be executed by the Company, and the Mortgage Note initially endorsed for insurance benefits by FHA, on or prior to the Closing Date. The Lender will be obligated to fund the Mortgage Loan only after FHA has initially endorsed the Mortgage Note for insurance benefits.

The Mortgage from the Company to the Lender will secure the Mortgage Note. The Mortgage Loan proceeds will be disbursed by the Lender in accordance with the progress of Project rehabilitation and the Lender will be reimbursed for such advances upon the purchase of the Initial Construction Loan Certificate, the funding of interim Construction Loan Certificates and the purchase of the Project Loan Certificate by the Trustee. The Mortgage Loan disbursements will be insured by FHA as rehabilitation progresses under Section 221(d)(4) of the National Housing Act and the regulations thereunder. Upon the purchase of Construction Loan Certificates, the Lender will make payments thereon which may differ from the Mortgage Note payments. Upon the purchase of up to \$11,500,000 the Project Loan Certificate from the Lender by the Trustee, monthly scheduled installments of principal and interest on the Mortgage Note (less the Ginnie Mae guaranty fee and the Lender's servicing fee) will be passed through to the Trustee as scheduled payments of principal and interest on the portion of the Ginnie Mae Certificate purchased by the Trustee.

It is expected that the Mortgage Loan, as evidenced by the Mortgage Note and Mortgage: (a) will be insured by FHA pursuant to and in accordance with the provisions of Section 221(d)(4) of the National Housing Act and applicable regulations thereunder, as evidenced by the endorsement by

FHA of the Mortgage Note evidencing the Mortgage Loan; (b) will be in the principal amount of \$12,113,500 which is subject to being reduced, without penalty, upon final endorsement of the Mortgage Loan for FHA Insurance; (c) will bear interest at the rate of 4.39% per annum; (d) will have a final maturity of not later than June 1, 2056; (e) will be payable interest only monthly through a date not later than June 1, 2016 and will thereafter be payable in equal monthly installments of principal and interest, commencing not later than July 1, 2016; (f) will be secured on a nonrecourse basis; and (g) will not be subject to prepayment prior to September 1, 2016, except that (i) the Mortgage Note will be subject to mandatory prepayment in whole or in part at any time without premium or penalty, from the proceeds of any casualty insurance or condemnation awards received following a partial or total destruction or condemnation of the Project, in the event and to the extent that such casualty proceeds or condemnation awards are not applied to the repair or restoration of the Project in accordance with the FHA Loan Documents, (ii) the Mortgage Note will be subject to prepayment in whole or in part at the option of the Company, on the last day of any month commencing September 1, 2016, upon at least 30 days' advance written notice to the Lender, and upon payment of the principal amount of the Mortgage Note then outstanding together with the applicable prepayment premium attributable to the balance of the Mortgage Note, (iii) the Mortgage Note is subject to partial prepayment to the extent required by FHA based upon any cost certification or other report required to be provided to FHA, and (iv) the Mortgage Note will be subject to prepayment in whole or in part without the consent of the Lender and without prepayment penalty if HUD determines that prepayment will avoid an FHA insurance claim and therefore is in the best interest of the Federal government, notwithstanding any prepayment prohibition imposed and/or penalty required by the Mortgage Note with respect to prepayments made on or prior to September 1, 2016. In the event of a partial prepayment described in subparagraphs (i), (ii), (iii) or (iv) above, the Mortgage Note may be reamortized to reflect its reduced principal amount.

The principal amount of the Ginnie Mae Certificates equal to the difference between the principal amount of \$12,113,500 and \$11,500,000 will be sold by the Company in a private sale transaction. Scheduled and unscheduled payments of principal on the Ginnie Mae Certificates will be made on a pro rata basis to the holders thereof.

If the Company makes any such prepayment on the Mortgage Note, the amount prepaid will be paid to the Lender and passed through to the Trustee, as a prepayment on the Ginnie Mae Certificate purchased by the Trustee, and applied to the redemption of Bonds, as described under "THE BONDS — Redemption."

In the event of a default on the Mortgage Note, the Lender has the option to (i) foreclose on the Project and then convey title to FHA or (ii) assign the Mortgage Note and related security to FHA. In either event, the proceeds of the FHA mortgage insurance would be paid to the Lender and forwarded to the Trustee as a payment on the Construction Loan Certificates or the Project Loan Certificate, except to the extent that amounts have been previously advanced to the Lender by the Trustee. Such payments would be used by the Trustee to redeem Bonds. See "THE BONDS — Redemption of Bonds — Extraordinary Mandatory Redemption."

## **THE PROJECT**

*The following information concerning the Project has been provided by representatives of the Company and has not been independently confirmed or verified by either the Placement Agent or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.*

## Description of the Project

The Project is a proposed 182-unit multifamily rental community to be located at 400 Hudson Avenue, Albany, New York in a 13-story high rise building. The total rentable building is expected to be 130,000 square feet.

Each unit is expected to include electric ranges, electric refrigerators, carpeting, central air conditioning and window shades. The unit mix of the Project is anticipated to be as follows:

<u>Unit Description</u>	<u>No. Units</u>	<u>Square Footage</u>
Studio	73	372
1BR/1BA End	48	498
1BR/1BA Regular	45	540
1BR/2BA Large	12	757
2 BR/1BA	1	687
	182	86,247

The Project is expected to have a recreational amenity package that includes two community rooms, coin laundry facility and community area/room, barber shop, library, outdoor courtyard. All utilities are paid by the landlord and are included in the rents. The Project is also expected to include 34 parking spaces.

Rehabilitation of the Project is expected to begin in November, 2014 and be completed in January, 2016.

Pursuant to the terms of the Regulatory Agreement, the Company is required to rent no less than 100% of the revenue producing units, with the exception of any management unit, to tenants whose annual household incomes are at or below 60% of the area median income for the Project's location, adjusted for family size. The Project receives rental subsidy for all of the Project's residential rental units from a project-based Section 8 Housing Assistance Payments Contract with HUD and administered by the New York State Division of Housing and Community Renewal which has an expiration date during November, 2034.

## Sources and Uses and Schedule of Funds

In addition to the Mortgage Loan, additional financing is expected to be provided by 4% Low Income Housing Tax Credits (approximately \$6,660,728) that are being syndicated by City Real Estate Advisors (CREA), a \$1,200,000 loan from the New York Department of Housing and Community Renewal under its Homes for Working Families Program (HOME Loan), a \$107,000 grant from the New York State Energy Research and Development Authority (NYSERDA), and approximates \$577,210 of interim cash flow from the Project during construction period.

## Project Based Section 8 Renewal Contract

A Project-Based Section 8 Housing Assistance Payments Renewal Contract ("Renewal Contract") for mark-up-to-market projects will be executed on the Closing Date by the Company. The purpose of the Renewal Contract is to renew the expiring Housing Assistance Payments Contract for a 20 year term.

The contract rents shall initially be:

<b>Number of Contract Units</b>	<b>Number of Bedrooms</b>	<b>Contract Rent</b>	<b>Utility Allowance</b>	<b>Gross Rent</b>
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54	0 Bedroom	\$725	\$0	\$725
61	1 Bedroom	\$888	\$0	\$888
3	1 Bedroom	\$1025	\$0	\$1025

### **PILOT Agreement**

Simultaneously with the issuance of the Bonds, the Issuer and the Company will execute and deliver a payment in lieu of tax agreement dated as of November 1, 2014 (the “Payment in Lieu of Tax Agreement”) by and between the Issuer and the Company, pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Project and the Issuer will file with the assessor and mail to the chief executive officers of each of the Affected Tax Jurisdictions a copy of a New York State Board of Real Property Services Form RP-412-a (the form required to be filed by the Issuer in order for the Issuer to obtain a real property tax exemption with respect to the Project Facility under Section 412-a of the Real Property Tax Law) (a “Real Property Tax Exemption Form”) relating to the Project Facility and the Payment in Lieu of Tax Agreement.

Under the present provisions of the Act and Section 412-a of the Real Property Tax Law of the State of New York (the “Real Property Tax Law”), the Issuer is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or supervision or control; and

Pursuant to the provisions of Section 6.6 (B) of the Payment in Lieu of Tax Agreement, the Company has agreed to make payments in lieu of taxes with respect to the Project in an amount equivalent to normal taxes, provided that, so long as the Payment in Lieu of Tax Agreement shall be in effect, the Company shall during the term of the Payment in Lieu of Tax Agreement make payments in lieu of taxes in the amounts and in the manner provided in this Payment in Lieu of Tax Agreement, and during such period the provisions of Section 6.6(B) of the Installment Sale Agreement shall not control the amounts due as payment in lieu of taxes with respect to that portion of the Project which is covered by this Payment in Lieu of Tax Agreement; and

### **THE PRIVATE PARTICIPANTS**

*The following information concerning the private participants has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Placement Agent or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.*

#### **Company**

The Company is TMG-NY Albany I, LP, a limited partnership organized in Delaware for the purpose of developing, owning and operating the Project. The sole general partner of the Company is TMG-Parkview, LLC, a New York limited liability company (the “General Partner”). The General Partner has general responsibility and sole authority for supervising the operations of the Company, and is responsible for the development, rehabilitation and management of the Project. Royce A. Mulholland is the President of the sole member of the General Partner.

Simultaneously with the issuance of the Bonds, the Company expects to sell a 99.99% interest in the Company to a syndicate sponsored by City Real Estate Advisors (CREA) (the “Investor Limited Partner”). The Investor Limited Partner will make its investment based upon the expected qualification of the Project for low income housing tax credits under Section 42 of the Code. The

Investor Limited Partner is expected to fund the tax credit equity, expected to be approximately \$6,660,728, in stages according to the terms and conditions of the Amended and Restated Agreement of Limited Partnership of the Company. However, if the conditions for a payment are not met, such payments will not be made. The total amount to be funded and the timing of the fundings are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the Company's projections on the Closing Date and neither the Issuer nor the Placement Agent make any representations as to the availability of such funds.

The Company does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the ownership of the Project. However, the General Partner and affiliates of the Investor Limited Partner may engage in the acquisition, development, ownership and arrangement of similar types of housing projects, including housing projects in the immediate vicinity of the Project that may compete with the Project.

The Mortgage Note will be a nonrecourse obligation of the Company, and no partner of the Company will be personally liable with respect to payments on the Mortgage Note or the Company's obligations under the Mortgage, except as otherwise provided under the HUD Regulatory Agreement. None of the Investor Limited Partner's or General Partner's revenue has been pledged or is available to pay debt service on the Mortgage Note. Therefore, the Bondholders have no recourse against the Investor Limited Partner or General Partner for payments on the Bonds, and none of the Company's, Investor Limited Partner's or General Partner's financial statements are included in this Private Placement Memorandum. Furthermore, except to the extent expressly set forth herein, no representation is made that the Company will have substantial funds available for the operation of the Project. If, however, the Company does not operate the Project successfully, the Company could lose its equity in the Project.

### **Managing Agent**

TMG Management, LLC, a Delaware limited liability company, is the intended managing agent for the Project (the "Managing Agent"). The Managing Agent was formed in 2007 by Royce A. Mulholland. The Managing Agent currently employs approximately 37 people. The value of property presently under management contract is approximately \$60 million.

The mailing address of the Managing Agent is 14107 20<sup>th</sup> Avenue, Suite 507, Whitestone, New York 11357.

### **Architect**

The design and inspecting architect for the Project will be HBT Architects, LLP, a New York limited liability partnership (the "Architect"). The Architect, formed in 2000 as Harrison Bridges & Associates Architects, LLP, currently employs 18 persons and has approximately \$100,000,000 of construction under contract. The Architect's practice emphasizes senior housing projects, religious structures and recreational facilities.

As required by HUD, the Architect will certify that, to the best of its knowledge, belief and professional judgment, rehabilitation of the Project in accordance with the plans and specifications is permissible under all applicable state and local codes, ordinances and regulations and will comply with HUD's minimum property standards and other applicable HUD design requirements.

An additional third-party architect will be engaged by HUD through separate agreement to review and countersign all construction draws approved by the Architect.

The mailing address of the Architect is 16 South Main Street, Pittsford, New York 14534.

## **Contractor**

The general contractor for the Project will be BBL Construction Services, LLC. (the “Contractor”). The Contractor is qualified to do business as a general contractor in New York and specializes in multifamily housing projects. The Contractor was formed in 1999, and currently employs approximately 350 persons. Currently, the Contractor has approximately \$854,494,000 in construction work under contract.

The mailing address of the Contractor is 302 Washington Avenue, Albany, New York 12203.

## **The Mortgage Lender/Servicer**

The Lender is a HUD-approved lender and Ginnie Mae-approved issuer of Ginnie Mae-guaranteed mortgage-backed securities. The Lender is an originator, servicer and subservicer of FHA-insured mortgage loans and of Ginnie Mae loan pools.

The mailing address of the Lender is 419 Belle Aire Lane, Warrenton, Virginia 20186.

## **The Trustee**

The Trustee is Manufacturers and Traders Trust Company, a New York banking corporation. The Trustee currently serves as trustee for additional tax exempt bond transactions, including multifamily bond transactions.

The mailing address of the Trustee is One M&T Plaza, 7<sup>th</sup> Floor, Buffalo, New York 14203.

## **CERTAIN BONDHOLDERS’ RISKS**

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

### **Early Redemption and Loss of Premium**

Purchasers of Bonds, including those who purchase Bonds at a price in excess of their principal amount or who hold such a Bond trading at a price in excess of par, should consider the fact that the Bonds are subject to redemption at a redemption price equal only to their principal amount (subject to the exception described below) plus accrued interest in the event such Bonds are redeemed under certain circumstances prior to maturity. This could occur, for example, in the event the Mortgage Note is prepaid as a result of a casualty or condemnation award payments affecting the Project or there is a default under the Mortgage. See “THE BONDS — Redemption — Extraordinary Mandatory Redemption.” The Bonds are also subject to optional redemption commencing on September 20, 2016. See “THE BONDS — Redemption — Optional Redemption.”

The Bonds are also subject to redemption in whole in the event the Initial Construction Loan Certificate is not delivered to the Trustee by December 10, 2014 on the 15<sup>th</sup> day thereafter (as such date may be extended pursuant to the Indenture) in an amount equal to at least \$5,272,619. The Bonds are also subject to special mandatory redemption in part in an amount equal to the remainder of the aggregate amount of Bonds Outstanding less the amount of the Project Loan Certificate delivered to the Trustee in the event the Project Loan Certificate is delivered in a principal amount less than \$11,500,000. If the Project Loan Certificate is not delivered to the Trustee by the Delivery Date, (as such date may be extended as described in APPENDIX B: “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Disbursements and Transfers from the Acquisition Fund — Project Loan Certificate”), the Bonds will be redeemed as follows: (a) in part, on the 15th day following the Delivery Date, in an amount equal to the remainder, if any, of (i) the aggregate principal amount of the Bonds then Outstanding less (ii) the amount of the Construction Loan Certificates as delivered to the Trustee; and (b) in whole, on the 15th day following the maturity date of the



Construction Loan Certificates. See “THE BONDS — Redemption — Extraordinary Mandatory Redemption.”

### **Limited Security**

The Bonds are limited obligations of the Issuer payable solely from certain funds pledged to and held by the Trustee pursuant to the Indenture.

### **Taxability of the Bonds**

THE BONDS ARE NOT SUBJECT TO REDEMPTION, AND THE RATE OF INTEREST ON THE BONDS IS NOT SUBJECT TO ADJUSTMENT, BY REASON OF THE INTEREST ON THE BONDS BEING INCLUDED IN GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION. Such event could occur if the Company (or any subsequent owner of the Project) does not comply with the provisions of the Regulatory Agreement and the Loan Agreement which are designed, if complied with, to satisfy the continuing compliance requirements of the Code in order for the interest on the Bonds to be excludable from gross income for purposes of federal income tax. See “TAX MATTERS” for a discussion of the provisions of the Indenture, the Loan Agreement, the Regulatory Agreement and the other Financing Documents which provide that such documents are subordinate to the National Housing Act, the Mortgage Loan Documents, all applicable HUD mortgage insurance regulations and related administrative requirements, applicable Ginnie Mae regulations and administrative requirements, the Ginnie Mae Documents or, if applicable, Section 8 of the U.S. Housing Act of 1937 and the regulations thereunder.

### **Regulation of Project; Absence of Rent Subsidy on Low-Income Units**

The Issuer, the Trustee and the Company have entered into the Regulatory Agreement requiring that the Project be maintained as a residential rental housing project within the meaning of Section 142(d) of the Code and the Treasury Regulations thereunder, and that 40% of the units in the Project be held available for occupancy by Qualifying Tenants whose income satisfies the requirements of Section 142(d) of the Code for the periods described under the captions. The Regulatory Agreement also requires that the entire Project be offered for rental to the general public, prohibits rental of certain units to persons related to the Company and rentals on a transient basis and imposes other restrictions on the operation of the Project.

The Company also intends to qualify 100% of the units in the Project for low income housing tax credits under Section 42 of the Code and will enter into a tax credit regulatory agreement (the “Tax Credit Regulatory Agreement”) with respect to such credits. The low income housing tax credit program imposes certain restrictions on the Project including certain rental restrictions, the primary restriction being that rents, including an allowance for utilities, for each unit in the Project may not exceed 30% of the imputed income of the tenant(s) of a unit. In addition, 100% of the units in the Project can only be rented to individuals whose income is 60% or less than the area median income for Albany, New York. The tax credit rent restrictions may adversely affect the ability to increase rents in the future, including in cases where operating costs rise, since tax credit rent restrictions are based on area median income limits. Furthermore, under the FHA Regulatory Agreement, certain other conditions on Project operations are imposed by FHA.

Notwithstanding the Renewal Contract, there can be no assurance that the Company will be able to rent the units in the Project at rentals that will enable it to make timely payments on the Mortgage Note. In the event of a default on the Mortgage Note, the Lender has the option to (i) foreclose on the Project and then convey title to FHA or (ii) assign the Mortgage Note and related security to FHA. In either event, the proceeds of the FHA mortgage insurance would be paid to the Lender and then transferred by the Lender to Ginnie Mae to reimburse Ginnie Mae for payments made to the Trustee pursuant to the Project Loan Certificate. Such payments made to the Trustee by Ginnie

Mae would be used by the Trustee to redeem Bonds. See “THE MORTGAGE NOTE AND THE MORTGAGE” and “THE BONDS — Redemption of Bonds — Extraordinary Mandatory Redemption.”

### **Enforcement of the Regulatory Agreement**

As a condition of FHA’s insuring the Mortgage Note, the Regulatory Agreement and all other Financing Documents are made expressly subordinate to the obligations under the Mortgage and the other Mortgage Loan Documents, and enforcement of the Regulatory Agreement is expressly limited so that enforcement will not serve as the basis for a declaration of default under the Mortgage or an acceleration of the Mortgage Note or result in any claim under the Mortgage Note, or claim against the Project, the Mortgage Note proceeds, any reserve or deposit made with the Lender or another person or entity required by HUD in connection with the Mortgage Note transaction, or against the rents or other income from the Project for payment under the Regulatory Agreement. Consequently, the rights of the Issuer or the Trustee to enforce a claim for money damages would be severely restricted and, among other things, it would not be possible to accelerate the debt evidenced by the Mortgage Note or to seek FHA Insurance benefits. There is no provision in the Bonds or the Indenture for an acceleration of the indebtedness evidenced by the Bonds or payment of additional interest in the event interest on the Bonds were declared taxable, and the Issuer will not be liable under the Bonds or the Indenture for any such payment on the Bonds whatsoever. See “TAX EXEMPTION.”

### **Violation of Regulatory Agreements**

The HUD Regulatory Agreement, the Renewal Contract, the Regulatory Agreement and the Tax Credit Regulatory Agreement impose set-asides, income restrictions on tenants and rent restrictions on the Project. They also prohibit discrimination and impose other requirements. The consequences of a violation of any covenants by the Company include: (a) foreclosure of the Project, (b) loss of tax credits, which would require repayment of the tax credit equity investment, recapture of tax credits, and/or removal of the General Partner, (c) taxability of the interest on the Bonds, (d) injunctive relief and (e) damages. Any of these consequences would adversely affect the Company and the Project and the repayment of the Bonds.

### **Issuance of Ginnie Mae Certificates**

It is anticipated that the Trustee will acquire the Project Loan Certificate on or before the Delivery Date (as such date may be extended pursuant to the terms of the Indenture). The purchase of each Ginnie Mae Certificate is subject to the following conditions, among others: (i) the submission by the Lender to Ginnie Mae of certain documents required by Ginnie Mae in form and substance satisfactory to Ginnie Mae, (ii) the Lender’s continued compliance, on the date of issuance of the Ginnie Mae Certificate, with all of Ginnie Mae’s eligibility requirements, specifically including, but not limited to, certain net worth requirements and (iii) the Lender’s continued ability to issue and deliver each Ginnie Mae Certificate, as such ability may be affected by the Lender’s bankruptcy, insolvency or reorganization. In the event that the Project Loan Certificate is not issued as a result of a failure of any of the conditions listed above, the Bonds will be subject to early redemption as discussed under “THE BONDS — Redemption — Extraordinary Mandatory Redemption.”

### **Competing Facilities**

The Issuer and persons who may be affiliated with the Issuer are not prohibited from developing or operating other facilities that could compete with the Project for tenants. Any competing facilities, if so constructed, could adversely affect occupancy and revenues of the Project.

## **Risks of Rehabilitation**

Rehabilitation of the Project is expected to commence in November, 2014. The Company has made arrangements which it anticipates will be sufficient to assure the completion of the rehabilitation of the Project in January, 2016. It is estimated that final endorsement of the Mortgage Note will be obtained within such period of time. No assurance can be given, however, that the arrangements made by the Company are sufficient and that these steps will be completed prior to that date. If the Initial Construction Loan Certificate is not delivered to the Trustee by December 20, 2014 in an amount equal to at least \$5,272,619, the Bonds will be redeemed on the fifteenth day thereafter in whole at a price of par plus accrued interest to the redemption date. If the Mortgage Note is not finally endorsed by FHA and the Project Loan Certificate is not delivered to the Trustee on or before the Delivery Date (unless such date is extended pursuant to the Indenture), the Bonds are required to be redeemed as follows: (a) in part, on the 15th day following the Delivery Date, in an amount equal to the remainder, if any, of (i) the aggregate principal amount of the Bonds then Outstanding less (ii) the amount of the Construction Loan Certificates as delivered to the Trustee; and (b) in whole, on the 15th day following the maturity date of the Construction Loan Certificates. See the "THE BONDS — Redemption — Extraordinary Mandatory Redemption." The anticipated date for completion of rehabilitation of the Project, for delivery of Construction Loan Certificates by the Initial Construction Loan Certificate Delivery Date and for final endorsement of the Mortgage Note by FHA may be subject to various delays, including delays in rehabilitation, whether or not occasioned by default, labor or contract disputes, defects in plans, specifications or materials, and unanticipated site conditions, disputes or difficulties in connection with obtaining regulatory permits or delays in cost certification with FHA.

## **Rental Market Conditions**

The economic feasibility of the Project depends in large part upon being substantially occupied. Although representatives of the Company believe, based on surveys of the area where the Project will be located, that a substantial number of persons of low and moderate incomes need housing facilities such as the Project, no assurance can be given that such occupancy levels will be achieved or sustained once the Project is constructed. Occupancy of the Project may be affected by competition from existing low income housing facilities or from low income housing facilities which may be constructed in the area served by the Project.

## **Secondary Market and Prices**

The Placement Agent will not be obligated to purchase any of the Bonds and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds contemplated by this Private Placement Memorandum, and no assurance can be given that the Bonds can be resold at their initial offering prices for any period of time.

## **Estimated Project Expenses; Management**

The success of the Project depends upon economic conditions, successful management of the Project and other factors. Furthermore, should management of the Project in the future prove to be inefficient, increases in operating expenses might exceed increases in rents which can be supported by market conditions. The economic feasibility of the Project also depends to a large extent on operating expenses. No assurances can be given that moneys available to the Company from operation of the Project will be sufficient to make the required payments on the Mortgage Note.

## **Information Not Verified**

Information with regard to the Project has been obtained from the Company. Much of that information involves predictions with regard to future events, such as the time required to complete

the Project and the initial operating expenses of the Project; such information is, by its nature, not subject to verification. Aside from the analyses made by FHA in determining to insure the Mortgage Note, no feasibility study or other independent verification of the Project has been undertaken.

### **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Private Placement Memorandum.

## **TAX EXEMPTION**

### **Opinion of Bond Counsel**

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing law, (1) interest on the Bonds is (a) excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code, (b) is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals under Section 55 of the Code and (c) is not included in determining the tax base for purposes of computing the alternative minimum tax on corporations under Section 56 of the Code and the branch profits tax under Section 884 of the Code, except that (i) no opinion is expressed as to the exclusion from gross income of the interest on any Bond during any period when such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" thereto, as those quoted terms are used in Section 147(a)(2) of the Code, and (ii) the Company or another Person, by failing to comply with the Tax Requirements, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance thereof.; (2) interest on the Bonds is not included in adjusted current earnings of corporations for purposes of calculating the alternative minimum tax; and (3) interest on the 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 APPENDIX F – "FORM OF OPINION OF BOND COUNSEL".

### **Tax Requirements**

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Bonds from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 142, 147, 148 and 149 of the Code and the regulations thereunder (collectively, the "Tax Requirements"). In the opinion of Bond Counsel, the Tax Regulatory Agreement, the Land Use Restriction Agreement, and the other Financing Documents establish requirements and procedures, compliance with which will satisfy the Tax Requirements. Bond Counsel does note, however, that compliance with certain Tax Requirements necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds may necessitate the taking of action, or refraining to take action, by persons not within the control of the Issuer or the Company. Purchasers of the Bonds should consult their tax advisors concerning the computation of the federal alternative minimum tax.

Interest on the Bonds will be and remain not includable in gross income for federal income tax purposes only if certain requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code"), are satisfied in connection with the Project Facility and the Bonds at and subsequent to the delivery of the Bonds. Included among these continuing requirements are certain restrictions and prohibitions on the use of proceeds of the Bonds, restrictions on the

investment of proceeds and other amounts, and the rebate to the United States of certain earnings in respect of such investments. Provisions of the Code and pertinent regulations relating to use of the Project Facility require that all units in the Project Facility (other than units for resident managers and maintenance personnel) be rented or available for rental during the "qualified project period" for such Project Facility (the "Rental Requirement"). Also, the Code requires that at all times during the "qualified project period" either (a) at least 20% of the units in the Project Facility be occupied by individuals whose incomes are 50% or less of area median gross income, as adjusted for family size, or (b) at least 40% of the units in the Project Facility be occupied by individuals whose incomes are 60% or less of area median gross income, as adjusted for family size. The term "qualified project period" is defined in the Code as the period commencing on the first date on which 10% of the residential units in the Project Facility are occupied and ending on the later of (i) the day which is 15 years after the date on which 50% of the residential units in the Project Facility are occupied, (ii) the first day on which no tax exempt private activity bond issued with respect to the Project Facility is outstanding or (iii) the date on which any assistance provided with respect to the Project Facility under Section 8 of the Housing Act terminates (the "Low Income Occupancy Requirement"). Determinations of individuals' income and area median gross income are made in a manner consistent with Section 8 of the Housing Act. Failure to comply with the Rental Requirement, the Low Income Occupancy Requirement or other requirements to qualify the Project Facility as a "qualified residential rental project" under Section 142(d) of the Code will, unless corrected within a reasonable period of not more than 60 days after such noncompliance is first discovered or would have been discovered by the exercise of reasonable diligence, cause interest on the Bonds to become includable in gross income for federal income tax purposes from the date of issue of the Bonds, regardless of the date on which such noncompliance occurred. Other requirements of the Code include restrictions on the investment and use of proceeds of the Bonds and the rebate of certain investment earnings to the United States. Failure to comply with applicable requirements of the Code may cause interest on the Bonds to be includable in gross income for purposes of federal income tax, possibly from the date of issuance of the Bonds.

The Indenture, the Installment Sale Agreement, the Tax Regulatory Agreement, the Land Use Restriction Agreement and the arbitrage certificate of the Issuer (the "Arbitrage Certificate") contain certain representations and covenants of the Issuer and the Company designed to satisfy the requirements of the Code in order for interest on the Bonds to be and remain not includable in gross income for federal income tax purposes. The Project Facility will meet the Rental Requirement and the Low Income Occupancy Requirement of the Code provided that the Company complies with the terms of the Tax Regulatory Agreement and the Land Use Restriction Agreement. No assurance can be given that in the event of a breach of any covenant or the material inaccuracy of any representation of the Issuer or the Company, or in the event the Company violates the Tax Regulatory Agreement or the Land Use Restriction Agreement, the remedies available to the Trustee and/or the Holders can be enforced in a manner which will preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes. The opinion of Bond Counsel assumes the accuracy of the representations and the continuing compliance by the Issuer and the Company with the covenants, representations, warranties, provisions, and procedures in the Indenture, the Installment Sale Agreement, the Tax Regulatory Agreement, the Land Use Restriction Agreement, and the Arbitrage Certificate. Bond Counsel expresses no opinion with respect to the exclusion of gross income for federal income tax purposes of interest on the Bonds in the event that such representations are inaccurate or incomplete, or that there occurs a failure to comply with such warranties, provisions and procedures.

