



**DORMITORY AUTHORITY
OF THE STATE OF NEW YORK**
\$16,575,000
F.F.T. SENIOR COMMUNITIES, INC.
REVENUE BONDS, SERIES 2000B

Dated: May 1, 2000

CUSIP Number: 64983WV78

Due: July 1, 2029

On May 13, 2010 (the "Conversion Date"), the \$16,575,000 F.F.T. Senior Communities, Inc. Revenue Bonds, Series 2000B (the "Series 2000B Bonds") issued by the Dormitory Authority of the State of New York (the "Authority") for the benefit of F.F.T. Senior Communities, Inc. (the "Institution") will be subject to a mandatory tender and are being converted to bear interest at a Weekly Interest Rate and remarketed as set forth herein.

Payment and Security: The Series 2000B Bonds are special obligations of the Authority. The Series 2000B Bonds are payable solely from (i) with respect to the principal of and interest thereon (x) amounts drawn under the 2000B Letter of Credit (as defined below) for such purposes and (y) the funds and accounts established for the benefit of the Series 2000B Bonds under the F.F.T. Senior Communities, Inc. Revenue Bond Resolution adopted by the Authority on May 3, 2000 (the "Resolution"), as supplemented by the Series Resolution Authorizing Up To \$20,000,000 Series 2000B Bonds adopted by the Authority on May 3, 2000 (the "Series 2000B Resolution") and (ii) with respect to the purchase price of the Series 2000B Bonds (x) amounts derived from the remarketing of Series 2000B Bonds tendered for purchase and (y) amounts drawn under the 2000B Letter of Credit for such purposes. The Resolution and the Series 2000B Resolution are collectively referred to herein as the "Resolutions." The Series 2000B Bonds are further secured by a pledge of certain payments to be made under the Loan Agreement (the "Loan Agreement") dated as of May 3, 2000 between the Institution and the Authority. The 2000B Letter of Credit is the primary source of payment for the Series 2000B Bonds. Purchasers of the Series 2000B Bonds should make their decision to invest in the Series 2000B Bonds solely upon their assessment of the creditworthiness of the Bank (as defined below).

A direct-pay irrevocable letter of credit has been issued for the Series 2000B Bonds (the "2000B Letter of Credit") by

**KBC Bank N.V.
New York Branch**

(the "Bank") in favor of Trustee. The 2000B Letter of Credit has been amended and, subject to the terms and conditions thereof, authorizes the Trustee to draw amounts sufficient to pay the principal and purchase price of and up to 53 days' interest on the Series 2000B Bonds at up to the Maximum Interest Rate of 12% per annum. The 2000B Letter of Credit will expire on May 30, 2012, unless sooner terminated or extended. The 2000B Letter of Credit may be replaced by a substitute Credit Facility, as set forth herein. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2000B BONDS – The 2000B Letter of Credit.

The Loan Agreement is a general obligation of the Institution. The obligations of the Institution under the Loan Agreement are secured by a pledge of certain revenues of the Institution and by a mortgage covering the Project.

The Series 2000B Bonds are not a debt of the State of New York (the "State") nor is the State liable thereon. The Authority has no taxing power.

Description: The Series 2000B Bonds will bear interest from the Conversion Date and thereafter at a Weekly Interest Rate determined on the Tuesday of each week, effective for the following Wednesday through Tuesday, and payable in arrears on the first Wednesday of each calendar month commencing on June 2, 2010 for as long as the Series 2000B Bonds bear interest at a Weekly Interest Rate. Following conversion to a different Interest Rate Period, interest on the Series 2000B Bonds will be payable at the times and in the manner set forth herein. Key Banc Capital Markets Inc has been designated to serve as remarketing agent for the Series 2000B Bonds subsequent to the conversion of the Series 2000B Bonds to the Weekly Interest Rate.

The Interest Rate Periods of the Series 2000B Bonds may be converted from time to time in accordance with the provisions of the Resolutions to Daily, Weekly, Commercial Paper, Long-Term or Fixed Rate Interest Rate Periods. The Series 2000B Bonds are subject to optional and mandatory tender for purchase prior to maturity under the circumstances set forth herein. The Bank of New York Mellon (formerly known as The Bank of New York), New York, New York is the Trustee and Tender Agent.

The Series 2000B Bonds are being remarketed on the Conversion Date in denominations of \$100,000 or any integral multiples of \$5,000 in excess thereof. The Series 2000B Bonds are registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co. is the registered owner of the Series 2000B Bonds, payments of the principal, Sinking Fund Installments, purchase price or Redemption Price of and interest on, the Series 2000B Bonds will be made by wire transfer directly to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants. See "PART 3 – THE SERIES 2000B BONDS - Book-Entry Only System" herein. So long as Cede & Co. is the registered owner of the Series 2000B Bonds, as nominee of DTC, references herein to the Holders (except under "PART 11 – TAX MATTERS" herein) or registered owners of the Series 2000B Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2000B Bonds.

Redemption: *The Series 2000B Bonds are subject to optional and mandatory redemption prior to maturity, as more fully described herein.*

Tax Exemption: On the date of original issuance of the Series 2000B Bonds, Squire, Sanders & Dempsey L.L.P., Bond Counsel, delivered its opinion that, under then existing law and assuming compliance with certain covenants and the accuracy of certain representations, (i) interest on the Series 2000B Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2000B Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Such opinion further stated that interest on the Series 2000B Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "PART 11 – TAX MATTERS" herein. **Such opinion has not been updated or reissued in connection with the remarketing of the Series 2000B Bonds.** On May 13, 2010, Squire, Sanders & Dempsey L.L.P. will deliver its opinion to the effect that, under existing law, the conversion of the Series 2000B Bonds to the Weekly Interest Rate stated above will not adversely affect the exclusion of interest on the Series 2000B Bonds from gross income for federal income tax purposes.

Price of all Bonds: 100%

Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel, delivered its opinion as to the legality of the Series 2000B Bonds on the date of original issuance thereof. On the date of original issuance of the Series 2000B Bonds, certain legal matters were passed upon for the Institution by its counsel, Harris Beach PLLC, Rochester, New York, for the Underwriters by their counsel, Nixon Peabody LLP, New York, New York, and for the Bank with respect to the 2000B Letter of Credit by its counsel, Ballard Spahr Andrews & Ingersoll, LLP, Philadelphia, Pennsylvania and its Belgian counsel, DeBandt, van Hecke, Lagae & Loesch. In connection with the remarketing of the Series 2000B Bonds, certain legal matters will be passed upon for the Institution by its counsel, Harris Beach PLLC, Rochester, New York, for the Bank by its counsel Ballard Spahr LLP, Philadelphia, Pennsylvania, and for Herbert J. Sims & Co, Inc., as the Initial Remarketing Agent (the "Initial Remarketing Agent"), by its counsel, Nixon Peabody LLP, Rochester, New York. The Series 2000B Bonds were issued on May 31, 2000. The Series 2000B Bonds are expected to be remarketed at a Weekly Interest Rate for delivery in book-entry form on May 13, 2010.

**Herbert J. Sims & Co., Inc.
Initial Remarketing Agent**

No dealer, broker, salesperson or other person has been authorized by the Authority, the Institution, the Bank, the Initial Remarketing Agent or the Remarketing Agent to give any information or to make any representations with respect to the Series 2000B Bonds other than the information and representations contained in this Remarketing Memorandum. If given or made, such information or representations must not be relied upon as having been authorized by the Authority, the Institution, the Bank, the Initial Remarketing Agent or the Remarketing Agent.

This Remarketing Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be a sale of the Series 2000B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Certain information in this Remarketing Memorandum has been supplied by the Institution, the Bank and other sources that the Authority believes are reliable. Neither the Authority nor the Initial Remarketing Agent guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or of the Initial Remarketing Agent.

The Institution has reviewed the parts of this Remarketing Memorandum describing the Institution and the Project. The Institution shall certify as of the date of this Remarketing Memorandum that such parts do not contain any untrue statements of a material fact and do not omit any material facts necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Institution makes no representation as to the accuracy or completeness of any other information included in this Remarketing Memorandum.

The Bank has reviewed the parts of this Remarketing Memorandum describing the 2000B Letter of Credit and the Bank. The Bank shall certify as of the date of this Remarketing Memorandum that such respective parts are true and correct. The Bank makes no representations as to the accuracy or completeness of any other information included in this Remarketing Memorandum.

References in this Remarketing Memorandum to the Act, the Resolutions, the 2000B Letter of Credit, the Assignment of Rents and Leases, the Gross Receipts Security Agreement, the Intercreditor Agreement, the Reimbursement Agreement, the Mortgage and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolutions, the 2000B Letter of Credit, the Assignment of Rents and Leases, the Gross Receipts Security Agreement, the Intercreditor Agreement, the Reimbursement Agreement, the Mortgage and the Loan Agreement for full and complete details of their provisions. Copies of the Resolutions, the 2000B Letter of Credit, the Mortgage, the Assignment of Rents and Leases, the Gross Receipts Security Agreement, the Intercreditor Agreement, the Reimbursement Agreement and the Loan Agreement are on file with the Authority and the Trustee.

The order and placement of material in this Remarketing Memorandum, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Remarketing Memorandum, including its appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Remarketing Memorandum, or any sale made after its delivery, create any implication that the affairs of the Authority, the Institution or the Bank have remained unchanged after the date of this Remarketing Memorandum.

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DORMITORY AUTHORITY – STATE OF NEW YORK – 515 BROADWAY, ALBANY, N.Y. 12207
PAUL T. WILLIAMS, JR. – PRESIDENT **ALFONSO L. CARNEY, JR. – CHAIR**

REMARKETING MEMORANDUM RELATING TO
\$16,575,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
F.F.T. SENIOR COMMUNITIES, INC.
REVENUE BONDS, SERIES 2000B

PART 1 – INTRODUCTION

Purpose of the Remarketing Memorandum

The purpose of this Remarketing Memorandum, including the cover page and appendices, is to provide information about the Authority, the Bank and the Institution in connection with the remarketing of the Authority's \$16,575,000 F.F.T. Senior Communities, Inc. Revenue Bonds, Series 2000B Bonds (the "Series 2000B Bonds").

The following is a brief description of certain information concerning the Series 2000B Bonds, the Authority, the 2000B Letter of Credit, the Bank and the Institution. The 2000B Letter of Credit is the primary source of payment for the Series 2000B Bonds. Purchasers of the Series 2000B Bonds should make their decision to invest in the Series 2000B Bonds solely upon their assessment of the creditworthiness of the Bank. No attempt is made in this Remarketing Memorandum to describe the Institution or its operations with respect to the Project in a manner that would enable purchasers of the Series 2000B Bonds to assess the creditworthiness of the Institution. A more complete description of such information and additional information that may affect decisions to invest in the Series 2000B Bonds are contained throughout this Remarketing Memorandum, which should be read in its entirety. Certain terms used in this Remarketing Memorandum are defined in Appendix A hereto.

Purpose of the Issue

The Series 2000B Bonds were issued on May 31, 2000. The Authority used the proceeds of the Series 2000B Bonds to make a loan under the Loan Agreement to the Institution to be used, together with other available moneys, (i) to pay the Costs of the Project, (ii) to pay certain Costs of Issuance of the Series 2000B Bonds, (iii) to fund the Capitalized Interest Account of the Construction Fund for the Series 2000B Bonds, and (iv) to fund a deposit to the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement. See "PART 2 – SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2000B BONDS – Security for the Series 2000B Bonds – *Debt Service Reserve Fund*."

Authorization of Issuance

The Series 2000B Bonds were issued pursuant to the Resolutions and the Act. See "PART 3 – THE SERIES 2000B BONDS."

The Authority

The Authority is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, governmental and not-for-profit institutions. See "PART 7 – THE AUTHORITY."

The Institution

F.F.T. Senior Communities, Inc. (the "Institution") is a not-for-profit corporation that was formed in 1998 for the sole purpose of building and operating a not-for-profit retirement facility for the aged in Canandaigua, New York. See "PART 5 – THE INSTITUTION."

The Series 2000B Bonds

The Series 2000B Bonds will bear interest from the Conversion Date to May 18, 2010 and thereafter at a Weekly Interest Rate determined on the Tuesday of each week, payable in arrears on the first Wednesday of each calendar month commencing on June 2, 2010 for as long as the Series 2000B Bonds bear interest at a Weekly Interest Rate.

The Series 2000B Bonds were issued concurrently with \$5,300,000 of the Authority's F.F.T. Senior Communities, Inc. Revenue Bonds, Series 2000A Bonds (the "Series 2000A Bonds"). The Series 2000A Bonds were redeemed in December 2001 and are no longer Outstanding.

The Series 2000B Bonds may be converted from time to time to Daily, Weekly, Commercial Paper, Long-Term and Fixed Interest Rate Periods. All Series 2000B Bonds must be in the same Interest Rate Period. See "PART 3 – THE SERIES 2000B BONDS - Description of the Series 2000B Bonds."

Each Bondholder, at certain times, will have the right and, at certain other times will have the obligation, to tender the Series 2000B Bonds (or portion thereof) as described herein. The right to tender a Series 2000B Bond shall terminate following the conversion of such Series 2000B Bonds to a Fixed Interest Rate. See "PART 3 – THE SERIES 2000B BONDS – Description of the Series 2000B Bonds."

Payment of the Series 2000B Bonds

The Series 2000B Bonds are special obligations of the Authority. The Series 2000B Bonds are payable solely from (i) with respect to the principal of and interest thereon (x) amounts drawn under the 2000B Letter of Credit and (y) the funds and accounts established for the benefit of the Series 2000B Bonds under the Resolution and the Series 2000B Resolution (other than the Arbitrage Rebate Fund) and (ii) with respect to the purchase price of the Series 2000B Bonds (x) amounts derived from the remarketing of Series 2000B Bonds tendered for purchase and (y) amounts drawn under the 2000B Letter of Credit. See "PART 2 – SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2000B BONDS – Payment of the Series 2000B Bonds."

Security for the Series 2000B Bonds

The proceeds from the sale of the Series 2000B Bonds and all funds and accounts established by the Resolutions (other than the Arbitrage Rebate Fund), the Mortgage, the Gross Receipts Security Agreement and the Assignment of Rents and Leases, are pledged and assigned (i) to the Trustee (other than the Institution Payment Account of the Debt Service Fund) as security for the payment of the principal, Sinking Fund Installments, Redemption Price of and interest on the Series 2000B Bonds and (ii) to the Bank (other than the Bank Payment Account of the Debt Service Fund) as security for the repayment to the Bank of all amounts owed to the Bank pursuant to the Reimbursement Agreement (as defined herein).

The respective rights of the Authority, the Trustee and the Bank with regard to the Mortgage, the Gross Receipts Security Agreement and the Assignment of Rents and Leases are controlled by the terms of the Intercreditor Agreement.

The Series 2000B Bonds are not a debt of the State nor is the State be liable thereon. The Authority has no taxing power.

The 2000B Letter of Credit

Pursuant to the Reimbursement Agreement (as defined below), the Bank has delivered a direct pay irrevocable Letter of Credit dated as of the date of original issuance and delivery of the Series 2000B Bonds, as extended and amended in connection with the remarketing of the Series 2000B Bonds as set forth herein (the "2000B Letter of Credit"), pursuant to which the Trustee is authorized, subject to the terms and conditions thereof, to draw amounts to pay, when due, the principal and purchase price of and up to 53 days' interest up to the

Maximum Interest Rate of twelve percent (12%) annually on the Series 2000B Bonds. See “PART 2 – SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2000B BONDS - The 2000B Letter of Credit.”

The Loan Agreement obligates the Institution to make certain payments to the Trustee in amounts sufficient to reimburse the Bank for draws under the 2000B Letter of Credit applied to the payment of principal or purchase price of and interest on the Series 2000B Bonds.

Mortgage

The obligations of the Institution under the Loan Agreement and the Reimbursement Agreement are secured by a mortgage on the Mortgaged Property and a security interest in certain fixtures, furnishings and equipment. Such mortgage and security interests are collectively referred to herein as the “Mortgage.” Pursuant to the terms of the Resolutions, the Authority assigned the Mortgage to the Trustee for the benefit of the Bondholders and to the Bank. See “PART 2 – SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2000B BONDS - Mortgage.”