It should be noted that Section 149(e)(2)(F) of the Code requires that a certificate of a New York State official designated by the New York State law that the Bonds meet the requirements of Section 146 of the Code (relating to volume cap on private activity bonds) be filed with the Federal government on or prior to February 15, 2015. Certain requirements and procedures contained or referred to in the Indenture, the Installment Sale Agreement, the Tax Regulatory Agreement, the Land Use Restriction Agreement, the Arbitrage Certificate and related documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth therein, upon the advice or with the approving opinion of nationally-recognized bond counsel. Hodgson Russ LLP expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of Bond Counsel other than Hodgson Russ LLP.

### **Other Impacts**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of tax-exempt obligations may have collateral federal income tax consequences for certain taxpayers, including financial institutions, certain S corporations and United States branches of foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisers as to any possible collateral consequences in respect of the Bonds. Bond Counsel expresses no opinion regarding any such collateral consequences.

### **New York State Taxes**

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of New York and its political subdivisions (including the City of New York).

### **Future Legislation**

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. The Code has been continuously subject to legislative modifications, amendments and revisions and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Bonds or the tax consequences of ownership of the Bonds.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. The Code has been continuously subject to legislative modifications, amendments and revisions and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

Rep. Dave Camp, the Chairman of the House Committee on Ways and Means, has recently unveiled draft legislation on tax reform. The proposal would impose a ten percent tax on municipal bond interest received by certain upper-income taxpayers (including joint filers

with income over \$450,000), eliminate advance refundings, eliminate private activity bonds, and eliminate bank-qualified bonds. The proposal would make many other changes to the tax code and it appears that the chances of the bill being enacted this year (at least as proposed) are slim. But, given its author, the proposal is being viewed as a serious one, and it at least raises the likelihood that the proposed changes (or some version of them) could be used as offsets for spending or incorporated in future tax reform proposals, one of which may eventually be enacted.

No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Bonds or the tax consequences of ownership of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices set indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the owners of the Bonds regarding the tax status of the interest thereon in the event of an audit examination by the IRS.

All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

### **NO RATING**

The Bonds will not be rated by any rating service on the date of their issuance. The Bonds may be subsequently rated by a rating service, but no party has undertaken to obtain a rating or pay the costs of obtaining a rating.

### **PRIVATE OFFERING**

Pursuant and subject to the terms and conditions set forth in the Bond Placement Agreement dated November 21, 2014 by and among the Issuer, the Company, the Placement Agent and Greystone Select Holdings LLC, as purchaser, the Bonds are being privately placed with the initial purchaser by Manufacturers and Traders Trust Company, as Placement Agent. The Company has agreed to indemnify the Placement Agent, Purchaser and the Issuer against certain civil liabilities, including certain liabilities with respect to federal securities law.

## **CERTAIN LEGAL MATTERS**

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the opinion of Hodgson Russ LLP, Bond Counsel. Certain legal matters will be passed upon for the Company by Cannon Heyman & Weiss, LLP, Buffalo, New York and Richards, Layton and Finger P.A., Wilmington, Delaware and for the Lender by Byrne Costello & Pickard, P.C., Syracuse, New York.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **ABSENCE OF LITIGATION**

### **The Issuer**

There is not now pending or, to the knowledge of the Issuer, threatened, any proceeding or litigation against the Issuer seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members or other officers of the Issuer to their respective officers is being contested.

At the time of the delivery of and payment for the Bonds, the Issuer will deliver a certificate to the effect that no litigation has been served upon the Issuer or, to its knowledge, is pending or threatened against the Issuer in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of Bonds, or the collection or application of revenues and assets pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Loan Agreement or the other agreements and documents executed and delivered by the Issuer relating to the Bonds.

### **The Company**

On the date of the delivery of the Bonds, the Company will deliver a certificate to the effect that there are no legal proceedings pending or, to the Company's knowledge, threatened, to restrain or enjoin the issuance, sale or delivery of the Bonds or the payment, collection or application of the proceeds thereof or of the revenues and other moneys and securities pledged or to be pledged under the Indenture or in any way contesting or affecting any authority for or the validity of the Bonds or the Indenture.

## **ENFORCEABILITY OF REMEDIES**

The remedies available to the Trustee and the owners of the Bonds upon an Event of Default under the Indenture, the Loan Agreement, the Installment Sale Agreement, the Underlying Lease or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.



## **MISCELLANEOUS**

Any statements herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Private Placement Memorandum is not to be construed as a contract or agreement between the Issuer and the purchaser or owners of any of the Bonds.

**[Remainder of page intentionally left blank]**

This Private Placement Memorandum has been duly authorized for use in connection with the offer, sale and distribution of the Bonds by the Issuer and the Company.

**TMG-NY Albany I, LP,**  
a Delaware limited partnership

By: TMG-Parkview, LLC, a New York  
limited liability company

By: The Noelle Affordable Housing  
Corp., a New York not-for-  
profit corporation, its Sole  
Member

By: /s/Royce Mulholland  
Name: Royce Mulholland  
Title: President

## APPENDIX A

### CERTAIN DEFINITIONS

Unless the context requires otherwise, the terms defined in this Section shall, for all purposes of the Indenture and of any certificate, opinion or other document mentioned herein, have the meaning set forth below or as defined in Section 1 of the Regulatory Agreement.

*“Accountant”* means any firm of independent certified public accountants selected by the Issuer.

*“Acquisition Fund”* means the Acquisition Fund established by the Indenture.

*“Act”* means Title I of Article 18-A of the General Municipal Law of the State, as amended from time to time, together with Chapter 325 of the Laws of 1974 of the State, constituting Section 903-a of said General Municipal Law, as amended from time to time.

*“Act of Bankruptcy”* means notice to the Trustee that the Company has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any agency for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Company.

*“Adjusted Gross Income”* means, with respect to a person, the adjusted gross income of such person as set forth on the appropriate line of Internal Revenue Service Form 1040, Form 1040A or 1040EZ, as the case may be, as evidenced by a copy of such form or by a sworn statement of such person.

*“Annual Income”* means the anticipated annual income of a person (together with the anticipated annual income of all persons that intend to reside with such person in one Unit) calculated pursuant to Section 8 of the Housing Act as required by Section 142(d) of the Code.

*“Authorized Denomination”* \$100,000, and any amount in excess thereof shall be in whole dollars (\$1.00), but not in excess of the unpaid amount of Bonds.

*“Authorized Representative”* means, with respect to the Trustee, any trust officer thereof; with respect to the Issuer, any member of the Issuer and any other officer or employee of the Issuer designated by certificate of any member as authorized by the Issuer to perform a specified act or sign a specified document; and with respect to the Company, any officer of the Company or any other Person or Persons designated to act on behalf of the Company by a certificate of the Company filed with the Issuer and the Trustee.

*“Available Money”* means payments under the Ginnie Mae Certificates or any money with respect to which the Trustee has received an opinion of nationally recognized bankruptcy counsel to the effect that the use by the Trustee of such money in accordance with the Indenture would not constitute an avoidable preference or be subject to the automatic stay provisions of Sections 547 and 362(a), respectively, of the United States Bankruptcy Code or similar laws of the United States of America or the State in the event a petition in bankruptcy is filed by or against the entity depositing such money.

*“Beneficial Owner”* means the beneficial owner or owners of 100% of the Bonds Outstanding.

*“Bond”* or *“Bonds”* means the City of Albany Industrial Development Agency Multifamily Housing Revenue Bonds (Ginnie Mae Collateralized Mortgage Loan - Ginnie Mae Collateralized Mortgage Loan - TMG-NY Albany I, LP Project) Series 2014A, in the original aggregate principal amount of \$11,500,000.

*“Bond Counsel”* means Hodgson Russ LLP or any other firm of nationally recognized bond counsel experienced in tax exempt private activity bond financing selected by the Issuer.

“*Bond Fund*” means the Bond Fund established pursuant to the Indenture.

“*Bond Placement Agreement*” means the Bond Placement Agreement among the Issuer, the Placement Agent and the Purchaser.

“*Bond Register*” means the books for registration of the Bonds kept for the Issuer by the Bond Registrar as provided in the Indenture.

“*Bond Registrar*” means the paying agent and bond registrar for the Bonds (initially the Trustee having its operations office located in Buffalo, New York or other office designated by the Trustee), which will be utilized to perform payments and transfers.

“*Bondholder Representative*” means, initially, Greystone Funding Corporation and, thereafter, the Person who is appointed by the Beneficial Owners to act on behalf of the Bondholders.

“*Bond Year*” means each one-year period that ends at the close of business on the day selected by the Company. The first and last Bond Years may be short periods. If no day is selected by the Company before the earlier of the final Maturity Date of the Bonds or the date that is five years after the Closing Date, then Bond Years end on each anniversary of the Closing Date and on the Maturity Date.

“*Bondholder*” or “*Bondowner*” or “*Holder*” or “*Owner*” means, when used with respect to the Bonds, the owner of a Bond then Outstanding under the Indenture as shown on the registration books maintained by the Trustee pursuant to the Indenture.

“*Business Day*” means any day, other than a Saturday or a Sunday, on which banking institutions are open in the State of New York and in the states in which the principal corporate trust and payment offices of the Trustee and any of the offices of the Bond Registrar designated from time to time by the Bond Registrar for the transfer or exchange of Bonds are located.

“*Capitalized Interest Account*” means the Capitalized Interest Account established pursuant to the Indenture.

“*City*” means the City of Albany, New York.

“*Closing Date*” means the date upon which the Bonds are issued and delivered in exchange for the proceeds representing the purchase price of the Bonds paid by the original purchaser thereof, being November 21, 2014.

“*Code*” or “*Internal Revenue Code*” means the Internal Revenue Code of 1986, as amended and in force and effect on the date of the Indenture.

“*Company*” means TMG-NY Albany I, LP, or its successor and assigns.

“*Company’s Tax Certificate*” means the Tax Regulatory Agreement delivered to the Issuer by the Company on the Closing Date in which the Company certifies to various facts relating to the Project that bear on the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. “*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Condemnation*” or the phrase “*eminent domain*” shall include the taking or requisition by governmental authority or by a person, firm or corporation acting under governmental authority or a conveyance made under threat of such taking or requisition, and “*Condemnation Award*” shall mean payment for property condemned or conveyed under Condemnation or threat of Condemnation.

“*Construction Loan Certificate*” means any Ginnie Mae Certificate, other than the Project Loan Certificate, which represents an amount of proceeds of the Mortgage Loan advanced by the Lender to the Company.

“*Costs of Issuance*” means all items of expense related to the authorization, sale, issuance and delivery of the Bonds, as described in Section 147(g) of the Code including, without limitation, printing costs, costs of reproducing documents, counsel fees (including Bond Counsel, Trustee’s counsel, Issuer’s counsel, Company’s counsel, as well as any other specialized counsel fees incurred in connection with the

issuance of the Bonds), initial Trustee expenses with respect to the Bonds, any fee to the Issuer or expenses incurred by the Issuer that pays or reimburses the Issuer for direct and indirect costs of the Issuer related to the issuance of the Bonds, the expenses of the initial purchaser in acquiring the Bonds and legal fees and charges, financial advisory fees, Placement Agent's fees and accountant fees related to issuance of the Bonds, costs of credit ratings, bond registrar and paying agent fees, title insurance fees, survey fees and recording and filing fees, including any applicable documentary stamp taxes, intangible tax and the mortgage registration tax, fees and charges for execution, transportation and safekeeping of the Bonds, and charges and fees in connection with the foregoing.

*"Costs of Issuance Fund"* means the Costs of Issuance Fund established by the Indenture.

*"Delivery Date"* means the date on which the Project Loan Certificate is delivered to the Trustee or its nominee, which shall be on or before August 20, 2016, unless extended in accordance with the Indenture. If the Project Loan Certificate is not delivered to the Trustee or its nominee on or before August 20, 2016 or, if applicable, such date to which delivery has been extended in accordance with the Indenture, the Delivery Date shall be deemed to be August 20, 2016 or, if applicable, such date to which delivery has been extended.

*"DTC"* means The Depository Trust Company, New York, New York.

*"Eligible Tenants"* means (a) individuals and families of extremely low, low and very low income, (a) families of moderate income (in each case in the foregoing clauses (i) and (ii) as such terms are defined by the Issuer under the Act), and (c) Persons with Special Needs, in each case, with an Annual Income not in excess of 140% of the area median income for a four person household in the applicable standard metropolitan statistical area; provided that all Low-Income Tenants count as Eligible Tenants.

*"Expense Fund"* means the Expense Fund established pursuant to the Indenture.

*"Favorable Opinion of Bond Counsel"* means, with respect to any action the taking of which requires such an opinion, an unqualified opinion of Bond Counsel to the effect that such action will not impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds).

*"FHA"* means the Federal Housing Administration of HUD or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD, the Federal Housing Commissioner and their representatives or agents.

*"FHA Insurance"* means the insurance of the Mortgage Note by FHA pursuant to Section 221(d)(4) of the National Housing Act.

*"Financing Documents"* means the Underlying Lease, the Loan Agreement, the Installment Sale Agreement, the Indenture, the Tax Regulatory Agreement, the Bonds, the Bond Purchase Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof, but excluding the Ginnie Mae Documents and the Mortgage Loan Documents.

*"Funds"* means the Funds created and established pursuant to the Indenture, including, but not limited to, the Bond Fund, the Acquisition Fund, the Costs of Issuance Fund and the Expense Fund, but excluding the Rebate Fund.

*"Ginnie Mae"* means the Government National Mortgage Association, an organizational unit within HUD, or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD and his representatives or agents.

*"Ginnie Mae Certificate"* means a Construction Loan Certificate or the Project Loan Certificate, as the case may be, each being a mortgage-backed security issued by the Lender and guaranteed as to timely payment of interest, in the case of a Construction Loan Certificate, or of principal and interest, in

the case of the Project Loan Certificate, by Ginnie Mae pursuant to the National Housing Act, as amended, and the regulations promulgated thereunder and backed by the Mortgage Loan.

*“Ginnie Mae Documents”* means the commitments issued by Ginnie Mae to the Lender to guaranty the Ginnie Mae Certificates and all other documents, certifications and assurances executed and delivered by the Lender, Ginnie Mae or the Company in connection with the Ginnie Mae Certificates.

*“Government Obligations”* means bonds, notes and other evidences of indebtedness of the United States of America or of any agency or instrumentality thereof backed by the full faith and credit of the United States of America.

*“Gross Proceeds”* means any proceeds, as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds, as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

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

*“HUD Regulatory Agreement”* means the Regulatory Agreement between the Company and HUD with respect to the Project.

*“Income Certification”* means a certification as to income and other matters executed by the household members of each Unit in the Project, in substantially the form as attached to the Regulatory Agreement, or in such other form as may from time to time be required by the Issuer in satisfaction of the criteria prescribed by the Code, the Regulations or the Secretary of HUD under Section 8(f)(3) of the Housing Act for purposes of determining whether a family is a lower-income family within the meaning of Section 8(f)(1) of the Housing Act and regulations and in accordance with the terms of the Regulatory Agreement.

*“Indenture”* means the Trust Indenture dated as of November 1, 2014, by and between the Issuer and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

*“Information Services”* means Financial Information, Inc.’s Daily Called Bond Service, 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Service’s Called Bond Service, 65 Broadway, 16th Floor, New York, New York 10006; Moody’s Investors Service Municipal and Government, 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard and Poor’s Corporation Called Bond Record, 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services providing information with respect to called bonds, or, as the Issuer may designate in a request of the Issuer delivered to the Trustee, to no such services.

*“Initial Advance”* means the first advance from the Acquisition Fund made by the Trustee.

*“Initial Construction Loan Certificate”* means the Construction Loan Certificate backed by the first advance under the Mortgage Loan issued by the Lender to the Trustee or its nominee in the amount of \$5,272,619, or such lesser amount if the Trustee receives confirmation of the rating then outstanding on the Bonds from the Rating Agency, or if the Bonds are not rated, the consent of the Bondholder Representative.

*“Initial Construction Loan Certificate Delivery Date”* means on or before December 10, 2014, unless extended pursuant to the Indenture. If the Initial Construction Loan Certificate is not delivered to the Trustee or its nominee on or before December 10, 2014 or, if applicable, such date to which delivery has been extended in accordance with the Indenture, the Initial Construction Loan Certificate Delivery Date shall be deemed to be December 10, 2014 or, if applicable, such date to which delivery has been extended.

*“Initial Endorsement”* means the initial endorsement of the Mortgage Note by FHA for FHA Insurance.

*“Installment Sale Agreement”* means the installment sale agreement dated as of November 1, 2014 by and between the Issuer and the Company, as said installment sale agreement may be amended or supplemented from time to time.

*“Investment Proceeds”* is defined in Section 1.148-1(b) of the Regulations and generally consists of any amounts actually or constructively received from investing Proceeds.

*“Investor Letter”* means a letter substantially in the form attached to the Indenture as Exhibit C, to be executed by a purchaser of Bonds and delivered to the Issuer and the Placement Agent.

*“Investor Limited Partner”* means CREA Parkview Albany, LLC, and its permitted successors and assigns.

*“Issuer”* means City of Albany Industrial Development Agency, a public benefit corporation of the State, together with its successors and assigns.

*“Issuer Fee”* means the amount of 1.00% (100 basis points) based on the total costs of the Project, due and payable on the Closing Date.

*“Issuer’s Certificate as to Tax Exemption”* means the Certificate as to Tax Exemption executed by the Issuer and delivered on the Closing Date.

*“Lender”* means Greystone Servicing Corporation, Inc., a Georgia corporation, or its successors and assigns or, if Greystone Servicing Corporation, Inc. loses its status as an FHA approved mortgagee, any other mortgagee approved by FHA, and their respective successors or assigns.

*“Letter of Representations”* means the Blanket Issuer Letter of Representations provided by the Issuer to DTC.

*“Loan”* means the loan of the proceeds of the Bonds made to the Company pursuant to the Loan Agreement.

*“Loan Agreement”* means the loan agreement dated as of November 1, 2014, among the Issuer, the Company, the Trustee and the Lender, and any amendments thereto.

*“Low-Income Tenants”* has the meaning ascribed to such term in the Regulatory Agreement.

*“Maturity Date”* means June 20, 2056.

*“Median Gross Income for the Area”* means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of HUD, under Section 8 of the Housing Act (or if such program is terminated, median income determined under the program in effect immediately before such termination), in accordance with Section 142 of the Code and/or any Treasury Regulation, rule or revenue procedure amending or superseding the same, in each case as adjusted for family size.

*“Mortgage”* means the mortgage under which the Company is grantor and the Lender is beneficiary, and any amendments thereto.

*“Mortgage Loan”* means the loan from the Lender to the Company evidenced by the Mortgage Note and secured by the Mortgage.

*“Mortgage Loan Documents”* means the Mortgage, the Mortgage Note, the HUD Regulatory Agreement and all other documents required by the Lender and/or HUD in connection with the Mortgage Loan.

*“Mortgage Note”* means the Mortgage Note (Multifamily) of the Company payable to the order of the Lender in the principal amount of \$12,113,500 (or such other amount endorsed for FHA insurance by HUD) and any riders thereto or amendments thereof.

*“National Housing Act”* means the National Housing Act (12 U.S.C. §1701), as amended, and the applicable regulations thereunder.

“*Opinion*” means a written opinion of any attorney or firm of attorneys acceptable to the Trustee, who may be counsel to but shall not be a full time employee of the Issuer, the Company or the Trustee.

“*Outstanding*”, as applied to the Bonds, means, as of the applicable date, all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except the following:

- (a) Bonds canceled upon surrender, exchange or transfer, or canceled because of payment or redemption, on or prior to such date;

- (b) Bonds deemed paid pursuant to the defeasance provisions of the Indenture; and

- (c) Bonds in lieu of which others have been executed and authenticated under provisions of the Indenture relating to mutilated, lost, stolen or destroyed Bonds and partial redemptions;

provided that Bonds that are owned by the Issuer, the Company or any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or the Company shall be deemed not to be Outstanding for purposes of determining whether the Owners of the requisite percentage of Bonds have concurred in any demand, direction, request, notice, consent, waiver or other action under the Indenture, except that for purposes of determining whether the Trustee shall be protected in relying on any such concurrence of Owners, only Bonds known by the Trustee to be so owned shall be deemed not to be Outstanding. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for such purposes, if the pledgee shall establish to the satisfaction of the Trustee the pledgee’s right to vote such Bonds and the pledgee is not a Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or the Company. In case of a dispute as to such right, the Trustee shall be fully protected in relying on an Opinion of counsel. At the time of any such determination, the Issuer shall furnish the Trustee a certificate of an Authorized Representative of the Issuer, upon which the Trustee may rely, describing all Bonds held by the Issuer so to be excluded.

“*Payment Date*” means the 20<sup>th</sup> day of each calendar month commencing December 20, 2014. In the case of payment of defaulted interest, “*Payment Date*” also means the date of such payment established pursuant to the Indenture.

“*Permitted Investments*” means, to the extent permitted by law, any of the following:

- (a) Government Obligations;

- (b) Federal Housing Administration’s debentures;

- (c) Federal Home Loan Mortgage Corporation’s participation certificates (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts), which guarantee full and timely payment of principal and interest and senior debt obligations;

- (d) Farm Credit Banks’ (Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system wide bonds and notes;

- (e) Federal Home Loan Banks’ consolidated debt obligations;

- (f) Federal National Mortgage Association’s mortgage-backed securities (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts) and senior debt obligations;

- (g) Resolution Funding Corp.’s debt obligations;

- (h) certificates of deposit, time deposits and bankers’ acceptances (having original maturities of not more than 365 days) of any bank (including the Trustee or any affiliate of the Trustee), the unsecured short term obligations of which are rated “A-1+” by the Rating Agency;

- (i) deposits that are fully insured by the Federal Deposit Insurance Corp. with a banking institution rated “A-1+” by the Rating Agency;



(j) debt obligations rated “AAA” by the Rating Agency (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(k) commercial paper (having original maturities of not more than 90 days) rated “A-1+” by the Rating Agency;

(l) repurchase agreements with any Company the unsecured, uninsured and unguaranteed debt obligations of which are rated “AA/A-1+” by the Rating Agency if the term is greater than three months or A-1+ if the term is three months or less, or commercial paper of which is rated “A-1+” by the Rating Agency; and

(m) money market mutual funds rated “AAA” by the Rating Agency.

“*Permitted Encumbrances*” means (A) utility, access and other easements, rights of way, restrictions, encroachments and exceptions that benefit or do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (B) mechanics’, materialmens’, warehousemens’, carriers’ and other similar Liens to the extent permitted by Section 8.8(B) of the Installment Sales Agreement (C) Liens for taxes, assessments and utility charges (1) to the extent permitted by Section 6.2(B) of the Installment Sale Agreement, or (2) at the time not delinquent, (D) any Lien on the Project obtained through any Financing Document, (E) any Lien on the Project existing on the Closing Date related to the Bonds, (F) any Lien on the Project for which the Lender gives its written consent.

“*Person*” means any natural individual, corporation, partnership, trust, unincorporated association, limited liability company, business or other legal entity, and any government or governmental agency or political subdivision thereof.

“*Placement Agent*” means Manufacturers and Traders Trust Company, acting in its capacity as Placement Agent under the Bond Placement Agreement.

“*Principal Office*” means the corporate trust office of the Trustee situated in the city in which the Trustee is described as being located, or such other corporate trust office designated by the Trustee as its Principal Office for purposes of the Indenture. The Principal Office of the initial Trustee shall be the address designated in the Indenture.

“*Principal Reduction Payment Date*” means the 20th day of each month in each of the years specified in Section 3.01(3) of the Indenture.

“*Principal Reduction Payment Requirements*” shall mean the aggregate principal amount of the Bonds required to be redeemed on each Principal Reduction Payment Date pursuant to Section 3.01(3) of the Indenture and as set forth in Appendix G hereto.

“*Proceeds*” is defined in Section 1.148-1(b) of the Regulations and generally means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

“*Project*” shall have the meaning set forth in the third recital paragraph of the Indenture.

“*Project Costs*” means, to the extent authorized by the Act, any and all costs incurred by the Company with respect to the acquisition, rehabilitation and installation, as the case may be, of the Project, whether paid or incurred prior to or after the date of the Regulatory Agreement, including, without limitation, costs for site preparation, the planning of housing and improvements, the removal or demolition of existing structures, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors and Company’s overhead and supervisor’s fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof.

*“Project Facilities”* means the multifamily housing structure and related buildings and other improvements to be constructed on the Project Site by the Company, and all fixtures and other property owned by the Company and located on, or used in connection with, such buildings, structures and other improvements constituting the Project as more fully set forth in the Regulatory Agreement.

*“Project Loan Certificate”* means the Ginnie Mae Certificate issued after the Mortgage Loan is finally endorsed for FHA Insurance which may be either a Ginnie Mae permanent security with a “PN” designation or a “PLC”.

*“Project Site”* means the parcel or parcels of real property described in the Regulatory Agreement, and all rights and appurtenances appertaining thereunto.

*“Purchaser”* means Greystone Select Holdings, LLC, as the direct purchaser of the Bonds on the Closing Date.

*“Qualified Project Costs”* means the Project Costs incurred no earlier than 60 days prior to the Inducement Date (or which are qualifying preliminary expenditures) and no earlier than three years prior to the date reimbursed with Proceeds of the Bonds, but in no event shall such costs have been incurred with respect to a portion of the Project that is placed in service, within the meaning of Section 1.150-2 of the Regulations, earlier than 18 months prior to the date the related costs are reimbursed with Proceeds of the Bonds; provided that such costs are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Company or but for the proper election by the Company to deduct those amounts; provided, however, that, only such portion of the interest accrued on the Bonds during, and fees for a “qualified guarantee” (within the meaning of Section 1.148-4 of the Regulations) attributable to the period of, the rehabilitation of the Project shall constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs; and provided, however, that, if any portion of the Project is being constructed by the Company or a Related Person (whether as a general contractor or a subcontractor), “Qualified Project Costs” shall include only (a) the actual out-of-pocket costs incurred by the Company or such Related Person in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Company or such Related Person (but excluding any profit component) and (c) any overhead expenses incurred by the Company or such Related Person that are directly attributable to the work performed on the Project and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation of the Project or payments received by such Related Person due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance.

*“Qualified Project Period”* has the meaning ascribed to such term in the Regulatory Agreement.

*“Qualifying Tenant”* means a tenant whose Annual Income is 60% or less of Median Gross Income for the Area, as required by Section 142(d)(2)(B) of the Code. If all the occupants of a Unit are students (as defined under Section 151(c) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not qualify as Qualifying Tenants. The determination of a tenant’s status as a Qualifying Tenant will be made by the Company upon initial occupancy of a Unit in the Project by such tenant and annually thereafter, on the basis of an Income Certification executed by the tenant; provided, however that once a tenant qualifies as a Qualifying Tenant, such tenant will continue to qualify except as provided in the Regulatory Agreement.

*“Rating Agency”* means Standard & Poor’s Rating Services and its respective successors and assigns, or any other nationally recognized securities rating agency designated by the Bondholder Representative.

*“Rebate Amount”* has the meaning ascribed in Section 1.148-1(b) of the Regulations.

*“Rebate Analyst”* means any person, chosen by and at the expense of the Company, qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the

arbitrage rebate regulations promulgated under the Code, which is engaged for the purpose of determining the amount of required deposits to the Rebate Fund, if any.

*“Rebate Fund”* means the Rebate Fund established pursuant to the Indenture.

*“Record Date”* means the 15th day preceding each Payment Date, whether or not a Business Day.

*“Regulations”* means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code. Any reference to any specific Regulation also means, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

*“Regulatory Agreement”* means the Land Use Restriction Agreement dated as of November 1, 2014, among the Company, the Issuer and the Purchaser, together with any amendments and supplements thereto permitted thereby and the Tax Regulatory Agreement dated the Closing Date from the Company to the Issuer and the Trustee, together with any amendments and supplements thereto permitted thereby.

*“Related Person”* has the meaning set forth in Section 144(a)(3) of the Code, and generally means a partner of the Company, a Person whose relationship with the Company would result in a disallowance of losses under Section 267 or 707(b) of the Code or a Person who, together with the Company, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).

*“Sale Proceeds”* is defined in Section 1.148-1(b) of the Regulations and generally consists of any amounts actually or constructively received from the sale (or other disposition) of any Bond, including amounts used to pay Placement Agent’s discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any Bond and that is described in Section 1.148-(b)(4) of the Regulations.

*“Securities Depositories”* means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other securities depository designated in any supplemental resolution of the Issuer to serve as securities depository for the Bonds that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of book entry interests in Bonds, and to effect transfers of book entry interests in Book Entry Bonds.

*“Special Mandatory Redemption Account”* means the Special Mandatory Redemption Account established in the Bond Fund.

*“State”* means the State of New York.

*“Supplemental Indenture”* means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized thereunder.

*“Surplus Cash”* has the meaning specified in the HUD Regulatory Agreement.

*“Transferred Proceeds”* means, pursuant to Section 1.148-1(b) of the Regulations, with respect to any portion of the Bonds that is a refunding issue, proceeds that have ceased to be proceeds of a refunded issue and are transferred proceeds of the refunding issue by reason of Section 1.148-9 of the Regulations.