The Project

The Project financed with the proceeds of the Series 2000B Bonds and the Series 2000A Bonds consists of a continuing care retirement community comprised of 84 independent living units, 48 enriched housing units, and common areas, and constitutes a “facility for the aged” under the Act. See “PART 6 – THE PROJECT.”

PART 2 – SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2000B BONDS

The 2000B Letter of Credit is the primary source of payment for the Series 2000B Bonds. Purchasers of the Series 2000B Bonds should make their decision to invest in the Series 2000B Bonds solely upon their assessment of the creditworthiness of the Bank. No attempt is made in this Remarketing Memorandum to describe the Institution or its operations with respect to the Project in a manner that would enable purchasers of the Series 2000B Bonds to assess the creditworthiness of the Institution.

Set forth below is a narrative description of certain statutory and contractual provisions relating to the sources of payment of and security for the Series 2000B Bonds and certain related covenants. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Mortgage, the Loan Agreement, the 2000B Letter of Credit, the Assignment of Rents and Leases, the Gross Receipts Security Agreement, the Intercreditor Agreement, the Remarketing Agreement, the Reimbursement Agreement and the Resolutions. Copies of the Loan Agreement, the Mortgage, the 2000B Letter of Credit, the Intercreditor Agreement, the Assignment of Rents and Leases, the Gross Receipts Security Agreement, the Reimbursement Agreement, the Remarketing Agreement and the Resolutions are on file with the Authority and the Trustee. For a more complete statement of the rights, duties and obligations of the parties under the Loan Agreement and the Resolutions, see also “Appendix B – Summary of Certain Provisions of the Loan Agreement” and “Appendix C - Summary of Certain Provisions of the Resolutions.”

Payment of the Series 2000B Bonds

The Series 2000B Bonds are special obligations of the Authority. The Series 2000B Bonds are payable solely from (i) with regard to the principal of and interest thereon (x) amounts drawn under the 2000B Letter of Credit and (y) the funds and accounts established for the benefit of the Series 2000B Bonds under the Resolution and the Series 2000B Resolution (other than the Arbitrage Rebate Fund) and (ii) with regard to the purchase price of the Series 2000B Bonds (x) amounts derived from the remarketing of Series 2000B Bonds tendered for purchase and (y) amounts drawn under the 2000B Letter of Credit.

The Loan Agreement is a general obligation of the Institution and obligates the Institution to make certain payments to the Trustee in amounts sufficient to reimburse the Bank for draws on the 2000B Letter of Credit applied to the payment of the principal, Sinking Fund Installments and purchase price of and interest on the Series 2000B Bonds. The Loan Agreement requires the Institution to pay to the Trustee on the tenth day of each month an amount equal to one-twelfth of the principal and Sinking Fund Installments coming due on the Series 2000B Bonds on the next succeeding July 1. The Loan Agreement also requires the Institution to pay to the Trustee (i) three Business Days prior to an Interest Payment Date an amount equal to the interest coming due on such Interest Payment Date on the Series 2000B Bonds in a Daily, Weekly or Commercial Paper Interest Rate Period and (ii) generally with respect to all Series 2000B Bonds, other than Series 2000B Bonds that are in a Daily, Weekly or Commercial Paper Interest Rate Period, on the tenth day of each month, one-sixth of the interest coming due on the Series 2000B

Bonds on the immediately succeeding Interest Payment Date on the Series 2000B Bonds. The Institution is further obligated under the Loan Agreement to pay the purchase price of Series 2000B Bonds tendered for purchase to the extent that the proceeds derived from the remarketing of such Series 2000B Bonds are insufficient and such purchase price is not otherwise paid from amounts drawn under the 2000B Letter of Credit. On any date, if the amount on deposit in the Debt Service Fund is less than the amount required to reimburse the Bank for amounts drawn under the 2000B Letter of Credit and applied to the payment of principal or Sinking Fund Installments of and interest due and payable on such date, the Institution is also obligated to pay the amount of such deficiency. The Loan Agreement also obligates the Institution to pay, at least 30 days prior to a redemption date of Series 2000B Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Series 2000B Bonds. For a more complete description of payments required to be made under the Loan Agreement, see “Appendix B – Summary of Certain Provisions of the Loan Agreement.”

The Authority has directed the Institution, and the Institution has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to reimburse the Bank for the payment of the principal, Sinking Fund Installments and purchase price of and interest on the Series 2000B Bonds before being applied for any other purpose.

Security for the Series 2000B Bonds

The proceeds from the sale of the Series 2000B Bonds and all funds and accounts established by the Resolutions (other than the Arbitrage Rebate Fund), are pledged and assigned (i) to the Trustee (with the exception of the Institution Payment Account of the Debt Service Fund) as security for the payment of the principal, Sinking Fund Installments, Redemption Price of and interest on the Series 2000B Bonds and (ii) to the Bank (with the exception of the Bank Payment Account of the Debt Service Fund) as security for the repayment to the Bank of all amounts owed to the Bank pursuant to the Reimbursement Agreement.

Amounts payable by the Institution under the Loan Agreement will be deposited in the Institution Payment Account of the Debt Service Fund and will be applied to reimburse the Bank for amounts drawn under the 2000B Letter of Credit to pay the principal, purchase price and Sinking Fund Installments of and interest on the Series 2000B Bonds. The obligations of the Institution under the Loan Agreement and the Reimbursement Agreement are secured by the Mortgage, by the security interest in the gross receipts of the Institution granted by the Institution to the Authority under the Gross Receipts Security Agreement and the Assignment of Rents and Leases granted by the Institution to the Authority. Pursuant to the terms of the Resolutions, the Authority assigned the Mortgage, the Gross Receipts Security Agreement and the Assignment of Rents and Leases to the Bank and to the Trustee for the benefit of the Bondholders. The respective rights of the Authority, the Trustee and the Bank with regard to the Mortgage, the Gross Receipts Security Agreement and the Assignment of Rents and Leases, are controlled by the terms of the Intercreditor Agreement.

Debt Service Reserve Fund

The Resolutions establish the Debt Service Reserve Fund which is held by the Trustee, is to be applied solely for the purposes specified in the Resolution and is pledged to secure the payment of the principal, Sinking Fund Installments and purchase price of and interest on the Outstanding Bonds, including the Series 2000B Bonds. The Series 2000B Bonds are the only Series of Bonds currently Outstanding under the Resolution.

Except as otherwise provided in a Series Resolution authorizing the issuance of a Series of Bonds, the Resolution requires that the Debt Service Reserve Fund be maintained at its requirement, which is the greatest amount required in the then current or any future calendar year to pay the sum of interest payable during such calendar year and the principal and Sinking Fund Installments of on Outstanding Bonds payable on July 1 of such calendar year unless such amount would require moneys in excess of the maximum amount permitted by the Code to be deposited therein, in which instance, the Debt Service Reserve Fund Requirement shall mean an amount equal to the maximum amount permitted under the Code.

The Debt Service Reserve Fund Requirement was calculated on the date of initial issuance of the Series 2000B Bonds to be an amount equal to \$1,451,497. See “Appendix A — Definitions – Debt Service Reserve Fund Requirement.”

In lieu of, or in substitution for, moneys, the Authority may deposit or cause to be deposited to the Debt Service Reserve Fund surety bonds, insurance policies or letters of credit for the benefit of the Holders of the Bonds for all or part of the Debt Service Reserve Fund Requirement (individually, a “Reserve Fund Facility”). In order for a surety bond or insurance policy to be permitted under the Resolution, the claims paying ability of the insurance

company must be rated the highest rating accorded by a nationally recognized insurance rating agency or the obligations insured by a surety bond or an insurance policy issued by such company must be rated, at the time of its delivery, without regard to qualification of such rating by “+” or “-” or numerical notation, in the highest rating category for such obligations by each rating agency which then rates the Outstanding Bonds. Similarly, a letter of credit may be delivered only if the unsecured or uncollateralized long term debt obligations of the issuer of the letter of credit, or long term debt obligations secured or supported by a letter of credit of such issuer are rated, at the time such letter of credit is delivered without regard to qualification of such rating by “+” or “-” or numerical notation, in at least the second highest rating category for such obligations by each rating agency which then rates the Outstanding Bonds.

For purposes of computing the amount on deposit in the Debt Service Reserve Fund, a Debt Service Reserve Fund Facility will be valued at the amount available to be paid thereunder on the date of computation.

Moneys in the Debt Service Reserve Fund are to be withdrawn (or amounts are to be obtained under the surety bond) and deposited in the Debt Service Fund whenever the amount in the Debt Service Fund on the Business Day prior to an interest payment date for the Bonds is less than the amount necessary to pay, or to reimburse the Bank for amounts drawn under the 2000B Letter of Credit and applied to the payment of, the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable on such interest payment date and the purchase price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption. Moneys in the Debt Service Reserve Fund in excess of the requirement may be withdrawn and applied in accordance with the Resolution. If the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Authority and the Institution of such deficiency and the Institution shall, as soon as practicable, but in no event later than five Business Days after receipt of such notice, deliver to the Trustees moneys, securities or Reserve Fund Facilities the value of which is sufficient to increase the amount in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. See “Appendix C — Summary of Certain Provisions of the Resolutions.”

As of the date hereof, there have been no withdrawals from the Debt Service Reserve Fund for payment of debt service.

The 2000B Letter of Credit

The following summarizes certain provisions of the 2000B Letter of Credit and does not purport to be complete. Reference is made to the 2000B Letter of Credit for the complete provisions and details thereof. The 2000B Letter of Credit is held by the Trustee.

The 2000B Letter of Credit was originally issued in the amount of \$19,145,512.88, with an expiration date of May 30, 2005, subsequently extended to May 30, 2010. In connection with the remarketing of the Series 2000B Bonds, the 2000B Letter of Credit is being amended to the amount of \$16,863,813.70, and the expiration date is being extended to May 30, 2012. The 2000B Letter of Credit is an irrevocable obligation of the Bank to pay to the Trustee, upon drawings made by the Trustee in strict compliance with the terms and conditions of the 2000B Letter of Credit, up to (a) an amount equal to the outstanding principal amount of the Series 2000B Bonds to enable the Trustee to pay (i) the principal amount of the Series 2000B Bonds when due at maturity or upon redemption or acceleration and (ii) the portion of the purchase price of Series 2000B Bonds tendered pursuant to the Series 2000B Resolution and not remarketed corresponding to the principal amount of such Series 2000B Bonds, plus (b) an amount equal to 53 days’ interest up to the Maximum Interest Rate of 12% per annum based on a 365-day year while the Series 2000B Bonds bear interest at a Weekly Interest Rate (i) to enable the Trustee to pay interest on the Series 2000B Bonds when due and (ii) to enable the Trustee to pay the portion of the purchase price of Series 2000B Bonds tendered pursuant to the Series 2000B Resolution and not remarketed corresponding to the accrued interest on such Series 2000B Bonds.

Each drawing honored by the Bank under the 2000B Letter of Credit shall immediately reduce the principal component and/or the interest component (as the case may be) of the amount available under the 2000B Letter of Credit by the amount of such drawing, and the aggregate amount available shall be correspondingly reduced. The amount available under the 2000B Letter of Credit, as so reduced, shall be reinstated only as follows: (a) with respect to a drawing to pay interest, the interest component shall be reinstated automatically on the tenth calendar day following the date such drawing is honored by an amount equal to the amount of such drawing for interest, unless the Trustee shall have received notice from the Bank before such tenth calendar day that an Event of Default has occurred under the Reimbursement Agreement and such reinstatement shall not occur; and (b) with respect to a drawing to pay the purchase price of any Series 2000B Bonds, the principal component and the interest component with respect to such Series 2000B Bonds shall be reinstated when and to the extent that the Bank has received

immediately available funds to reimburse the Bank for such drawing pursuant to the Reimbursement Agreement and the Trustee has delivered to the Bank the reinstatement certificate in the form prescribed by the 2000B Letter of Credit.

The amount available under the 2000B Letter of Credit and the respective principal and interest components thereof shall also be reduced automatically following the payment of the principal of the Series 2000B Bonds pursuant to the Resolutions upon receipt by the Bank from the Trustee of a certificate in the form prescribed by the 2000B Letter of Credit, each such reduction to be in the amount necessary to reduce the amount available under the 2000B Letter of Credit and the principal and the interest components thereof to the respective amounts specified by the Trustee in such certificate.

The 2000B Letter of Credit will expire upon the earliest to occur of the following: (a) the Stated Expiration Date, (b) the date on which the Bank receives a certificate from the Trustee in the form prescribed by the 2000B Letter of Credit to the effect that there are no Series 2000B Bonds Outstanding other than Series 2000B Bonds secured by an Alternate Credit Facility, (c) the tenth calendar day after the Trustee receives written notice from the Bank stating that an Event of Default has occurred and is continuing under the Reimbursement Agreement, directing the Trustee to declare the principal of and interest on the Series 2000B Bonds immediately due and payable or to call the Series 2000B Bonds for mandatory tender pursuant to the Series 2000B Resolution, and stating that the 2000B Letter of Credit will terminate on such tenth calendar day, or (d) the date on which the final drawing available under the 2000B Letter of Credit by a Redemption Draw Certificate (as defined in the 2000B Letter of Credit) is honored. As of the Conversion Date, the Stated Expiration Date of the 2000B Letter of Credit is May 30, 2012. The Stated Expiration Date may thereafter be extended from time to time beyond the Stated Expiration Date then in effect at the sole discretion of the Bank upon request of the Institution.

The 2000B Letter of Credit has been issued, amended and extended pursuant to the Reimbursement, Credit and Security Agreement dated as of May 13, 2000, as amended by a First Amendment to Reimbursement, Credit and Security Agreement dated as of May 13, 2005 and by a Second Amendment to Reimbursement, Credit and Security Agreement dated as of May 13, 2010, between the Institution and the Bank (as the same may be further amended from time to time, the "Reimbursement Agreement").

The Reimbursement Agreement

The following summarizes certain provisions of the Reimbursement Agreement and does not purport to be complete. Reference is made to the Reimbursement Agreement for the complete provisions and details thereof. Terms used in the following summary and not defined elsewhere herein have the meanings given to such terms in the Reimbursement Agreement.

General

Under the Reimbursement Agreement, the Bank agreed to issue the 2000B Letter of Credit to the Trustee concurrently with the original issuance and delivery of the Series 2000B Bonds, and the Institution agrees, among other things, to reimburse the Bank, with interest, for each drawing under the 2000B Letter of Credit and to pay certain fees to the Bank.

Security

The obligations of the Institution to the Bank under the Reimbursement Agreement have the benefit and security of the Resolutions and the trust estate granted pursuant thereto. Series 2000B Bonds purchased with proceeds of drawings under the 2000B Letter of Credit will be pledged to the Bank pursuant to the Reimbursement Agreement until such time as such Bonds are remarketed and the 2000B Letter of Credit is reinstated with respect thereto. As security for its obligations under the Loan Agreement and the Reimbursement Agreement, (i) the Institution has granted to the Authority, and by the related Collateral Assignment the Authority has assigned to the Trustee and the Bank, the Mortgage covering the Project, (ii) the Institution has executed and delivered to the Authority, and by the related Collateral Assignment the Authority has assigned to the Trustee and the Bank, the Assignment of Rents and Leases with respect to the Project, (iii) the Institution has delivered to the Authority, and by the related Collateral Assignment the Authority has assigned to the Trustee and the Bank, the Gross Receipts Security Agreement with respect to the Project, and (iv) the Institution has executed and delivered to the Trustee and the Bank the Assignment of Project Documents. Pursuant to three separate Collateral Assignments, by the Authority to the Trustee and the Bank, the Authority has assigned to the Trustee and the Bank the Authority's right, title and interest in, to and under the Mortgage, the Assignment of Rents and Leases and the Gross Receipts Security Agreement. As used herein, the term "Financing Documents" includes the Reimbursement Agreement, the

Resolutions, the Loan Agreement, the Mortgage, the Assignment of Rents and Leases, the Gross Receipts Security Agreement, the Assignment of Project Documents, the Collateral Assignments, the Intercreditor Agreement and certain other documents.