*“Trust Estate”* means the trust estate pledged by the Issuer and described in the Granting Clauses of the Indenture.

*“Trustee”* means Manufacturers and Traders Trust Company, a New York banking corporation, or its successor, as Trustee under the Indenture.

*“Trustee Fees”* means the amount payable by the Company to the Trustee pursuant to the Loan Agreement for its ordinary services under the Indenture.

“*Unit*” means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation located within the Project.

“*Yield*” of (i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations, and (ii) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

## APPENDIX B

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

*The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Indenture, which is qualified in its entirety by reference to the Indenture.*

**Establishment of Funds.** (Section 4.01) There are hereby established with the Trustee the following Funds and Accounts, to be held in trust for the benefit of the Bondholders and maintained by the Trustee under the Indenture:

- (1) the Bond Fund (and the Special Mandatory Redemption Account therein);
- (2) the Costs of Issuance Fund;
- (3) the Acquisition Fund (and the Capitalized Interest Account therein);
- (4) the Rebate Fund; and
- (5) the Expense Fund.

Each Fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture. All money deposited in the Funds and accounts created hereunder shall be used solely for the purposes set forth in the Indenture. The Trustee shall keep and maintain adequate records pertaining to each Fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time.

The Trustee shall, at the written direction of an Authorized Representative of the Issuer, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the Funds or the Rebate Fund, or result in commingling of funds not permitted hereunder.

**Deposits into Acquisition Fund: Use of Money in Acquisition Fund.** (Section 4.02)

Deposits. The Trustee shall deposit:

- (i) into the Acquisition Fund, when and as received, \$11,500,000 from the proceeds of the Bonds; and
- (ii) into the Capitalized Interest Account of the Acquisition Fund \$261,316.15 from moneys paid by the Company (but not from proceeds of the Bonds), either to pay interest on the Bonds, or to pay accrued interest on the purchased Ginnie Mae Certificates or, with the approval of the Rating Agency, if applicable or, if the Bonds are not rated, the consent of the Bondholder Representative, to pay any costs incurred with obtaining an extension of the Delivery Date or to pay the Trustee Fees. In no event shall proceeds of the Bonds be deposited into the Capitalized Interest Account.

Prior to the Delivery Date, moneys in the Acquisition Fund shall be applied to the acquisition of Ginnie Mae Certificates (including, to the extent available in the Capitalized Interest Account, the

payment of accrued interest on the Ginnie Mae Certificates). Upon delivery of the Project Loan Certificate, moneys in the Acquisition Fund will be disbursed as set forth in Section 4.02(5) hereof. Upon the acquisition thereof, the Initial Construction Loan Certificate and all other Construction Loan Certificates shall be registered in the name of the Trustee or its nominee in and for the benefit of the Acquisition Fund. All income received from the investment of money on deposit in the Acquisition Fund shall be transferred to the Bond Fund. All money received from the Construction Loan Certificates and the Project Loan Certificate shall be transferred to the Bond Fund.

Capitalized Interest Account. The Trustee shall on each Payment Date occurring prior to the purchase of the Project Loan Certificate by the Trustee transfer from the Capitalized Interest Account and deposit in the Bond Fund an amount which, together with money held in the Bond Fund (exclusive of money in the Special Mandatory Redemption Account, except to the extent such funds are to be used for the extraordinary mandatory redemption of Bonds), is equal to the interest on the Bonds due on such Payment Date; however, amounts transferred from the Capitalized Interest Account shall not be used to pay any principal of the Bonds. The Trustee shall review amounts on deposit in the Bond Fund and the Capitalized Interest Account at least fifteen (15) days prior to each Payment Date to make a determination as to whether amounts on deposit in such funds are sufficient to pay the interest due on the Bonds on the Payment Date. If the Trustee determines that amounts on deposit in the Bond Fund and Capitalized Interest Account are not sufficient to pay interest on the Bonds on the Payment Date, the Trustee shall provide the Company and the Issuer with written notice at least ten (10) days prior to the Payment Date of such deficiency and demand payment of the deficiency in accordance with Section 5.3 of the Installment Sale Agreement. The Trustee shall disburse moneys from the Capitalized Interest Account in accordance with the provisions of Section 4.02(3), 4.02(4), 4.02(5) and 4.02(7) of the Indenture.

Initial Construction Loan Certificate Advance. The Trustee shall disburse to the Lender (i) from the Acquisition Fund an amount equal to the principal amount of the Initial Construction Loan Certificate and (ii) from the Capitalized Interest Account of the Acquisition Fund accrued interest thereon from and including the first day of the month in which the Initial Construction Loan Certificate is delivered to the Trustee or its nominee to, but not including, the date the Initial Construction Loan Certificate is delivered to the Trustee or its nominee, but only upon receipt by the Trustee or its nominee of the Initial Construction Loan Certificate bearing interest at the pass-through rate of 4.14% per annum and maturing on or after the Delivery Date, but not later than June 15, 2056, unless the Trustee receives a written confirmation of the existing rating on the Bonds from the Rating Agency or, if there is no rating on the Bonds, the consent of the Bondholder Representative.

The Lender shall provide the Trustee with two business days' notice to enable the Trustee to liquidate investments in order to disburse funds to the Lender.

The Trustee will transfer all money in the Acquisition Fund and all accounts thereof to the Bond Fund for mandatory redemption of the Bonds if the Initial Construction Loan Certificate is not delivered to the Trustee on or before the Initial Construction Loan Certificate Delivery Date; however, such transfer will be delayed if the Initial Construction Loan Certificate Delivery Date is extended pursuant to Section 4.02(7) of the Indenture.

If the Trustee does not have the Initial Construction Loan Certificate by the 5th Business Day prior to the Initial Construction Loan Certificate Delivery Date, the Trustee shall notify the Company, the Lender and the Rating Agency, if applicable, by telecopy on such day.

Interim Construction Loan Certificates. Following the delivery to the Trustee or its nominee of the Initial Construction Loan Certificate, the Trustee shall from time to time disburse to the Lender (i) from the Acquisition Account, an amount equal to the principal amount of any interim Construction Loan Certificate and (ii) from the Capitalized Interest Account of the Acquisition Fund, accrued interest thereon from and including the first day of the month in which the Construction Loan Certificate is

delivered to, but not including, the date the Construction Loan Certificate is delivered to the Trustee or its nominee, provided that the pass-through rate of all Construction Loan Certificates held by the Trustee or its nominee is 4.14% per annum and maturing on or after the Delivery Date, but not later than June 15, 2056, unless the Trustee receives written confirmation of the existing rating on the Bonds from the Rating Agency or, if there is no rating on the Bonds, the consent of the Bondholder Representative. The Lender shall provide the Trustee with two business days' notice to enable the Trustee to liquidate investments in order to disburse funds to the Lender.

Project Loan Certificate. The Trustee shall disburse to the Lender (i) from the Bond Fund, an amount equal to the principal amount of the Project Loan Certificate minus the aggregate principal amount of all Construction Loan Certificates previously delivered to the Trustee or its nominee and (ii) from the Capitalized Interest Account of the Acquisition Fund, accrued interest thereon from and including the first day of the month in which the Project Loan Certificate is delivered to, but not including, the date the Project Loan Certificate is delivered to the Trustee or its nominee, but only upon receipt by the Trustee or its nominee of the Project Loan Certificate bearing interest at the pass-through rate of 4.14% per annum maturing June 15, 2056 (or such later date as the Trustee receives a written confirmation of the existing rating on the Bonds from the Rating Agency or, if there is no rating on the Bonds, the Bondholder Representative) with prepayment provisions which correspond to the redemption provisions set forth in Sections 3.01(1) and 3.01(2)(c) of the Indenture.

If the Project Loan Certificate is not delivered to the Trustee or its nominee by the 45<sup>th</sup> day prior to the Delivery Date, the Trustee shall notify the Company, the Lender, the Bondholder Representative and the Rating Agency, if applicable, by telecopy on such day.

The Trustee shall deliver to the Lender all Construction Loan Certificates held by it or its nominee for delivery to Ginnie Mae in exchange for the Project Loan Certificate; however, the Construction Loan Certificates shall not be so released if the principal amount of the Mortgage Note as finally endorsed is less than the aggregate principal amount of such Construction Loan Certificates unless the Lender has paid to the Trustee or its nominee an amount equal to such difference as a partial redemption of such Construction Loan Certificates. Any amounts so received shall be deposited in the Special Mandatory Redemption Account in the Bond Fund and applied to the redemption of Bonds pursuant to Section 3.01(2)(b) of the Indenture.

The Trustee shall transfer money from the Acquisition Fund in an amount that is equal to the difference between the aggregate principal amount of the Bonds then Outstanding and the principal amount of all Construction Loan Certificates to the Special Mandatory Redemption Account of the Bond Fund, if the Project Loan Certificate is not delivered to the Trustee or its nominee on or before the Delivery Date; however, such transfer shall be delayed one or more times but not to a date later than the maturity date of the Construction Loan Certificates (as such date may be extended with the consent of the Rating Agency or, if the Bonds are not rated, the consent of the Owners of all of the Outstanding Bonds, the Lender and, if required, Ginnie Mae) if the Trustee shall have received a timely request from the Company or the Lender for such delay accompanied by (a) a cash flow projection (a "Cash Flow Projection") demonstrating that the sum of (i) the amounts in the Acquisition Fund and the Bond Fund, (ii) the investment earnings to accrue on the amounts held in the Acquisition Fund and the Bond Fund plus payments on any Construction Loan Certificates held by the Trustee during the period ending 15 days after the end of any period of delay requested, and (iii) any additional sums paid to the Trustee by or on behalf of the Company or the Lender for deposit into the Acquisition Fund (either in the form of a letter of credit or accompanied by an unqualified opinion of nationally recognized bankruptcy counsel to the effect that such sums are not subject to the provisions of Sections 362(a) and 547 of the Federal Bankruptcy Code) will be at least equal to the debt service on the Bonds through the date which is fifteen (15) days after the end of any such extension period (including the redemption price of the Bonds, at par and excluding any premium thereon) plus accrued and unpaid Trustee Fees, calculated through the date that is fifteen (15) days after the Delivery Date and (b) arrangements satisfactory to the Trustee for the

making of the investments contemplated by the cash flow projection. The Trustee shall, upon receipt of written direction (i) consent to the extension of the Delivery Date to a date not later than the maturity date of the Construction Loan Certificates held by it, as that maturity date may be extended from time to time, and (ii) consent to the extension of the maturity date of the Construction Loan Certificates to the last date on which the Project Loan Certificate may be delivered pursuant to any extension of the Delivery Date. In the event that the Project Loan Certificate has not been delivered to the Trustee on or before the Delivery Date (as the same may be extended), the Trustee shall, upon receipt of written direction, consent to one or more further extensions of the maturity date of the Construction Loan Certificates. Notwithstanding the foregoing, if the Bonds are rated at the time of a proposed modification as described in Section 4.02(5) of the Indenture, the Trustee shall consent to such modification only upon receipt of confirmation of the rating then outstanding on the Bonds from the Rating Agency and the Rating Agency's approval of the applicable Cash Flow Projection. If the Bonds are not rated at the time of a proposed modification as described in this Section 4.02(5), the Trustee shall consent to such modification only upon receipt of written consent of the Owner of all of the Outstanding Bonds to the applicable Cash Flow Projection.

At the written direction of the Company or the Lender, which written direction certifies that the Cash Flow Projection prepared in connection with such extension took into account the payment of such costs, notwithstanding contrary instruction from the other, the Trustee shall apply moneys in the Capitalized Interest Account of the Acquisition Account to pay any costs incurred with obtaining an extension of the Delivery Date or the maturity date of the Construction Loan Certificates pursuant to Section 4.02(5) of the Indenture.

In the event that the Delivery Date is not extended pursuant to Section 4.02(5) of the Indenture, the Lender may purchase from the Trustee all the Construction Loan Certificates then held by the Trustee at a price of par plus accrued interest on a date agreed to mutually by the Lender and the Trustee and not more than ten (10) days prior to the Maturity Date of the Construction Loan Certificates. The Trustee shall apply to proceeds of the sale to the redemption of the Bonds in the same manner as it would have applied the principal of the maturing Construction Loan Certificates pursuant to Section 3.01(2)(a)(ii) of the Indenture.

Upon delivery of the Project Loan Certificate to the Trustee, but in no event later than the fourth anniversary of the Closing Date (as such date may be extended upon receipt of a written Opinion of Bond Counsel to the effect that such extension will not cause interest on the Bonds to become subject to federal income taxation), the Trustee shall apply any amount remaining in the Acquisition Fund (including the Capitalized Interest Account thereof) in the following order of priority:

first, deposit in the Bond Fund an amount such that the amount on deposit in the Bond Fund will be equal to the difference between (A) the sum of (1) the initial deposit into the Acquisition Fund (including the Capitalized Interest Account) (or such greater or lesser amount in the event the Delivery Date is extended in accordance with Section 4.02(5) of the Indenture) less the cumulative amount paid by the Trustee to acquire the Ginnie Mae Certificates, (2) the principal of and interest required to be paid on the Bonds on or before the next Payment Date, and (3) the Trustee Fee required to be paid on or before the next Payment Date, including any accrued but unpaid amounts, and (B) the sum of payments of principal and interest scheduled to be paid on the Project Loan Certificate on or before the next Payment Date;

second, if the amount of the Project Loan Certificate as delivered to the Trustee is less than the aggregate principal amount of the Bonds then Outstanding, transfer to the Special Mandatory Redemption Account in the Bond Fund an amount equal to the excess of the aggregate principal amount of the Bonds then Outstanding over the amount of the Project Loan Certificate as delivered to the Trustee;



third, to the Lender, to the extent not previously paid, an amount equal to (A) all amounts provided by the Lender to effect any extension of the Delivery Date, the Initial Construction Loan Certificate Delivery Date and/or the maturity date of the Construction Loan Certificates, as set forth in a certificate of the Lender, plus (B) all costs incurred by the Lender in effecting the issuance of any of the Ginnie Mae Certificates in certificated form, as set forth in a certificate of the Lender;

fourth, to the Rating Agency, if applicable, an amount equal to any costs incurred in connection with obtaining an extension of the Delivery Date, the Initial Construction Loan Certificate Delivery Date and/or an extension of the maturity date of the Construction Loan Certificates; and

fifth, to the Company to pay additional development costs relating to the Project, upon receipt of a certification from the Company that the Company is in compliance with the provisions of the Loan Agreement and the Installment Sale Agreement.

Initial Construction Loan Certificate Delivery Date. The Initial Construction Loan Certificate Delivery Date may be extended one or more times if the Trustee shall have received a timely request from the Company or the Lender for such delay accompanied by (a) a cash flow projection demonstrating that the sum of (i) the amounts in the Acquisition Fund and the Bond Fund, (ii) the investment earnings to accrue on the amounts held in the Acquisition Fund and the Bond Fund plus payments on any Construction Loan Certificates held by the Trustee during the period ending 15 days after the end of any period of delay requested and (iii) any additional sums paid to the Trustee by or on behalf of the Company or the Lender for deposit into the Acquisition Fund (either in the form of a letter of credit or accompanied by an unqualified opinion of nationally recognized bankruptcy counsel to the effect that such sums are not subject to the provisions of Sections 362(a) and 547 of the Federal Bankruptcy Code) will be at least equal to the debt service on the Bonds through the date which is 15 days after the end of any such extension period (including the redemption price of the Bonds, at par and excluding any premium thereon) plus accrued and unpaid Trustee's Fees, calculated through the date that is fifteen days after the Initial Construction Loan Certificate Delivery Date. The Trustee will consent to the extension of the Initial Construction Loan Certificate Delivery Date only upon receipt of confirmation of the rating then outstanding on the Bonds from the Rating Agency, if applicable or, if there is no rating on the Bonds, the consent of the Owner of all of the Outstanding Bonds.

**Deposits into Bond Fund; Use of Money in Bond Fund.** *(Section 4.03)*

1. The Trustee shall deposit in the Bond Fund when and as received the following:

- (a) amounts, if any, paid by the Lender as accrued interest;
- (b) all income, revenues, proceeds and other amounts received from or in connection with the Project Loan Certificate and the Construction Loan Certificates; however, any amounts received by the Trustee prior to the date on which the Trustee acquires the Project Loan Certificate which amount has been certified to the Trustee by the Lender as representing principal amortization payments on the Mortgage Note, less such payment by the Lender as required by the applicable rules of Ginnie Mae or FHA, shall be returned to the Lender;
- (c) all earnings and gains from the investment of money held in the Bond Fund and the Acquisition Fund;
- (d) all amounts transferred to the Bond Fund pursuant to Section 4.02;

- (e) \$10,000, or such greater or lesser amount as is required by the Rating Agency to be held in the Bond Fund until the Maturity Date (the “Carryover Amount”) from moneys paid by the Company; and
  - (f) amounts paid by the Company pursuant to Section 5.3 of the Installment Sale Agreement and Section 4.1 of the Loan Agreement (other than the amounts provided for in clauses (4)(ii) and (8) of Section 4.1(b) of the Loan Agreement, which amounts shall be deposited in the Expense Fund pursuant to Section 4.07 of the Indenture) for deposit into a segregated account of the Bond Fund, additional security or any other amounts received by the Trustee which are subject to the lien and pledge of the Indenture for the benefit of the Owners.
2. All amounts in the Bond Fund, other than those in the Special Mandatory Redemption Account, shall be used by the Trustee in the following priority:
- (a) on each Payment Date, for payment of principal of, premium, if any, and interest on the Bonds due on such Payment Date, and on each date on which Bonds are to be redeemed (other than pursuant to Section 3.01(2) of the Indenture) for payment of the redemption price of such Bonds; provided that the earnings and gains from the investment of proceeds of the Bonds shall be used only for the payment of principal of, premium, if any, and interest on the Bonds; and
  - (b) on each Payment Date of each calendar year that the Bonds are Outstanding, commencing December 20, 2014 for transfer to the Expense Fund for payment of the Trustee Fees, provided that the amount applied to the payment of Trustee Fees on any Payment Date shall not exceed one-twelfth of the annual amount of such Trustee Fees.
3. Upon acquisition of the Project Loan Certificate, such Project Loan Certificate shall be registered in the name of the Trustee or its nominee in and for the benefit of the Bond Fund.

**Special Mandatory Redemption Account.** *(Section 4.04)*

Amounts transferred to the Bond Fund from the Acquisition Fund pursuant to Section 4.02(5) or (6) of the Indenture or attributable to the receipt by the Trustee of payments under the Ginnie Mae Certificates exceeding regularly scheduled payments of principal and interest shall be deposited in the Special Mandatory Redemption Account and used by the Trustee solely to redeem Bonds pursuant to Section 3.01(2) of the Indenture.

**Deposits into Costs of Issuance Fund; Use of Money in Costs of Issuance Fund.** *(Section 4.05)*

The Trustee shall deposit in the Costs of Issuance Fund, moneys from the Title Company in an amount sufficient to pay the initial Trustee Fee and Trustee Counsel’s fee. Without further instructions, the Trustee is hereby authorized to pay the initial Trustee Fee and Trustee’s Counsel’s fees out of the Cost of Issuance and Fund Account. In no event shall proceeds of the Bonds be deposited in the Costs of Issuance Fund.

Any amounts deposited in the Costs of Issuance Fund pursuant to this Section shall be used on or after the Closing Date to pay Costs of Issuance.

Any money remaining in the Costs of Issuance Fund ninety (90) days following the Closing Date shall be transferred to the Company.

**Rebate Fund.** *(Section 4.06)*

(a) There is hereby created and established with the Trustee a separate trust fund which shall be designated the “Rebate Fund” (and is herein called the “Rebate Fund”), which shall be held and applied only as provided in this Section. The Trustee shall maintain the Rebate Fund, for the benefit of all persons who are or have at any time been Bondholders, at all times prior to the final payment to the United States of America of the amounts described in Subsection (c) of this Section, which fund shall not be part of the trust estate established hereunder. The money deposited to the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust separately and apart from the other funds held under the Indenture and applied solely as provided in this Section, unless in the opinion of Bond Counsel failure to make such application will not adversely affect any exclusion from gross income of interest on the Bonds under the Code.

(b) The Trustee shall deposit or transfer to the credit of the account of the Rebate Fund each amount delivered to the Trustee by the Company for deposit thereto and each amount directed by the Company to be transferred thereto. The Trustee shall credit all earnings and debit all losses from the investment of money held for the account of the Rebate Fund to such fund.

(c) Upon receipt by Trustee a calculation from the Rebate Analyst in accordance with Section 4.06(g) of the Indenture:

(i) Within 30 days after each Computation Date, the Trustee, on behalf of the Issuer, shall withdraw from the Rebate Fund and pay to the United States of America the appropriate portion of the Rebate Amount (determined by the Rebate Analyst on behalf of the Company) in the installments, to the place and in the manner required by Section 148(f) of the Code, the Regulations, and rulings thereunder as instructed by the Company or its legal counsel and as provided in subsection (iii) below.

(ii) Within five days after receipt from the Company or the Rebate Analyst of written notification of any amount due to the United States of America pursuant to Section 1.148-3(h) of the Regulations accompanied by relevant IRS forms including IRS Form 8038-T, the Trustee shall withdraw from the Rebate Fund an amount which when added to all prior payments to the United States of America equals the correct appropriate portion of the Rebate Amount, plus any penalties and interest and pay such correction amount to the United States of America.

(iii) All payments to the United States of America pursuant to this Subsection shall be made by the Trustee for the account and in the name of the Issuer and shall be paid by draft posted by certified United States Mail (return receipt requested), addressed to the appropriate Internal Revenue Service Center (and, if appropriate, accompanied by the relevant Internal Revenue Service Form, such as Form 8038-T or such other statements, explanations or forms required pursuant to the Regulations or other Internal Revenue Service promulgations).

(d) The Trustee shall preserve all statements, forms and explanations received from the Company or the Issuer pursuant to this Section and all records of transactions in the Rebate Fund until six years after the discharge of the Bonds.

(e) The Trustee may conclusively rely on the information provided, instructions of and forms prepared by the Company or the Rebate Analyst with regard to any actions to be taken by it, including payments to be made, pursuant to this Section and shall have no liability for any consequences of any failure of the Company to supply accurate or sufficient instructions or to compute correctly any payment due pursuant to this Section. The Trustee shall have no responsibility or duty to perform any rebate calculation or to expend its own funds to make any rebate payments.

(f) If at any time during the term of the Indenture the Company, the Issuer or the Trustee desires to take any action which would otherwise be prohibited by the terms of this Section, such Person shall be permitted to take such action if it shall first obtain and provide at the expense of the Company to the other Persons named herein an opinion of Bond Counsel to the effect that such action shall not adversely affect the exclusion of interest on the Bonds from gross income of the owners of any Bond for Federal income tax purposes and shall be in compliance with the laws of the State of New York.

(g) Notwithstanding any provision of the bond documents or mortgage loan documents and unless otherwise specifically agreed to in a separate written agreement, the Trustee shall not be liable or responsible for any method of calculation, or any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any successor statute or any regulation, ruling or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid the United States of America or the determination of the maximum amount which may be invested in “nonpurpose investments” having a higher yield than the yield on the Bonds, in connection with any such investments. The method of calculation, calculation and determination required by Section 148 of the Code shall be accomplished by a Rebate Analyst engaged by the Company. The Trustee shall not be liable or responsible for the negligence or misconduct of the Rebate Analyst. The Trustee shall not be liable or responsible for monitoring the compliance by the Company or the Issuer of any of the requirements of Section 148 of the Code or any applicable regulation, ruling, or other judicial or administrative interpretation thereof (except for the administrative functions described in this Section and in the Indenture), it being acknowledged and agreed that the sole obligation of the Trustee in this regard shall be (i) to invest the moneys received by the Trustee pursuant to the written instructions of the Company in the specific investments identified by the Company or, in the absence of such identification, to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of the Indenture and (ii) to follow instructions contained in this Section and in the Indenture. The Trustee shall not be liable for the Bonds becoming “arbitrage bonds” within the meaning of the Code, as a result of investments it makes in compliance with the instructions it receives or pursuant to or in compliance with the terms of the Indenture. Notwithstanding any other provision in the Indenture, general or specific, to the contrary, the Trustee shall have no obligations hereunder relating to arbitrage restrictions or rebate requirements, except to comply with specific written instructions received by the Trustee from the Company with respect to deposits into the Rebate Fund and release of moneys therefrom. The Trustee shall not have any responsibility to make any calculations relating to arbitrage restrictions or rebate requirements, or to make any other determinations with respect to the excludability of the interest on the Bonds from gross income for federal income tax purposes or to verify, confirm or review (and the Trustee shall not verify, confirm or review) any such calculations or requirements or determinations made hereunder or under the Tax Regulatory Agreement relating to arbitrage restrictions or rebate requirements, or with respect to the

excludability of the interest on the Bonds from gross income for federal income tax purposes or to take any other action with respect thereto hereunder. The Trustee shall not have any responsibility for verifying (and the Trustee shall not verify, confirm or review) that the use of proceeds of the Bonds is in compliance with the requirements of the Code. The Trustee shall not have any responsibility to notify the Company or any other person of any failure by the Company or any other person to provide to the Trustee timely written directions relating to arbitrage restrictions or rebate requirements as required hereunder or under the Tax Regulatory Agreement, including, without limitation, Company certifications or directions regarding rebate determinations or rebate payments which may be due and payable to the Internal Revenue Service.

**Deposits into Expense Fund; Use of Money in Expense Fund.** *(Section 4.07)*

The Expense Fund shall be separate from any other Fund established and maintained under the Indenture.

1. The Trustee shall deposit into the Expense Fund only the amounts (a) transferred thereto pursuant to clauses 2(b) and 2(c) of Section 4.03 of the Indenture and (b) paid by the Company pursuant to clauses (4)(ii) and (8) of Section 4.1(b) of the Loan Agreement. In no event shall the Trustee use any amounts representing payments on the Ginnie Mae Certificates to pay the Issuer Fee.

2. All amounts in the Expense Fund shall be disburse by the Trustee commencing on November 1, 2015 and on each November 1<sup>st</sup> thereafter that the Bonds are Outstanding for payment in advance of the Trustee Fees.

To the extent that sufficient funds are not available to pay the expenses set forth above, the Trustee shall not use any other funds held under the Indenture to pay such expenses and such amounts shall be paid by Company pursuant to Section 4.1(b) of the Loan Agreement or Article V of the Installment Sale Agreement.

**Disposition of Balance in Funds.** *(Section 4.08)*

Except as otherwise specifically provided herein, any money held in any of the Funds created by the Indenture following payment in full of the Bonds or provision for their payment as provided herein shall be used to pay the Trustee Fees and expenses as provided in Section 9.09 herein, and to reimburse the Issuer for any costs incurred by it in connection with the Project or otherwise as provided in Section 4.6 of the Loan Agreement and, to the extent not so used, shall be paid to the Company.

**No Disposition of Ginnie Mae Certificates.** *(Section 6.06)*

Except in connection with Section 3.04 of the Indenture, without the consent of the Bondholder Representative, neither the Issuer nor the Trustee shall sell or otherwise dispose of the Project Loan Certificate (other than delivery of the Project Loan Certificate to the Lender in accordance with its terms) after its acquisition for an amount less than an amount sufficient, together with other amounts then held under the Indenture and available for the payment of the Bonds, to defease the Bonds in accordance with Article VII on the first date following such sale on which the Bonds may be optionally redeemed pursuant to Section 3.01(1).

**Defeasance of Bonds.** *(Section 7.01)*

Following the Delivery Date, in the event that the Issuer or the Company has deposited or caused to be deposited, as trust funds in a special fund with the Trustee (the "Trust Account"), money and/or Government Obligations that are not subject to redemption prior to maturity sufficient in amount, together with known earned income from the investments thereof but without regard to reinvestment thereof, to pay the principal of and interest on the Bonds or such portion thereof as the same become due and payable and to refund or defease such then Outstanding Bonds and to pay the costs of such refunding or defeasance, and shall make irrevocable provisions for redemption of such Bonds (in accordance with optional redemption provisions set forth in Section 3.01 of the Indenture), if applicable, then in such case all right and interest of the Owners of the Bonds to be so retired, refunded or defeased (collectively, the "Defeased Bonds") in the covenants of the Indenture, in the Trust Estate, and in the funds and accounts obligated to the payment of such Defeased Bonds, other than the right to receive the funds so set aside and pledged, thereupon shall cease and become void, except that such Owners shall have the right to receive payment of the principal of, premium, if any, and interest on the Defeased Bonds from the Trust

Account and, in the event the funds in the Trust Account are not available for such payment, shall have the residual right to receive payment of the principal of, premium, if any, and interest on the Defeased Bonds from the Trust Estate (but only if the Indenture has not been discharged as described in Section 7.02 of the Indenture) without any priority of lien or charge against the Trust Estate or those covenants with respect thereto except to be paid therefrom (except that such rights as exist with respect to payment, exchange and transfer of such Bonds under the pertinent provisions of the Indenture shall continue in full force and effect). In such event, the Company shall cause an accounting for such period or periods to be prepared by an Accountant as shall be requested by the Issuer to be prepared and filed with the Issuer and the Trustee and, upon the request of the Issuer, the Trustee shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction. Notwithstanding the foregoing, upon such discharge the provisions of the Indenture relating to the Rebate Fund shall continue in effect. The Trustee shall, as it deems necessary, provide for the random selection of any Defeased Bonds that constitute less than all of the Bonds, for notice of the defeasance to be given to the Owners of the Defeased Bonds and to such other persons as the Trustee shall determine, and for any required replacement of Bond certificates for Defeased Bonds. After the establishment and full funding of such Trust Account, the Defeased Bonds shall be deemed to be discharged and the Trustee then may apply any money in any other fund or account established for the payment or redemption of the Defeased Bonds to such lawful purposes as it shall determine, subject only to the rights of the Owners of any other Bonds then Outstanding and the rights of the Issuer and the Trustee hereunder. Notwithstanding the foregoing, no Bonds shall be defeased unless the Trustee has received written confirmation from the Rating Agency, if any, that such defeasance will not result in a reduction or withdrawal of the rating on the Defeased Bonds. If the Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in accordance with the Letter of Representations.

The Trustee shall notify the Issuer and the Lender of the defeasance of any Bonds. The Issuer and the Lender may rely on any notice provided to it by the Trustee pursuant to this Section. However, the Trustee may in its discretion request that the Issuer provide to the Trustee, at the expense of the Company, (a) an Opinion of Bond Counsel stating that the Defeased Bonds are no longer deemed Outstanding under the Indenture or (b) verification by an accountant or other qualified verification agent acceptable to the Trustee of the conformity of the Trust Account with the provisions of this Section.

**Discharge of Indenture.** *(Section 7.02)*

The obligations of the Trustee hereunder shall remain in effect with respect to all Bonds until the principal of, premium, if any, and interest on all Bonds shall have been paid in full or discharged, notwithstanding that the lien of the Indenture may have been discharged with respect to some of the Bonds pursuant to Section 7.01 of the Indenture. Any money held by the Trustee after payment or discharge of principal of, premium, if any, and interest on all of the Bonds and all amounts due to the Trustee hereunder shall be free from the trust hereof and shall promptly thereafter be applied as set forth in Section 4.08 of the Indenture, and the Trustee shall be released and discharged with respect thereto.

Neither the Trustee nor the Bond Registrar shall be responsible for accounting for, or paying to, any Bondowner any return on or benefit from money held for the payment of unredeemed Bonds or outstanding checks, and no calculation of the same shall affect or result in any offset against fees and expenses due to the Trustee or the Bond Registrar under the Indenture.

The obligation to pay the principal of, premium, if any, and interest on all or any portion of the Bonds (the "Bond Obligations") may be discharged by the delivery of the Bonds to the Trustee accompanied by (i) the notice of tender pursuant to Section 3.04 of the Indenture, or (ii) written direction from the Owner(s) thereof to cancel such Bonds without payment (except as provided hereafter in this Section 7.02 of the Indenture), and upon such delivery, such Bond Obligations shall be canceled and deemed paid. In the event only a portion of the Bond Obligations shall be canceled and deemed paid

pursuant to the terms of this Section 7.02 of the Indenture, those Bond Obligations which are not so canceled and deemed paid shall remain Outstanding for all purposes of the Indenture; provided that if all Bonds Outstanding shall be delivered to the Trustee in accordance with the terms of this Section 7.02 of the Indenture and all of the requirements for the discharge of the Indenture (other than the payment of Bond Obligations) shall be paid and satisfied in full, then the Trustee shall discharge and release the lien of the Indenture, deliver to the Owner(s) of the Bonds all collateral, moneys and securities held by the Trustee pursuant to the Indenture up to an amount necessary (i) in the case of Bonds tendered pursuant to Section 3.04 of the Indenture, to pay the consideration described in such Section, which collateral, moneys and securities shall be delivered free and clear of the lien of the Indenture, and (ii) otherwise, to pay in full all of the principal of and interest on the Bonds through such cancellation and any other amounts due under the Loan Documents, and execute and deliver and such releases or other instruments requisite to release the lien hereof.

**Events of Default.** *(Section 8.01)*

The following events shall be Events of Default under the Indenture:

default in the due and punctual payment of the principal of, premium, if any, or interest on any Bond when and as the same shall become due and payable, whether at maturity as expressed therein, by proceedings for redemption (except as otherwise provided in Section 3.03 of the Indenture), by acceleration, or otherwise; or

default in the performance or observance of any other of the covenants, promises, stipulations, agreements or conditions on the part of the Issuer contained in the Indenture or in the Bonds and failure to remedy the same after notice thereof pursuant to Section 8.10 of the Indenture.

A default under the Mortgage Loan Documents shall not constitute a default under the Indenture, and vice versa. Notwithstanding the occurrence of any Event of Default hereunder or under the Loan Agreement or the Regulatory Agreement, the Trustee shall continue to purchase the Ginnie Mae Certificates from the Lender, provided that said Ginnie Mae Certificates are delivered to the Trustee not later than the maturity date of the Construction Loan Certificates, as the same may be extended pursuant to the Indenture and the funds on deposit in the Acquisition Fund and the Bond Fund shall remain available for such purpose.

**Acceleration of Maturity.** *(Section 8.02)*

If an Event of Default described in paragraph (a) of Section 8.01 of the Indenture shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and shall, if requested by the Owners of 25% of the aggregate principal amount of the Bonds then Outstanding, by notice in writing to the Issuer, the Lender and the Company, declare the principal of all of the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, but only from the revenues and receipts herein specifically pledged for such purpose, including, without limitation, amounts paid pursuant to the Ginnie Mae Certificates and amounts on deposit in the Bond Fund and accounts therein.

If an Event of Default described in paragraph (b) of Section 8.01 shall occur at any time after delivery of the Project Loan Certificate, then, and in each and every such case during the continuance of such Event of Default, the Trustee shall, if requested by the Owners of all of 100% of the aggregate principal amount of the Bonds then Outstanding, by notice in writing to the Issuer, the Lender and the Company, declare the principal of all of the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become and shall be

immediately due and payable, but only from the revenues and receipts herein specifically pledged for such purpose, including, without limitation, amounts paid pursuant to the Ginnie Mae Certificates and amounts on deposit in the Bond Fund and accounts therein.

The Trustee shall give or cause to be given notice of any such declaration of acceleration to the respective Owners of the Bonds at their addresses appearing on the Bond Register. Notice of such declaration of acceleration having been given as aforesaid, anything to the contrary contained in the Indenture or in the Bonds notwithstanding, interest shall cease to accrue on such Bonds from and after the date established for payment of the Bonds pursuant to such declaration of acceleration if and to the extent that money to make such payment is on hand with the Trustee and available for such purpose in any of the Funds on that date.

**Remedies; Rights of Owners.** *(Section 8.03)*

1. Upon the occurrence and during the continuance of an Event of Default the Trustee may proceed to protect and enforce its rights as the owner of the Ginnie Mae Certificates and the rights of the Owners by mandamus or other action, suit or proceeding at law or in equity for specific performance of any agreement herein contained; however, no Event of Default under the Indenture shall be deemed to be a default by the Company under the Mortgage Note.

2. Upon the occurrence of an Event of Default, if requested to do so and upon written request by the Owners of the required percentage of the aggregate principal amount of the Bonds then Outstanding and if indemnified as provided in Section 9.06 of the Indenture, the Trustee shall exercise such one or more of the rights and powers conferred by this Article as the Trustee, upon being advised by counsel, shall deem most expedient in the interests of the Owners.

3. No remedy conferred by the Indenture upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity or by statute.

4. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

5. No waiver of any default or Event of Default hereunder, whether by the Trustee pursuant to Section 8.09 of the Indenture or by the Owners, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

**Right of Owners to Direct Proceedings** *(Section 8.04)*

(a) Anything in the Indenture to the contrary notwithstanding, but subject to Sections 8.04(b) 9.06 and 12.03 of the Indenture, the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings hereunder; however, such written direction shall not be otherwise than in accordance with the provisions of law and of the Indenture and provided, further, that the Owners of the Bonds shall look solely to the Trustee for the benefits of the Ginnie Mae Certificates and any payment of any claim on the Ginnie Mae



Certificates may be made to the Trustee without any liability or accountability to the Owners to see to the application of the benefits of the Ginnie Mae Certificates.

(b) Anything in the Indenture to the contrary notwithstanding, the Bondholder Representative shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

(c) No Owner shall have the right to institute any proceeding for the enforcement of the Indenture unless such Owner has given the Trustee and the Company written notice of an Event of Default, the Bondholder Representative shall have requested the Trustee in writing to institute such proceeding, the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, there shall have been offered to the Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within sixty (60) days after receipt of notice with no inconsistent direction given during such sixty (60) days by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding. Nothing in the Indenture shall affect or impair any right of enforcement conferred on any Owner by the Act to enforce (i) the payment of the principal of and interest on Bonds at and after the maturity thereof, or (ii) the obligation of the Issuer to pay the principal of and interest on Bonds to such Owner at the time, place, from the sources and in the manner as provided in the Indenture.

**Acceptance of Trust and Prudent Performance Thereof.** *(Section 9.01)*

1. The Trustee, as evidenced by its due execution of the Indenture, hereby accepts the trusts and obligations imposed upon it by the Indenture and agrees to perform and observe faithfully all of the duties, conditions and requirements imposed upon it in the Indenture. Except during the continuance of an Event of Default, the Trustee undertakes to perform only such functions and duties as are specifically set forth in the Indenture, and no implied duties or obligations shall be read into the Indenture against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in the exercise of such rights and powers, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs, subject to the limitations on liability set forth in Sections 9.01(3) and 9.02 of the Indenture, and subject to the provisions of Sections 8.07 and 9.06 of the Indenture.
2. All notices or other instruments required by the Indenture to be delivered in writing to the Trustee, in order to be effective, must be delivered at the address for notices to the Trustee set forth in Section 12.04 of the Indenture, or at such other location as the Trustee may designate to the Issuer in writing. With respect to an Event of Default pursuant to Section 8.01(2) of the Indenture, the Trustee shall not be deemed to have notice of any such Event of Default (other than failure by the Lender to make any payment on the Ginnie Mae Certificates when due or failure by the Issuer to file with the Trustee any documents required by the Indenture to be so filed) unless and until it shall have received actual notice thereof, and in the absence of such notice so received, the Trustee may conclusively assume that there is no such Event of Default. Nonetheless, the Trustee may in its sole discretion take notice of an Event of Default without specific notification thereof. In such case, the Trustee shall proceed as if it had received such specific notification.
3. The Trustee shall not be liable with respect to any action taken or omitted to be taken hereunder except for its own negligence or willful misconduct; except that

- (a) this Section will not be construed to limit the effect of the second sentence of Section 9.01(1) of the Indenture; the Trustee shall be obligated to take only such actions as are specifically set forth herein or as are specifically required to be taken by the Trustee when requested in writing from time to time in accordance with the Indenture by the Issuer or by the Owners of not less than the aggregate principal amount of Outstanding Bonds specified herein with respect to the action in question (subject to the restrictions set forth in Section 8.07 of the Indenture);
- (b) in the absence of bad faith on the part of the Trustee, the Trustee may rely, without any independent investigation or inquiry, as to the truth of the statements and to the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the procedural requirements of the Indenture; but in the case of any such certificate or opinion which by any provision is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the procedural requirements of the Indenture;
- (c) the Trustee shall not be liable for any error of judgment made in good faith by the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and
- (d) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding (or such lesser amount as may be specified herein) or otherwise in accordance with the express provisions of the Indenture.

No provision of the Indenture or any other Financing Document shall require the Trustee to risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

**Resignation of Trustee.** *(Section 9.11)*

The Trustee may resign and be discharged from the trusts created by the Indenture by giving to the Issuer, the Lender and the Company at least 60 days' advance written notice. Such resignation shall take effect on the day specified in such notice, but the Trustee shall not be discharged from the trusts hereby created until a successor Trustee has been approved and appointed and such successor has accepted such appointment. Subsequent to such date, the Trustee shall have no further duties and obligations under the Indenture.

**Removal of Trustee.** *(Section 9.12)*

1. The Trustee may be removed at any time, either with or without cause, by the Issuer at the written request of the Company or the Owners of a majority in aggregate principal amount of Outstanding Bonds, provided that all fees and expenses of the Trustee that are due and owing pursuant to Section 9.09 of the Indenture shall first be paid.
2. The Trustee may be removed at any time, either with or without cause, by the Issuer so long as there has been no Event of Default which then remains uncured and provided that all fees

and expenses of the Trustee that are due and owing pursuant to Section 9.09 of the Indenture shall first be paid.

3. Any removal of the Trustee pursuant to this Section shall be effected by delivery to the Trustee, the Lender and the Company of a written instrument to that effect signed by an Authorized Representative of the Issuer.
4. Such removal shall take effect on the day specified in such notice, but the Trustee shall not be discharged from the trusts hereby created until a successor Trustee has been approved and appointed and such successor has accepted such appointment. Subsequent to such date, the Trustee shall have no further duties and obligations under the Indenture.

**Appointment of Successor Trustee.** *(Section 9.13)*

1. In case at any time the Trustee shall resign, be removed or otherwise become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee hereunder, and the Issuer shall promptly appoint a successor trustee. Any such appointment shall be made by a written instrument executed by an Authorized Representative of the Company and the Issuer. The Issuer shall direct the successor Trustee to mail notice by first class mail, postage prepaid, at least once within 30 days of such appointment, to the Lender, the Company and the Owners of all Outstanding Bonds at their addresses on the Bond Register.
2. If, in a proper case, no appointment of a successor Trustee shall be made pursuant to Section 9.13(1) of the Indenture within 90 days after the receipt by the Issuer of the Trustee's notice of resignation given pursuant to Section 9.11 of the Indenture or of removal of the Trustee pursuant to Section 9.12 of the Indenture, the retiring Trustee, at the expense of the Company, or any Owner may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.
3. There shall at all times be a Trustee hereunder which shall be an association or a corporation organized and doing business under the laws of the United States or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Trustee shall have a combined capital and surplus of at least \$50,000,000 and assets under trust of at least \$50,000,000, and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 9.13(2) of the Indenture. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time any successor Trustee shall cease to be eligible in accordance with the provisions of this Section and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in Section 9.12 of the Indenture.

**Supplemental Indentures Not Requiring Consent of Owners.** *(Section 10.01)*

The Indenture shall not be supplemented or amended in any respect subsequent to the initial issuance of the Bonds, except as provided in and in accordance with and subject to the provisions of this Article. Subject to Sections 10.04 and 10.05 of the Indenture, the Issuer and the Trustee may from time to time and at any time, without the consent of or notice to any of the Owners but upon 30 days' written notice to the Lender, enter into Supplemental Indentures for the following purposes:

1. to cure any formal defect, omission, inconsistency or ambiguity in the Indenture in a manner not adverse to the Owner of any Bond;
2. to impose on the Trustee (with its consent) for the benefit of the Owners any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as theretofore in effect;
3. to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in the Indenture other covenants, agreements, limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect;
4. to subject to the Indenture additional revenues, properties or collateral;
5. to modify, amend or supplement the Indenture in such manner as required to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or state securities ("Blue Sky") law, and, if they so determine, to add to the Indenture such other terms, conditions and provisions as may be required by such Trust Indenture Act of 1939, as amended, or similar federal statute or state securities law;
6. to make any change required by the Rating Agency in connection with obtaining and maintaining a rating on the Bonds;
7. to authorize different denominations of the Bonds and to make correlative amendments and modifications to the Indenture regarding exchangeability of Bonds of different Authorized Denominations, redemptions of portions of Bonds of particular Authorized Denominations and similar amendments and modifications of a technical nature;
8. to make such changes as are required to provide for the conversion of the Bonds to certificated form;
9. to make such changes as are elsewhere expressly permitted by the Indenture;
10. to make any other change herein which will not prejudice in any material respect the rights of the Owners of the Bonds then Outstanding; and
11. to make any changes that will become effective only at the time when no Bonds remain Outstanding and that are not described in Section 10.01(3) of the Indenture.

Before the Issuer and the Trustee shall adopt any such Supplemental Indenture pursuant to this Section or simultaneously with such adoption, there shall be or have been delivered to the Issuer and the Trustee an Opinion of Bond Counsel, stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms and will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

**Supplemental Indentures Requiring Consent of Owners.** *(Section 10.02)*

Exclusive of Supplemental Indentures covered by Section 10.01 of the Indenture and subject to the terms and provisions contained in this Section and Sections 10.04 and 10.05 of the Indenture, the Owners of two-thirds in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time, notwithstanding any other provision of the Indenture, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; however, nothing in the Indenture shall permit, or be construed as permitting (a) (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a change in the terms of redemption of any Bond, (iii) a reduction in the principal amount of or premium, if any, on any Bond or the rate of interest thereon, (iv) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Bonds, (v) a privilege or priority of any Bond over any other Bond, or (vi) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, without the consent and approval of the Owners of all of the Bonds then Outstanding, or (b) any change in Section 6.06 of the Indenture, without the consent of the Owners of all the Bonds.

If at any time the Issuer, the Lender or the Owner of all of the Outstanding Bonds shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be sent to the Lender and to each Owner of Bonds then Outstanding by registered or certified mail to the address of such Owner as it appears on the Bond Register; however, failure to give such notice, or any defect therein, shall not affect the validity of any proceedings pursuant hereto. Such notice, which at the request of the Trustee shall be prepared by the Issuer at the Company's expense, shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the Owners of two-thirds in aggregate principal amount of the Bonds then Outstanding shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing such Supplemental Indenture or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as permitted and provided in this Section, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

**Amendment by Unanimous Consent.** *(Section 10.03)*

Notwithstanding any other provision in the Indenture, except Sections 10.04 and 10.05 of the Indenture, the Issuer and the Trustee may enter into any indenture supplemental to the Indenture upon receipt of the consent of the Owners of all Bonds then Outstanding.

**Amendments of Loan Agreement, Regulatory Agreement and Ginnie Mae Certificates Not Requiring Consent of Owners.** *(Section 11.01)*

Subject to the provisions of the Indenture, the Loan Agreement, the Installment Sale Agreement, and the Regulatory Agreement, the Issuer and the Trustee may, with the consent of the Bondholder Representative (if any) but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Regulatory Agreement, the Ginnie Mae Certificates, the Loan Agreement or the Installment Sale Agreement as follows:

- (a) as may be permitted by the provisions of, or as contemplated in, the Loan Agreement, the Installment Sale Agreement, the Regulatory Agreement, the Ginnie Mae Certificates or the Indenture;
- (b) to cure any ambiguity or formal defect or omission therein;
- (c) to make any change therein that may be required by Ginnie Mae or HUD to conform such instruments to the requirements of applicable federal law or regulations and/or the terms of the Mortgage Loan Documents or the Ginnie Mae Documents;
- (d) to make any change therein required by the Rating Agency in connection with obtaining and maintaining a rating on the Bonds; or
- (e) to make any other change therein which will not prejudice in any material respect the rights of the Owners of the Bonds then Outstanding.

**Amendments of Loan Agreement, Regulatory Agreement and Ginnie Mae Certificates Requiring Consent of Owners.** *(Section 11.02)*

Except for amendments, changes or modifications as provided in Section 11.01 of the Indenture, neither the Issuer nor the Trustee shall consent to any amendment, change or modification of the Loan Agreement, the Installment Sale Agreement, the Regulatory Agreement or the Ginnie Mae Certificates without the written approval or consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding given and procured as provided in Section 10.02 of the Indenture. If at any time the Issuer and the Company shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 10.02 of the Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that a copy of the instrument embodying the same is on file at the Principal Office of the Trustee for inspection by all Owners.

**Consents of Owners.** *(Section 12.01)*

(a) Any consent, request, direction, approval, objection or other instrument required by the Indenture to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or

of the writing appointing any such agent, if made in the following manner, shall be sufficient for any of the purposes of the Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument. The fact and date of the execution by any Person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution. For all purposes of the Indenture and of the proceedings for its enforcement, such Person shall be deemed to continue to be the Owner of such Bond until the Trustee shall have received notice in writing to the contrary.

(b) The Beneficial Owner may engage a Person, collaterally assign some or all of their rights hereunder as a holder of the Bonds to a Person, or otherwise provide for a Person, at the Bondholders' sole cost and expense, to act on behalf of the Bondholders under the Bond Documents as the "Bondholder Representative". The Purchaser has engaged Greystone Select Holdings LLC to act as the "Bondholder Representative" hereunder and Greystone Select Holdings LLC has accepted such engagement. The Trustee is hereby authorized and directed to accept direction from the Bondholder Representative at the times and in connection with the matters set forth in the Indenture and the other Bond Documents and may continue to do so unless and until another the Trustee is notified in writing by the Beneficial Owner that the Bondholder Representative has been removed or replaced. The Beneficial Owner is under no obligation to appoint a Bondholder Representative; if at any time a Bondholder Representative has not been designated by the Beneficial Owner, all references to the "Bondholder Representative" herein and in the other Bond Documents shall refer to the Beneficial Owners of the Bonds.

**HUD Requirements** *(Section 12.08)*

Notwithstanding anything in the Indenture or any other Financing Document to the contrary, at all times that the Ginnie Mae Certificates are outstanding [or the HUD Regulatory Agreement has not terminated], but not thereafter:

In the event of any conflict between any provision contained elsewhere in the Indenture or in any other Financing Document and any provision contained in this Section, the provision contained in this Section shall govern and be controlling in all respects.

1. The provisions of the Indenture and the other Financing Documents are subject and subordinate to the National Housing Act, all applicable HUD mortgage insurance (and Section 8 of the Housing Act, if applicable) regulations and related administrative requirements, the Mortgage Loan Documents, all Program Obligations (as defined in the HUD Regulatory Agreement), all applicable Ginnie Mae regulations and administrative requirements and the Ginnie Mae Documents; and in the event of any conflict between the provisions of the Indenture or the provisions of any of the other Financing Documents and the provisions of the National Housing Act, any applicable HUD regulations, HUD requirements, the Mortgage Loan Documents, any applicable Ginnie Mae regulations, Ginnie Mae requirements, and/or the Ginnie Mae Documents, the said National Housing Act, HUD regulations, HUD requirements, Mortgage Loan Documents, Ginnie Mae regulations, Ginnie Mae requirements and Ginnie Mae Documents shall be controlling in all respects.
2. No amendment to the Indenture or any of the other Financing Documents shall be made without the prior written consent of HUD if, in the opinion of counsel to the Lender, such amendment would result in a conflict with the National Housing Act, any applicable HUD regulations, HUD requirements, Ginnie Mae regulations, Ginnie Mae requirements, the Mortgage Loan Documents or the Ginnie Mae Documents.

3. Enforcement of the provisions of the Indenture or the provisions or any of the other Financing Documents shall not result in any claim under the Mortgage Loan, or any claim against the Project, Mortgage Loan proceeds, any reserve or deposit made with the Lender or another Person required by HUD or the Lender in connection with the Mortgage Loan transaction, or against the rents or other income from the Project (other than available Surplus Cash).
4. The Company shall not be deemed to be in violation of the Indenture or any other Financing Documents if it shall take (or refrain from taking) any actions required (or prohibited) by HUD pursuant to the National Housing Act, applicable mortgage insurance regulations, related administrative requirements, the Mortgage Loan Documents, applicable Ginnie Mae regulations, related administrative requirements and the Ginnie Mae Documents and, if applicable, Section 8 of the Housing Act and regulations promulgated thereunder.
5. The provisions of this Section shall inure to the benefit of the Company, the Issuer, Lender and HUD, and their successors and assigns.
6. Any assignment, transfer or pledge of the Mortgage Loan or a participation in the Mortgage Loan by way of a participation or other arrangement which may be made pursuant to the terms of the Indenture or any of the other Financing Documents shall be made in accordance with the National Housing Act and the HUD regulations, including specifically 24 C.F.R. 207.261 or any successor regulation. Any assignment, transfer or pledge not made in accordance with the terms of Section 12.08(7) of the Indenture and said HUD regulations shall be void.
7. A default under the Indenture or any other Financing Document shall not constitute a default under the Mortgage Note, Mortgage or any other Mortgage Loan Document.
8. Nothing contained in the Indenture or any other Financing Document shall restrict or adversely affect the duties and obligations of the Lender under the contract of mortgage insurance between the Lender and HUD.
9. Project funds held by the Lender on behalf of the Company under the contract of mortgage insurance are required to be maintained separate and apart from the Funds established and held for payments to the Owners and the various escrows and Funds under the Indenture and the other Financing Documents.
10. Except for funds held under the Indenture, any pledge of Project funds for the benefit of the Owners is limited to a pledge of principal and interest payments received by the Trustee on the Ginnie Mae Certificates. There is no pledge of gross revenues of the Project or any Project assets.
11. The Lender will maintain certain HUD-required escrow funds outside the terms of the Indenture. The enforcement of the Indenture will not result in the Trustee or any Owner having any right to, interest in, or claim against any HUD-required escrow fund, the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Mortgage Loan transaction, or the rents or other income from the Project (other than available Surplus Cash).
12. The Bonds are not a debt of the United States of America, HUD or any other governmental agency and are not guaranteed by the full faith and credit of the United States of America.



13. In the event that proceeds are received from a condemnation award or from the payment of a claim under a hazard insurance policy, early redemption of the Bonds can arise only subsequent to a prepayment of the insured mortgage and subsequent payment under the Ginnie Mae Certificates.
14. The HUD Regulatory Agreement requires the establishment of a reserve fund for replacements, and therefore, the Indenture does not provide for the creation of such a reserve fund.

The provisions of this Section shall not be used to and shall not be construed so as to allow the Indenture to violate any applicable provision of State law to the extent such law is not otherwise preempted by applicable federal statute, regulation or rule.

## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

*The following is a summary, which does not purport to be complete, comprehensive or definitive, of certain provisions of the Loan Agreement, which is qualified in its entirety by reference to the Loan Agreement.*

#### **Issuance of Bonds: Use of Bond Proceeds.** (Section 3.1)

The Company shall, on behalf of the Issuer, promptly acquire, construct, reconstruct and install the Project Facility, or cause the acquisition, construction, reconstruction and installation of the Project Facility; the Issuer shall provide funds for payment of costs related to acquisition, construction, reconstruction and installation of the Project Facility through the issuance of the Bonds:

(a) The Issuer shall simultaneously with the execution and delivery hereof proceed with the issuance and sale of the Bonds. The Issuer agrees to deposit the proceeds of sale of the Bonds in accordance with Article IV of the Indenture.

(b) Subject to the satisfaction of all of the terms and conditions set forth in that certain Commitment For Insurance of Advances issued by FHA to the Lender, as amended (the "FHA Commitment") and the Lender's loan commitment to the Company, with respect to the Mortgage Loan, the Lender agrees to make the Mortgage Loan to the Company, and shall promptly deliver or cause to be delivered the Ginnie Mae Certificates to the Trustee if and when issued, in accordance with Section 4.02 of the Indenture. Notwithstanding anything to the contrary contained in the Loan Agreement, the Indenture or any of the other Financing Documents, the Lender shall have no obligation to make the Mortgage Loan unless and until Initial Endorsement has occurred and all other terms and conditions of said FHA Commitment and Lender loan commitment have been satisfied. The Lender anticipates that it will deliver to the Trustee the Initial Construction Loan Certificate no later than December 10, 2014, and the Project Loan Certificate no later than August 20, 2016. The Lender hereby agrees that the period between the Closing Date and the Initial Construction Loan Certificate Delivery Date is reasonably anticipated to be sufficient time for delivery of the Initial Construction Loan Certificate. The conditions to the Lender loan commitment will be deemed to be satisfied upon the receipt of the Initial Endorsement.

(c) The Company agrees to take all actions required of it to cause the Ginnie Mae Certificates to be promptly issued and delivered as contemplated by subparagraph (b) of this Section, including the funding of all required escrows and reserves.

(d) The Trustee agrees to make disbursements from the Acquisition Fund and the Bond Fund (for accrued interest) and to acquire the Ginnie Mae Certificates from the Lender in accordance with Section 4.02 of the Indenture.

(e) In the event that the Mortgage Note commences amortization prior to the date that the Project Loan Certificate is purchased by the Trustee, the Lender agrees to retain for its own account all payments on the Mortgage Note that represent principal amortization payments thereof which are received prior to the date of purchase of the Project Loan Certificate by the Trustee and not to pass through such principal amortization payments to the Trustee, unless otherwise required by Ginnie Mae; however, the retention of such principal amortization payments by the Lender may result in a reduction in the amount of the Project Loan Certificate when issued in an amount equal to the sum of any such principal amortization payments.