Representations, Warranties and Covenants

The Reimbursement Agreement sets forth various representations, warranties and covenants of the Institution, including, without limitation, representations, warranties and covenants relating to maintenance of corporate existence, maintenance of insurance, maintenance of properties, furnishing of financial reports and other information, limitations on additional debt, limitations on additional liens, maintenance of certain financial ratios, achievement of certain occupancy targets, payment of debt, ERISA matters and environmental matters.

Events of Default

Each of the following constitutes an “Event of Default” under the Reimbursement Agreement:

(a) Failure by the Institution to make or cause to be made to the Bank when due under the Reimbursement Agreement any payment as (i) reimbursement for a drawing under the 2000B Letter of Credit, (ii) a Letter of Credit commitment fee, agent fee or fronting fee, or (iii) interest on any such drawing or commitment fee, agent fee or fronting fee;

(b) Failure by the Institution to make any other payment to the Bank under the Reimbursement Agreement or any other Financing Document (as defined in the Reimbursement Agreement and used herein) within 10 days of the date when it is due;

(c) Failure by the Institution to perform or comply with any of the terms or conditions contained in Section 6.01 (corporate existence), 6.06 (transfer of property), 6.08 (visitation rights), 6.12 (pricing schedule), 6.13(a) (debt service coverage ratio), 6.13(c) and 6.14(d) (consultant reports), 6.15 (application of entrance fees), 6.16 (additional debt), 6.19 (arm’s-length transactions), 6.20 (guarantees, loans to other persons, distributions), 6.21 (capital expenditures), 6.23 (development and management), 6.24(a) (changes to residency agreements and escrow agreement), 6.30 (compliance with ERISA), 6.34 (tax exemption), 6.37 (amendments to documents) or 6.38 (limitation on optional calls), or the Institution shall grant or otherwise create any lien in violation of 6.17 (negative pledge); or the occurrence of an Event of Default as provided in Section 6.13(b) (operating ratio), 6.14(b) (residential unit occupancy levels) or 6.14(c) (enriched housing occupancy levels);

(d) Failure by the Institution to perform or comply with any of the terms or conditions contained in the Reimbursement Agreement and continuance of such failure for 30 days after written notice from the Bank to the Institution, or such longer period to which the Bank in its sole discretion may agree in the case of a failure not curable by the exercise of due diligence within such 30-day period, provided that the Institution shall have commenced to cure such failure within such 30-day period and shall complete such cure as quickly as reasonably possible with the exercise of due diligence;

(e) Any of the representations or warranties of the Institution set forth in the Reimbursement Agreement or the other Financing Documents or in any other document furnished to the Bank pursuant to the terms of the Reimbursement Agreement proves to have been false or misleading in any material respect;

(f) Any material provision of the Reimbursement Agreement or the other Financing Documents shall at any time for any reason cease to be valid and binding on the Institution (if the Institution is a party thereto or otherwise bound thereby) or shall be declared to be null and void, or shall be violative of any applicable law relating to a maximum amount of interest permitted to be contracted for, charged or received, or the validity or enforceability thereof shall be contested by the Institution, the Trustee, the Authority or any governmental authority, or the Institution shall deny that it has any or further liability or obligation under the Reimbursement Agreement or any of the other Financing Documents to which it is a party;

(g) The occurrence of an Event of Default as defined in any of the other Financing Documents (without regard to any waiver of such Event of Default by any person other than the Bank);

(h) The Institution shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of the Institution or of property of the Institution or (ii) not, or be unable to, or admit in writing the inability of the Institution to, pay its debts generally as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) be adjudicated a bankrupt or insolvent, or (v) commence a voluntary case under the

United States Bankruptcy Code or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against the Institution in any bankruptcy, reorganization or insolvency proceeding, or take corporate action for the purpose of effecting any of the foregoing, or (vi) have instituted against it, without its application, approval or consent, a proceeding in any court of competent jurisdiction, under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking in respect of the Institution an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding up or liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Institution or of all or any substantial part of the assets of the Institution or other like relief in respect thereof under any bankruptcy or insolvency law, and the same shall (A) result in the entry of an order for relief or any such adjudication or appointment or (B) remain undismissed and undischarged for a period of 60 days, or (vii) the Institution shall take any action in furtherance of, or indicating its consent to, approval of or acquiescence in, any of the acts described in clauses (i) through (vi) above;

(i) Any litigation or administrative proceeding ensues, and is not dismissed within 30 days, involving the Institution, the Project or any instrument, contract or document delivered to the Bank in compliance with the Reimbursement Agreement, and the adverse result of such litigation or proceeding could have, in the Bank's reasonable opinion, a material adverse effect;

(j) The Institution fails to maintain in full force and effect any of the following insurance coverages as required by the Reimbursement Agreement, the Resolutions, the Loan Agreement and the other Financing Documents: (i) prior to completion of the Project all-risk builder's risk insurance, or (ii) following completion of the Project, fire and extended coverage insurance, including boiler and machinery insurance coverage and business interruption insurance;

(k) Any one or more judgments are entered against the Institution aggregating \$100,000 or more and either (i) within 30 days of such entry such judgments have not been satisfied and execution of such judgment has not been stayed pending appeal or (ii) such judgments give rise to liens aggregating at any time more than \$100,000, which are not removed by a bond or other arrangement given or obtained on terms which do not violate any covenant under the Reimbursement Agreement;

(l) The occurrence of an event of default in respect of any debt of the Institution of \$100,000 or more (after the lapse of any applicable grace period) that results in the acceleration or mandatory redemption of such debt, or enables the holder of holders of such debt or any person acting on behalf of such holder or holders to accelerate the maturity, or cause the mandatory redemption of such debt;

(m) The occurrence of an event of default as defined in any other credit agreement under which the Institution is now or hereafter obligated to the Bank;

(n) Any party to any instrument, contract or document delivered to the Bank in compliance with the Reimbursement Agreement fails to duly perform any obligation thereunder and such failure would have, in the Bank's opinion, a material adverse effect;

(o) The New York Real Estate and Finance Bureau or the New York Department of Health (i) suspends annuls or revokes any required approval in connection with the Project, or (ii) takes any other action or imposes any other requirement as a sanction for failure to meet any requirement of the real estate syndication provisions of the New York General Business Law, the New York Public Health Law or other applicable laws or of the New York Real Estate and Finance Bureau or the New York Department of Health, which is reasonably likely to have a material adverse effect;

(p) The Project or any portion thereof is subjected to any condemnation or similar proceeding which is reasonably likely to have a material adverse effect;

(q) The Project suffers a loss by fire or other casualty in excess of \$100,000 and such loss is not fully insured and any deficiency between the amount of insurance paid with respect to such loss and the value of the Project destroyed is not paid to the Trustee or the Bank within 10 days of the determination of such deficiency;

(r) A claim or lien of a mechanic, materialman, supplier or vendor is filed with respect to the Project and the Institution shall not within 30 days after receiving written notice of such claim or lien either (i) obtain and deliver to the Trustee and the Bank a true copy of a duly recorded satisfaction of such claim or lien or (ii) deposit

with the Trustee or the Bank a bond reasonably satisfactory to the Bank and the Trustee insuring the Trustee and the Bank against collection of such claim or lien out of the Project; or

(s) The independent certified public accountant retained by the Institution delivers an opinion on the financial statements of the Institution, which opinion includes an explanatory paragraph which describes conditions which raise a material concern about the Institution's ability to continue to operate as a going concern.

Remedies Upon an Event of Default

Upon or after the occurrence of any Event of Default under the Reimbursement Agreement the Bank may, at its sole option and without prior notice, demand, protest or presentment, and to the extent permitted by applicable law, do any or all of the following:

(a) Notify the Institution, the Authority and the Trustee that such Event of Default has occurred, direct the Trustee to declare the Bonds immediately due and payable or to call the Series 2000B Bonds for mandatory tender pursuant to the Resolutions, and notify the Trustee that the 2000B Letter of Credit will terminate 10 calendar days after the Trustee's receipt of such notice;

(b) By written notice to the Institution, terminate the Series B Liquidity Period;

(c) Declare the Institution's obligations under the Reimbursement Agreement to be, whereupon the same shall become, immediately due and payable;

(d) Take whatever action may be available at law or in equity to collect obligations due and payable under the Reimbursement Agreement and to enforce the performance of the Institution's obligations under the Reimbursement Agreement and the other Financing Documents;

(e) Require the Institution to pay interest at higher rates as provided in the Reimbursement Agreement;

(f) To the extent permitted by the Resolutions, the Loan Agreement and the other Financing Documents, exercise, or direct the Trustee to exercise, remedies in accordance with the provisions of the Resolutions, the Loan Agreement and the other Financing Documents;

(g) To the extent permitted by the Resolutions, the Loan Agreement and the other Financing Documents decline to approve any further advance of funds under the Resolutions and the Loan Agreement to or for the benefit of the Institution or any other person;

(h) By injunction or other writ, order, decree or decision of a court of competent jurisdiction in an action, suit or other proceeding at law or in equity, enjoin any acts or things which may be unlawful or in violation of the Bank's rights under the Reimbursement Agreement, the other Financing Documents or any other agreement or instrument;

(i) Require the Institution to pay over all Gross Receipts to the Trustee and/or the Bank pursuant to the Mortgage, the Assignment of Rents and Leases and the Gross Receipts Security Agreement;

(j) Require the Institution to assemble in a mutually convenient place any personal property that is subject to a lien or security interest held by the Trustee or the Bank in connection with the Reimbursement Agreement or the Project;

(k) Exercise, or direct the Trustee to exercise, any remedies granted to the Trustee or the Bank under any performance or labor and material payment bond or under any guaranty or letter of credit or any other supplemental assurance;

(l) Employ, or direct the Trustee to employ, leasing agents or sales agents and negotiate and execute leases, sales contracts and financing undertakings in connection with all or any part of the Project;

(m) In the case of an Event of Default described in clauses (a), (h) or (o) above or under certain other the circumstances described in the Reimbursement Agreement, require the Institution to retain new management or a new marketing agent for the Project;

- (n) Order construction of the Project stopped;
- (o) Enter upon or take possession of the Project and call upon or employ agents, managers, maintenance personnel, security guards, architects, engineers and inspectors to manage or operate the Project or to protect the Project from injury;
- (p) Make such additions, changes or corrections in the Project plans as the Bank shall deem necessary or desirable;
- (q) Pay out sums of the Bank (which sums shall be immediately due and payable by the Institution to the Bank shall bear interest from the date of payment by the Bank until the date of repayment at the rate specified in the Reimbursement Agreement and shall be secured by the Financing Documents) and use, or direct the Trustee to use, any property of the Institution for application to or as a reserve for payment of any or all of the following with respect to the protection, management, operation or maintenance of the Project or the protection of the Trustee's or the Bank's interest therein, and in such connection deliver or disburse the same to such entities in such amounts and with such preferences and priorities as the Bank in its sole discretion shall determine, either with or without vouchers or orders executed by the Institution;
 - (1) all sums due from the Institution to the Trustee or the Bank;
 - (2) premiums and costs of title and any other insurance;
 - (3) leasing fees and brokerage or sale commissions;
 - (4) fees, costs and expenses of the Bank, the Trustee and their respective counsel in connection with the preparation, enforcement, performance and filing of the Reimbursement Agreement, the other Financing Documents and the other documents, contracts and instruments contemplated by the Reimbursement Agreement (including federal, state and local taxes);
 - (5) any taxes or other governmental charges;
 - (6) any sums required to indemnify and hold the Trustee and the Bank harmless from any act or omission of the Trustee or the Bank (except such as are grossly negligent or due to its willful misconduct) under the Reimbursement Agreement or any other document or instrument;
 - (7) land acquisition and carrying costs;
 - (8) architectural and engineering costs;
 - (9) any sums due to the general contractor for the Project or any other contractors, subcontractors, mechanics or materialmen for work or services actually furnished on or for the Project;
 - (10) federal or state claims for any required withholding of taxes on wages; and
 - (11) other costs and expenses which are required to complete, manage or operate the Project or to protect the Project from injury or maintain the Trustee's and the Bank's security position prior to the rights of all others;
- (r) Set off, in such order as the Bank may determine, any or all of the obligations of the Institution to the Bank, direct or indirect, now existing or hereafter created, against any or all of the property of the Institution in the Bank's possession at or subsequent to the occurrence of the Event of Default regardless of the capacity in which the Bank possesses such property;
- (s) Exercise any and all such rights as the Bank may have as a secured party under the New York Uniform Commercial Code or other applicable law with respect to the security interests created by the Reimbursement Agreement or the other Financing Documents; and in respect of any sale or other disposition under the New York Uniform Commercial Code or other applicable law, any notice required to be given by the Bank shall be sufficient if given five (5) days prior to the day on which such sale or other disposition will be made, and such notice shall be deemed reasonable notice;

(t) Sell the Bank's rights under the Reimbursement Agreement, the other Financing Documents, any other agreements or instruments delivered to the Bank, or any of them, to anyone at private sale; and

(u) Exercise, or cause to be exercised, any and all such remedies as it may have under the Reimbursement Agreement, the other Financing Documents or any other document or at law or in equity.

Alternate Liquidity Facility and Alternate Credit Facility

Any time prior to the expiration of the 2000B Letter of Credit, the Institution may (if no Event of Default has occurred and is continuing), at its option, provide for the delivery of an Alternate Liquidity Facility or Alternate Credit Facility, as the case may be. Any such Alternate Liquidity Facility or Alternate Credit Facility may be for a term of years which is more or less than the 2000B Letter of Credit which is being replaced (but in no event shall the term be less than 364 days) and shall contain administrative provisions reasonably acceptable to the Authority, the Trustee and the Tender Agent. On or prior to the date of the delivery of such Alternate Liquidity Facility or Alternate Credit Facility, as the case may be, the Institution shall furnish to the Authority, the Trustee and the Tender Agent, the documents more fully described below. Upon receipt of such documents, and if all amounts owed to the Bank have been or are simultaneously paid and, for an Alternate Liquidity Facility, Bank Bonds have been or simultaneously are purchased from the Bank, the Trustee and the Tender Agent shall accept such Alternate Liquidity Facility or Alternate Credit Facility and promptly surrender the 2000B Letter of Credit to be substituted to the Bank.

No Alternate Liquidity Facility or Alternate Credit Facility shall be delivered to the Trustee and Tender Agent unless (i) there shall be written evidence to the effect that the Liquidity Bank or the Credit Facility Issuer providing the Alternate Liquidity Facility or the Alternate Credit Facility, as the case may be, shall have a long-term and short-term rating assigned by Moody's of "A3" and "VMIG1," or a long-term and short-term rating assigned by S&P of at least "A-" and "A1"; (ii) a Favorable Opinion of Bond Counsel; (iii) opinions of counsel reasonably satisfactory to the Authority and the Trustee to the effect that (1) the Liquidity Bank or Credit Facility Issuer is duly organized and existing under the laws of the jurisdiction of its organization, and, if applicable, is duly qualified to do business in the United States of America; (2) the Alternate Liquidity Facility or Alternate Credit Facility is a legal, valid and binding obligation of the Liquidity Bank or Credit Facility Issuer, as the case may be, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies applicable to the Liquidity Bank or Credit Facility Issuer, and by the availability of equitable remedies, including specific performance and injunctive relief; and (3) the Alternate Liquidity Facility or Alternate Credit Facility is an exempt security under the Securities Act of 1933, as amended, and, accordingly, neither the registration of the Series 2000B Bonds under the Securities Act of 1933, as amended, nor the qualification of the Resolution or the Series 2000B Resolution in respect thereof under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of such Alternate Liquidity Facility or Alternate Credit Facility or the remarketing of the Series 2000B Bonds, as applicable, with the benefits thereof; (iv) the written consent of an Authorized Officer of the Authority, which consent shall not be unreasonably withheld, to the selection of the new Liquidity Bank or the Credit Facility Issuer; and (v) a certificate of the Bank to the effect that amounts due the Bank under the Reimbursement Agreement have been paid.

There shall be delivered to the Trustee or the Tender Agent on or prior to the effective date of any Long-Term Interest Rate Period, in the case of a Long-Term Interest Rate Period that shall be in effect for a period that is less than the maturity of the Series 2000B Bonds, as applicable, an Alternate Liquidity Facility and an Alternate Credit Facility that shall have a term which shall not expire prior to the close of business on the last Interest Payment Date, and if such date is not a Business Day, the next day that is a Business Day of such Long-Term Interest Rate Period.

When the Series 2000B Bonds are in the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period, unless the Trustee or Tender Agent receives written advice from each rating agency then rating the Series 2000B Bonds that, upon substitution of a Letter of Credit with an Alternate Liquidity Facility or Alternate Credit Facility, as the case may be, that particular agency's rating will not be withdrawn or reduced below the then-current rating on the Series 2000B Bonds, then such Series 2000B Bonds shall be subject to mandatory tender and notice shall be given as provided in the Series 2000B Resolution.

When the Series 2000B Bonds are in the Commercial Paper Interest Rate Period (i) there shall be no substitution of a Letter of Credit for a Liquidity Facility or Credit Facility during any particular Commercial Paper Interest Rate Period unless such substitution would not result in a withdrawal or downgrade of a rating assigned to the Series 2000B Bonds by a rating agency then rating the Series 2000B Bonds. The Institution, with the consent of the Authority, may substitute a Letter of Credit for a Liquidity or Credit Facility that will result in a withdrawal or

downgrade of a rating assigned to the Series 2000B Bonds by a rating agency then rating the Series 2000B Bonds provided that such substitution occurs on the first day of each Commercial Paper Term.

Notice of Expiration or Substitution of the 2000B Letter of Credit

The Trustee shall give notice to the Holders of the Series 2000B Bonds on or before the twentieth Business Day preceding (i) the expiration of the 2000B Letter of Credit in accordance with its terms, or (ii) the date set for substitution of a Letter of Credit when such Series 2000B Bonds are in the Daily Interest Rate Period, Weekly Interest Rate Period or Long-Term Interest Rate Period and such substitution results in a withdrawal or a downgrade of a rating assigned to the Series 2000B Bonds by a rating agency then rating the Series 2000B Bonds, which notice shall state that the Series 2000B Bonds will be purchased on the fifth Business Day preceding any such expiration, or date of substitution.

In the event that the 2000B Letter of Credit is replaced with an Alternate Liquidity Facility or Alternate Credit Facility other than in anticipation of the 2000B Letter of Credit expiring and, if such substitution will not result in the withdrawal or downgrade of a Rating on the Series 2000B Bonds, the Trustee shall give notice to Holders of the Series 2000B Bonds not less than 10 days prior to the date set for such substitution. Such notice shall state, among other things, the substitution date and any material differences between the 2000B Letter of Credit and the proposed Alternate Liquidity or Credit Facility.

Mortgage

The obligations of the Institution under the Loan Agreement and the Reimbursement Agreement are secured by the Mortgage. The Authority has assigned the Mortgage to the Bank and to the Trustee for the benefit of the Bondholders. See "PART 2 – SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2000B BONDS - Security for the Series 2000B Bonds."

Events of Default and Remedies

The following are events of default under the Resolution: (a) a default by, or on behalf of, the Authority in the payment of the principal, Sinking Fund Installments or Redemption Price of any Series 2000B Bond; (b) a default by, or on behalf of the Authority in the payment of an installment of interest on any Series 2000B Bond; (c) a default by the Authority in the due and punctual performance of its covenant not to take or omit to take or permit any action which would cause interest on any Series 2000B Bonds to no longer be excludable from gross income under Section 103 of the Code; (d) a default by the Authority in the due and punctual performance of any other covenant, condition, agreement or provision contained in the Resolutions or the Series 2000B Bonds and such default continues for thirty (30) days after written notice thereof is given to the Authority by the Trustee (such notice to be given at the Trustee's discretion or at the written request of Holders of not less than 25% of the principal amount of the Outstanding Bonds); and (e) an "event of default" as defined in the Loan Agreement shall have occurred and be continuing *and* all sums payable by the Institution under the Loan Agreement shall have been declared immediately due and payable, which declaration shall not have been annulled.

The Resolution provides that if an event of default (other than as described in clause (c) and (d) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of the Holders of not less than twenty-five per centum 25% in principal amount of the Outstanding Bonds with the written consent of each Credit Facility Provider, shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. The Series 2000B Resolution provides that notwithstanding anything in the Resolution to the contrary, if at any time the Trustee shall give notice in writing to the Authority, the Series 2000B Bonds shall be immediately due and payable on the date the Trustee gives such notice, at a price equal to the par amount thereof plus accrued and unpaid interest, if any, to the date such notice is given. Payment of accelerated Series 2000B Bonds shall be made from the proceeds of a draw by the Trustee on the 2000B Letter of Credit.

The Loan Agreement and the Series 2000B Resolution provide that an "Event of Default" under the Reimbursement Agreement is deemed an event of default under the Loan Agreement and, therefore, the Resolution. If the Trustee receives notice from the Bank of an "Event of Default" under the Reimbursement Agreement and a direction from the Bank to accelerate the Series 2000B Bonds, the Trustee shall immediately give notice in writing to Authority as described in the preceding paragraph and the Series 2000B Bonds shall be immediately due and payable.

Pursuant to the terms of the Resolution, so long as no Facility Provider Default has occurred and is continuing, for purposes of giving consents required under the Resolutions or exercising any voting rights given to Holders under the Resolution, the Bank shall be deemed to be the sole Holder of the Series 2000B Bonds.

General

The Series 2000B Bonds are not a debt of the State, nor is the State liable thereon. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See "PART 7 – THE AUTHORITY."

PART 3 – THE SERIES 2000B BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2000B Bonds. These provisions have been summarized, and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2000B Resolution and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also "PART 2 – SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2000B BONDS – The Reimbursement Agreement" for a summary of certain provisions of the Reimbursement Agreement, "Appendix B – Summary of Certain Provisions of the Loan Agreement" and "Appendix C – Summary of Certain Provisions of the Resolutions" for a more complete description of certain provisions of the Series 2000B Bonds

Description of the Series 2000B Bonds

The Series 2000B Bonds were issued pursuant to the Resolution and the Series 2000B Resolution, and were dated May 1, 2000. Commencing May 13, 2010 (the "Conversion Date"), the Series 2000B Bonds will bear interest from such date at a Weekly Interest Rate until the Series 2000B Bonds are converted to another Interest Rate Period. Interest on the Series 2000B Bonds shall be computed, in the case of a Weekly Interest Rate Period, Daily Interest Rate Period or Commercial Paper Interest Rate Period, on the basis of a 365- or 366-day year, as the case may be, and the actual number of days elapsed. In the case of a Long-Term Interest Rate Period or a Fixed Interest Rate Period, interest on the Series 2000B Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Series 2000B Bonds is payable on June 2, 2010 and thereafter on the first Wednesday of each calendar month for so long as the Series 2000B Bonds remain in the Weekly Interest Rate Period.

The Series 2000B Bonds are being remarketed as fully registered bonds in minimum denominations of \$100,000 and integral multiples of \$5,000 in excess thereof. During any Daily, Weekly or Commercial Paper Interest Rate Period, the Series 2000B Bonds are issuable in minimum denominations of \$100,000 and integral multiples of \$5,000 over \$100,000, and during Long-Term or Fixed Interest Rate Periods, the Series 2000B Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. The Series 2000B Bonds may be exchanged for other Series 2000B Bonds in any Authorized Denominations upon payment of a charge sufficient to reimburse the Authority or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange and for the cost of preparing the new bond, and otherwise as provided in the Resolution. The Authority will not be obligated to make any exchange or transfer of Series 2000B Bonds after (i) the Record Date next preceding an Interest Payment Date for such Series 2000B Bonds, or (ii) the date on which the Trustee commences selection of Series 2000B Bonds for redemption. The Series 2000B Bonds are registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2000B Bonds may be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2000B Bonds, the Series 2000B Bonds will be exchangeable for other fully registered Series 2000B Bonds in any other Authorized Denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See "Book-Entry Only System" herein and "Appendix C - Summary of Certain Provisions of the Resolutions."

Interest on the Series 2000B Bonds is payable by check mailed to the registered owners thereof. The principal or redemption price of the Series 2000B Bonds is payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon (formerly known as The Bank of New York), the Trustee and Paying Agent. As long as the Series 2000B Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See "Book-Entry Only System" herein.

Interest Payment Dates

Depending on the Interest Rate Period then in effect for the Series 2000B Bonds, the Interest Payment Dates, the dates interest rates are effective, the dates that notices of tender are required to be filed, the dates Series 2000B Bonds are to be tendered, the dates for notices of conversion to other Interest Rate Periods, and provisions for mandatory tender for purchase applicable to the Series 2000B Bonds will vary. See the “Interest Rate Period Table” herein.

Determination of Interest Rates

The interest rate on the Series 2000B Bonds for any Interest Rate Period, other than a Commercial Paper Interest Rate Period and for each Commercial Paper Term within any Commercial Paper Interest Rate Period, shall be a rate equal to the rate determined by the Remarketing Agent (as hereinafter defined) to be the minimum interest rate which, if borne by such Series 2000B Bonds subject to such Interest Rate Period (and in the case of Series 2000B Bonds subject to (i) a Commercial Paper Interest Rate Period, for the appropriate Commercial Paper Term; or (ii) a Fixed Interest Rate Period where specific Series 2000B Bonds are subject to mandatory sinking fund redemption on a specific date, for the period of time remaining until such specified redemption date for such Series 2000B Bond), would enable the Remarketing Agent to sell such Series 2000B Bonds at the time such interest rate is being determined at par plus accrued interest, if any. The Commercial Paper Interest Rate shall be determined as provided below under “Commercial Paper Interest Rate Period.” The determination of the applicable interest rate and each Commercial Paper Term by the Remarketing Agent shall be conclusive and binding on the Holders of the Series 2000B Bonds, the Institution, Remarketing Agent, Trustee, Tender Agent, Bank and Authority.

Change to an Alternate Interest Rate Period

The Authority at any time may elect, subject to certain conditions described in the Resolutions and with the consent of the Institution, to change the Interest Rate Period applicable to the Series 2000B Bonds; provided, however, that no new Interest Rate Period may begin unless the Institution shall have retained or provided a Credit Facility or a Liquidity Facility which shall be sufficient to pay principal and purchase price of and interest on all the Series 2000B Bonds when the same becomes due and shall have a stated expiration date not earlier than a day which is (1) at least 364 days from the date of initial issuance of such Credit Facility or Liquidity Facility (subject to certain requirements set forth in the Series 2000B Resolution) and (2) if the conversion is to a Long-Term Interest Rate Period, after the end of such Interest Rate Period, as required by such Series 2000B Resolution. In the event the new Interest Rate Period shall be a Commercial Paper Interest Rate Period such new Interest Rate Period may not begin unless the Institution shall have retained or provided a Credit Facility or Liquidity Facility in an aggregate amount equal to the principal amount of the Series 2000B Bonds Outstanding plus 270 days interest thereon at the Maximum Rate. Prior to converting the Series 2000B Bonds to a new Interest Rate Period, the Authority will deliver a certificate to the Trustee which shall specify among other things, (i) the effective date of such alternate Interest Rate Period; (ii) the date on which such Series 2000B Bonds are subject to mandatory tender for purchase; (iii) if the alternate Interest Rate Period will be a Long-Term Interest Rate Period, the last day of such Period or if the Institution shall have elected to have the Series 2000B Bonds subject to successive Long-Term Interest Rate Periods, the last day of each such Period; (iv) the terms of the Liquidity Facility or Credit Facility, if any, which will provide for the payment of the purchase price of the Series 2000B Bonds; (v) the ratings, if any, which will apply to the Series 2000B Bonds during such alternate Interest Rate Period or Periods and, if applicable, the reduction or withdrawal of any ratings then applicable to the Series 2000B Bonds; and (vi) if the conversion is to a Fixed Interest Rate, the dates on which, and prices at which, the Series 2000B Bonds will be subject to optional redemption during the Fixed Interest Rate Period.

If such conversion is from a Long-Term Interest Rate Period to any other Interest Rate Period or Periods, such direction also shall state whether the purchase price payable with respect to any Series 2000B Bond tendered for purchase on the first day of such new Interest Rate Period or Periods or deemed purchased will include any premium in excess of par, which premium would otherwise be payable on such date as a portion of the Redemption Price of such Series 2000B Bond if such Series 2000B Bond were redeemed on such date. If the purchase price payable on the first day of such new Interest Rate Period will include any premium in excess of par, such written direction from the Authority to be effective shall be accompanied by evidence that sufficient Eligible Funds will be on deposit with the Tender Agent on the first day of such new Interest Rate Period to pay such premium on all of the Series 2000B Bonds.

No conversion to a new Interest Rate Period or Periods for any the Series 2000B Bonds shall be effective unless the Trustee receives a favorable opinion of Bond Counsel. If such opinion is not received on or prior to the

proposed conversion date then all such Series 2000B Bonds shall be purchased or deemed purchased on such date and all such Series 2000B Bonds shall continue to be subject to the prior Interest Rate Period.

The Trustee is required to mail notice of any new Interest Rate Period to the Series 2000B Bondholders, the Liquidity Bank and the Credit Facility Issuer not less than 20 Business Days prior to the effective date of such new Interest Rate Period or Periods. Such notice shall state, in addition to the matters set forth in (i) through (vi) of the Authority's written direction described above and whether the purchase price of tendered Series 2000B Bonds will include any premium, (i) that the interest rate on the Series 2000B Bonds will be adjusted, subject to receipt of a Favorable Opinion of Bond Counsel on the effective date of such new Interest Rate Period, to a Daily, Weekly, Long-Term or Commercial Paper Interest Rate for each such Series 2000B Bond; (ii) the effective date of such alternate Interest Rate Period or Periods and, in the case of one or more successive Long-Term Interest Rate Periods, the day on which each such Period shall end; (iii) that on the first day of the alternate Interest Rate Period or Periods, all Series 2000B Bonds shall be purchased or deemed purchased as provided in the Series 2000B Resolution at a purchase price equal to the principal amount thereof, plus accrued interest, if any; and (iv) the procedures for such purchase. If the notice relates to a change from a Long-Term Interest Rate Period to any other Interest Rate Period or Periods, such notice also shall state whether the purchase price payable with respect to the Series 2000B Bonds tendered for purchase on the first day of the new Interest Rate Period or Periods or deemed purchased as provided in the Series 2000B Resolution will include any premium in excess of par, which premium would otherwise be payable on such date as a portion of the Redemption Price if such Series 2000B Bonds were to be redeemed on such date.

Daily Interest Rate Period

The Daily Interest Rate shall be determined in accordance with the provisions described herein and as set forth in the Series 2000B Resolution by the Remarketing Agent and announced by 10:00 a.m. (New York City time) on each Business Day for such Business Day. For any day which is not a Business Day, the Daily Interest Rate shall be the same as the Daily Interest Rate for the immediately preceding Business Day.

If the Remarketing Agent cannot or does not determine a Daily Interest Rate for any Business Day, or if for any reason a Daily Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law or would have an adverse effect upon the exclusion of interest on the Series 2000B Bonds from gross income for federal income tax purposes, the last Daily Interest Rate determined by the Remarketing Agent for such Daily Interest Rate Period shall remain in effect for seven days unless, prior to the expiration of such seven-day period, the Remarketing Agent shall have again determined an effective Daily Interest Rate. If the failure to determine an effective Daily Interest Rate shall continue for the full seven-day period, then the Daily Interest Rate shall be equal to 75% of the 30-day "A-1" taxable commercial paper rate as published in the money rate section of *The Wall Street Journal* for each Business Day and for the next preceding Business Day for each day which is not a Business Day during the Daily Interest Rate Period, until the Daily Interest Rate can again be determined and applied as described above.