**Limitation of Issuer's Liability; Issuer May Rely.** *(Section 3.6)*

(a) All obligations of the Issuer incurred under the Loan Agreement, the Regulatory Agreement and the Indenture shall be limited obligations of the Issuer, payable solely and only from Bond proceeds and the Trust Estate. THE BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND PROPERTY PLEDGED UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS, AND NO OWNER OR OWNERS OF ANY OF THE BONDS SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF CITY OF ALBANY, NEW YORK, THE STATE OF NEW YORK OR ANY POLITICAL CORPORATION OR SUBDIVISION OR OTHER PUBLIC BODY OF THE STATE OF NEW YORK, OR TO ENFORCE THE PAYMENT OF THE BONDS AGAINST ANY PROPERTY OF THE ISSUER, CITY OF ALBANY, NEW YORK, THE STATE OF NEW YORK OR ANY SUCH POLITICAL CORPORATION OR SUBDIVISION OR OTHER PUBLIC BODY, INCLUDING THE ISSUER, EXCEPT AS PROVIDED IN THE INDENTURE. NO BOARD MEMBER, DIRECTOR, OFFICER, AGENT, EMPLOYEE, OR ATTORNEY OF THE ISSUER OR CITY OF ALBANY, NEW YORK, INCLUDING ANY PERSON EXECUTING THE LOAN AGREEMENT ON BEHALF OF THE ISSUER, SHALL BE LIABLE PERSONALLY UNDER THE LOAN AGREEMENT OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE LOAN AGREEMENT OR ANY AMENDMENT TO THE LOAN AGREEMENT, AGAINST ANY BOARD MEMBER, OFFICER, DIRECTOR, EMPLOYEE, AGENT, ATTORNEY OR MEMBER OF THE GOVERNING BODY OF THE ISSUER OR CITY OF ALBANY, NEW YORK AS SUCH, OR ANY SUCCESSOR WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THE LOAN AGREEMENT AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

(b) It is expressly understood and agreed by the parties to the Loan Agreement that:

- i. the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any Bondholder or the Company as to the existence of a fact or state of affairs required under the Loan Agreement to be noticed by the Issuer;
- ii. the Issuer shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Company; and
- iii. none of the provisions of the Loan Agreement shall require the Issuer to expend or risk its own funds (apart from the proceeds of Bonds issued under the Indenture) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under the Loan Agreement unless it first shall have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

(c) No provision, representation, covenant or agreement contained in the Loan Agreement or in the Indenture, the Bonds, or any obligation herein or therein imposed upon the Issuer, or the

breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability (except to the extent of any loan repayments, revenues and receipts derived by the Issuer pursuant to the Loan Agreement). No provision hereof shall be construed to impose a charge against the general credit of the Issuer, the State or any other political subdivision of the State, or the taxing powers of the foregoing, within the meaning of any constitutional provision or statutory limitation, or any personal or pecuniary liability upon any board member, director, officer, agent or employee of the Issuer.

- (d) All covenants, obligations and agreements of the Issuer contained in the Loan Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future board member, director, officer, agent or employee of the Issuer in other than his official capacity, and no official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in the Loan Agreement or in the Indenture. No provision, covenant or agreement contained in the Loan Agreement, the Indenture or the Bonds, or any obligation herein or therein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Issuer contained in the Loan Agreement or in any Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise or agreement of the Issuer contained in any agreement, instrument, or certificate executed in connection with the Project or the issuance and sale of the Bonds, against any member of the governing board of the Issuer, its officers, counsel, financial advisor or agents, as such, in his or her individual capacity, past, present or future, or of any successor thereto, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any member of the governing board, officers, counsel, financial advisors, or agents, as such, in his or her individual capacity, past, present, or future, of the Issuer or of any successor thereto, either directly or by reason of any of the obligations, covenants, promises or agreements entered into between the Issuer and the Trustee or the Company to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such director, officer, counsel, financial advisor, or agent, is, by the execution of the Bonds, the Loan Agreement, and the Indenture, and as a condition of, and as part of the consideration for, the execution of the Bonds, the Loan Agreement and the Indenture, expressly waived and released.

**Amounts Payable.** *(Section 4.1)*

(a) The Company covenants to make payments required by the Mortgage Note, as and when the same become due. The Company covenants that, for so long as the Bonds are Outstanding and except as otherwise contemplated hereby or by the Indenture, or as may be required by HUD, it will not execute any amendment to the Mortgage Note that results in a decrease in the amount payable thereunder without the consent of the Owners of all of the Bonds Outstanding on the effective date of such amendment.

(b) To the extent not paid pursuant to the Mortgage Note or the Indenture, the Company also shall pay, or cause to be paid, as and when the same become due, (1) to the Trustee, the Trustee Fees as provided in the Indenture and subject to the limitations herein, and expenses reasonably incurred by it as Trustee under the Indenture, including, without limitation, the reasonable fees and the expenses of its counsel, and its fees and expenses if the Trustee is the Dissemination Agent in connection with the Company's compliance with its obligations under Section 5.9 of the Loan

Agreement, all charges for exchange or registration of transfer of Bonds and all other such amounts which the Company herein assumes or agrees to pay, including any cost or expense necessary to cancel and discharge the Indenture upon payment in full of the Bonds (which amounts described in this clause (1) shall be paid upon demand and in any event no later than thirty (30) days after receipt of request for payment thereof); (2) to the Trustee the amount, if any, required to pay the principal of and interest on the Bonds when due (including, without limitation, such amounts resulting from “negative arbitrage” on the investment of Bonds Proceeds); (3) to the trustee under the Mortgage its reasonable fees and expenses, if any, for services rendered thereunder; (4) to the Issuer or to any payee designated by the Issuer, all expenses of the Issuer, its agents or employees incurred at any time related to the Bonds or the Project or the financing thereof, including, without limitation, legal and advisory fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents, which amounts described in this clause (4) shall be paid upon demand and in any event no later than thirty (30) days after receipt of request for payment thereof; (5) to the Rebate Analyst the reasonable fees of calculating the Rebate Amount; (6) any Rebate Amount; and (7) to FHA, Ginnie Mae and the Lender all fees and expenses associated with obtaining FHA and Ginnie Mae approvals necessary for the issuance of the FHA Commitment and the Ginnie Mae Certificates; however, the aggregate of all such amounts paid to the Issuer, or to the Trustee on its behalf, shall not equal or exceed an amount which would cause the “yield” on any “purpose investment” to be “materially higher” than the “yield” on the Bonds, as such terms are defined in the Code.

**Obligations of Company.** *(Section 4.3)*

(a) The obligation of the Company to make payments on the Mortgage Note, to make all other payments provided for herein and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Trustee, the Lender or any other Person. Subject to prepayment of the Mortgage Note in full and termination as provided herein, the Company shall not suspend or discontinue any such payment hereunder or on the Mortgage Note (any reamortization of the payments on the Mortgage Note in accordance with the Indenture and the Mortgage shall not constitute a suspension or discontinuance of payments on the Mortgage Note) or fail to perform and observe any of its other agreements and covenants contained herein or terminate the Loan Agreement for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may deprive the Company of the use and enjoyment of the Project, failure of consideration or commercial frustration of purpose, any damage to or destruction of the Project or any part thereof, the taking by eminent domain of title to or the right to temporary use of all or any part of the Project, any change in the tax or other laws of the United States of America, the State or any political or taxing subdivision of either thereof, or any failure by the Issuer to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement.

(b) Notwithstanding any provisions in the Loan Agreement or any of the other Financing Documents to the contrary, enforcement of the provisions of the Loan Agreement or any of the other Financing Documents shall not result in any claim against the Project, the mortgaged property, Mortgage Loan proceeds, any reserve or deposit required by HUD or the Lender in connection with the Mortgage Loan, or the rents or other income from the Project (other than available Surplus Cash) and, the liability of the Company for any breach or default by or obligation of the Company under the Loan Agreement or any of the other Financing Documents shall be limited to the undistributed Surplus Cash, which is otherwise distributable pursuant to the terms of the HUD Regulatory Agreement and to the collateral given now or in the future by the Company pursuant to the Indenture or otherwise for the Company's obligations hereunder. By execution hereof, each of the Issuer and the Trustee affirms that no pledge has

been made and that it has no claim, and will not later assert any claim, against the mortgaged property, the Mortgage Loan proceeds, any reserve or deposit made with the Lender or required by HUD in connection with the Mortgage Loan transaction or against the income from the mortgaged property for payment of any obligation contained herein or in any of the other Financing Documents, except to the extent of available Surplus Cash; however, nothing in this provision or elsewhere in the Loan Agreement or any of the other Financing Documents shall alter, affect or diminish the rights of the Lender under the Mortgage Loan Documents.

(c) The Company covenants and agrees to deposit with the Trustee such amounts as may be required to be deposited, and to pay such charges, costs and expenses as may be incurred or required, to extend the maturity date of any Construction Loan Certificate, the Initial Construction Loan Certificate Delivery Date and/or the Delivery Date. In the event the Company fails to make such deposits and/or to pay such charges, costs and expenses, the Lender may, in its sole discretion, but without any obligation to do so, make such deposits with the Trustee and pay such charges, costs and expenses, in which event the Company shall be liable to the Lender for the amounts of such deposits and/or charges, costs and expenses.

**Additional Charges.** *(Section 4.6)*

The Company agrees to pay when due each and all of the following:

(a) (i) All indemnity payments required to be made under Sections 5.10 and 5.11 of the Loan Agreement and under Section 9.06 of the Indenture to the Issuer and the Trustee; and (ii) all other expenses incurred by the Issuer and Trustee in relation to the Project which are not otherwise required to be paid by the Company under the terms of the Loan Agreement or any separate fee agreement, including costs incurred as a result of a request by the Company;

(b) ANY AND ALL EXTRAORDINARY FEES AND EXPENSES OF THE ISSUER AND OF THE TRUSTEE INCURRED BY OR ON BEHALF OF EITHER OF THEM AT ANY TIME RELATED TO THE PROJECT WHICH ARE NOT PAID FROM THE AMOUNTS HELD UNDER THE INDENTURE, INCLUDING, WITHOUT LIMITATION, LEGAL FEES AND EXPENSES INCURRED IN CONNECTION WITH THE INTERPRETATION, PERFORMANCE, ENFORCEMENT OR AMENDMENT OF THE INDENTURE, THE FINANCING DOCUMENTS OR ANY OTHER DOCUMENTS RELATING TO THE PROJECT OR THE BONDS OR IN CONNECTION WITH ANY FEDERAL OR STATE TAX AUDIT OR ANY QUESTIONS OR OTHER MATTERS ARISING UNDER SUCH DOCUMENTS. SUCH COSTS AND EXPENSES SHALL INCLUDE, WITHOUT LIMITATION, CHARGES FOR TITLE INSURANCE (INCLUDING ENDORSEMENTS), FILING, RECORDING AND ESCROW CHARGES, FEES FOR APPRAISAL, ARCHITECTURAL AND ENGINEERING REVIEW, CONSTRUCTION SERVICES AND ENVIRONMENTAL SERVICES, MORTGAGE TAXES, DOCUMENT REVIEW AND PREPARATION, REASONABLE EXPENSES OF LEGAL COUNSEL AND ANY OTHER FEES AND COSTS FOR SERVICES, REGARDLESS OF WHETHER SUCH SERVICES ARE FURNISHED BY THE ISSUER'S OR TRUSTEE'S EMPLOYEES OR AGENTS OR INDEPENDENT CONTRACTORS. AMOUNTS PAYABLE OR REIMBURSABLE, AS THE CASE MAY BE, PURSUANT TO THIS SUBSECTION (B) SHALL INCLUDE, BUT NOT BE LIMITED TO, (I) ALL COSTS OF PRINTING ANY REPLACEMENT BONDS REQUIRED TO BE ISSUED UNDER THE INDENTURE TO THE EXTENT SUCH COSTS ARE NOT PAID BY THE HOLDERS AND (II) THE FEES AND EXPENSES OF ANY EXPERTS RETAINED BY THE TRUSTEE AND/OR ISSUER PURSUANT TO THE TERMS OF THE INDENTURE OR ANY OF THE FINANCING DOCUMENTS;

(c) In accordance with Section 4.5 of the Loan Agreement, any Costs of Issuance in excess of amounts available in the Costs of Issuance Fund;

(d) In accordance with Section 2.4 of the Loan Agreement, the Rebate Amount to the extent that the funds available under the Indenture for the payment thereof are not sufficient or available therefor and any amount necessary to pay the Rebate Analyst's fee; and

(e) All amounts payable pursuant to Section 4.6 of the Loan Agreement shall be paid by the Company to the Trustee not later than 30 days after receipt of request for payment thereof.

**Operation of Project.** *(Section 5.3)*

The Company shall operate or cause the Project to be operated as a housing project under Section 221(d)(4) of the National Housing Act, as a qualified low income housing project pursuant to Section 42(g) of the Code, and in accordance with the requirements of the Loan Agreement, the Regulatory Agreement, the Code and the Act.

Further, all work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

**Events of Default Defined.** *(Section 6.1)*

An Event of Default shall occur if,

(a) the Company shall default in the performance of any covenant, agreement or obligation under the Loan Agreement, the Regulatory Agreement or any Financing Document and such default remains uncured by the Company or the Investor Limited Partner for a period of 30 days after written notice thereof shall have been given by the Issuer or the Trustee to the Company and the Investor Limited Partner (the Investor Limited Partner shall have the right, but not the obligation, to cure the existing default within the time frames set forth in Section 6.1 of the Loan Agreement and the applicable sections of the Regulatory Agreement and the Financing Documents;

(b) an Event of Default under the Indenture shall occur and be continuing;

(c) any warranty, representation or other statement made by or on behalf of the Company contained in the Loan Agreement or in the Indenture or in any instrument furnished in connection with the issuance or sale of any Bonds was false or misleading in any material respect at the time it was made; or

(d) an Act of Bankruptcy of the Company.

(e) Notwithstanding the foregoing, no Event of Default hereunder shall constitute (a) an event of default under the Bonds, or (b) a default under any of the Mortgage Loan Documents, unless the facts and circumstances giving rise to such Event of Default constitute a default under the Mortgage Loan Documents. Notwithstanding the occurrence of any Event of Default hereunder or under the Indenture or the Regulatory Agreement, the Trustee shall continue to purchase the Ginnie Mae Certificates from the Lender, as and when proffered, provided that said Ginnie Mae Certificates are delivered to the Trustee not

later than the Construction Loan Certificate Maturity Date and/or the Project Loan Certificate Delivery Date, as the same may be extended pursuant to the Indenture.

**Remedies on Default.** *(Section 6.2)*

Upon the occurrence of an Event of Default under Section 6.1(a) of the Loan Agreement, the Issuer and the Trustee shall look solely to the Company for the payment of all sums or the performance of all or any part of the monetary obligations due or incurred as a result of such Event of Default. In addition to the remedies granted to the Issuer and the Trustee hereunder, the Issuer, or the Trustee acting on behalf of the Issuer, may take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Company to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

(b) require the Company to pay to the Issuer an amount equal to the rent or other amounts received by the Company for any units in the Project which were in violation of the Loan Agreement during the period such violation continued; and

(c) except as provided below, take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Company hereunder.

(d) The Issuer and the Trustee shall cooperate in any action taken by the other with respect to the Loan Agreement to enforce the covenants contained herein. The Company shall pay all costs and expenses that may be incurred by the Issuer or the Trustee in connection with the exercise of such rights.

(e) The Issuer or the Trustee may employ, at the sole expense of the Company, an attorney in-fact or agent acceptable to the Issuer or the Trustee, as the case may be, for the purpose of enforcing any covenants made by the Company hereunder or under the Regulatory Agreement, and the Issuer shall permit any such enforcement action to be brought in the name of the Issuer if necessary to enforce such covenants.

**HUD Requirements.** *(Section 7.8)*

(a) In the event of any conflict between any provision contained elsewhere in the Loan Agreement or in any other Financing Document and any provision contained in this Section, the provision contained in this Section shall govern and be controlling in all respects.

(b) The provisions of the Loan Agreement and the other Financing Documents are subject and subordinate to the National Housing Act, all applicable HUD mortgage insurance (and Section 8 of the Housing Act, if applicable) regulations and related administrative requirements, the Mortgage Loan Documents, all applicable Ginnie Mae regulations and administrative requirements and the Ginnie Mae Documents; and in the event of any conflict between the provisions of the Loan Agreement or the provisions of any of the other Financing Documents and the provisions of the National Housing Act, any applicable HUD regulations, HUD requirements, the Mortgage Loan Documents, any applicable Ginnie Mae regulations, Ginnie Mae requirements, and/or the Ginnie Mae Documents, the said National Housing Act, HUD regulations, HUD requirements, Mortgage Loan Documents, Ginnie Mae regulations, Ginnie Mae requirements and Ginnie Mae Documents shall be controlling in all respects.



(c) No amendment to the Loan Agreement or any of the other Financing Documents shall be made without the prior written consent of HUD if, in the opinion of Lender's counsel, such amendment would result in a conflict with the National Housing Act, any applicable HUD regulations, HUD requirements, Ginnie Mae regulations, Ginnie Mae requirements, the Mortgage Loan Documents or the Ginnie Mae Documents.

(d) Enforcement of the provisions of the Loan Agreement or the provisions or any of the other Financing Documents shall not result in any claim under the Mortgage Loan, or any claim against the Project, Mortgage Loan proceeds, any reserve or deposit made with the Lender or another Person required by HUD or the Lender in connection with the Mortgage Loan transaction, or against the rents or other income from the Project (other than available Surplus Cash).

(e) The Company shall not be deemed to be in violation of the Loan Agreement or any other Financing Documents if it shall take (or refrain from taking) any actions required (or prohibited) by HUD pursuant to the National Housing Act, applicable mortgage insurance regulations, related administrative requirements, the Mortgage Loan Documents, applicable Ginnie Mae regulations, related administrative requirements and the Ginnie Mae Documents and, if applicable, Section 8 of the Housing Act and regulations promulgated thereunder.

(f) The provisions of this Section shall inure to the benefit of the Company, the Issuer, the Lender and HUD, and their successors and assigns.

(g) Any assignment, transfer or pledge of the Mortgage Loan or a participation in the Mortgage Loan by way of a participation or other arrangement which may be made pursuant to the terms of the Indenture or any of the other Financing Documents shall be made in accordance with the National Housing Act and the HUD regulations, including specifically 24 C.F.R. §207.261 or any successor regulation. Any assignment, transfer or pledge not made in accordance with the terms of this Section and said HUD regulations shall be void.

(h) A default under the Loan Agreement or any other Financing Document shall not constitute a default under the Mortgage Note, Mortgage or any other Mortgage Loan Document, except as noted in Section 6.1 of the Loan Agreement.

(i) Nothing contained in the Loan Agreement or any other Financing Document shall restrict or adversely affect the duties and obligations of the Lender under the contract of mortgage insurance between the Lender and HUD.

(j) Project funds held by the Lender on behalf of the Company under the contract of mortgage insurance are required to be maintained separate and apart from the funds established and held for payments to the Owners and the various escrows and funds under the Indenture and the other Financing Documents.

(k) Except for funds held under the Indenture, any pledge of Project funds for the benefit of the Owners is limited to a pledge of principal and interest payments received by the Trustee on the Ginnie Mae Certificates. There is no pledge of gross revenues of the Project or any Project assets.

(l) The Lender will maintain certain HUD-required escrow funds outside the terms of the Loan Agreement. The enforcement of the Loan Agreement will not result in the Trustee or any Owner having any right to, interest in, or claim against any HUD-required escrow fund, the Project, the Mortgage

Loan proceeds, any reserve or deposit required by HUD in connection with the Mortgage Loan transaction, or the rents or other income from the Project (other than available Surplus Cash).

(m) The Bonds are not a debt of the United States of America, HUD or any other governmental agency and are not guaranteed by the full faith and credit of the United States of America.

(n) In the event that proceeds are received from a condemnation award or from the payment of a claim under a hazard insurance policy, early redemption of the Bonds can arise only subsequent to a prepayment of the insured mortgage and subsequent payment under the Ginnie Mae Certificates.

(o) The HUD Regulatory Agreement requires the establishment of a reserve fund for replacements, and therefore, the Loan Agreement does not provide for the creation of such a reserve fund.

The provisions of this Section shall not be used to and shall not be construed so as to allow the Loan Agreement to violate any applicable provision of State law to the extent such law is not otherwise preempted by applicable federal statute, regulation or rule.

## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT SALE AGREEMENT

*The following summarizes certain provisions of the Installment Sale Agreement to which reference is made for the detailed provisions thereof.*

The Project is to be sold to the Company pursuant to the Installment Sale Agreement. Reference is made to the Installment Sale Agreement for complete details of the terms thereof. The following is a brief summary of certain provisions of the Installment Sale Agreement and should not be considered a full statement thereof.

#### **Representations, Warranties and Covenants of the Issuer.** (Section 2.1)

The Issuer makes the following representations, warranties and covenants as the basis for the undertakings on the Issuer's part herein contained:

(A) The Issuer is duly established under the provisions of the Act and has the power to enter into the Installment Sale Agreement and to carry out its obligations hereunder. Based upon the representations made by the Company as to the utilization of the Project Facility, the Project Facility will constitute a "project", as such quoted term is defined in the Act. By proper official action, the Issuer has been duly authorized to execute, deliver and perform the Installment Sale Agreement and the other Financing Documents to which the Issuer is a party.

(B) Neither the execution and delivery of the Installment Sale Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of the other Financing Documents by the Issuer will conflict with or result in a breach by the Issuer of any of the terms, conditions or provisions of the Act, the by-laws of the Issuer or any order, judgment, restriction, agreement or instrument to which the Issuer is a party or by which the Issuer is bound, or will constitute a default by the Issuer under any of the foregoing.

(C) The Issuer will cause the Project Facility to be acquired, constructed, reconstructed and installed and will sell its interest in the Project Facility to the Company pursuant to the Installment Sale Agreement, all for the purpose of advancing the job opportunities, health, general prosperity and economic welfare of the people of the State and improving their standard of living.

(D) Except as provided in Article X hereof, the Issuer, to the extent of its interest therein, shall not sell, assign, transfer, encumber or pledge as security the Project Facility or any part thereof and shall maintain the Project Facility free and clear of all Liens or encumbrances, except for the Permitted Encumbrances and as contemplated or allowed by the terms of the Installment Sale Agreement and the other Financing Documents.

(E) To assist in financing a portion of the Cost of the Project related to the Project, the Issuer will issue and sell the Bonds. In no event will the Issuer issue and sell additional obligations to pay the Cost of the Project if the issuance and sale of such further obligations would cause interest on the Bonds to be or become subject to federal income taxation under the Code.

(F) The Issuer shall cooperate with the Company in the filing by the Company, as agent of the Issuer, of such returns and other information with the Internal Revenue Service as the Company or the Trustee requests in writing and which Bond Counsel advises the Issuer in writing is necessary to preserve the tax-exempt status of the interest payable on the Bonds, provided the Company shall bear all costs of preparing, gathering and/or filing such returns and other information. In addition, the Issuer, at the request

of the Company, shall cooperate with the Company in the filing by the Company, as agent of the Issuer, of such returns and other information with the State and City of Albany, New York.

(G) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is a bond issuer whose arbitrage certifications may not be relied upon.

(H) Subject to the limitations contained in Section 11.10 of the Installment Sale Agreement, so long as the Bonds shall be Outstanding, the Issuer will not take any action (or omit to take any action required by the Financing Documents or which the Trustee or the Company, together with Bond Counsel, advise the Issuer in writing should be taken) or allow any action to be taken, which action (or omission) would in any way cause (1) the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Financing Documents, or (2) adversely affect the exclusion of the interest paid or payable on any Tax-Exempt Bond from gross income for federal income tax purposes. Notwithstanding the foregoing, there shall be no such obligation upon the Issuer with respect to the use or investment of its administrative fee, provided, however, that if the Company is required to rebate any amount with respect to such administrative fee, the Issuer shall provide, upon the reasonable request of the Company, such information concerning the investment of such administrative fee as shall be requested by the Company and as shall be reasonably available to the Issuer.

(J) At the request of a majority of the Bondholders, and so long as there is no expense to the Issuer, the Issuer will cooperate with the Bondholders in obtaining a rating of the Bonds.

**Representations, Warranties and Covenants of the Company.** *(Section 2.2)*

The Company makes the following representations, warranties and covenants as the basis for the undertakings on its part herein contained:

(A) The Company is a limited partnership duly organized and validly existing under the laws of the State of Delaware, is duly authorized to do business in the State of New York, has the power to enter into the Installment Sale Agreement and the other Financing Documents to which the Company is a party and to carry out its obligations hereunder and thereunder, has been duly authorized to execute the Installment Sale Agreement and the other Financing Documents to which the Company is a party, and is qualified to do business in all jurisdictions in which its operations or ownership of Properties so require. The Installment Sale Agreement and the other Financing Documents to which the Company is a party, and the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of the Company's board of directors.

(B) Neither the execution and delivery of the Installment Sale Agreement or the other Financing Documents to which the Company is a party, the consummation of the transactions contemplated hereby and thereby nor the fulfillment of or compliance with the provisions of the Installment Sale Agreement or the other Financing Documents to which the Company is a party will (1) conflict with or result in a breach of or a default under any of the terms, conditions or provisions of the Company's organizational or governance documents or any other corporate restriction or any order, judgment, agreement or instrument to which the Company is a party or by which the Company is bound, or constitute a default under any of the foregoing, or (2) result in the creation or imposition of any Lien of any nature upon any property of the Company other than pursuant to the Financing Documents and Permitted Encumbrances, or (3) require consent under (which has not been heretofore received) any corporate restriction or any order, judgment, agreement or instrument to which the Company is a party or by which the Company or any of its property may be bound or affected, or (4) require consent under (which has not been heretofore received), conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction or decree of any government, governmental instrumentality or court (domestic or foreign) having jurisdiction over the Company or any of the property of the Company.

(C) The completion of the Project by the Issuer and the sale of the Project Facility by the Issuer to the Company will not result in the removal of a plant or facility of the Company or any other proposed occupant of the Project Facility from one area of the State to another area of the State and will not result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located in the State.

(D) Although the Project Facility may constitute a project where facilities or property that are primarily used in making retail sales of goods and/or services to customers who personally visit such facilities constitute more than one third of the total cost of the Project Facility, the Project is located in a “highly distressed area” within the meaning of Section 862 of the General Municipal Law.

(E) The Financing Documents to which the Company is a party constitute, or upon their execution and delivery in accordance with the terms thereof will constitute, valid and legally binding obligations of the Company, enforceable in accordance with their respective terms.

(F) The Project Facility is, and so long as any Bond shall be Outstanding and/or the Installment Sale Agreement shall remain in effect, the Project Facility will continue to be, a “project”, as such quoted term is defined in the Act, and the Company will not take any action (or omit to take any action required by the Financing Documents or which the Trustee, the Lender or the Issuer, together with Bond Counsel, advise the Company in writing should be taken), or allow any action to be taken, which action (or omission) would in any way (1) cause the Project Facility not to constitute a “project”, as such quoted term is defined in the Act, (2) adversely affect the exclusion of the interest paid or payable on the Bonds from gross income for federal income tax purposes, or (3) cause the proceeds of the Bonds to be applied in a manner contrary to that provided in the Financing Documents.

(G) The Project Facility and the operation thereof will comply in all material respects with all Applicable Laws, and the Company will defend and save the Issuer and its officers, members, agents and employees harmless from all fines and penalties due to failure to comply therewith. The Company shall cause all notices required by all Applicable Laws to be given, and shall comply or cause compliance with all Applicable Laws, and the Company will defend and save the Issuer and its officers, members, agents, directors and employees harmless from all fines and penalties due to failure to comply therewith.

(H) The Project will not have a “significant impact on the environment” (within the meaning of such term as used in SEQRA), and the Company hereby covenants to comply with all mitigation measures, requirements and conditions, if any, enumerated in the SEQR Resolution adopted by the Issuer on July 19, 2013 under SEQRA with respect to the Project Facility. No material changes with respect to any aspect of the Project Facility have arisen from the date of the adoption of such resolution which would cause the determinations of the Issuer contained therein to be untrue.

(I) The Project Facility and the operation thereof will comply in all material respects with all Applicable Laws.

(J) All of the proceeds of the Bonds shall be used to pay the costs of the Project, which cost is not expected to be less than \$11,500,000, and at least 95% of the net proceeds of the Bonds (as defined in Section 150 of the Code) will be used to provide a qualified residential rental project (as defined in Section 142(d) of the Code), and the Company will not request or authorize any disbursement, which, if paid, would result in less than 95% of the net proceeds of the Bonds being so used.

(K) The Company acknowledges receipt of notice of Section 874(8) of the Act, which provides that, if the Company claims any sales tax exemption by virtue of the Issuer’s involvement in the Project, the Company as agent of the Issuer must annually file a statement with the New York State Department of Taxation and Finance, on a form and in such a manner as is prescribed by the

Commissioner of Taxation and Finance, of the value of all sales tax exemptions claimed by the Company under the authority granted by the Issuer.

(L) The Company acknowledges receipt of notice of Section 858-b of the Act, which requires that the Company list new employment opportunities created as a result of the Project with the following entities (hereinafter, the “JTPA Entities”): (1) the New York State Department of Labor Community Services Division and (2) the administrative entity of the service delivery area created by the federal job training partnership act (P.L. No. 97-300) in which the Project Facility is located. The Company agrees, where practicable, to first consider for such new employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the JTPA Entities.

(M) The Company will comply with all of the terms, conditions and provisions of the Tax Regulatory Agreement. All of the representations, certifications, statements of reasonable expectation and covenants made by the Company in the Tax Regulatory Agreement are hereby declared to be for the benefit of, among others, the Issuer and, by this reference, are incorporated in the Installment Sale Agreement by this reference as though set forth in full in the Installment Sale Agreement.

(N) All proceeds of the Bonds shall be used to pay the Cost of the Project, and the total Cost of the Project, including all costs related to the issuance of the Bonds, shall not be less than the total Bond Proceeds advanced by the Trustee under the Indenture. In no event will “costs of issuance” (within the meaning of Section 147(g) of the Code) paid from the proceeds of the Bonds exceed two percent (2%) of the proceeds of the Bonds.