Weekly Interest Rate Period

The Weekly Interest Rate shall be determined in accordance with the provisions described herein and as set forth in the Series 2000B Resolution, by the Remarketing Agent and announced by the close of business on each Tuesday or on the next preceding Business Day if such Tuesday is not a Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of such period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period shall end on a day other than a Tuesday, in which event, the last Weekly Interest Rate for such period shall apply to the period commencing on the Wednesday preceding the last day of such period and ending on such last day.

If the Remarketing Agent cannot or does not determine a Weekly Interest Rate for any succeeding seven-day period or if the Weekly Interest Rate determined by the Remarketing Agent shall be held invalid or unenforceable by a court of law or would have an adverse effect upon the exclusion of interest on the Series 2000B Bonds from gross income for federal income tax purposes, the interest rate for such seven-day period shall be the same as the Weekly Interest Rate for the immediately preceding Weekly Interest Rate Period if such rate was determined by the Remarketing Agent. If the failure to determine a Weekly Interest Rate continues for two consecutive Weekly Interest Rate Periods, then the Weekly Interest Rate shall be a percentage per annum equal to 85% of the 30-day "A-1" taxable commercial paper rate as published in the money rate section of *The Wall Street Journal* on the day the Weekly Interest Period would otherwise have been determined until the Weekly Interest Rate can again be determined and applied as described above.

Commercial Paper Interest Rate Period

During each Commercial Paper Interest Rate Period, each Series 2000B Bond subject to a Commercial Paper Interest Rate shall bear interest during each Commercial Paper Term for such Series 2000B Bond at the Commercial Paper Interest Rate determined for such Commercial Paper Term, by the Remarketing Agent on the first day of each Commercial Paper Term or on a Business Day selected by the Remarketing Agent prior to the first day of each such Commercial Paper Term.

Each Commercial Paper Term within a Commercial Paper Interest Rate Period shall be a period from one to not more than 270 days. In determining the Commercial Paper Terms to be offered within a Commercial Paper Interest Rate Period at any time, the Remarketing Agent shall consider such factors as it deems relevant based on its experience in pricing and marketing short-term securities and shall select the Commercial Paper Terms that, together with all other Commercial Paper Terms, in the sole judgment of the Remarketing Agent, will result in the lowest overall borrowing cost of such Series 2000B Bonds or are otherwise in the best financial interest of the Institution, as determined in consultation with the Authority, provided, that each Commercial Paper Term shall end either on a day which immediately precedes a Business Day or on the maturity date of such Series 2000B Bonds.

If for any reason the Remarketing Agent cannot, or does not, determine the required Commercial Paper Terms and associated Commercial Paper Interest Rates or, if any Commercial Paper Term and associated Commercial Paper Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law or would have an adverse effect on the exclusion of interest on the Series 2000B Bonds from gross income for federal income tax purposes, the Series 2000B Bonds shall be deemed to have successive thirty-day Commercial Paper Terms (unless the day following any such thirty-day Commercial Paper Term does not precede a Business Day or is not the maturity date of the Series 2000B Bonds, in which case, such Commercial Paper Term shall expire on the next day which precedes a Business Day) and shall bear interest at a rate equal to 85% of the 30-day "A-1" taxable commercial paper rate as published in the money rate section of *The Wall Street Journal* on the first day of each Commercial Paper Term for each Commercial Paper Term, until the Commercial Paper Interest Rate can again be determined and applied as described above.

Long-Term Interest Rate Period and Fixed Interest Rate Period

The Long-Term Interest Rate (including any Long-Term Interest Rate which is a Fixed Interest Rate) shall be determined in accordance with the provisions described herein and as set forth in the Series 2000B Resolution, and announced by the Remarketing Agent on a Business Day selected by it prior to the first day that the Series 2000B Bonds begins such Long-Term Interest Rate Period.

If the Authority (with the consent of the Institution) elects in connection with the selection of a Long-Term Interest Rate for the Series 2000B Bonds that the Series 2000B Bonds be subject to successive Long-Term Interest Rate Periods, the succeeding Interest Rate Periods shall be Long-Term Interest Rate Periods with equal durations as specified by the Authority (with the consent of the Institution) at the time of the initial determination. If the Authority (with the consent of the Institution) has not made such an election for successive Long-Term Interest Rate Periods or for an alternate Interest Rate Period to begin, subject to the receipt of a Favorable Opinion of Bond Counsel, the next succeeding Interest Rate Period shall be a Weekly Interest Rate Period. If a Favorable Opinion of Bond Counsel is unable to be delivered, the Series 2000B Bonds shall be subject to mandatory tender or delivered on the next Business Day succeeding the end of the Long-Term Interest Rate.

Special Considerations Relating to the Series 2000B Bonds Bearing Interest at a Weekly Interest Rate

The Remarketing Agent is Paid by the Institution

The Remarketing Agent's responsibilities include determining the interest rate from time to time and using best efforts to remarket Series 2000B Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement and the Resolutions), as further described in this Remarketing Memorandum. The Remarketing Agent is appointed by the Authority with the consent of the Institution and is paid by the Institution for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Bondholders and potential purchasers of Series 2000B Bonds.

The Remarketing Agent Routinely Purchases Bonds for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted,

but not obligated, to purchase tendered Series 2000B Bonds for its own account and, in its sole discretion, routinely acquires such tendered Series 2000B Bonds in order to achieve a successful remarketing of the Series 2000B Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Series 2000B Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 2000B Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 2000B Bonds by routinely purchasing and selling Series 2000B Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2000B Bonds. The Remarketing Agent may also sell any Series 2000B Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2000B Bonds. The purchase of Series 2000B Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2000B Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2000B Bonds being tendered in a remarketing.

Bonds May Be Offered at Different Prices on Any Date Including a Rate Determination Date

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to use its best efforts to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2000B Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable reset date. The interest rate will reflect, among other factors, the level of market demand for the Series 2000B Bonds (including whether the Remarketing Agent is willing to purchase Series 2000B Bonds for its own account). There may or may not be Series 2000B Bonds tendered and remarketed on a reset date, the Remarketing Agent may or may not be able to remarket any Series 2000B Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 2000B Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2000B Bonds at the remarketing price. In the event the Remarketing Agent owns any Series 2000B Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2000B Bonds on any date, including the reset date, at a discount to par to some investors.

The Ability to Sell the Series 2000B Bonds Other Than Through Tender Process May Be Limited

The Remarketing Agent may buy and sell Series 2000B Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Series 2000B Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Series 2000B Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2000B Bonds other than by tendering the Series 2000B Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Series 2000B Bonds, Without a Successor Being Named

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement and the Resolutions. In the event there is no Remarketing Agent, the Trustee may assume such duties as described in the Resolutions, which are limited to accepting notices of tender.

There are Certain Risks Related to the 2000B Letter of Credit

The Bank's obligation under the 2000B Letter of Credit will be a general obligation of the Bank. There can be no assurance that the Bank will maintain its present financial condition or that an adverse change in such condition will not adversely affect its ability to honor future drawings under the 2000B Letter of Credit. A change in the creditworthiness of the Bank or of any subsequent provider of an Alternate Credit or Liquidity Facility could result in a change in the rating on the Series 2000B Bonds. A default by the Bank under the 2000B Letter of Credit may result in insufficient revenues being available to pay the principal and Purchase Price and interest on the Series 2000B Bonds. See "*Part 2 – SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2000B BONDS – The Reimbursement Agreement*" for a summary of certain provisions of the Reimbursement Agreement.

Optional Tender for Purchase

General

The Series 2000B Bonds are not subject to tender for purchase at the option of the Holder thereof if bearing interest at a Commercial Paper Interest Rate, Long-Term Interest Rate or a Fixed Interest Rate. Unless there shall have occurred and be continuing an Event of Default under the Resolutions which has resulted in the acceleration of the Series 2000B Bonds, the Series 2000B Bonds shall be purchased upon demand of the Holders thereof during any Daily Interest Rate Period and Weekly Interest Rate Period prior to their maturity on the following terms:

During any Daily Interest Rate Period, any Series 2000B Bond or portion thereof in an Authorized Denomination shall be purchased or deemed purchased on the date of the notice referred to below on any Business Day at a purchase price equal to the principal amount thereof, plus accrued interest, if any upon delivery by the Holder of such Series 2000B Bond to the Tender Agent and to the Remarketing Agent not later than 10:00 a.m. (New York City time) on such Business Day, of irrevocable written or telephonic notice of tender.

During any Weekly Interest Rate Period, any Series 2000B Bond or portion thereof in an Authorized Denomination shall be purchased or deemed purchased on the date specified in the notice referred to below at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the date of purchase (provided, however, in the event that any Series 2000B Bond is tendered for purchase after a Record Date for such Weekly Interest Rate Period and before the next corresponding Interest Payment Date for such Weekly Interest Rate Period, such purchase price shall not include the interest payable on such next corresponding Interest Payment Date, which interest shall be paid to the Holder of such Series 2000B Bond as of such Record Date for such Weekly Interest Rate Period on such Interest Payment Date, in the normal course as set forth in the Series 2000B Resolution), upon delivery by 3:00 p.m. (New York City time) on any Business Day by the Holder of such Series 2000B Bond, to the Tender Agent and to the Remarketing Agent, of an irrevocable written notice of tender.

Provisions Applicable to All Optional Tenders

As long as the Series 2000B Bonds are held by DTC in book-entry only form, transfers of beneficial ownership of Series 2000B Bonds, pursuant to optional tender or otherwise, will be effected through the facilities of, and pursuant to the procedures of, DTC and the related payments of purchase price with respect to such Series 2000B Bonds will be made by the Tender Agent to DTC for subsequent disbursement to its Participants.

If the Series 2000B Bonds are not held by DTC in book-entry only form, an owner of a Series 2000B Bond may tender its Series 2000B Bond (or portion thereof in an Authorized Denomination) by delivering the applicable notice of tender described above and by delivering the Series 2000B Bond to be tendered to the Tender Agent on the respective dates and at the respective times set forth above.

Payment of the purchase price of Series 2000B Bonds to be purchased upon optional tender as described herein will be made by the Tender Agent to the registered owner of the Series 2000B Bond by 4:00 p.m., New York City time, on the date of purchase in immediately available funds (or by wire transfer). See "Purchase, Remarketing and Delivery of the Series 2000B Bonds" below.

Mandatory Tender for Purchase

Commercial Paper Interest Rate Period

On the first day of each Commercial Paper Term for each Series 2000B Bond which was subject to a Commercial Paper Interest Rate on the immediately preceding day, the Holder of such Series 2000B Bond shall tender such Series 2000B Bond for purchase and such Series 2000B Bond shall be purchased or deemed purchased at a purchase price equal to the principal amount thereof plus interest accrued and unpaid, if any.

Long-Term Interest Rate Period

On the first day of each Long-Term Interest Rate Period for each Series 2000B Bond which was subject to a Long-Term Interest Rate on the immediately preceding day, the Holder of such Series 2000B Bond shall tender such Series 2000B Bond for purchase as provided below and such Series 2000B Bond shall be purchased or deemed purchased at a purchase price equal to the principal amount thereof and premium, if any, plus accrued and unpaid interest, if any.

Conversion of Interest Rate Periods

On the first day of each Fixed Interest Rate Period, Long-Term Interest Rate Period, Commercial Paper Interest Rate Period, Weekly Interest Rate Period or Daily Interest Rate Period for any Series 2000B Bond established pursuant to the Series 2000B Resolution, if the Interest Rate Period immediately preceding such Interest Rate Period for any Series 2000B Bond was different from that becoming effective on such first day of such Interest Rate Period, each such Series 2000B Bond shall be purchased or deemed purchased at a purchase price equal to the principal amount thereof and premium, if any, plus accrued and unpaid interest, if any.

If a new Interest Rate Period is not able to begin for any reason other than the failure by the Institution to deliver the Favorable Opinion of Bond Counsel as required by the Series 2000B Resolutions, all such Series 2000B Bonds shall be deemed purchased on the date that was to be the first day of the new Interest Rate Period at a purchase price equal to the principal amount thereof and premium, if any, plus accrued and unpaid interest, if any, and all such Series 2000B Bonds shall be automatically converted to a Weekly Interest Rate Period (or Daily Interest Rate Period, if already in the Weekly Interest Rate Period) unless there is no Liquidity Facility available to pay the purchase price of such Series 2000B Bonds to be tendered from time to time while such Series 2000B Bonds are in the Weekly Interest Rate Period (or Daily Interest Rate Period), in which event such Series 2000B Bonds shall remain in the prior Interest Rate Period. Prior to any automatic conversion to the Weekly Interest Rate Period from the Long-Term Interest Rate Period, a Favorable Opinion of Bond Counsel must be delivered to the Authority and the Trustee, and in the event that such an opinion is unable to be delivered, the Series 2000B Bonds shall be purchased or deemed purchased and remain in the Long-Term Interest Rate Period.

Expiration of the 2000B Letter of Credit and Alternate Credit Facilities

If at any time the Trustee shall give notice that the 2000B Letter of Credit (i) shall on the date specified in such notice expire or (ii) while the Series 2000B Bonds is in a Daily Interest Rate Period, Weekly Interest Rate Period or Long-Term Interest Rate Period, will be replaced with an Alternate Liquidity Facility or Alternate Credit Facility and such substitution will result in a withdrawal or a downgrade of a rating assigned to the Series 2000B Bonds, then (i) in the case of the expiration of the 2000B Letter of Credit, on the fifth Business Day next preceding such expiration, or (ii) in the case of a substitution resulting in a withdrawal or reduction of a rating assigned to the Series 2000B Bonds in the Daily Interest Rate Period, Weekly Interest Rate Period or Long-Term Interest Rate Period on the date scheduled for such substitution, the Series 2000B Bonds secured by such expiring or substituted Letter of Credit shall be purchased or deemed purchased from a draw on the existing Letter of Credit as provided in the Series 2000B Resolution, at a purchase price equal to the principal amount thereof plus accrued and unpaid interest, if any. Notwithstanding the foregoing, if, on or before the seventh day preceding the date set for a substitution of the 2000B Letter of Credit securing the Series 2000B Bonds in the Daily Interest Rate Period, the Weekly Interest Rate Period or Long-Term Interest Rate Period which substitution will result in the withdrawal or downgrade of a rating assigned to such Series 2000B Bonds, any Holder of the Series 2000B Bonds may deliver to the Tender Agent an irrevocable written notice, which: (i) states the Series, number and principal amount of such Holder's Series 2000B Bonds, (ii) states the election of the Holder that the Series 2000B Bonds or a portion thereof specified in such notice not be purchased on such date and (iii) acknowledges that the 2000B Letter of Credit will be replaced with an Alternate Liquidity Facility or Alternate Credit Facility and further acknowledges that such substitution will result in a reduction or withdrawal of a rating applicable to the Series 2000B Bonds. No Holder shall have such right to retain a Series 2000B Bond or Series 2000B Bonds if no Alternate Liquidity Facility or Alternate Credit Facility has been delivered in accordance with the Series 2000B Resolution.

At the Direction of the Bank

If at any time the Trustee shall give notice, pursuant to the Series 2000B Resolution, that any Series 2000B Bonds then payable from the 2000B Letter of Credit be accelerated as a result of an Event of Default, each such Series 2000B Bond shall be purchased or deemed purchased on the date of acceleration as provided in the Series 2000B Resolution, at a price equal to the par amount thereof plus accrued and unpaid interest, if any, to the date of acceleration. No Holder shall have the right to retain his or her accelerated Series 2000B Bond.

If the Trustee receives notice from the Bank of (i) an "Event of Default" under the Reimbursement Agreement (which "Event of Default" would be deemed an Event of Default under the Loan Agreement and, therefore, the Resolution) and a direction from the Bank to call the Series 2000B Bonds for mandatory tender or (ii) a "Notice of Non-Reinstatement" under the Reimbursement Agreement then, on the fifth Business Day following the Trustee's receipt of such notice, the Series 2000B Bonds shall be purchased or deemed purchased as provided in the Series 2000B Resolution, at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the purchase date. No Holder shall have any right to retain Series 2000B Bonds in the event of such purchase.