(O) The Company will comply with all requirements imposed upon it by any Rating Agency providing a rating on the Bonds in order to maintain a rating on the Bonds.

(P) The Company agrees, if and when required, to comply with the Securities and Exchange Commission Rule 15c2-12, to provide any necessary information to cause all necessary compliance with Rule 15c2-12 and to pay all costs of the Issuer, if any, in respect of such compliance.

(Q) In connection with undertaking the Project, the Company agrees as follows:

(1) On the Closing Date, to provide the Issuer with the name, title, mailing address, and phone/fax/e-mail of the Project contact person who will be responsible and accountable for providing information about the bidding for and awarding of construction contracts relative to the Application and the Project.

(2) Prior to the commencement of the undertaking of the Project, to provide to the Issuer written information describing the nature of the construction jobs created by the Project, including the number, type, and duration of construction positions, in substantially the form attached as Exhibit K to the Installment Sale Agreement.

(3) Within sixty (60) days following the Completion Date, to deliver to the Issuer a written “Construction Completion Report” listing the names and business locations of the prime contractors, subcontractors, and vendors who have been engaged for the construction phase of the Project, in substantially the form attached as Exhibit L to the Installment Sale Agreement.

(M) Subject to approvals of the municipalities, the Company agrees to post a sign at the site of the Project satisfying the requirements contained in Schedule M attached to the Installment Sale Agreement.

**Covenant with the Trust and the Bondholders.** *(Section 2.3)*

The Issuer and the Company agree that the Installment Sale Agreement is executed in part to induce the purchase of the Bonds by the Holders and Owners from time to time of the Bonds and to induce the Lender to issue the Mortgage Loan. Accordingly, all representations, covenants and agreements on the part of the Issuer and the Company set forth in the Installment Sale Agreement (other than the Unassigned Rights) are hereby declared to be for the benefit of the Issuer, the Trustee, the Lender and the Holders and Owners from time to time of the Bonds.

**Application of Proceeds of the Bonds.** *(Section 4.3)*

The proceeds of the sale of the Bonds shall be deposited by the Issuer with the Trustee as provided in the Indenture and disbursed in accordance with the terms of the Indenture.

**Completion of the Project.** *(Section 4.4)*

The Company will proceed with due diligence to commence and complete the acquisition, construction, reconstruction and installation of the Project.

**Completion by the Company.** *(Section 4.5)*

(A) In the event that the proceeds of the Bonds are not sufficient to pay in full all costs of acquiring, constructing, reconstructing and installing the Project Facility, the Company agrees, for the benefit of the Issuer, to complete such acquisition, construction, reconstruction and installation and to pay all such sums as may be in excess of the moneys available therefor in the Acquisition Fund. Title to the interest in the Land acquired, the Facility constructed and/or reconstructed and the Equipment acquired or installed at the Company's cost shall immediately upon such acquisition, construction, reconstruction or installation vest in the Issuer. The Company shall execute, deliver and record or file such instruments as the Issuer may request in order to perfect or protect the Issuer's title to or interest in such portions of the Project Facility.

(B) No payment by the Company pursuant to Section 4.5 of the Installment Sale Agreement shall entitle the Company to any reimbursement for any such expenditure from the Issuer, the Lender or the Trustee or to any diminution or abatement of any amounts payable by the Company under the Installment Sale Agreement or under any other Financing Document.

**Transfer of Interest; Instruments; Survival.** *(Section 5.2)*

(A) The Issuer's interest in the Project Facility shall be conveyed (subject to Permitted Encumbrances and the terms of the other Financing Documents) from the Issuer to the Company on the earlier to occur of (1) the date requested by the Company or (2) the date that the Installment Sale Agreement is executed.

(B) The sale and conveyance of the Issuer's right, title and interest in and to the Equipment shall be effected by the delivery by the Issuer to the Company of the Bill of Sale to Company (in substantially the form attached to the Installment Sale Agreement as Exhibit C and by this reference made a part of the Installment Sale Agreement) in accordance with the provisions of the Installment Sale Agreement. Prior to the payment in full of the Bonds, the sale and conveyance of the Issuer's interest in the Land and the Facility shall be effected by the delivery by the Issuer to the Company of the Installment Sale Agreement and the Termination of Underlying Lease (in substantially the form attached to the Installment Sale Agreement as Exhibit D and by this reference made a part of the Installment Sale

Agreement) in accordance with the provisions of the Installment Sale Agreement. Upon payment in full of the Bonds, the sale and conveyance of the Land and the Facility to the Company shall be effected by the delivery by the Issuer to the Company of the Termination of the Installment Sale Agreement (in substantially the form attached to the Installment Sale Agreement as Exhibit F and by this reference made a part of the Installment Sale Agreement).

(C) The Company agrees to prepare the Bill of Sale to Company and/or the Termination of Underlying Lease, and all schedules thereto, together with all transfer tax affidavits, equalization and assessment forms and other necessary documentation, and to forward same to the Issuer at least thirty (30) days prior to the date that any portion of the Project Facility is to be conveyed to the Company. The Company will pay all expenses and taxes, if any, applicable to or arising from such transfers of title.

(D) The Company hereby agrees to pay all expenses and taxes, if any, applicable to or arising from the transfers contemplated by this Section 5.2.

(E) The Installment Sale Agreement shall survive the transfer of the Project Facility to the Company pursuant to Section 5.2 of the Installment Sale Agreement and shall remain in full force and effect until all of the Indebtedness shall have been paid in full, and thereafter the obligations of the Company shall survive as set forth in Section 11.8 of the Installment Sale Agreement.

(F) Upon the payment in full of all Indebtedness under or secured by the Installment Sale Agreement, and notwithstanding the survival of certain obligations of the Company as described in Section 11.8 of the Installment Sale Agreement, (1) the Company agrees to prepare the Termination of the Installment Sale Agreement, and all schedules thereto, together with all gains tax affidavits, equalization and assessment forms and other necessary documentation, and to forward same to the Issuer at least thirty (30) days prior to the date that the Company desires to receive same and (2) the Issuer shall upon the request of the Company execute and deliver (and request the Trustee and the Lender to execute and deliver) to the Company such other documents as the Company may reasonably request, in recordable form if so requested, to evidence the termination and release of all Liens granted to the Issuer, the Lender and the Trustee hereunder.

**Installment Purchase Payments and Other Amounts Payable.** *(Section 5.3)*

(A) The Company shall pay installment purchase payments for the Project Facility on or before the date which is no later than two (2) Business Days immediately preceding each Payment Date. The Company shall make available moneys to the Trustee for deposit into the Bond Fund, in an amount which, when added to any amounts then held in the Bond Fund, shall equal the amount payable as principal, interest and premium, if any, on the Bonds on such Payment Date; provided, however, that the obligation of the Company to make any payment hereunder shall be deemed satisfied and discharged to the extent of the corresponding payment made by the Company (or another party on behalf of the Company) to the Trustee for the payment of principal, interest and premium, if any, on the Bonds such that sufficient funds are readily available to the Trustee to make all payments required to be paid on the Payment Date.

(B) The Company shall pay as additional installment purchase payments hereunder the following:

(1) Within thirty (30) days after receipt of a demand therefor from the Trustee, the Company shall pay to the Trustee the following amounts: (a) the reasonable fees, costs and expenses of the Trustee for performing the obligations of the Trustee under the Indenture and the other Financing Documents; (b) the sum of the reasonable expenses of the Trustee reasonably incurred in performing the obligations of (i) the Company under the Installment Sale Agreement, or (ii) the Issuer under the Bonds, the Indenture or the Installment Sale Agreement; and (c) the



Trustee's reasonable attorneys' fees incurred in connection with the foregoing and other moneys due the Trustee pursuant to the provisions of any of the Financing Documents.

(2) Within thirty (30) days after receipt of a demand therefor from the Issuer, the Company shall pay to the Issuer the sum of the reasonable expenses (including, without limitation, reasonable attorney fees) of the Issuer and the officers, members, agents and employees thereof incurred by reason of the Issuer's ownership, financing or sale of the Project Facility or in connection with the carrying out of the Issuer's duties and obligations under the Installment Sale Agreement or any of the other Financing Documents, and any other reasonable expense of the Issuer with respect to the Project Facility, the sale of the Project Facility to the Company, the Bonds or any of the other Financing Documents, the payment of which is not otherwise provided for under the Installment Sale Agreement.

(3) Within thirty (30) days after request therefor made in writing, the Company shall pay any and all costs and expenses incurred or to be paid by the Issuer in connection with the issuance and delivery of the Bonds or otherwise related to actions taken by the Issuer under the Installment Sale Agreement or the Indenture, the payment of which is not otherwise provided for under the Installment Sale Agreement.

(4) Within thirty (30) days after request therefor made in writing, the Company shall pay to the Trustee its reasonable fees, charges and expenses for acting as such under the Indenture.

(5) On the Closing Date, the Company shall pay (a) the Issuer's initial administrative fee relating to the Project, (b) the fees and expenses of the counsel to the Issuer relating to the Project and (c) the reasonable fees and expenses of Bond Counsel relating to the Project.

(C) The Company agrees to make the above-mentioned payments, without any further notice, in lawful money of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. In the event the Company shall fail to make any payment required by Section 5.3 of the Installment Sale Agreement for a period of more than ten (10) days from the date such payment is due, the Company shall pay the same, together with interest thereon, from the date on which such payment was due until the date on which such payment is made.

(D) In the event of an application of moneys in the Bond Fund toward prepayment of the principal of the Bonds pursuant to the Indenture, there shall be no abatement or reduction in the amounts payable by the Company under Section 5.3 of the Installment Sale Agreement.

(E) The Company shall be entitled to a credit against the installment purchase payments next required to be made under Section 5.3(A) of the Installment Sale Agreement to the extent that the balance of the Bond Fund is then in excess of amounts required (1) for payment of Bonds theretofore matured or theretofore called for redemption, (2) for payment of interest for which checks or drafts have been drawn and mailed by the Trustee, and (3) for deposit in the Bond Fund for use other than for the payment of debt service on the Payment Date next following the applicable date such installment purchase payments are due pursuant to Section 5.3(A) of the Installment Sale Agreement. In any event, however, if on any Payment Date, the balance in the Bond Fund is insufficient to make required payments of debt service on the Bonds, the Company forthwith will pay to the Trustee, for the account of the Issuer and for deposit into the Bond Fund, any deficiency.

**Nature of Obligations of the Company Hereunder.** *(Section 5.4)*

(A) The obligations of the Company to make the payments required by the Installment Sale Agreement and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be general obligations of the Company and shall be absolute and unconditional

irrespective of any defense or any right of set-off, recoupment, counterclaim or abatement that the Company may otherwise have against the Issuer, the Lender or the Trustee. The Company agrees that it will not suspend, discontinue or abate any payment required by, or fail to observe any of its other covenants or agreements contained in, the Installment Sale Agreement, or terminate the Installment Sale Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, failure to complete the acquisition, construction, reconstruction or installation of the Project Facility, any defect in the title, design, operation, merchantability, fitness or condition of the Project Facility or any part thereof or in the suitability of the Project Facility or any part thereof for the Company's purposes or needs, failure of consideration for, destruction of or damage to, Condemnation of title to or the use of all or any part of the Project Facility, any change in the tax or other laws of the United States of America or of the State or any political subdivision thereof, or any failure of the Issuer to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with the Installment Sale Agreement.

(B) Nothing contained in Section 5.4 of the Installment Sale Agreement shall be construed to release the Issuer from the performance of any of the agreements on its part contained in the Installment Sale Agreement, and, in the event the Issuer should fail to perform any such agreement, the Company may institute such action against the Issuer as the Company may deem necessary to compel performance or recover damages for non-performance (subject to the provisions of Section 11.10 of the Installment Sale Agreement); provided, however, that the Company shall look solely to the Issuer's estate and interest in the Project Facility for the satisfaction of any right or remedy of the Company for the collection of a judgment (or other judicial process) requiring the payment of money by the Issuer in the event of any liability on the part of the Issuer, and no other property or assets of the Issuer or of the members, officers, agents (other than the Company) or employees of the Issuer shall be subject to levy, execution, attachment or other enforcement procedure for the satisfaction of the Company's remedies under or with respect to the Installment Sale Agreement, the relationship of the Issuer and the Company hereunder or the Company's purchase of and title to the Project Facility, or any other liability of the Issuer to the Company.

**Prepayment of Installment Purchase Payments.** *(Section 5.5)*

At any time that the Bonds are subject to redemption under the Indenture and/or the Loan Agreement, the Company may, at its option, prepay, in whole or in part, the installment purchase payments payable hereunder through satisfaction of the requirements set forth in Article III of the Indenture. Notwithstanding the foregoing, the Company may not prepay installment purchase payments until the Company has claimed its first year of low-income housing tax credits as provided in Section 42 of the Code. Trustee shall have no obligation to inquiry as to whether the provisions of the foregoing sentence have been satisfied.

**Maintenance and Modification of the Project Facility.** *(Section 6.1)*

(A) So long as any of the Bonds are Outstanding, and during the term of the Installment Sale Agreement, the Company shall (1) keep the Project Facility in good condition and repair and preserve the same against waste, loss, damage and depreciation, ordinary wear and tear excepted, (2) make all necessary repairs and replacements to the Project Facility or any part thereof (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen), and (3) operate the Project Facility in a sound and economic manner.

(B) Following the completion of the Project, the Company from time to time may make any additions, modifications or improvements to the Project Facility which it may deem desirable so long as the Project Facility remains a "project" under the Act and the provisions of the SEQRA are complied with and any such addition, modification, or improvement does not reduce the fair market value of the Project Facility. All additions, modifications or improvements shall become a part of the Project Facility.

**Taxes, Assessments and Utility Charges.** *(Section 6.2)*

(A) The Company shall pay or cause to be paid, as the same respectively become due, (1) all taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Project Facility, (2) all utility and other charges, including “service charges”, incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Project Facility, and (3) all assessments and charges of any kind whatsoever lawfully made against the Project Facility by any Governmental Authority for public improvements; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated hereunder to pay only such installments as are required to be paid during all periods that any Bond shall be Outstanding and/or during the term of the Installment Sale Agreement or any other Financing Document.

(B) Notwithstanding the provisions of subsection (A) of Section 6.2 of the Installment Sale Agreement, after prior notice to the Issuer, the Trustee and the Lender, in the case of any material item, the Company, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any such taxes, assessments and other charges, provided that (1) no default shall have occurred and shall be continuing under any of the Financing Documents, (2) the Company is permitted to do so under the provisions of any mortgage or deed of trust superior in lien to the Financing Documents, (3) such proceeding shall suspend the collection of the contested taxes, assessments or charges from the Company and from the Project Facility, (4) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which the Company or the Project Facility is subject and shall not constitute a default thereunder, (5) neither the Project Facility nor any part thereof nor any interest therein (including, without limitation, the Liens of the Financing Documents) will be in danger of being sold, forfeited, terminated, cancelled or lost, and (6) the Company shall have set aside in an interest-bearing account with the Trustee or the Lender, and otherwise in a manner satisfactory to the Trustee and the Lender, adequate cash reserves for the payment of the contested taxes, assessments and charges, together with all interest and penalties thereon, or in the alternative the Company shall have furnished such security as may be required in the proceeding, or as may otherwise be requested or required by the Trustee and the Lender to insure the payment of the contested taxes, together with all interest and penalties thereon, and, provided further, that if at any time the Trustee or the Lender determines, in its sole and absolute discretion, that payment of any tax, assessment or other charge shall become necessary to prevent the delivery of a tax deed conveying the Project Facility or any portion thereof because of non-payment of any such sums, then the Company shall pay or cause to be paid the sums in sufficient time to prevent the delivery of such tax deed.

**Insurance Required.** *(Section 6.3)*

So long as any Bond is Outstanding and/or during the term of the Installment Sale Agreement, the Company shall maintain insurance with respect to the Project Facility against such risks and for such amounts as are customarily insured against by businesses of like size and type, paying, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(A) (1) During and prior to completion of the Project Facility, builder’s risk (or equivalent coverage) insurance upon any work done or material furnished in connection with the acquisition, construction, reconstruction and installation of the Project Facility, issued to the Company and the Issuer as insureds and the Trustee and the Lender as loss payees, as their interests may appear, and written in completed value form for the full insurable value of the Project Facility, and (2) at such time that builder’s risk insurance is no longer available by virtue of completion of the acquisition, construction, reconstruction and installation of the Project Facility, insurance protecting the interests of the Company

and the Issuer as insureds and the Trustee and the Lender as loss payees, as their interests may appear, against loss or damage to the Project Facility by fire, lightning, vandalism, malicious mischief and other perils normally insured against with a uniform extended coverage endorsement, such insurance at all times to be in an amount not less than the greater of the total principal amount of the Bonds Outstanding or the actual cash value of the Project Facility as determined at least once every three (3) years by a recognized appraiser or insurer selected by the Company, which appraisal Company agrees to provide to Trustee at least thirty (30) days prior to the termination of each three (3) year period.

(B) To the extent applicable, workers' compensation insurance, disability benefits insurance and such other forms of insurance which the Company is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Company who are located at or assigned to the Project Facility or who are responsible for the acquisition, construction, reconstruction or installation of the Project Facility.

(C) Insurance protecting the Company, the Issuer, the Lender and the Trustee against loss or losses from liabilities imposed by law or assumed in any written contract (including, without limitation, the contractual liability assumed by the Company under Sections 8.2, 8.13 and 8.14 of the Installment Sale Agreement) and arising from personal injury or death or damage to the property of others caused by any accident or occurrence, with limits of not less than \$1,000,000 per person per accident or occurrence on account of personal injury, including death resulting therefrom, and \$500,000 per accident or occurrence on account of damage to the property of others, excluding liability imposed upon the Company by any applicable workers' compensation law, and a separate umbrella liability policy with a limit of not less than \$10,000,000.

(D) If the Project Facility is located within an area identified by the Secretary of Housing and Urban Development as having special flood hazards, insurance against loss by floods in an amount at least equal to the total principal amount of the Bonds Outstanding or to the maximum limit of coverage made available, whichever is less. If no portion of the Project Facility is located in such a federally designated "special flood hazard area," such fact shall be substantiated by a certificate in form satisfactory to the Trustee and the Lender from a licensed surveyor, appraiser or professional engineer or other qualified person.

(E) THE ISSUER DOES NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR IN LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE INSTITUTION'S BUSINESS OR INTERESTS.

**Damage or Destruction.** *(Section 7.1)*

If the Project Facility shall be damaged or destroyed, in whole or in part:

- (1) the Issuer shall have no obligation to replace, repair, rebuild or restore the Project Facility;
- (2) there shall be no abatement or reduction in the amounts payable by the Company under the Installment Sale Agreement or under any of the other Financing Documents (whether or not the Project Facility is replaced, repaired, rebuilt or restored);
- (3) the Company shall promptly give notice thereof to the Issuer, the Lender and the Trustee; and

**Condemnation.** *(Section 7.2)*

(A) To the knowledge of the Company, no condemnation or eminent domain proceeding has been commenced or threatened against any part of the Project Facility. The Company shall notify the Issuer and the Trustee of the Company of any condemnation proceedings and, within fifteen days after inquiry from the Issuer and the Trustee, inform the Issuer and the Trustee in writing of the status of such proceeding. If title to, or the use of, less than substantially all of the Project Facility shall be taken by Condemnation:

- (1) the Issuer shall have no obligation to restore the Project Facility;
- (2) there shall be no abatement or reduction in the amounts payable by the Company under the Installment Sale Agreement or under any of the other Financing Documents (whether or not the Project Facility is restored); and
- (3) the Company shall promptly give notice thereof to the Issuer, the Lender and the Trustee.

(B) If title to, or use of, all or substantially all of the Project Facility shall be taken by Condemnation:

- (1) neither the Issuer nor the Company shall have any obligation to restore the Project Facility; and
- (2) there shall be no abatement or reduction in the amounts payable by the Company under the Installment Sale Agreement (or under any of the other Financing Documents), whether or not the Project Facility is restored.

(C) The Issuer shall, at the expense of the Company, cooperate fully with the Company in the handling and conduct of any such Condemnation proceeding. In no event shall the Issuer voluntarily settle, or consent to the settlement of, any Condemnation proceeding without the written consent of the Company and the Lender.

**Assignment of the Installment Sale Agreement.** *(Section 9.1)*

The Installment Sale Agreement may not be assigned by the Company, in whole or in part, without the prior written consent of the Issuer and the Lender.

**Pledge and Assignment of Issuer's Interests to Trustee.** *(Section 9.2)*

(A) The Issuer has pledged and assigned certain of its rights and interests under and pursuant to the Installment Sale Agreement (1) pursuant to the terms of the Indenture, to the Trustee as security for the payment of the principal of, premium, if any, and interest on the Bonds. Such pledge and assignment shall in no way impair or diminish any obligations of the Issuer under the Installment Sale Agreement.

(B) The Company hereby acknowledges receipt of notice of and consents to such pledge and assignment by the Issuer to the Trustee and specifically agrees to perform for the benefit of the Trustee all of its duties and undertakings hereunder (except duties undertaken with respect to the Unassigned Rights).

**Sale or Lease of the Project Facility.** *(Section 9.4)*

(A) Except for leases or subleases of portions of the Project Facility entered into in the ordinary course of business and in compliance with the provisions of the Tax Documents, the Company

may not sell, lease, transfer, convey or otherwise dispose of the Project Facility or any part thereof without the prior written consent of the Issuer, the Lender and the Trustee, which consent shall not be unreasonably withheld or delayed; provided, however, that the prior written consent of the Issuer shall not be required when the Company proposes to sublease a portion of the Project Facility and such sublease is consistent with Section 3.2 of the Installment Sale Agreement and the provisions of the Tax Regulatory Agreement and the provisions of Section 862(1) of the Act.

(B) In no event, however, shall the Issuer, the Lender or the Trustee consent to any sale, lease, transfer, sublease, conveyance or other disposition of the Project Facility, or any part thereof, prior to receipt of an opinion of Bond Counsel that such disposition will not adversely affect the exclusion of the interest payable on the Bonds from gross income of the holders thereof for Federal income tax purposes.

(C) Notwithstanding anything to the contrary contained herein (but subject to the terms and conditions of the Reimbursement Agreement), in any instance after the Completion Date where the Company reasonably determines that any portion of the Equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company may remove such portion of the Equipment and may sell, trade in, exchange or otherwise dispose of the same, as a whole or in part, without the prior written consents of the Issuer, the Lender and the Trustee, provided that such removal will not materially impair the value of the Project Facility as collateral and provided, further, that same is forthwith replaced with similar items of Equipment having a similar value, free from all Liens other than any Liens created by the Financing Documents. At the request of the Company, the Issuer shall execute and deliver, and shall request the Trustee and the Lender to execute and deliver, to the Company all instruments necessary or appropriate (and in a form prepared by the Company) to enable the Company to sell or otherwise dispose of any such portion of the Equipment free from any Liens of the Financing Documents. The Company shall pay all costs and expenses (including counsel fees) incurred in transferring title to and releasing from any Liens of the Financing Documents any portion of the Equipment removed pursuant to Section 9.4 of the Installment Sale Agreement. The Company shall execute and deliver all documents required to subject such replacement items of Equipment to any Liens created by the Financing Documents.

**Events of Default Defined.** *(Section 10.1)*

(A) The following shall be “Events of Default” under the Installment Sale Agreement, and the terms “Event of Default” or “Default” shall mean, whenever they are used in the Installment Sale Agreement, any one or more of the following events:

(1) A default by the Company in the due and punctual payment of the amounts specified to be paid pursuant to Section 5.3(A) of the Installment Sale Agreement.

(2) A default in the performance or observance of any other of the covenants, conditions or agreements on the part of the Company in the Installment Sale Agreement and the continuance thereof for a period of thirty (30) days after written notice is given by the Issuer, the Lender or the Trustee to the Company (with a copy to the Trustee and the Lender, if given by the Issuer), or, if such covenant, condition or agreement is capable of cure but cannot be cured within such thirty (30) day period, the failure of the Company to commence to cure within such thirty (30) day period and to prosecute the same with due diligence and, in any event, to cure such default within sixty (60) days after such written notice is given.

(3) The occurrence of an “Event of Default” under any of the other Financing Documents.

(4) Any representation or warranty made by the Company herein or in any other Financing Document proves to have been false in any material respect at the time it was made.

(5) The Company shall generally not pay its debts as such debts become due or admits its inability to pay its debts as they become due.

(6) Any sale, conveyance, lease agreement or any other change of ownership of the Project Facility, whether occurring voluntarily or involuntarily, or by operation of law or otherwise, by the Issuer or the Company (except pursuant to the Installment Sale Agreement), of their respective interests in the Project Facility or any part thereof, or the granting of any easements or restrictions or the permitting of any encroachments on the Project Facility, except as permitted in the Installment Sale Agreement. Notwithstanding anything to the contrary in Section 10.1 of the Installment Sale Agreement, the Investor Limited Partner's transfer of its interest in the Company shall not constitute an Event of Default hereunder.

(7) (a) The filing by the Company (as debtor) of a voluntary petition under the Bankruptcy Code or any other federal or state bankruptcy statute; (b) the failure by the Company within sixty (60) days to lift any execution, garnishment or attachment of such consequence as will impair the Company's ability to carry out its obligations hereunder; (c) the commencement of a case under the Bankruptcy Code against the Company as the debtor or commencement under any other federal or state bankruptcy statute of a case, action or proceeding against the Company and continuation of such case, action or proceeding without dismissal for a period of sixty (60) days; (d) the entry of an order for relief by a court of competent jurisdiction under the Bankruptcy Code or any other federal or state bankruptcy statute with respect to the debts of the Company; or (e) in connection with any insolvency or bankruptcy case, action or proceeding, appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver or trustee of the whole or a substantial portion of the property of the Company, unless such order, judgment or decree is vacated, dismissed or dissolved within sixty (60) days of such appointment.

(8) The imposition of a Lien on the Project Facility other than a Lien being contested as provided in Section 8.8(B) of the Installment Sale Agreement or a Permitted Encumbrance.

(9) The removal of the Equipment or any portion thereof outside City of Albany, New York, without the prior written consent of the Issuer, other than in connection with a removal under Section 9.4(C) of the Installment Sale Agreement.

(B) Notwithstanding any other provision of the Installment Sale Agreement, failure of the Company to comply with Section 8.6(B) of the Installment Sale Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any underwriter or the Holders of at least 51% aggregate principal amount in Outstanding Bonds, shall) or any Bondholder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Company to comply with its obligations under Section 8.6(B) of the Installment Sale Agreement.

(C) Notwithstanding the provisions of Section 10.1(A) of the Installment Sale Agreement, if by reason of force majeure (as hereinafter defined) either party hereto shall be unable, in whole or in part, to carry out its obligations under the Installment Sale Agreement and if such party shall give notice and full particulars of such force majeure in writing to the other party and to the Trustee and the Lender within a reasonable time after the occurrence of the event or cause relied upon, the obligations under the Installment Sale Agreement of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The suspension of such obligations for such period pursuant to this subsection (B) shall not be deemed an Event of Default under this Section 10.1. Notwithstanding anything

to the contrary in this subsection (B), an event of force majeure shall not excuse, delay or in any way diminish the obligations of the Company to make the payments required by Sections 4.5, 5.3 and 6.6 of the Installment Sale Agreement, to obtain and continue in full force and effect the insurance required by Article VI hereof, to provide the indemnity required by Sections 3.3, 8.2, 8.13 and 8.14 of the Installment Sale Agreement and to comply with the provisions of Sections 2.2(G), 4.5, 6.6, 8.2, 8.4, 8.5 and 8.7(C) of the Installment Sale Agreement. The term “force majeure” as used herein shall include acts outside of the control of the Issuer and the Company, including but not limited to acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of any Governmental Authority or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, partial or entire failure of utilities, or any other cause or event not reasonably within the control of the party claiming such inability. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout or other industrial disturbances by acceding to the demands of the opposing party or parties.

**Remedies on Default.** *(Section 10.2)*

(A) Whenever any Event of Default shall have occurred and be continuing, the Issuer, the Lender and/or the Trustee may, to the extent permitted by law, take any one or more of the steps set forth in Section 8.03 of the Indenture.

(B) No action taken pursuant to Section 10.2 of the Installment Sale Agreement shall relieve the Company from its obligations to make all payments required by the Installment Sale Agreement and the other Financing Documents.

(C) The Investor Limited Partner shall have the right, but not the obligation, to cure any and all defaults hereunder within the applicable cure periods set forth in the Installment Sale Agreement.

**No Recourse; Special Obligation.** *(Section 11.10)*

(A) The obligations and agreements of the Issuer contained herein and in the other Financing Documents and any other instrument or document executed in connection therewith or herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Issuer, and not of any member, officer, director, agent (other than the Company) or employee of the Issuer in his individual capacity, and the members, officers, directors, agents (other than the Company) and employees of the Issuer shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby.

(B) The obligations and agreements of the Issuer contained herein and therein shall not constitute or give rise to an obligation of the State of New York or City of Albany, New York, and neither the State of New York nor City of Albany, New York shall be liable hereon or thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Issuer, but rather shall constitute limited obligations of the Issuer payable solely from the revenues of the Issuer derived and to be derived from the sale or other disposition of the Project Facility (except for revenues derived by the Issuer with respect to the Unassigned Rights).

(C) No order or decree of specific performance with respect to any of the obligations of the Issuer hereunder shall be sought or enforced against the Issuer unless (1) the party seeking such order or decree shall first have requested the Issuer in writing to take the action sought in such order or decree of specific performance, and ten (10) days shall have elapsed from the date of receipt of such request, and



the Issuer shall have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than ten days, shall have failed to institute and diligently pursue action to cause compliance with such request within such ten day period) or failed to respond within such notice period, (2) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Issuer an amount or undertaking sufficient to cover such reasonable fees and expenses, and (3) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents (other than the Company) or employees shall be subject to potential liability, the party seeking such order or decree shall (a) agree to indemnify, defend and hold harmless the Issuer and its members, officers, directors, agents (other than the Company) and employees against any liability incurred as a result of its compliance with such demand, and (b) if requested by the Issuer, furnish to the Issuer satisfactory security to protect the Issuer and its members, officers, directors, agents (other than the Company) and employees against all liability expected to be incurred as a result of compliance with such request. Any failure to provide the indemnity and/or security required in Section 11.10(C) of the Installment Sale Agreement shall not affect the full force and effect of an Event of Default hereunder.

## APPENDIX E

### SUMMARY OF CERTAIN PROVISIONS OF THE UNDERLYING LEASE

*The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Underlying Lease, which is qualified in its entirety by reference to the Underlying Lease.*

The Project is to be sold to the Company pursuant to the Underlying Lease. Reference is made to the Underlying Lease for complete details of the terms thereof. The following is a brief summary of certain provisions of the Underlying Lease and should not be considered a full statement thereof.

#### **Lease.** (Section 3.1)

(A) The Company hereby demises and leases to the Issuer, and the Issuer hereby hires and leases from the Company, a leasehold interest in certain parcels of land (the “Leased Land”) located at 400 Hudson Street in the City of Albany, Albany County, New York, said Leased Land being more particularly described on Exhibit A attached hereto, together with the improvements now and hereafter located thereon, including any portion of the Facility located or to be located on the Leased Land (the Leased Land and all such improvements being sometimes collectively referred to as the “Leased Premises”) for the term set forth in Section 3.2 of the Underlying Lease. The Leased Premises are intended to include (1) all buildings and improvements located on the Leased Land, (2) any strips or gores of land adjoining the Leased Land, (3) any land lying in the bed of any street or avenue abutting the Leased Land, to the centerline thereof, and (4) a non-exclusive right to use any easements or other rights in adjoining property inuring to the Company by reason of the Company’s ownership of a fee interest in the Leased Land.

(B) It is the intention of the Company and the Issuer that the Issuer shall hold a leasehold interest in the entire Leased Premises. Accordingly, leasehold title to the Facility and any other improvements hereinafter constructed by the Issuer and/or the Company on the Leased Land shall vest in the Issuer or its successors and assigns as and when the same are constructed thereon.

#### **Term.** (Section 3.2)

(A) The term of the Underlying Lease (the “Lease Term”) shall commence as of the dated date hereof and shall expire on the earliest to occur of (1) the date requested by the Company or (2) so long as neither the Installment Sale Agreement nor the Company’s right of possession as purchaser thereunder shall have been terminated by the Issuer pursuant to Article X thereof, the termination of the term of the Installment Sale Agreement.

(B) So long as neither the Installment Sale Agreement nor the Company’s right of possession thereunder shall have been terminated by the Issuer pursuant to Article X thereof, upon any termination of the Underlying Lease, the Company shall prepare and the Issuer will execute and deliver to the Company such instruments as the Company shall deem appropriate to evidence the release and discharge of the Underlying Lease.

**Rent.** (Section 3.3) The rent payable by the Issuer under the Underlying Lease shall be one dollar (\$1.00) and other good and valuable consideration, receipt of which is hereby acknowledged by the Company.

#### **Use; Installment Sale Agreement; Non-merger.** (Section 3.4)

(A) So long as neither the Installment Sale Agreement nor the Company’s right of possession as purchaser thereunder have been terminated by the Issuer pursuant to Article X thereof, the Issuer shall

(1) hold and use the Leased Premises only for sale to the Company under the Installment Sale Agreement and (2) shall not sell or assign its rights hereunder nor the leasehold estate hereby created, except as provided in the Installment Sale Agreement.

(B) Contemporaneously with the execution and delivery of the Underlying Lease, the Issuer is entering into the Installment Sale Agreement, pursuant to which the Company as agent of the Issuer agrees to undertake and complete the Project and the Issuer agrees, upon completion of the Project, to sell the Project Facility on an installment basis to the Company. Pursuant to the Installment Sale Agreement, the Company, as purchaser of the Project Facility under the Installment Sale Agreement, is required to perform all of the Issuer's obligations under the Underlying Lease. Accordingly, and notwithstanding anything to the contrary contained in the Underlying Lease, the Company shall not be entitled to declare a default hereunder or exercise any rights or remedies hereunder if any asserted default by the Issuer hereunder relates to a failure by the Company, as purchaser of the Project Facility under the Installment Sale Agreement, to perform its corresponding obligations under the Installment Sale Agreement.

(C) Notwithstanding the sale of the Project Facility by the Issuer to the Company pursuant to the Installment Sale Agreement, during the Lease Term of the Underlying Lease, there shall be no merger of the Underlying Lease nor of the leasehold estate created by the Underlying Lease with the fee estate or any other interest in the Leased Premises by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly, (1) the Underlying Lease or the leasehold interest created by the Underlying Lease or any interest in the Underlying Lease or in any such leasehold interest and (2) the fee estate or any other interest in the Leased Premises or any part thereof or any interest in such fee estate or any other interest in the Leased Premises, and no such merger shall occur unless and until all corporations, firms and other entities, including any mortgagee having any interest in (a) the Underlying Lease or the leasehold estate created by the Underlying Lease and (b) the fee estate or such other interest in the Leased Premises or any part thereof or any interest in such fee estate or such other interest in the Leased Premises, shall join in a written instrument effecting such merger and shall duly record the same.

(D) Upon any termination of the Installment Sale Agreement or the Company's rights of possession as purchaser thereunder pursuant to Article X thereof, the Issuer may use the Leased Premises for any lawful purpose, may sell or assign its rights hereunder or the leasehold estate hereby created to any Person or Persons without the consent of the Company, and may enter upon the Leased Premises for purpose of taking possession thereof.

**Additions, Alterations and Improvements.** (Section 3.5) Subject to the provisions of the Installment Sale Agreement, the Company, as agent of the Issuer pursuant to the Installment Sale Agreement, shall have the right, from time to time, to make such changes, additions, improvements and alterations, demolition or new construction, structural or otherwise, to the Leased Premises as the Company shall deem necessary or desirable. Title to improvements now located or hereafter constructed upon the Leased Premises, and any modifications, additions, restrictions, repairs and replacements thereof, shall be in the Issuer during the term of the Underlying Lease, except as otherwise provided in the Installment Sale Agreement.

**Assignment.** (Section 3.6)

(A) Except as otherwise provided in the Financing Documents, so long as neither the Installment Sale Agreement nor the Company's right of possession as purchaser thereunder shall have been terminated by the Issuer pursuant to Article X thereof, neither the Issuer nor the Company shall assign or transfer the Underlying Lease, nor sublease the whole or any part of the Property leased hereby, except that the Issuer may sell the leasehold interest created hereunder to the Company pursuant to the Installment Sale Agreement. The Issuer may enter into the Installment Sale Agreement on the terms provided therein.

(B) Upon the occurrence and continuance of an Event of Default under the Installment Sale Agreement, the Issuer shall have the unrestricted right to assign and sublet, from time to time, all or any part of the Underlying Lease and the leasehold estate hereby created, to any one or more Persons. Upon such assignment, the assignee shall thereupon be subrogated to all the rights of the former lessee under the Underlying Lease, whereupon (1) the former lessee shall have no further rights or obligations hereunder and (2) such assignee shall forthwith be obligated to assume and perform each and all of the former lessee's obligations and covenants hereunder.

**Possession; Quiet Enjoyment.** *(Section 3.7)*

(A) Pursuant to the terms of the Installment Sale Agreement, except as otherwise provided therein after the occurrence of an Event of Default thereunder, the Company has the exclusive right to possess and make improvements to the Leased Premises leased hereby.

(B) The Issuer, upon paying the rent and observing and keeping all covenants, warranties, agreements and conditions of the Underlying Lease on the Issuer's part to be kept, shall quietly have, hold and enjoy the Leased Premises during the Lease Term.

**Liens.** *(Section 3.8)*

Except as otherwise provided in the Financing Documents, so long as neither the Installment Sale Agreement nor the Company's right of possession as purchaser thereunder shall have been terminated by the Issuer pursuant to Article X thereof, the Issuer shall not, directly, or indirectly, create or permit to be created, any mortgage, lien, encumbrance or other charge upon, or pledge of, the Leased Premises or the Issuer's interest therein (except for Permitted Encumbrances) without the Company's prior written consent.

**Taxes.** *(Section 3.9)*

(A) It is recognized that, under the provisions of the Act, the Issuer is required to pay no taxes or assessments upon any property acquired by it or under its jurisdiction or control or supervision. Pursuant to the Installment Sale Agreement, the Company has agreed to pay all taxes levied against the Project Facility.

(B) Pursuant to the Installment Sale Agreement, the Issuer has agreed to apply for the tax exemptions respecting the Leased Premises to which the Issuer may be entitled pursuant to the Act, upon the condition that the Company make certain payments in lieu of taxes respecting the Leased Premises, as more fully set forth in the Installment Sale Agreement.

(C) In the event that (1) title to the Issuer's interest in the Leased Premises shall be conveyed to the Company, (2) on the date on which the Company obtains title to the Issuer's interest in the Leased Premises, the Leased Premises shall be assessed as exempt upon the assessment roll of any one or more of any taxing entities by reason of the involvement of the Issuer with the Leased Premises, and (3) the fact of obtaining title to the Issuer's interest in the Leased Premises shall not immediately obligate the Company to make pro rata tax payments pursuant to legislation similar to Chapter 635 of the 1978 Laws of the State (codified as subsection 3 of Section 302 of the Real Property Tax Law and Section 520 of the Real Property Tax Law), the Company shall be obligated to make payments in lieu of taxes to the respective receivers of taxes in amounts equal to those amounts which would be due from the Company as real property taxes with respect to the Leased Premises if the Leased Premises were owned by the Company and not the Issuer until the first tax year in which the Company shall appear on the tax rolls of the various taxing entities having jurisdiction over the Leased Premises as the legal owner of record of the Issuer's interest in the Leased Premises.

**Maintenance.** *(Section 3.10)*

Pursuant to the Installment Sale Agreement, during the term of the Underlying Lease, the Company has agreed, at the Company's sole cost and expense, to keep and maintain or cause to be kept and maintained the Project Facility (including the Leased Premises and all improvements now or hereafter located thereon) in good order and condition and make or cause to be made all repairs thereto, interior and exterior, structural and non-structural, ordinary and extraordinary, and foreseen and unforeseen. The Issuer will have no responsibility with respect to the foregoing.

**Condemnation.** *(Section 3.11)*

Subject to the provisions of the Installment Sale Agreement and the other Financing Documents, in the event of a total, substantial or partial taking by eminent domain or for any public or quasi public use under any statute (or voluntary transfer or conveyance to the condemning agency under threat of condemnation), the Issuer shall be entitled to its costs and expenses incurred with respect to the Leased Premises (including any unpaid amounts due pursuant to the Financing Documents and the costs of participating in such condemnation proceeding or transfer), and thereafter the Issuer shall not participate further in any condemnation award.

**Default.** *(Section 4.1)*

(A) Any one or more of the following events shall constitute an "Event of Default" under the Underlying Lease:

(1) The failure of the Issuer (or the Company on behalf of the Issuer) to pay the rent due pursuant to the Underlying Lease within fifteen (15) days after written notice to the Issuer specifying the nature of such default; or

(2) The failure of the Issuer (or the Company on behalf of the Issuer) to observe and perform any covenant, condition or agreement on its part to be performed (other than as referred to in paragraph (1) above) and continuance of such failure for a period of thirty (30) days after notice to the Issuer specifying the nature of such default; provided that if by reason of the nature of such default the same cannot be remedied within thirty (30) days, failure of the Issuer (or the Company on behalf of the Issuer) to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence.

(B) Notwithstanding the provisions of Section 4.1(A) hereof, if by reason of force majeure (as hereinafter defined) either party hereto shall be unable, in whole or in part, to carry out its obligations under the Underlying Lease and if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after the occurrence of the event or cause relied upon, the obligations under the Underlying Lease of the party giving such notice so far as they are affected by such force majeure, shall be suspended during the continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The suspension of such obligations for such period pursuant to this subsection (B) shall not be deemed an event of default under this Section. The term "force majeure" as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public, enemies, orders of any kind of government authority or any civil or military authority, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, partial or entire failure of utilities. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty and the party

having difficulty shall not be required to settle any strike, lockout or other industrial disturbances by acceding to the demands of the opposing party or parties.

**Remedies on Default.** *(Section 4.2)*

Whenever any Event of Default hereunder by one party hereto shall have occurred and be continuing for more than fifteen (15) days after written notice of default by the other party, the other party may enforce the provisions of the Underlying Lease and may enforce and protect its right by a suit or suits in equity or at law for (1) the specific performance of any covenant or agreement contained herein or (2) any other appropriate legal or equitable remedy.

**Remedies Cumulative.** *(Section 4.3)*

No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under the Underlying Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article IV, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

**Agreement to Pay Attorney's Fees and Expenses.** *(Section 4.4)*

In the event either party should default under any of the provisions of the Underlying Lease and the other party should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the defaulting party herein contained, the defaulting party shall, on demand therefor, pay to the other party the reasonable fees of such attorneys and such other expenses so incurred, whether an action is commenced or not.

**No Additional Waiver Implied by One Waiver.** *(Section 4.5)*

In the event any agreement contained herein should be breached by either party and thereafter such breach be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

**APPENDIX F**  
**FORM OF OPINION OF BOND COUNSEL**

November 21, 2014

City of Albany Industrial Development Agency  
21 Lodge Street  
Albany, New York 12207

Manufacturers and Traders Trust Company  
One M&T Plaza, 7<sup>th</sup> Floor  
Buffalo, New York 14203

Re: City of Albany Industrial Development Agency  
Multifamily Housing Revenue Bonds  
(Ginnie Mae Collateralized Mortgage Loan - TMG-NY Albany I, LP Project)  
Series 2014A in the aggregate principal amount of \$11,500,000

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance on the date hereof of the Multifamily Housing Revenue Bonds (Ginnie Mae Collateralized Mortgage Loan - TMG-NY Albany I, LP Project) Series 2014A in the aggregate principal amount of \$11,500,000 (the "Bonds") by City of Albany Industrial Development Agency (the "Issuer"), public benefit corporation organized and existing pursuant to Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 325 of the 1974 Laws of New York, as amended, codified as Section 903-a of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act").

The Bonds are being issued under and pursuant to the Act, a resolution adopted by the members of the Issuer on November 12, 2014 and a trust indenture dated as of November 1, 2014 (the "Indenture") by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the "Trustee") for the holders of the Bonds, in connection with a project (the "Program") to be undertaken by the Issuer for the benefit of TMG-NY Albany I, LP (the "Company"), consisting of the following: (A) (1) the acquisition of an interest or interests in parcels of land containing in the aggregate approximately 1 acre located at 400 Hudson Avenue in the City of Albany, Albany County, New York (the "Land"), together with the existing building containing approximately 130,000 square feet of space located on the Land (the "Facility"); (2) the reconstruction and renovation of the Facility, and (3) the acquisition and installation thereon and therein of various machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment hereinafter collectively referred to as the "Project Facility"), all of the foregoing to constitute a housing facility to be owned by the Company; (B) the financing of all or a portion of the costs of the foregoing by the issuance of the Bonds; (C) the granting of certain other "financial assistance" (within the meaning of Section 854(14) of the Act), and (D) the sale of the Project Facility to the Company

pursuant to the terms of an installment sale agreement dated as of November 1, 2014 (the "Installment Sale Agreement") by and between the Issuer, as seller, and the Company, as purchaser.

The Bonds are dated the date hereof, are issued as fully registered bonds without coupons and mature and bear interest as set forth therein. The principal of, redemption premium, if any, and interest on the Bonds are payable from installment purchase payments to be made by the Company under the Installment Sale Agreement, and payments to be made by the Company under a certain loan agreement dated as of November 1, 2014 (the "Loan Agreement") by and among the Issuer, the Company, the Trustee, and Greystone Select Holdings LLC, as initial investor (the "Purchaser").

We have examined specimen Bonds and executed counterparts of the Indenture, the Underlying Lease (as defined in the Indenture), the Loan Agreement, the Installment Sale Agreement, a certain tax regulatory agreement dated the date hereof from the Company to the Trustee (the "Tax Certificate"), a land use restriction agreement dated as of November 1, 2014, by and among the Company, the Issuer, and the Trustee (the "Tax Regulatory Agreement"), an arbitrage certificate from the Issuer dated the date hereof (the "Arbitrage Certificate," and, collectively with the Tax Certificate and the Tax Regulatory Agreement, being referred to hereinafter as the "Tax Documents") and such certified proceedings and such other documents as we deemed necessary to render this opinion.

You have received an opinion of even date herewith of Cannon Heyman & Weiss, LLP and Richards, Layton & Finger P.A., counsel to the Company, upon which you are relying as to the validity and enforceability of the Underlying Lease, the Loan Agreement, the Installment Sale Agreement, the Mortgage, the Tax Regulatory Agreement and the Tax Certificate as they relate to the Company. No opinion as to such matters is expressed herein.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies. Furthermore, in rendering the following opinions, we have assumed that all documents executed by a person or persons other than the Issuer were duly executed and delivered by said other person or persons and that said documents constitute legal, valid and binding obligations of said person or persons enforceable against said person or persons in accordance with their terms.

In rendering the opinions expressed in paragraphs (D) and (E) below, we note that the exclusion of the interest on the Bonds from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 141, 142, 147, 148 and 149 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder (collectively, the "Tax Requirements"). In our opinion, the Tax Documents and the other Financing Documents (as defined in the Indenture) establish requirements and procedures, compliance with which will satisfy the Tax Requirements

Based upon our examination of the foregoing and in reliance upon the matters and subject to the limitations contained herein, we are of the opinion, as of the date hereof and under existing law, as follows:

(A) The Issuer was duly created and is validly existing as a public benefit corporation of the State of New York with the power to enter into and perform its obligations under the Underlying Lease, the Indenture, the Installment Sale Agreement, the Loan Agreement, and the Regulatory Agreement and to issue the Bonds.

(B) The Underlying Lease, the Indenture, the Installment Sale Agreement, the Loan Agreement, and the Regulatory Agreement have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as specified below.



(C) The Bonds have been duly authorized, executed and delivered by the Issuer and, assuming due authentication thereof by the Trustee, are valid and binding special obligations of the Issuer payable solely out of the Trust Estate.

(D) The interest on the Bonds is (a) excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code, (b) is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals under Section 55 of the Code and (c) is not included in determining the tax base for purposes of computing the alternative minimum tax on corporations under Section 56 of the Code and the branch profits tax under Section 884 of the Code, except that (1) no opinion is expressed as to the exclusion from gross income of the interest on any Bond during any period when such Bond is held by a “substantial user” of the facilities financed by the Bonds or a “related person” thereto, as those quoted terms are used in Section 147(a)(2) of the Code, and (2) the Company or another Person, by failing to comply with the Tax Requirements, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance thereof.

(E) The Bonds do not constitute “arbitrage bonds”, within the meaning of Section 148 of the Code, except as specified below.

(F) The interest on the 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).

(G) The Bonds do not constitute a debt of the State of New York or of the City of Albany, New York, and neither the State of New York nor the City of Albany, New York is liable thereon.

We call your attention to the fact that the Company or another person, by failing to comply with the Tax Requirements as set forth in the Code and the Tax Regulatory Agreement, may cause interest on the Bonds to become subject to federal income taxation from the date hereof. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Any opinion concerning the validity, binding effect or enforceability of any document (A) means that (1) such document constitutes an effective contract under applicable law, (2) such document is not invalid in its entirety under applicable law because of a specific statutory prohibition or public policy and is not subject in its entirety to a contractual defense under applicable law and (3) subject to the following sentence, some remedy is available under applicable law if the person concerning whom such opinion is given is in material default under such document, but (B) does not mean that (1) any particular remedy is available under applicable law upon such material default or (2) every provision of such document will be upheld or enforced in any or each circumstance by a court applying applicable law. Furthermore, the validity, binding effect or enforceability of any document may be limited to or otherwise affected by (A) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies generally or

(B) the unavailability of, or any limitation on the availability of, any particular right or remedy (whether in a proceeding in equity or law) because of the discretion of a court or because of any equitable principle or requirement as to commercial reasonableness, conscionability or good faith.

We express no opinion with respect to (A) title to all or any portion of the Project Facility, (B) the priority of any liens, charges, security interests or encumbrances affecting the Project Facility or any part thereof (or the effectiveness of any remedy which is dependent upon the existence of title to the Project Facility or the priority of any such lien, charge, security interest or encumbrance), (C) any laws, regulations, judgments, permits or orders with respect to zoning, subdivision matters or requirements for the physical commencement and continuance of the construction, reconstruction, installation, occupancy or operation of

the Project Facility or with respect to the requirement of filing or recording of any of the Financing Documents, or (D) the laws of any jurisdiction other than the State of New York and other than the securities and tax laws of the United States of America.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Company other than specifically hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the Bonds.

Very truly yours,

HODGSON RUSS LLP

By \_\_\_\_\_

## APPENDIX G

### SCHEDULE OF PRINCIPAL REDUCTION PAYMENTS

Date	Principal	Coupon	Interest	Total P+I
11/21/2014	-	-	-	-
12/20/2014	-	-	37,981.94	37,981.94
01/20/2015	-	-	39,291.67	39,291.67
02/20/2015	-	-	39,291.67	39,291.67
03/20/2015	-	-	39,291.67	39,291.67
04/20/2015	-	-	39,291.67	39,291.67
05/20/2015	-	-	39,291.67	39,291.67
06/20/2015	-	-	39,291.67	39,291.67
07/20/2015	-	-	39,291.67	39,291.67
08/20/2015	-	-	39,291.67	39,291.67
09/20/2015	-	-	39,291.67	39,291.67
10/20/2015	-	-	39,291.67	39,291.67
11/20/2015	-	-	39,291.67	39,291.67
12/20/2015	-	-	39,291.67	39,291.67
01/20/2016	-	-	39,291.67	39,291.67
02/20/2016	-	-	39,291.67	39,291.67
03/20/2016	-	-	39,291.67	39,291.67
04/20/2016	-	-	39,291.67	39,291.67
05/20/2016	-	-	39,291.67	39,291.67
06/20/2016	-	-	39,291.67	39,291.67
07/20/2016	8,910.00	4.100%	39,291.67	48,201.67
08/20/2016	8,942.00	4.100%	39,261.22	48,203.22
09/20/2016	8,974.00	4.100%	39,230.67	48,204.67
10/20/2016	9,007.00	4.100%	39,200.01	48,207.01
11/20/2016	9,040.00	4.100%	39,169.24	48,209.24
12/20/2016	9,072.00	4.100%	39,138.35	48,210.35
01/20/2017	9,105.00	4.100%	39,107.35	48,212.35
02/20/2017	9,138.00	4.100%	39,076.25	48,214.25
03/20/2017	9,171.00	4.100%	39,045.02	48,216.02
04/20/2017	9,205.00	4.100%	39,013.69	48,218.69
05/20/2017	9,238.00	4.100%	38,982.24	48,220.24
06/20/2017	9,271.00	4.100%	38,950.68	48,221.68
07/20/2017	9,305.00	4.100%	38,919.00	48,224.00
08/20/2017	9,339.00	4.100%	38,887.21	48,226.21
09/20/2017	9,372.00	4.100%	38,855.30	48,227.30
10/20/2017	9,406.00	4.100%	38,823.28	48,229.28
11/20/2017	9,441.00	4.100%	38,791.14	48,232.14
12/20/2017	9,475.00	4.100%	38,758.89	48,233.89
01/20/2018	9,509.00	4.100%	38,726.51	48,235.51
02/20/2018	9,543.00	4.100%	38,694.02	48,237.02
03/20/2018	9,578.00	4.100%	38,661.42	48,239.42
04/20/2018	9,613.00	4.100%	38,628.69	48,241.69
05/20/2018	9,648.00	4.100%	38,595.85	48,243.85
06/20/2018	9,683.00	4.100%	38,562.88	48,245.88

Date	Principal	Coupon	Interest	Total P+I
07/20/2018	9,718.00	4.100%	38,529.80	48,247.80
08/20/2018	9,753.00	4.100%	38,496.60	48,249.60
09/20/2018	9,788.00	4.100%	38,463.28	48,251.28
10/20/2018	9,824.00	4.100%	38,429.83	48,253.83
11/20/2018	9,859.00	4.100%	38,396.27	48,255.27
12/20/2018	9,895.00	4.100%	38,362.58	48,257.58
01/20/2019	9,931.00	4.100%	38,328.77	48,259.77
02/20/2019	9,967.00	4.100%	38,294.84	48,261.84
03/20/2019	10,003.00	4.100%	38,260.79	48,263.79
04/20/2019	10,039.00	4.100%	38,226.61	48,265.61
05/20/2019	10,076.00	4.100%	38,192.31	48,268.31
06/20/2019	10,112.00	4.100%	38,157.89	48,269.89
07/20/2019	10,149.00	4.100%	38,123.34	48,272.34
08/20/2019	10,185.00	4.100%	38,088.66	48,273.66
09/20/2019	10,222.00	4.100%	38,053.86	48,275.86
10/20/2019	10,259.00	4.100%	38,018.94	48,277.94
11/20/2019	10,297.00	4.100%	37,983.89	48,280.89
12/20/2019	10,334.00	4.100%	37,948.70	48,282.70
01/20/2020	10,371.00	4.100%	37,913.40	48,284.40
02/20/2020	10,409.00	4.100%	37,877.96	48,286.96
03/20/2020	10,447.00	4.100%	37,842.40	48,289.40
04/20/2020	10,484.00	4.100%	37,806.70	48,290.70
05/20/2020	10,522.00	4.100%	37,770.88	48,292.88
06/20/2020	10,561.00	4.100%	37,734.93	48,295.93
07/20/2020	10,599.00	4.100%	37,698.85	48,297.85
08/20/2020	10,637.00	4.100%	37,662.64	48,299.64
09/20/2020	10,676.00	4.100%	37,626.29	48,302.29
10/20/2020	10,714.00	4.100%	37,589.82	48,303.82
11/20/2020	10,753.00	4.100%	37,553.21	48,306.21
12/20/2020	10,792.00	4.100%	37,516.47	48,308.47
01/20/2021	10,831.00	4.100%	37,479.60	48,310.60
02/20/2021	10,871.00	4.100%	37,442.59	48,313.59
03/20/2021	10,910.00	4.100%	37,405.45	48,315.45
04/20/2021	10,949.00	4.100%	37,368.18	48,317.18
05/20/2021	10,989.00	4.100%	37,330.77	48,319.77
06/20/2021	11,029.00	4.100%	37,293.22	48,322.22
07/20/2021	11,069.00	4.100%	37,255.54	48,324.54
08/20/2021	11,109.00	4.100%	37,217.72	48,326.72
09/20/2021	11,149.00	4.100%	37,179.76	48,328.76
10/20/2021	11,190.00	4.100%	37,141.67	48,331.67
11/20/2021	11,230.00	4.100%	37,103.44	48,333.44
12/20/2021	11,271.00	4.100%	37,065.07	48,336.07
01/20/2022	11,312.00	4.100%	37,026.56	48,338.56
02/20/2022	11,353.00	4.100%	36,987.91	48,340.91