Provisions Applicable to All Mandatory Tenders

As long as the Series 2000B Bonds are held by DTC in book-entry only form, transfers of beneficial ownership of the Series 2000B Bonds, pursuant to mandatory tender or otherwise, will be effected through the facilities of, and pursuant to the procedures of, DTC and the related payments of purchase price with respect to such Series 2000B Bonds will be made by the Tender Agent to DTC for subsequent disbursement to its Participants (as hereinafter defined).

The Trustee will give notice of mandatory tender to Bondholders as set forth in the table under the caption "Interest Rate Period Table" herein.

If the Series 2000B Bonds are not held by DTC in book-entry only form, an owner of a Series 2000B Bond must deliver its Series 2000B Bond to the Tender Agent on the purchase date by 12:00 noon, New York City time.

Payment of the purchase price of the Series 2000B Bonds to be purchased upon mandatory tender as described herein will be made by the Tender Agent to the registered owner of the Series 2000B Bonds by 4:00, New York City time, on the date of purchase.

Series 2000B Bonds Deemed Purchased

Any Series 2000B Bonds or portions thereof then subject to a Daily Interest Rate Period or Weekly Interest Rate Period required to be purchased upon demand of the Holder thereof and any Series 2000B Bonds or portions thereof required to be tendered for purchase as provided in the Series 2000B Resolution and for which sufficient funds to accomplish such purchase are available to the Tender Agent at the respective times at which payment of the purchase price is to be made as provided in the Series 2000B Resolution, shall be deemed to have been purchased, for all purposes of such Series Resolution, irrespective of whether or not such Series 2000B Bonds shall have been presented to the Tender Agent, and the former Holder or Holders of such Series 2000B Bonds shall have no claim thereon, under the Series 2000B Resolution or otherwise for any amount other than the purchase price thereof, and, unless such Series 2000B Bonds have been accelerated and remain unpaid as Bank Bonds, such Series 2000B Bonds or portions thereof shall no longer be deemed to be Outstanding for purposes of the Series 2000B Resolution.

In case any Series 2000B Bonds or portions thereof which have been deemed purchased as described above are delivered to the Tender Agent subsequent to the date and time specified for such delivery for payment of the purchase price thereof at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof with the signature of such Holder guaranteed by a bank, trust company or member firm of the New York Stock Exchange, on any Business Day, the Tender Agent shall, subject to the provisions of the next paragraph, pay the purchase price of such Series 2000B Bond or portion thereof to the Holder (i) no later than 4:00 p.m. (New York City time) on such Business Day, if such Bond is presented by 12:00 Noon on such Business Day, and (ii) no later than 12:00 Noon (New York City time) on the next succeeding Business Day, if such Series 2000B Bond is presented after 12:00 Noon (New York City time) on such Business Day and, if appropriate, shall also make available for delivery to such Holder a new Series 2000B Bond in an aggregate principal amount equal to the portion of any Series 2000B Bond not so purchased. Any such Series 2000B Bonds so delivered to the Tender Agent shall be delivered to the Trustee for cancellation.

The Tender Agent shall, at the end of the tenth Business Day after the date upon which any Series 2000B Bonds are to be purchased, deposit with the Trustee all funds held by it with respect to Series 2000B Bonds deemed purchased but not presented for payment. The Trustee shall set aside such funds to be held in trust for the payment of the purchase price to the Holders of such Series 2000B Bonds as required by the provisions of the Resolutions, which payment shall be made as soon as practicable after surrender to the Trustee of such Series 2000B Bond or Bonds deemed purchased.

Purchase, Remarketing and Delivery of Series 2000B Bonds

Purchase of Series 2000B Bonds

The Tender Agent shall purchase, but only from the sources listed below, the Series 2000B Bonds or portions thereof which are then subject to a Daily Interest Rate Period, a Weekly Interest Rate Period, a Commercial Paper Interest Rate Period or a Long-Term Interest Rate Period and are required to be purchased from the Holders thereof with immediately available funds by 4:00 p.m. (New York City time) on the date such Series 2000B Bonds are required to be purchased at the purchase price thereof. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

- (i) proceeds of the remarketing of the Series 2000B Bonds; and
- (ii) proceeds of a draw on the 2000B Letter of Credit.

All monies received by the Tender Agent as remarketing proceeds under (i) above shall be held by the Tender Agent in a separate and segregated sub-account of the Bank Payment Account; additional amounts, if any, received by the Tender Agent from a draw on the 2000B Letter of Credit as described in (ii) above shall be held by the Tender Agent in an additional separate and segregated account. The moneys in such segregated account and sub-account shall not be commingled with any other moneys, shall be held uninvested and irrevocably pledged to the Holders of such Series 2000B Bonds tendered for payment and shall be applied to the payment of the purchase price of tendered Series 2000B Bonds.

Remarketing of Series 2000B Bonds

Promptly upon becoming aware of any requirement that any Series 2000B Bond or portion thereof is purchased or deemed purchased, or of any requirement to remarket Bank Bonds, the Remarketing Agent shall use its best efforts to remarket any Series 2000B Bonds tendered or deemed purchased, any such sale to be made on the date of such purchase at the price required by the terms of the Resolutions. KeyBanc Capital Markets Inc. has been designated to serve as the remarketing agent (the "Remarketing Agent") for the Series 2000B Bonds subsequent to the Conversion Date.

Delivery of Series 2000B Bonds

The Series 2000B Bonds purchased with moneys representing proceeds of the sale or remarketing of Series 2000B Bonds by the Remarketing Agent shall be registered as directed by the Remarketing Agent and made available to the Remarketing Agent by 2:00 p.m. (New York City time) on the date of the remarketing registered in accordance with the instructions provided by the Remarketing Agent pursuant to the Resolutions.

The Series 2000B Bonds purchased with moneys representing the proceeds of a draw under the Series 2000B Letter of Credit shall be registered in the name of or for the account of the Bank, and held by the Tender Agent as agent for the Bank, on the date of such purchase.

No Remarketing After Default

The Remarketing Agent shall have the right in its sole discretion, to refuse to remarket or to suspend the remarketing of Series 2000B Bonds if:

- (i) any Event of Default specified in the Resolutions or the Loan Agreement shall have occurred and be continuing; or
- (ii) it shall have determined, in its sole discretion upon consultation with counsel, that either (A) a disclosure document is required by applicable law to be distributed to prospective purchasers and that such document is not available or, if available, is not reasonably satisfactory to the Remarketing Agent in form or substance or (B) a continuing disclosure undertaking is required by applicable law and that such undertaking is either not then in effect or is not reasonably satisfactory to the Remarketing Agent in form or substance; or
- (iii) it shall receive an opinion of Bond Counsel (a copy of which shall be furnished to the Institution and the Authority) that substantial grounds exist upon which the exclusion from gross income of interest on the Series 2000B Bonds for federal income tax purposes or the exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), or the exemption from qualification of the Resolutions under the Trust Indenture Act of 1939, as amended, can be challenged; or
- (iv) there shall occur any outbreak or escalation of hostilities or any national or international calamity or crises or a financial crises the effect of which on the financial markets of the United States is, in the reasonable judgment of the Remarketing Agent, to materially, adversely affect the remarketing by the Remarketing Agent of the Series 2000B Bonds; or
- (v) each of the Resolutions and the Loan Agreement shall not be in full force and effect or shall have been amended, modified or supplemented in any way which would materially and adversely affect the remarketing of the Series 2000B Bonds, except as may have been agreed to in writing by the Remarketing Agent.

In the event the Remarketing Agent elects to refuse to remarket or to suspend the remarketing of the Series 2000B Bonds, the Remarketing Agent shall provide notice of such election within one (1) Business Day (such notice to be promptly confirmed in writing) to the Authority, the Credit Facility Issuer and the Institution.

The Remarketing Agent will also suspend remarketing of the Series 2000B Bonds when requested by the Authority (with, as long as no Event of Default has occurred and is continuing, and no event has occurred that, with the giving of notice or time elapsed, or both, would constitute an Event of Default, the consent of the Institution) or the Institution (with the consent of the Authority).

Drawing Under Liquidity Facility or Credit Facility for Purchase of Series 2000B Bonds

If the Tender Agent shall have received a demand for the purchase of Series 2000B Bonds or portions thereof at the time and in the manner described in the Resolutions, or any Series 2000B Bonds or portions thereof are required to be tendered for purchase as described in the Resolutions, and on the date such Series 2000B Bonds are required to be purchased, the Tender Agent shall have received notice from the Remarketing Agent which identifies a principal amount of Series 2000B Bonds which were required to be purchased on such date but which have not been sold, or receives no notice from the Remarketing Agent (in which case, the Tender Agent shall proceed under the assumption that no Series 2000B Bonds were remarketed by the Remarketing Agent), then the Tender Agent shall draw under the 2000B Letter of Credit by no later than the time required thereby for presentation of notices in order to receive payment in immediately available funds by 4:00 p.m. (New York City time) on such day, an amount sufficient to pay the portion of the purchase price of the Series 2000B Bonds required to be purchased and not otherwise available.

Interest Rate Period Table

The Interest Rate Period Table on the following page is provided solely for the convenience of the Holder and is not intended to be comprehensive. The information contained in the Interest Rate Period Table is entirely subject to the provisions of the Resolutions and the Reimbursement Agreement (summarized hereinabove and in Appendix C hereto) and reference is made thereto for a more complete description of the terms set forth in the table.

INTEREST RATE PERIOD TABLE

<u>Interest Rate Period</u>	<u>Duration of Rate Period</u>	<u>Interest Payment Dates</u>	<u>Interest Rate Determination Dates</u>	<u>Optional Tender Date</u>	<u>Bondholder Notice of Tender Due</u>	<u>Date for Conversion Out of Interest Rate Period</u>
Daily	Each day during such Interest Rate Period	The first Business Day of each month & Business Day next succeeding last day of such Interest Rate Period	By 10:00 a.m. New York City time on each Business Day (or the immediately preceding Business Day if such day of determination is not a Business Day)	No later than 12:00 Noon New York City time on any Business Day	No later than 10:00 a.m. New York City time on the Optional Tender Date	At least 25 Business Days after notice to Trustee of election to change Interest Rate Period
Weekly	From and including each Wednesday to and including the following Tuesday	The first Wednesday of each month & Business Day next succeeding last day of such Interest Rate Period	By close of business on each Tuesday (or the immediately preceding Business Day if such Tuesday is not a Business Day)	No later than 12:00 Noon New York City time on any Business Day	No later than 3:00 p.m. New York City time on the 7th day preceding the Optional Tender Date	At least 25 Business Days after notice to Trustee of election to change Interest Rate Period
Commercial Paper	Any period from one to 270 days	The Business Day next succeeding the last day of Commercial Paper Term	By close of business on the first day of each Commercial Paper Term or each Commercial Paper Term on a Business Day selected by the Remarketing Agent prior to the first day of such Commercial Paper Term	No Optional Tender	Not Applicable	At least 25 Business Days after notice to Trustee of election to change Interest Rate Period
Long-Term	Any period longer than 365 days	January 1 and July 1 of each year & day next succeeding last day of such Interest Rate Period	By close of business on a Business Day selected by the Remarketing Agent prior to the first day of such Interest Rate Period	No Optional Tender	Not Applicable	Any Interest Payment Date at least 25 Business Days after notice to Trustee of election to change Interest Rate Period
Fixed	From date of conversion to such Interest Rate Period to and including the maturity date	January 1 and July 1 of each year	By close of business on a Business Day selected by the Remarketing Agent prior to the first day of such Interest Rate Period	No Optional Tender	Not Applicable	Any Interest Payment Date at least 25 Business Days after notice to Trustee of election to change Interest Rate Period

Redemption Provisions

The Series 2000B Bonds are subject to mandatory, special and optional redemption as described below.

Mandatory Redemption

Prior to conversion to the Fixed Rate Period, the Series 2000B Bonds shall mature on July 1, 2029 and shall be retired prior to maturity on each July 1, at the purchase price thereof, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of such Series 2000B Bonds shown below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2010	\$465,000	2020	\$810,000
2011	490,000	2021	855,000
2012	520,000	2022	905,000
2013	550,000	2023	955,000
2014	580,000	2024	1,010,000
2015	615,000	2025	1,070,000
2016	650,000	2026	1,130,000
2017	685,000	2027	1,195,000
2018	725,000	2028	1,265,000
2019	765,000	2029†	1,335,000

† Final Maturity.

The Series 2000B Bonds to be redeemed from Sinking Fund Installments shall be selected by the Trustee by lot, using such method of selection as the Trustee shall deem proper in its discretion, as provided by the Resolution.

The Series 2000B Bonds are also subject to mandatory redemption on any date prior to maturity at par plus accrued interest in whole or in part, in the event there are insufficient funds with which to pay the purchase price of Series 2000B Bonds that have been tendered or are deemed tendered.

At the time that the interest rate on the Series 2000B Bonds is converted to the Fixed Interest Rate, and upon receipt of a Favorable Opinion of Bond Counsel, the Sinking Fund Installments set forth above may be re-allocated to create Serial and Term Bonds for the Series 2000B Bonds.

Special Redemption

The Series 2000B Bonds are also subject to redemption, in whole or in part on any Interest Payment Date, at a Redemption Price equal to 100% of the principal amount thereof to be redeemed plus accrued interest to the redemption date, at the option of the Authority, from the proceeds of a condemnation or insurance award, which proceeds are not used to repair or restore the Project.

Optional Redemption

The Series 2000B Bonds are subject to redemption at the election of the Authority, upon the request of the Institution, in whole or in part on any Interest Payment Date during the Daily, Weekly or Commercial Paper Interest Rate Periods at a Redemption Price equal to 100% of the principal amount thereof to be redeemed plus interest, if any, accrued and unpaid thereon.

During a Long-Term Interest Rate Period or the Fixed Interest Rate Period of at least eleven years in duration, the Series 2000B Bonds are subject to redemption from Eligible Funds at the election of the Authority, upon the request of the Institution, as a whole at any time or in part on any Interest Payment Date (i) at the Redemption Price of 100% of the unpaid principal amount of the Series 2000B Bonds to be redeemed if on the first day of a Long-Term Interest Rate Period and (ii) if thereafter, at the times and at the Redemption Prices (expressed

as percentages of unpaid principal amount) set forth below together, in both the case of (i) and (ii), with accrued interest to the redemption date.

Number of Years Remaining to Maturity	12-Month Periods (Commencing July 1) Following Conversion to Long-Term Interest Rate Period or Conversion to Fixed Interest Rate Period during which Series 2000B Bonds are Redeemed and Redemption Price		
	11	12	13
12 years or more	102%	101%	100%
11 but less than 12 years	101	100	
10 but less than 11 years	100		
Less than 10 years		- Not Redeemable -	

Selection of Series 2000B Bonds to be Redeemed

If less than all of the Series 2000B Bonds of a maturity are to be redeemed, the Series 2000B Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee will consider proper in its discretion.

Notice of Redemption

The Trustee is to give notice of the redemption of the Series 2000B Bonds in the name of the Authority, not less than 30 days but not more than 45 days prior to the redemption date for Series 2000B Bonds, by first-class mail, postage prepaid, to the registered owners of any Series 2000B Bonds which are to be redeemed, at their last known addresses appearing on the registration books held by the Trustee. Such mailing shall not be a condition precedent to such redemption and failure of any owner to receive such notice shall not affect the validity of the proceedings for the redemption of the Series 2000B Bonds.

If, on the redemption date, moneys for the redemption of the Series 2000B Bonds of like maturity to be redeemed, together with the interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption price, then interest on the Series 2000B Bonds of such maturity so redeemed will cease to accrue from and after the redemption date and such Series 2000B Bonds will no longer be considered to be Outstanding under the Resolution.

The notice of optional redemption is rescindable upon a determination that there are insufficient Eligible Funds on deposit and available with the Trustee to pay the principal and redemption premium, if any, of and interest on the Series 2000B Bonds.

Book-Entry Only System

Portions of the following information concerning DTC and DTC's book-entry only system have been obtained from DTC. The Authority, the Institution, the Trustee, the Initial Remarketing Agent and the Remarketing Agent make no representation as to the accuracy of such information.

Initially, the Series 2000B Bonds will be available in book-entry form only. Purchasers of the Series 2000B Bonds will not receive certificates representing their interests in the Series 2000B Bonds purchased. DTC will act as securities depository for the Series 2000B Bonds. The Series 2000B Bonds will be issued as fully-registered Bonds 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 Bond certificate will be issued for the Series 2000B Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities 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 3.5 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 DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement

of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). 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 and www.dtc.org.

Purchases of Series 2000B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2000B Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2000B Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2000B 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 Series 2000B Bonds, except in the event that use of the book-entry system for the Series 2000B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2000B Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2000B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2000B Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2000B 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 Series 2000B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2000B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2000B Bond documents. For example, Beneficial Owners of Series 2000B Bonds may wish to ascertain that the nominee holding the Series 2000B 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 Series 2000B 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 Series 2000B Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2000B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2000B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Trustee, on the Interest Payment Date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, 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 Trustee, disbursement of such payments to Direct Participants will

be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2000B Bonds purchased or tendered, through its Participant, to the Registrar and Paying Agent and the Remarketing Agent, and shall effect delivery of such Series 2000B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2000B Bonds, on DTC's records, to the Registrar and Paying Agent. The requirement for physical delivery of Series 2000B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2000B Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2000B Bonds to the Registrar and Paying Agent's DTC account.

DTC may discontinue providing its services as Bonds depository with respect to the Series 2000B Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor Bonds depository is not obtained, Bond certificates are required to be printed and delivered.

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

According to DTC, the foregoing information with respect to DTC has been provided to its Participants and other members of the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

THE AUTHORITY, THE INSTITUTION, THE TRUSTEE AND THE REMARKETING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE SERIES 2000B BONDS (I) PAYMENTS OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2000B BONDS, OR (II) CONFIRMATION OF OWNERSHIP INTERESTS IN THE SERIES 2000B BONDS, OR (III) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE INSTITUTION, THE TRUSTEE OR THE REMARKETING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE SERIES 2000B BONDS WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (II) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, ANY BONDS, (III) THE DELIVERY OF ANY NOTICE BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2000B BONDS, OR (V) ANY OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

So long as Cede & Co. is the registered owner of the Series 2000B Bonds, as nominee for DTC, references herein to the Bondholders, Holders, or registered owners of the Series 2000B Bonds (other than under the captions "PART 11 – TAX MATTERS" and "PART 15 – CONTINUING DISCLOSURE") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2000B Bonds.

PART 4 – THE BANK

KBC Bank N.V., New York Branch ("KBC NYB") is an unincorporated branch of KBC Bank N.V., a naamloze vennootschap (public company of limited liability) organized under the laws of Belgium, whose principal office is located in Brussels, Belgium. KBC Bank N.V. conducts operations through additional offices and agencies in the United States and around the world. Created on June 4, 1998 through the combination of two predecessor Belgian banks, Kredietbank N.V. and CERA Bank C.V., KBC Bank N.V. is subject to regulation by the Belgium Banking Commission and to Belgian banking and accounting law. KBC Bank N.V. maintains its records and prepares its financial statements in accordance with accounting principles generally accepted in Belgium. Such records and financial statements are maintained and prepared in Euro currency (EUR).

One of the largest commercial banks in Belgium, KBC Bank N.V. operates as a universal bank, engaged in commercial and investment banking, and offers comprehensive financial services. KBC Bank N.V.'s branches in Belgium are located exclusively in Brussels and the Flanders region of Belgium. KBC Bank N.V. is indirectly represented through CBC Banque S.A., a majority-owned subsidiary with branches in the Walloon region of Belgium and Brussels.

KBC NYB was originally established in 1977 as a New York Branch of Kredietbank N.V., and has been relicensed by the Banking Department of the State of New York as a New York Branch of KBC Bank N.V. to provide a full range of services in New York. In addition to handling foreign exchange transactions, KBC NYB is active in international payment transactions and the clearing of commercial payments and professional transactions in U.S. Dollars. KBC NYB is also involved in providing financial services, particularly credit, for European (including Belgian) companies operating in the United States, as well as for United States corporations.

Selected Consolidated Financial Data of KBC Bank N.V.

Year Ended
December 31, 2009

(EUR Millions)

Total Assets	324,231
Amounts Owed to Customers	193,464
Loans and Advances to Customers	153,230
Total Equity	16,662
Net Income	-2,466

Conversion Rate: As of December 31, 2009, EUR 0.6940 = US\$1.00

KBC NYB will provide, upon written request and without charge, a copy of KBC Bank N.V.'s Annual Report for the year ended December 31, 2009. Written requests should be directed to: KBC Bank N.V., New York Branch, 1177 Avenue of the Americas, New York, New York 10036, Attention: Controller.

The delivery of this Remarketing Memorandum shall not create any implication that there has been no change in the affairs of KBC Bank N.V. since December 31, 2009 or that information contained or referred to in this Part 4 – The Bank is current as of any time subsequent to such date.

PART 5 – THE INSTITUTION

The 2000B Letter of Credit is the primary source of payment for the Series 2000B Bonds. Purchasers of the Series 2000B Bonds should make their decision to invest in the Series 2000B Bonds solely upon their assessment of the creditworthiness of the Bank. No attempt is made in this Remarketing Memorandum to describe the Institution or its operations with respect to the Project in a manner that would enable purchasers of the Series 2000B Bonds to assess the creditworthiness of the Institution.

F.F.T. Senior Communities, Inc. (“F.F.T.”) is a not-for-profit corporation under the laws of the State of New York and exempt from federal income taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. F.F.T. was established to operate a new senior living community in Canandaigua, New York, known as Ferris Hills at West Lake (the “Ferris Hills Project”), to serve senior citizens in Ontario County and surrounding areas.

F.F.T. owns four parcels of land that total approximately 57 acres on which it has constructed the Ferris Hills Project consisting of 84 independent living apartments, 48 enriched housing suites and related facilities. See “PART 6 – THE PROJECT” herein.

F.F.T. was established in 1998 by its parent organization, F.F. Thompson Health System, Inc. (the “System”), to further the mission of the System to provide excellence in health care programs and services to the community. The System has been in existence since 1989. The System, a New York not-for-profit corporation exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code, is the sole member of F.F.T., the sole member of five other not-for-profit corporations and sole shareholder of two for profit corporations. These corporations are referred to as “Affiliates” of the System. The System provides various

administrative and other services to each of its Affiliates, including F.F.T., each of which reimburses the System its proportionate share of such services. **Neither the System nor any Affiliate other than F.F.T. has any obligation for payment of F.F.T. obligations relating to the Series 2000B Bonds.**

PART 6 – THE PROJECT

The Project, known as Ferris Hills at West Lake, is a senior living community located in the Town of Canandaigua, New York on an approximately 57-acre site overlooking Canandaigua Lake. The Project consists of 84 independent living apartment homes, 48 enriched housing units, common areas and an area for support services for each part of the Project. The first independent living units were opened in May 2001, and the enriched housing units were opened in July 2001.

Independent Living Apartments

The independent living apartments are full-sized apartment homes ranging from approximately 605 square feet to approximately 1,360 square feet. Every independent living apartment home is equipped with the following furnishing: mini-blinds; wall-to-wall carpeting, except in the kitchen and bathroom(s); a complete kitchen with self-defrosting refrigerator and freezer with ice maker, range with oven, microwave oven, dishwasher, garbage disposal; washer/dryer; fire and smoke alarms; fire sprinkler system; individually controlled heating and air conditioning; and a balcony or patio. Telephone, computer modem and cable television jacks are also installed.

The planned common areas include a main lobby, main dining room, private dining room, living room, club room, multi-purpose activity room, café/deli, crafts/activities room, beauty/barber shop, computer/business center, fitness spa, therapy suite, convenience store and administrative office areas. The monthly service fee along with the payment of the entrance fee covers the following basic services: one meal credit daily, scheduled weekly housekeeping and flat linen service, all utilities (except telephone), basic cable television, security monitoring, scheduled transportation, maintenance of the apartment, and activities and wellness programming. Residents may purchase optional services for an additional fee which include additional housekeeping, laundry service for personal items, catering for special occasions, tray service when medically advisable, additional and guest meals, and additional storage.

The Project is open to persons at least 62 years of age who are able to live independently and demonstrate an ability to meet their financial obligations as residents, and applications for residency are accepted based upon eligibility and availability of units without regard to gender, race, nationality or religion.

Enriched Housing

The enriched housing units are designed for residents who wish to continue to live independently but who require varying amounts of basic functional assistance. These units consist of private apartments that range in size from approximately 440 square feet to approximately 650 square feet with full baths and a kitchenette, furnished with appliances including a refrigerator, microwave oven and sink. The related common areas include a lobby, lounge, library, visiting room, multipurpose room, dining room and administrative and support areas. Enriched housing residents receive the same services as the independent living residents plus two additional meals and snacks daily, assistance with activities of daily living needs, as required and allowed by licensure, personal laundry services and an around the clock attendant on duty.

The enriched housing portion of the Project is open to persons at least 62 years of age who are able to live independently if provided assistance with activities of daily living but do not need medical care and who demonstrate an ability to meet their financial obligations as residents. Applications for residency are accepted based upon eligibility and availability of units without regard to gender, race, nationality or religion.

PART 7 – THE AUTHORITY

Background, Purposes and Powers

The Authority is a body corporate and politic constituting a public benefit corporation. The Authority was created by the Act for the purpose of financing and constructing a variety of facilities for certain independent colleges and universities and private hospitals, certain not-for-profit institutions, public educational institutions including The State University of New York, The City University of New York and Boards of Cooperative Educational Services (“BOCES”), certain school districts in the State, facilities for the Departments of Health and Education of the State, the Office of General Services, the Office of General Services of the State on behalf of the

Department of Audit and Control, facilities for the aged and certain judicial facilities for cities and counties. The Authority is also authorized to make and purchase certain loans in connection with its student loan program. To carry out this purpose, the Authority was given the authority, among other things, to issue and sell negotiable bonds and notes to finance the construction of facilities of such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions.

On September 1, 1995, the Authority through State legislation (the "Consolidation Act") succeeded to the powers, duties and functions of the New York State Medical Care Facilities Finance Agency (the "Agency") and the Facilities Development Corporation (the "Corporation"), each of which will continue its corporate existence in and through the Authority. Under the Consolidation Act, the Authority has also acquired by operation of law all assets and property, and has assumed all the liabilities and obligations, of the Agency and the Corporation, including, without limitation, the obligation of the Agency to make payments on its outstanding bonds, and notes or other obligations. Under the Consolidation Act, as successor to the powers, duties and functions of the Agency, the Authority is authorized to issue and sell negotiable bonds and notes to finance and refinance mental health services facilities for use directly by the New York State Department of Mental Hygiene and by certain voluntary agencies. As such successor to the Agency, the Authority has acquired additional authorization to issue bonds and notes to provide certain types of financing for certain facilities for the Department of Health, not-for-profit corporations providing hospital, medical and residential health care facilities and services, county and municipal hospitals and nursing homes, not-for-profit and limited profit nursing home companies, qualified health maintenance organizations and health facilities for municipalities constituting social services districts. As successor to the Corporation, the Authority is authorized, among other things, to assume exclusive possession, jurisdiction, control and supervision over all State mental hygiene facilities and to make them available to the Department of Mental Hygiene, to provide for construction and modernization of municipal hospitals, to provide health facilities for municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

The Authority has the general power to acquire real and personal property, give mortgages, make contracts, operate dormitories and other facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, make reasonable rules and regulations to assure the maximum use of facilities, borrow money, issue negotiable bonds or notes and provide for the rights of their holders and adopt a program of self-insurance.

In addition to providing financing, the Authority offers a variety of services to certain educational, governmental and not-for-profit institutions, including advising in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, designing interiors of projects and designing and managing projects to rehabilitate older facilities. In succeeding to the powers, duties and functions of the Corporation as described above, the scope of design and construction services afforded by the Authority has been expanded.

Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)

At March 31, 2010, the Authority had approximately \$41.5 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority's bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

The Authority's bonds and notes include both special obligations and general obligations of the Authority. The Authority's special obligations are payable solely from payments required to be made by or for the account of the institution for which the particular special obligations were issued or from borrowers in connection with its student loan program. Such payments are pledged or assigned to the trustees for the holders of respective special obligations. The Authority has no obligation to pay its special obligations other than from such payments. The Authority's general obligations are payable from any moneys of the Authority legally available for the payment of such obligations. However, the payments required to be made by or for the account of the institution for which general obligations were issued generally have been pledged or assigned by the Authority to trustees for the holders

of such general obligations. The Authority has always paid the principal of and interest on its special and general obligations on time and in full.

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at March 31, 2010 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
State University of New York Dormitory Facilities.....	\$ 2,350,316,000	\$ 1,043,710,000	\$ 0	\$ 1,043,710,000
State University of New York Educational and Athletic Facilities.....	13,243,272,999	5,624,057,245	0	5,624,057,245
Upstate Community Colleges of the State University of New York.....	1,590,645,000	662,375,000	0	662,375,000
Senior Colleges of the City University of New York.....	10,262,671,762	3,346,519,213	0	3,346,519,213
Community Colleges of the City University of New York.....	2,444,968,350	542,365,787	0	542,365,787
BOCES and School Districts.....	2,436,626,208	1,845,580,000	0	1,845,580,000
Judicial Facilities.....	2,161,277,717	724,132,717	0	724,132,717
New York State Departments of Health and Education and Other.....	6,138,795,000	4,230,220,000	0	4,230,220,000
Mental Health Services Facilities.....	8,032,895,000	3,881,765,000	0	3,881,765,000
New York State Taxable Pension Bonds.....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program.....	<u>985,555,000</u>	<u>760,915,000</u>	<u>0</u>	<u>760,915,000</u>
Totals Public Programs.....	<u>\$ 50,420,498,036</u>	<u>\$ 22,661,639,962</u>	<u>\$ 0</u>	<u>\$ 22,661,639,962</u>

<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
Independent Colleges, Universities and Other Institutions.....	\$ 18,886,575,260	\$ 9,853,091,435	\$ 35,975,000	\$ 9,889,066,435
Voluntary Non-Profit Hospitals.....	14,092,059,309	8,070,515,000	0	8,070,515,000
Facilities for the Aged.....	1,996,020,000	887,495,000	0	887,495,000
Supplemental Higher Education Loan Financing Program.....	<u>95,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals Non-Public Programs.....	<u>\$ 35,069,654,569</u>	<u>\$ 18,811,101,435</u>	<u>\$ 35,975,000</u>	<u>\$ 18,847,076,435</u>
Grand Totals Bonds and Notes.....	<u>\$ 85,490,152,605</u>	<u>\$ 41,472,741,397</u>	<u>\$ 35,975,000</u>	<u>\$ 41,508,716,397</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At March 31, 2010, the Agency had approximately \$324.9 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at March 31, 2010 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities.....	\$ <u>3,817,230,725</u>	\$ <u>0</u>

<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program.....	\$ 226,230,000	\$ 2,880,000
Insured Mortgage Programs.....	6,625,079,927	314,970,000
Revenue Bonds, Secured Loan and Other Programs.....	<u>2,414,240,000</u>	<u>7,045,000</u>
Total Non-Public Programs.....	<u>\$ 9,265,549,927</u>	<u>\$ 324,895,000</u>
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 324,895,000</u>

Governance

The Authority carries out its programs through an eleven-member board, a full-time staff of approximately 660 persons, independent bond counsel and other outside advisors. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at Authority meetings. The members of the Authority serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties.