Date	Principal	Coupon	Interest	Total P+I
03/20/2022	11,394.00	4.100%	36,949.12	48,343.12
04/20/2022	11,435.00	4.100%	36,910.19	48,345.19
05/20/2022	11,477.00	4.100%	36,871.12	48,348.12
06/20/2022	11,518.00	4.100%	36,831.91	48,349.91
07/20/2022	11,560.00	4.100%	36,792.56	48,352.56
08/20/2022	11,602.00	4.100%	36,753.06	48,355.06
09/20/2022	11,644.00	4.100%	36,713.42	48,357.42
10/20/2022	11,686.00	4.100%	36,673.64	48,359.64
11/20/2022	11,728.00	4.100%	36,633.71	48,361.71
12/20/2022	11,771.00	4.100%	36,593.64	48,364.64
01/20/2023	11,814.00	4.100%	36,553.42	48,367.42
02/20/2023	11,856.00	4.100%	36,513.06	48,369.06
03/20/2023	11,899.00	4.100%	36,472.55	48,371.55
04/20/2023	11,942.00	4.100%	36,431.89	48,373.89
05/20/2023	11,986.00	4.100%	36,391.09	48,377.09
06/20/2023	12,029.00	4.100%	36,350.14	48,379.14
07/20/2023	12,073.00	4.100%	36,309.04	48,382.04
08/20/2023	12,116.00	4.100%	36,267.79	48,383.79
09/20/2023	12,160.00	4.100%	36,226.39	48,386.39
10/20/2023	12,204.00	4.100%	36,184.85	48,388.85
11/20/2023	12,249.00	4.100%	36,143.15	48,392.15
12/20/2023	12,293.00	4.100%	36,101.30	48,394.30
01/20/2024	12,338.00	4.100%	36,059.30	48,397.30
02/20/2024	12,382.00	4.100%	36,017.14	48,399.14
03/20/2024	12,427.00	4.100%	35,974.84	48,401.84
04/20/2024	12,472.00	4.100%	35,932.38	48,404.38
05/20/2024	12,517.00	4.100%	35,889.77	48,406.77
06/20/2024	12,563.00	4.100%	35,847.00	48,410.00
07/20/2024	12,608.00	4.100%	35,804.08	48,412.08
08/20/2024	12,654.00	4.100%	35,761.00	48,415.00
09/20/2024	12,700.00	4.100%	35,717.77	48,417.77
10/20/2024	12,746.00	4.100%	35,674.37	48,420.37
11/20/2024	12,792.00	4.100%	35,630.82	48,422.82
12/20/2024	12,838.00	4.100%	35,587.12	48,425.12
01/20/2025	12,885.00	4.100%	35,543.26	48,428.26
02/20/2025	12,932.00	4.100%	35,499.23	48,431.23
03/20/2025	12,978.00	4.100%	35,455.05	48,433.05
04/20/2025	13,025.00	4.100%	35,410.71	48,435.71
05/20/2025	13,073.00	4.100%	35,366.20	48,439.20
06/20/2025	13,120.00	4.100%	35,321.54	48,441.54
07/20/2025	13,168.00	4.100%	35,276.71	48,444.71
08/20/2025	13,215.00	4.100%	35,231.72	48,446.72
09/20/2025	13,263.00	4.100%	35,186.57	48,449.57
10/20/2025	13,311.00	4.100%	35,141.25	48,452.25

Date	Principal	Coupon	Interest	Total P+I
11/20/2025	13,359.00	4.100%	35,095.77	48,454.77
12/20/2025	13,408.00	4.100%	35,050.13	48,458.13
01/20/2026	13,456.00	4.100%	35,004.32	48,460.32
02/20/2026	13,505.00	4.100%	34,958.35	48,463.35
03/20/2026	13,554.00	4.100%	34,912.20	48,466.20
04/20/2026	13,603.00	4.100%	34,865.89	48,468.89
05/20/2026	13,653.00	4.100%	34,819.42	48,472.42
06/20/2026	13,702.00	4.100%	34,772.77	48,474.77
07/20/2026	13,752.00	4.100%	34,725.95	48,477.95
08/20/2026	13,801.00	4.100%	34,678.97	48,479.97
09/20/2026	13,851.00	4.100%	34,631.82	48,482.82
10/20/2026	13,902.00	4.100%	34,584.49	48,486.49
11/20/2026	13,952.00	4.100%	34,536.99	48,488.99
12/20/2026	14,003.00	4.100%	34,489.32	48,492.32
01/20/2027	14,053.00	4.100%	34,441.48	48,494.48
02/20/2027	14,104.00	4.100%	34,393.47	48,497.47
03/20/2027	14,155.00	4.100%	34,345.28	48,500.28
04/20/2027	14,207.00	4.100%	34,296.91	48,503.91
05/20/2027	14,258.00	4.100%	34,248.37	48,506.37
06/20/2027	14,310.00	4.100%	34,199.66	48,509.66
07/20/2027	14,362.00	4.100%	34,150.77	48,512.77
08/20/2027	14,414.00	4.100%	34,101.70	48,515.70
09/20/2027	14,466.00	4.100%	34,052.45	48,518.45
10/20/2027	14,518.00	4.100%	34,003.02	48,521.02
11/20/2027	14,571.00	4.100%	33,953.42	48,524.42
12/20/2027	14,624.00	4.100%	33,903.63	48,527.63
01/20/2028	14,677.00	4.100%	33,853.67	48,530.67
02/20/2028	14,730.00	4.100%	33,803.52	48,533.52
03/20/2028	14,783.00	4.100%	33,753.20	48,536.20
04/20/2028	14,837.00	4.100%	33,702.69	48,539.69
05/20/2028	14,891.00	4.100%	33,651.99	48,542.99
06/20/2028	14,945.00	4.100%	33,601.12	48,546.12
07/20/2028	14,999.00	4.100%	33,550.05	48,549.05
08/20/2028	15,053.00	4.100%	33,498.81	48,551.81
09/20/2028	15,108.00	4.100%	33,447.38	48,555.38
10/20/2028	15,162.00	4.100%	33,395.76	48,557.76
11/20/2028	15,217.00	4.100%	33,343.95	48,560.95
12/20/2028	15,273.00	4.100%	33,291.96	48,564.96
01/20/2029	15,328.00	4.100%	33,239.78	48,567.78
02/20/2029	15,383.00	4.100%	33,187.41	48,570.41
03/20/2029	15,439.00	4.100%	33,134.85	48,573.85
04/20/2029	15,495.00	4.100%	33,082.10	48,577.10
05/20/2029	15,551.00	4.100%	33,029.16	48,580.16
06/20/2029	15,608.00	4.100%	32,976.03	48,584.03

Date	Principal	Coupon	Interest	Total P+I
07/20/2029	15,664.00	4.100%	32,922.70	48,586.70
08/20/2029	15,721.00	4.100%	32,869.18	48,590.18
09/20/2029	15,778.00	4.100%	32,815.47	48,593.47
10/20/2029	15,835.00	4.100%	32,761.56	48,596.56
11/20/2029	15,893.00	4.100%	32,707.46	48,600.46
12/20/2029	15,950.00	4.100%	32,653.16	48,603.16
01/20/2030	16,008.00	4.100%	32,598.66	48,606.66
02/20/2030	16,066.00	4.100%	32,543.97	48,609.97
03/20/2030	16,124.00	4.100%	32,489.07	48,613.07
04/20/2030	16,183.00	4.100%	32,433.98	48,616.98
05/20/2030	16,241.00	4.100%	32,378.69	48,619.69
06/20/2030	16,300.00	4.100%	32,323.20	48,623.20
07/20/2030	16,359.00	4.100%	32,267.51	48,626.51
08/20/2030	16,419.00	4.100%	32,211.62	48,630.62
09/20/2030	16,478.00	4.100%	32,155.52	48,633.52
10/20/2030	16,538.00	4.100%	32,099.22	48,637.22
11/20/2030	16,598.00	4.100%	32,042.71	48,640.71
12/20/2030	16,658.00	4.100%	31,986.00	48,644.00
01/20/2031	16,718.00	4.100%	31,929.09	48,647.09
02/20/2031	16,779.00	4.100%	31,871.97	48,650.97
03/20/2031	16,840.00	4.100%	31,814.64	48,654.64
04/20/2031	16,901.00	4.100%	31,757.10	48,658.10
05/20/2031	16,962.00	4.100%	31,699.36	48,661.36
06/20/2031	17,023.00	4.100%	31,641.40	48,664.40
07/20/2031	17,085.00	4.100%	31,583.24	48,668.24
08/20/2031	17,147.00	4.100%	31,524.87	48,671.87
09/20/2031	17,209.00	4.100%	31,466.28	48,675.28
10/20/2031	17,271.00	4.100%	31,407.49	48,678.49
11/20/2031	17,334.00	4.100%	31,348.48	48,682.48
12/20/2031	17,397.00	4.100%	31,289.25	48,686.25
01/20/2032	17,460.00	4.100%	31,229.81	48,689.81
02/20/2032	17,523.00	4.100%	31,170.16	48,693.16
03/20/2032	17,587.00	4.100%	31,110.29	48,697.29
04/20/2032	17,650.00	4.100%	31,050.20	48,700.20
05/20/2032	17,714.00	4.100%	30,989.89	48,703.89
06/20/2032	17,779.00	4.100%	30,929.37	48,708.37
07/20/2032	17,843.00	4.100%	30,868.63	48,711.63
08/20/2032	17,908.00	4.100%	30,807.66	48,715.66
09/20/2032	17,973.00	4.100%	30,746.48	48,719.48
10/20/2032	18,038.00	4.100%	30,685.07	48,723.07
11/20/2032	18,103.00	4.100%	30,623.44	48,726.44
12/20/2032	18,169.00	4.100%	30,561.59	48,730.59
01/20/2033	18,235.00	4.100%	30,499.51	48,734.51
02/20/2033	18,301.00	4.100%	30,437.21	48,738.21

Date	Principal	Coupon	Interest	Total P+I
03/20/2033	18,367.00	4.100%	30,374.68	48,741.68
04/20/2033	18,434.00	4.100%	30,311.93	48,745.93
05/20/2033	18,500.00	4.100%	30,248.94	48,748.94
06/20/2033	18,567.00	4.100%	30,185.73	48,752.73
07/20/2033	18,635.00	4.100%	30,122.30	48,757.30
08/20/2033	18,702.00	4.100%	30,058.63	48,760.63
09/20/2033	18,770.00	4.100%	29,994.73	48,764.73
10/20/2033	18,838.00	4.100%	29,930.60	48,768.60
11/20/2033	18,906.00	4.100%	29,866.23	48,772.23
12/20/2033	18,975.00	4.100%	29,801.64	48,776.64
01/20/2034	19,044.00	4.100%	29,736.81	48,780.81
02/20/2034	19,113.00	4.100%	29,671.74	48,784.74
03/20/2034	19,182.00	4.100%	29,606.44	48,788.44
04/20/2034	19,251.00	4.100%	29,540.90	48,791.90
05/20/2034	19,321.00	4.100%	29,475.13	48,796.13
06/20/2034	19,391.00	4.100%	29,409.11	48,800.11
07/20/2034	19,462.00	4.100%	29,342.86	48,804.86
08/20/2034	19,532.00	4.100%	29,276.36	48,808.36
09/20/2034	19,603.00	4.100%	29,209.63	48,812.63
10/20/2034	19,674.00	4.100%	29,142.65	48,816.65
11/20/2034	19,745.00	4.100%	29,075.43	48,820.43
12/20/2034	19,817.00	4.100%	29,007.97	48,824.97
01/20/2035	19,889.00	4.100%	28,940.26	48,829.26
02/20/2035	19,961.00	4.100%	28,872.31	48,833.31
03/20/2035	20,033.00	4.100%	28,804.11	48,837.11
04/20/2035	20,106.00	4.100%	28,735.66	48,841.66
05/20/2035	20,179.00	4.100%	28,666.97	48,845.97
06/20/2035	20,252.00	4.100%	28,598.02	48,850.02
07/20/2035	20,325.00	4.100%	28,528.83	48,853.83
08/20/2035	20,399.00	4.100%	28,459.38	48,858.38
09/20/2035	20,473.00	4.100%	28,389.69	48,862.69
10/20/2035	20,547.00	4.100%	28,319.74	48,866.74
11/20/2035	20,621.00	4.100%	28,249.54	48,870.54
12/20/2035	20,696.00	4.100%	28,179.08	48,875.08
01/20/2036	20,771.00	4.100%	28,108.37	48,879.37
02/20/2036	20,846.00	4.100%	28,037.40	48,883.40
03/20/2036	20,922.00	4.100%	27,966.18	48,888.18
04/20/2036	20,998.00	4.100%	27,894.70	48,892.70
05/20/2036	21,074.00	4.100%	27,822.95	48,896.95
06/20/2036	21,150.00	4.100%	27,750.95	48,900.95
07/20/2036	21,227.00	4.100%	27,678.69	48,905.69
08/20/2036	21,304.00	4.100%	27,606.16	48,910.16
09/20/2036	21,381.00	4.100%	27,533.37	48,914.37
10/20/2036	21,459.00	4.100%	27,460.32	48,919.32



Date	Principal	Coupon	Interest	Total P+I
11/20/2036	21,536.00	4.100%	27,387.00	48,923.00
12/20/2036	21,614.00	4.100%	27,313.42	48,927.42
01/20/2037	21,693.00	4.100%	27,239.57	48,932.57
02/20/2037	21,771.00	4.100%	27,165.46	48,936.46
03/20/2037	21,850.00	4.100%	27,091.07	48,941.07
04/20/2037	21,930.00	4.100%	27,016.42	48,946.42
05/20/2037	22,009.00	4.100%	26,941.49	48,950.49
06/20/2037	22,089.00	4.100%	26,866.29	48,955.29
07/20/2037	22,169.00	4.100%	26,790.82	48,959.82
08/20/2037	22,249.00	4.100%	26,715.08	48,964.08
09/20/2037	22,330.00	4.100%	26,639.06	48,969.06
10/20/2037	22,411.00	4.100%	26,562.77	48,973.77
11/20/2037	22,492.00	4.100%	26,486.19	48,978.19
12/20/2037	22,574.00	4.100%	26,409.35	48,983.35
01/20/2038	22,655.00	4.100%	26,332.22	48,987.22
02/20/2038	22,737.00	4.100%	26,254.81	48,991.81
03/20/2038	22,820.00	4.100%	26,177.13	48,997.13
04/20/2038	22,903.00	4.100%	26,099.16	49,002.16
05/20/2038	22,986.00	4.100%	26,020.91	49,006.91
06/20/2038	23,069.00	4.100%	25,942.37	49,011.37
07/20/2038	23,153.00	4.100%	25,863.56	49,016.56
08/20/2038	23,236.00	4.100%	25,784.45	49,020.45
09/20/2038	23,321.00	4.100%	25,705.06	49,026.06
10/20/2038	23,405.00	4.100%	25,625.38	49,030.38
11/20/2038	23,490.00	4.100%	25,545.41	49,035.41
12/20/2038	23,575.00	4.100%	25,465.15	49,040.15
01/20/2039	23,661.00	4.100%	25,384.61	49,045.61
02/20/2039	23,746.00	4.100%	25,303.77	49,049.77
03/20/2039	23,833.00	4.100%	25,222.63	49,055.63
04/20/2039	23,919.00	4.100%	25,141.20	49,060.20
05/20/2039	24,006.00	4.100%	25,059.48	49,065.48
06/20/2039	24,093.00	4.100%	24,977.46	49,070.46
07/20/2039	24,180.00	4.100%	24,895.14	49,075.14
08/20/2039	24,268.00	4.100%	24,812.53	49,080.53
09/20/2039	24,356.00	4.100%	24,729.61	49,085.61
10/20/2039	24,444.00	4.100%	24,646.39	49,090.39
11/20/2039	24,532.00	4.100%	24,562.88	49,094.88
12/20/2039	24,621.00	4.100%	24,479.06	49,100.06
01/20/2040	24,711.00	4.100%	24,394.94	49,105.94
02/20/2040	24,800.00	4.100%	24,310.51	49,110.51
03/20/2040	24,890.00	4.100%	24,225.78	49,115.78
04/20/2040	24,980.00	4.100%	24,140.74	49,120.74
05/20/2040	25,071.00	4.100%	24,055.39	49,126.39
06/20/2040	25,162.00	4.100%	23,969.73	49,131.73

Date	Principal	Coupon	Interest	Total P+I
07/20/2040	25,253.00	4.100%	23,883.76	49,136.76
08/20/2040	25,345.00	4.100%	23,797.48	49,142.48
09/20/2040	25,436.00	4.100%	23,710.88	49,146.88
10/20/2040	25,529.00	4.100%	23,623.97	49,152.97
11/20/2040	25,621.00	4.100%	23,536.75	49,157.75
12/20/2040	25,714.00	4.100%	23,449.21	49,163.21
01/20/2041	25,807.00	4.100%	23,361.36	49,168.36
02/20/2041	25,901.00	4.100%	23,273.18	49,174.18
03/20/2041	25,995.00	4.100%	23,184.69	49,179.69
04/20/2041	26,089.00	4.100%	23,095.87	49,184.87
05/20/2041	26,183.00	4.100%	23,006.73	49,189.73
06/20/2041	26,278.00	4.100%	22,917.27	49,195.27
07/20/2041	26,374.00	4.100%	22,827.49	49,201.49
08/20/2041	26,469.00	4.100%	22,737.38	49,206.38
09/20/2041	26,565.00	4.100%	22,646.94	49,211.94
10/20/2041	26,662.00	4.100%	22,556.18	49,218.18
11/20/2041	26,758.00	4.100%	22,465.09	49,223.09
12/20/2041	26,855.00	4.100%	22,373.66	49,228.66
01/20/2042	26,952.00	4.100%	22,281.91	49,233.91
02/20/2042	27,050.00	4.100%	22,189.82	49,239.82
03/20/2042	27,148.00	4.100%	22,097.40	49,245.40
04/20/2042	27,247.00	4.100%	22,004.65	49,251.65
05/20/2042	27,345.00	4.100%	21,911.55	49,256.55
06/20/2042	27,445.00	4.100%	21,818.12	49,263.12
07/20/2042	27,544.00	4.100%	21,724.35	49,268.35
08/20/2042	27,644.00	4.100%	21,630.24	49,274.24
09/20/2042	27,744.00	4.100%	21,535.79	49,279.79
10/20/2042	27,845.00	4.100%	21,441.00	49,286.00
11/20/2042	27,946.00	4.100%	21,345.86	49,291.86
12/20/2042	28,047.00	4.100%	21,250.38	49,297.38
01/20/2043	28,149.00	4.100%	21,154.55	49,303.55
02/20/2043	28,251.00	4.100%	21,058.38	49,309.38
03/20/2043	28,353.00	4.100%	20,961.85	49,314.85
04/20/2043	28,456.00	4.100%	20,864.98	49,320.98
05/20/2043	28,559.00	4.100%	20,767.76	49,326.76
06/20/2043	28,663.00	4.100%	20,670.18	49,333.18
07/20/2043	28,766.00	4.100%	20,572.25	49,338.25
08/20/2043	28,871.00	4.100%	20,473.97	49,344.97
09/20/2043	28,975.00	4.100%	20,375.32	49,350.32
10/20/2043	29,080.00	4.100%	20,276.32	49,356.32
11/20/2043	29,186.00	4.100%	20,176.97	49,362.97
12/20/2043	29,292.00	4.100%	20,077.25	49,369.25
01/20/2044	29,398.00	4.100%	19,977.17	49,375.17
02/20/2044	29,504.00	4.100%	19,876.72	49,380.72

Date	Principal	Coupon	Interest	Total P+I
03/20/2044	29,611.00	4.100%	19,775.92	49,386.92
04/20/2044	29,719.00	4.100%	19,674.75	49,393.75
05/20/2044	29,826.00	4.100%	19,573.21	49,399.21
06/20/2044	29,935.00	4.100%	19,471.30	49,406.30
07/20/2044	30,043.00	4.100%	19,369.03	49,412.03
08/20/2044	30,152.00	4.100%	19,266.38	49,418.38
09/20/2044	30,261.00	4.100%	19,163.36	49,424.36
10/20/2044	30,371.00	4.100%	19,059.97	49,430.97
11/20/2044	30,481.00	4.100%	18,956.20	49,437.20
12/20/2044	30,592.00	4.100%	18,852.06	49,444.06
01/20/2045	30,703.00	4.100%	18,747.53	49,450.53
02/20/2045	30,814.00	4.100%	18,642.63	49,456.63
03/20/2045	30,926.00	4.100%	18,537.35	49,463.35
04/20/2045	31,038.00	4.100%	18,431.69	49,469.69
05/20/2045	31,150.00	4.100%	18,325.64	49,475.64
06/20/2045	31,263.00	4.100%	18,219.21	49,482.21
07/20/2045	31,376.00	4.100%	18,112.40	49,488.40
08/20/2045	31,490.00	4.100%	18,005.19	49,495.19
09/20/2045	31,604.00	4.100%	17,897.60	49,501.60
10/20/2045	31,719.00	4.100%	17,789.62	49,508.62
11/20/2045	31,834.00	4.100%	17,681.25	49,515.25
12/20/2045	31,949.00	4.100%	17,572.48	49,521.48
01/20/2046	32,065.00	4.100%	17,463.32	49,528.32
02/20/2046	32,181.00	4.100%	17,353.77	49,534.77
03/20/2046	32,298.00	4.100%	17,243.82	49,541.82
04/20/2046	32,415.00	4.100%	17,133.47	49,548.47
05/20/2046	32,533.00	4.100%	17,022.71	49,555.71
06/20/2046	32,651.00	4.100%	16,911.56	49,562.56
07/20/2046	32,769.00	4.100%	16,800.00	49,569.00
08/20/2046	32,888.00	4.100%	16,688.04	49,576.04
09/20/2046	33,007.00	4.100%	16,575.67	49,582.67
10/20/2046	33,127.00	4.100%	16,462.90	49,589.90
11/20/2046	33,247.00	4.100%	16,349.72	49,596.72
12/20/2046	33,367.00	4.100%	16,236.12	49,603.12
01/20/2047	33,488.00	4.100%	16,122.12	49,610.12
02/20/2047	33,610.00	4.100%	16,007.70	49,617.70
03/20/2047	33,732.00	4.100%	15,892.87	49,624.87
04/20/2047	33,854.00	4.100%	15,777.62	49,631.62
05/20/2047	33,977.00	4.100%	15,661.95	49,638.95
06/20/2047	34,100.00	4.100%	15,545.86	49,645.86
07/20/2047	34,223.00	4.100%	15,429.35	49,652.35
08/20/2047	34,348.00	4.100%	15,312.42	49,660.42
09/20/2047	34,472.00	4.100%	15,195.07	49,667.07
10/20/2047	34,597.00	4.100%	15,077.29	49,674.29

Date	Principal	Coupon	Interest	Total P+I
11/20/2047	34,722.00	4.100%	14,959.08	49,681.08
12/20/2047	34,848.00	4.100%	14,840.45	49,688.45
01/20/2048	34,975.00	4.100%	14,721.38	49,696.38
02/20/2048	35,101.00	4.100%	14,601.89	49,702.89
03/20/2048	35,229.00	4.100%	14,481.96	49,710.96
04/20/2048	35,356.00	4.100%	14,361.59	49,717.59
05/20/2048	35,485.00	4.100%	14,240.79	49,725.79
06/20/2048	35,613.00	4.100%	14,119.55	49,732.55
07/20/2048	35,742.00	4.100%	13,997.87	49,739.87
08/20/2048	35,872.00	4.100%	13,875.76	49,747.76
09/20/2048	36,002.00	4.100%	13,753.19	49,755.19
10/20/2048	36,133.00	4.100%	13,630.19	49,763.19
11/20/2048	36,264.00	4.100%	13,506.73	49,770.73
12/20/2048	36,395.00	4.100%	13,382.83	49,777.83
01/20/2049	36,527.00	4.100%	13,258.48	49,785.48
02/20/2049	36,659.00	4.100%	13,133.68	49,792.68
03/20/2049	36,792.00	4.100%	13,008.43	49,800.43
04/20/2049	36,926.00	4.100%	12,882.72	49,808.72
05/20/2049	37,060.00	4.100%	12,756.56	49,816.56
06/20/2049	37,194.00	4.100%	12,629.94	49,823.94
07/20/2049	37,329.00	4.100%	12,502.86	49,831.86
08/20/2049	37,464.00	4.100%	12,375.32	49,839.32
09/20/2049	37,600.00	4.100%	12,247.32	49,847.32
10/20/2049	37,736.00	4.100%	12,118.85	49,854.85
11/20/2049	37,873.00	4.100%	11,989.92	49,862.92
12/20/2049	38,011.00	4.100%	11,860.52	49,871.52
01/20/2050	38,148.00	4.100%	11,730.65	49,878.65
02/20/2050	38,287.00	4.100%	11,600.31	49,887.31
03/20/2050	38,425.00	4.100%	11,469.49	49,894.49
04/20/2050	38,565.00	4.100%	11,338.21	49,903.21
05/20/2050	38,705.00	4.100%	11,206.44	49,911.44
06/20/2050	38,845.00	4.100%	11,074.20	49,919.20
07/20/2050	38,986.00	4.100%	10,941.48	49,927.48
08/20/2050	39,127.00	4.100%	10,808.28	49,935.28
09/20/2050	39,269.00	4.100%	10,674.60	49,943.60
10/20/2050	39,411.00	4.100%	10,540.43	49,951.43
11/20/2050	39,554.00	4.100%	10,405.77	49,959.77
12/20/2050	39,698.00	4.100%	10,270.63	49,968.63
01/20/2051	39,842.00	4.100%	10,135.00	49,977.00
02/20/2051	39,986.00	4.100%	9,998.87	49,984.87
03/20/2051	40,131.00	4.100%	9,862.25	49,993.25
04/20/2051	40,277.00	4.100%	9,725.14	50,002.14
05/20/2051	40,423.00	4.100%	9,587.52	50,010.52
06/20/2051	40,569.00	4.100%	9,449.41	50,018.41

Date	Principal	Coupon	Interest	Total P+I
07/20/2051	40,716.00	4.100%	9,310.80	50,026.80
08/20/2051	40,864.00	4.100%	9,171.69	50,035.69
09/20/2051	41,012.00	4.100%	9,032.07	50,044.07
10/20/2051	41,161.00	4.100%	8,891.94	50,052.94
11/20/2051	41,310.00	4.100%	8,751.31	50,061.31
12/20/2051	41,460.00	4.100%	8,610.17	50,070.17
01/20/2052	41,610.00	4.100%	8,468.51	50,078.51
02/20/2052	41,761.00	4.100%	8,326.34	50,087.34
03/20/2052	41,912.00	4.100%	8,183.66	50,095.66
04/20/2052	42,064.00	4.100%	8,040.46	50,104.46
05/20/2052	42,217.00	4.100%	7,896.74	50,113.74
06/20/2052	42,370.00	4.100%	7,752.50	50,122.50
07/20/2052	42,524.00	4.100%	7,607.74	50,131.74
08/20/2052	42,678.00	4.100%	7,462.45	50,140.45
09/20/2052	42,833.00	4.100%	7,316.63	50,149.63
10/20/2052	42,988.00	4.100%	7,170.29	50,158.29
11/20/2052	43,144.00	4.100%	7,023.41	50,167.41
12/20/2052	43,300.00	4.100%	6,876.00	50,176.00
01/20/2053	43,457.00	4.100%	6,728.06	50,185.06
02/20/2053	43,615.00	4.100%	6,579.58	50,194.58
03/20/2053	43,773.00	4.100%	6,430.56	50,203.56
04/20/2053	43,932.00	4.100%	6,281.01	50,213.01
05/20/2053	44,091.00	4.100%	6,130.90	50,221.90
06/20/2053	44,251.00	4.100%	5,980.26	50,231.26
07/20/2053	44,411.00	4.100%	5,829.07	50,240.07
08/20/2053	44,572.00	4.100%	5,677.33	50,249.33
09/20/2053	44,734.00	4.100%	5,525.04	50,259.04
10/20/2053	44,896.00	4.100%	5,372.20	50,268.20
11/20/2053	45,059.00	4.100%	5,218.81	50,277.81
12/20/2053	45,222.00	4.100%	5,064.86	50,286.86
01/20/2054	45,386.00	4.100%	4,910.35	50,296.35
02/20/2054	45,551.00	4.100%	4,755.28	50,306.28
03/20/2054	45,716.00	4.100%	4,599.65	50,315.65
04/20/2054	45,882.00	4.100%	4,443.45	50,325.45
05/20/2054	46,048.00	4.100%	4,286.69	50,334.69
06/20/2054	46,215.00	4.100%	4,129.36	50,344.36
07/20/2054	46,383.00	4.100%	3,971.45	50,354.45
08/20/2054	46,551.00	4.100%	3,812.98	50,363.98
09/20/2054	46,720.00	4.100%	3,653.93	50,373.93
10/20/2054	46,889.00	4.100%	3,494.30	50,383.30
11/20/2054	47,059.00	4.100%	3,334.10	50,393.10
12/20/2054	47,230.00	4.100%	3,173.31	50,403.31
01/20/2055	47,401.00	4.100%	3,011.95	50,412.95
02/20/2055	47,573.00	4.100%	2,849.99	50,422.99

Date	Principal	Coupon	Interest	Total P+I
03/20/2055	47,745.00	4.100%	2,687.45	50,432.45
04/20/2055	47,918.00	4.100%	2,524.32	50,442.32
05/20/2055	48,092.00	4.100%	2,360.60	50,452.60
06/20/2055	48,267.00	4.100%	2,196.29	50,463.29
07/20/2055	48,442.00	4.100%	2,031.38	50,473.38
08/20/2055	48,617.00	4.100%	1,865.87	50,482.87
09/20/2055	48,794.00	4.100%	1,699.76	50,493.76
10/20/2055	48,971.00	4.100%	1,533.04	50,504.04
11/20/2055	49,148.00	4.100%	1,365.73	50,513.73
12/20/2055	49,326.00	4.100%	1,197.80	50,523.80
01/20/2056	49,755.00	4.100%	1,029.27	50,784.27
02/20/2056	49,936.00	4.100%	859.28	50,795.28
03/20/2056	50,117.00	4.100%	688.66	50,805.66
04/20/2056	50,298.00	4.100%	517.43	50,815.43
05/20/2056	50,481.00	4.100%	345.58	50,826.58
06/20/2056	50,664.00	4.100%	173.10	50,837.10
<b>Total</b>	<b>\$11,500,000.00</b>	<b>-</b>	<b>\$12,797,272.18</b>	<b>\$24,297,272.18</b>