The Governor of the State appoints a Chair from the members appointed by him or her and the members of the Authority annually choose the following officers, of which the first two must be members of the Authority: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers.

The current members of the Authority are as follows:

ALFONSO L. CARNEY, Jr., *Chair*, New York.

Alfonso L. Carney, Jr. was appointed as a Member of the Authority by the Governor on May 20, 2009. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical and legal consulting services in New York City. Consulting for the firm in 2005, he served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he directed overall staff management of the foundation, and provided strategic oversight of the administration, communications and legal affairs teams, and developed selected foundation program initiatives. Prior to this, Mr. Carney held several positions with Altria Corporate Services, Inc., most recently as Vice President and Associate General Counsel for Corporate and Government Affairs. Prior to that, Mr. Carney served as Assistant Secretary of Philip Morris Companies Inc. and Corporate Secretary of Philip Morris Management Corp. For eight years, Mr. Carney was Senior International Counsel first for General Foods Corporation and later for Kraft Foods, Inc. and previously served as Trade Regulation Counsel, Assistant Litigation Counsel and Federal Government Relations Counsel for General Foods, where he began his legal career in 1975 as a Division Attorney. Mr. Carney is a trustee of Trinity College, the University of Virginia Law School Foundation, the Riverdale Country School and the Virginia Museum of Fine Arts in Richmond. In addition, he is a trustee of the Burke Rehabilitation Hospital in White Plains. Mr. Carney holds a Bachelors degree in Philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2013.

JOHN B. JOHNSON, JR., *Vice-Chair*, Watertown.

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on June 20, 2007. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2013.

JACQUES JIHA, Ph.D., *Secretary*, Woodbury.

Jacques Jiha was appointed as a Member of the Authority by the Governor on December 15, 2008. Mr. Jiha is the Executive Vice President and the Chief Financial and Operating Officer of Earl G. Graves, Ltd., a multi-media company that includes *Black Enterprise* magazine. He is also a member of the Investment Advisory Committee of the New York Common Retirement Fund. Mr. Jiha previously served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller. In that capacity, Mr. Jiha

was responsible for assets valued at \$120 billion and was in charge of all activities related to the issuance of New York State general obligation bonds, bond anticipation notes, tax and revenue anticipation notes, and certificates of participation. Mr. Jiha also served as Co-Executive Director of the New York State Local Government Assistance Corporation (LGAC) in charge of the sale of refunding bonds, the ratification of swap agreements, and the selection of financial advisors and underwriters. Prior thereto, Mr. Jiha was Nassau County Deputy Comptroller for Audits and Finances. He also worked for the New York City Office of the Comptroller in increasingly responsible positions: first as Chief Economist and later as Deputy Comptroller for Budget. Earlier, Mr. Jiha served as Executive Director of the New York State Legislative Tax Study Commission and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expires on March 31, 2011.

CHARLES G. MOERDLER, ESQ., New York.

Charles Moerdler was appointed as a Member of the Authority by the Governor on March 16, 2010. Mr. Moerdler is a founding partner in the Litigation Practice of the law firm Stroock & Stroock & Lavan LLP. His areas of practice include defamation, antitrust, securities, real estate, class actions, health care, international law, labor law, administrative law and zoning. Mr. Moerdler also specializes in State and Federal appellate practice. He served as Commissioner of Housing and Buildings of the City of New York, as a real estate and development consultant to New York City Mayor John Lindsay, as a member of the City's Air Pollution Control Board, and as Chairman and Commissioner of the New York State Insurance Fund. Mr. Moerdler currently serves on the Board of Directors of the New York City Housing Development Corporation and as a member of the New York City Board of Collective Bargaining. He holds a Bachelors of Arts degree from Long Island University and a Juris Doctor degree from Fordham University. His current term expires on March 31, 2012.

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on December 15, 2008. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's current term expires on August 31, 2010.

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991. She began her career in New York State government with the Assembly in 1975 where, over a thirteen year period, she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Romski was appointed as a Member of the Authority by the Temporary President of the State Senate on June 8, 2009. He is Counsel and Project Executive for "Arverne By The Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, NY. Mr. Romski is also of counsel to the New York City law firm of Bauman, Katz and Grill LLP. He formerly was a partner in the law firm of Ross & Cohen, LLP (now merged with Duane

Morris, LLP) for twelve years, handling all aspects of real estate and construction law for various clients. He previously served as Assistant Division Chief for the New York City Law Department's Real Estate Litigation Division where he managed all aspects of litigation arising from real property owned by The City of New York. Mr. Ronski is a member of the Urban Land Institute, Council of Development Finance Agencies, the New York State Bar Association, American Bar Association and New York City Bar Association. He previously served as a member of the New York City Congestion Mitigation Commission and the Board of Directors for the Bronx Red Cross. Mr. Ronski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

ROMAN B. HEDGES, Ph.D., Delmar.

Dr. Hedges was appointed as a Member of the Authority by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges serves on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He is the former Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means. He was an Associate Professor of Political Science and Public Policy at the State University of New York at Albany where he taught graduate and undergraduate courses in American politics, research methodology, and public policy. Dr. Hedges holds a Doctor of Philosophy and a Master of Arts degree from the University of Rochester and a Bachelor of Arts degree from Knox College.

DAVID M. STEINER, Ph.D., *Commissioner of Education of the State of New York, Albany; ex-officio.*

David M. Steiner was appointed by the Board of Regents as President of the University of the State of New York and Commissioner of Education on October 1, 2009. Prior to his appointment, Dr. Steiner served as the Klara and Larry Silverstein Dean of the School of Education at Hunter College CUNY. Prior to his time with Hunter College, Dr. Steiner served as Director of Arts Education at the National Endowment for the Arts and Chairman of the Department of Education Policy at Boston University. As Commissioner of Education, Dr. Steiner serves as chief executive officer of the Board of Regents, which has jurisdiction over the State's entire educational system, which includes public and non-public elementary, middle and secondary education; public and independent colleges and universities; museums, libraries and historical societies and archives; the vocational rehabilitation system; and responsibility for licensing, practice and oversight of numerous professions. He holds a Doctor of Philosophy in political science from Harvard University and a Bachelor of Arts and Master of Arts degree in philosophy, politics and economics from Balliol College at Oxford University.

RICHARD F. DAINES, M.D., *Commissioner of Health, Albany; ex-officio.*

Richard F. Daines, M.D., became Commissioner of Health on March 21, 2007. Prior to his appointment he served as President and CEO at St. Luke's-Roosevelt Hospital Center since 2002. Before joining St. Luke's-Roosevelt Hospital Center as Medical Director in 2000, Dr. Daines served as Senior Vice President for Professional Affairs of St. Barnabas Hospital in the Bronx, New York since 1994 and as Medical Director from 1987 to 1999. Dr. Daines received a Bachelor of History degree from Utah State University in 1974 and served as a missionary for the Church of Jesus Christ of Latter-day Saints in Bolivia, 1970-1972. He received his medical degree from Cornell University Medical College in 1978. He served a residency in internal medicine at New York Hospital and is Board Certified in Internal Medicine and Critical Care Medicine.

ROBERT L. MEGNA, *Budget Director of the State of New York, Albany; ex-officio.*

Mr. Megna was appointed Budget Director on June 15, 2009. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than \$90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated documents. Prior to this he served as head of the Economic and Revenue Unit of the New York State Division of the Budget where he was responsible for State Budget revenue projections and the development and monitoring of the State Financial Plan. Mr. Megna was Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He also served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New

York State Assembly. Mr. Megna was also an economist for AT&T. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of the Authority is as follows:

PAUL T. WILLIAMS, JR. is the President and chief executive officer of the Authority. Mr. Williams is responsible for the overall management of the Authority's administration and operations. He most recently served as Senior Counsel in the law firm of Nixon Peabody LLP. Prior to working at Nixon Peabody, Mr. Williams helped to establish a boutique Wall Street investment banking company. Prior thereto, Mr. Williams was a partner in, and then of counsel to, the law firm of Bryan Cave LLP. He was a founding partner in the law firm of Wood, Williams, Rafalsky & Harris, which included a practice in public finance and served there from 1984-1998. Mr. Williams began his career as an associate at the law firm of Walker & Bailey in 1977 and thereafter served as a counsel to the New York State Assembly. Mr. Williams is licensed to practice law in the State of New York and holds professional licenses in the securities industry. He holds a Bachelor's degree from Yale University and a Juris Doctor degree from Columbia University School of Law.

MICHAEL T. CORRIGAN is the Vice President of the Authority, and assists the President in the administration and operation of the Authority. Mr. Corrigan came to the Authority in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. He began his government service career in 1983 as a budget analyst for Rensselaer County, and served as the County's Budget Director from 1986 to 1995. Immediately before coming to the Authority, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan holds a Bachelor's degree in Economics from the State University of New York at Plattsburgh and a Master's degree in Business Administration from the University of Massachusetts.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing Authority bond issuance in the capital markets, through financial feasibility analysis and financing structure determination for Authority clients; as well as implementing and overseeing financing programs, including interest rate exchange and similar agreements; overseeing the Authority's compliance with continuing disclosure requirements and monitoring the financial condition of existing Authority clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. In addition, Ms. Lee has extensive public service experience working for over 10 years in various positions in the Governor's Office, NYS Department of Social Services, as well as the New York State Assembly. She holds a Bachelor's degree from the State University of New York at Albany.

PAUL W. KUTEY is the Chief Financial Officer of the Authority. Mr. Kutey oversees and directs the activities of the Office of Finance and Information Services. He is responsible for supervising the Authority's investment program, accounting functions, operation, maintenance and development of computer hardware, software and communications infrastructure; as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Previously, Mr. Kutey was Senior Vice President of Finance and Operations for AYCO Company, L.P., a Goldman Sachs Company, where his responsibilities included finance, operations and facilities management. Prior to joining AYCO Company, he served as Corporate Controller and Acting Chief Financial Officer for First Albany Companies, Inc. From 1982 until 2001, Mr. Kutey held increasingly responsible positions with PricewaterhouseCoopers, LLP, becoming Partner in 1993. He is a Certified Public Accountant and holds a Bachelor of Business Administration degree from Siena College.

JEFFREY M. POHL is General Counsel to the Authority. Mr. Pohl is responsible for all legal services including legislation, litigation, contract matters and the legal aspects of all Authority financings. He is a member of the New York State Bar, and most recently served as a counsel in the public finance group of a large New York law firm. Mr. Pohl had previously served in various capacities in State government with the Office of the State Comptroller and the New York State Senate. He holds a Bachelor's degree from Franklin and Marshall College and a Juris Doctor degree from Albany Law School of Union University.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined the Authority in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered

Professional Engineer in New York and Rhode Island and has worked in the construction industry for over 20 years as a consulting structural engineer and a technology solutions provider. Mr. Curro is also an Adjunct Professor at Hudson Valley Community College and Bryant & Stratton College. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CARRA WALLACE is the Managing Director of the Office of Executive Initiatives (OEI). In that capacity, she oversees the Authority's Communications and Marketing, Opportunity Programs, Environmental Initiatives, Client Outreach, Training, Executive Projects, and Legislative Affairs units. Ms. Wallace is responsible for strategic efforts in developing programs, maximizing the utilization of Minority and Women Owned Businesses, and communicating with Authority clients, the public and governmental officials. She possesses more than twenty years of senior leadership experience in diverse private sector businesses and civic organizations. Ms. Wallace most recently served as Executive Vice President at Telwares, a major telecommunications service firm. Prior to her service at Telwares, Ms. Wallace served as Executive Vice President of External Affairs at the NYC Leadership Academy. She holds a Bachelor of Science degree in management from the Pepperdine University Graziadio School of Business and Management.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against the Authority, the Authority believes that these claims and litigation are covered by the Authority's insurance or by bonds filed with the Authority should the Authority be held liable in any of such matters, or that the Authority has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such litigation.

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2000B Bonds.

Legislation

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

Environmental Quality Review

The Authority complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder respecting the Project to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2009. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 8 – LEGALITY OF THE SERIES 2000B BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2000B Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries of the State may properly and legally invest funds in their control.

The Series 2000B Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 9 – NEGOTIABLE INSTRUMENTS

The Series 2000B Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolutions and in the Series 2000B Bonds.

PART 10 – RATING

Moody's Investors Service is expected to assign a rating of "Aa3/VMIG-1" to the Series 2000B Bonds, based on the credit of the Bank. Any explanation of the significance of the ratings may only be obtained from the rating agency furnishing the same. A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it might not be revised downward or withdrawn entirely by the rating agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of the rating might have an adverse effect on the market price of the Series 2000B Bonds.

PART 11 – TAX MATTERS

On the date of original issuance of the Series 2000B Bonds, Squire, Sanders & Dempsey L.L.P., Bond Counsel delivered its opinion with respect to the tax status of interest on the Series 2000B Bonds. A summary of that opinion is set forth below. Such opinion has not, however, been updated or reissued in connection with the remarketing of the Series 2000B Bonds.

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, delivered May 31, 2000 under then existing law (i) interest on the Series 2000B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2000B Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel expressed no opinion as to any other tax consequences regarding the Series 2000B Bonds. The form of Opinion of Bond Counsel delivered in connection with the issuance of the Series 2000B is attached as Appendix D to this Remarketing Memorandum.

The opinion on tax matters was based on and assumed the accuracy of certain representations and certifications, and compliance with certain covenants, of the Authority and the Institution contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2000B Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel also relied on the opinion of Harris Beach PLLC, of Rochester, New York, as to all matters concerning the status of the Institution as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. Bond Counsel did not independently verify the accuracy of those certifications and representations or that opinion.

The Code prescribes a number of qualifications and conditions for the interest on state and local obligations to be and to remain excluded from gross income for federal income purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Authority or the Institution may cause the interest on the Series 2000B Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to their date of issuance. The Authority and the Institution have each covenanted to take the actions required of it for the interest on the Series 2000B Bonds to be and to remain excluded from gross income for federal income tax purposes.

Under Code provisions applicable only to certain corporations (as defined for federal income tax purposes), a portion of the excess of adjusted current earnings (which includes interest on all tax-exempt obligations, including

the Series 2000B Bonds) over other alternative minimum taxable income is included in alternative minimum taxable income that may be subject to a corporate alternative minimum tax. In addition, interest on the Series 2000B Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2000B Bonds. Bond Counsel expressed no opinion regarding those consequences.

Purchasers of the Series 2000B Bonds at other than their original issuance at the respective prices indicated on the cover should consult their own tax advisers regarding other tax considerations such as the consequences of market discount.

From time to time, there are legislative proposals pending in Congress that, if enacted, could alter or amend one or more of the federal tax matters described in this Remarketing Memorandum or adversely affect the market value of the Series 2000B Bonds. It cannot be predicted whether or in what form any such proposal may be enacted or whether, if enacted, it would apply to obligations (such as the Series 2000B Bonds) issued prior to enactment.

On May 13, 2010, Squire, Sanders & Dempsey L.L.P. will deliver its opinion to the effect that, under existing law, the conversion of the Series 2000B Bonds to the Weekly Interest Rate is permitted under the Act and the Resolutions and will not adversely affect the exclusion of interest on the Series 2000B Bonds from gross income for federal income tax purposes. The form of such opinion to be delivered by Bond Counsel is attached as Appendix E to this Remarketing Memorandum.

PART 12 – STATE NOT LIABLE ON THE SERIES 2000B BONDS

The Act provides that notes and bonds of the Authority shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2000B Bonds shall not be a debt of the State nor shall the State be liable thereon.

PART 13 – COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of the Authority's notes and bonds that the State will not limit or alter the rights vested in the Authority to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of the Authority's notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State's pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with the Authority and with the holders of the Authority's notes or bonds.

PART 14 – LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2000B Bonds by the Authority were subject to the approval of Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel, whose approving opinion was delivered with the Series 2000B Bonds. The form of such opinion as delivered is set forth in Appendix D hereto.

At the time of issuance of the 2000A Bonds and 2000B Bonds, certain legal matters were passed upon for the Institution by its counsel, Harris Beach PLLC, Rochester, New York, for the Underwriters by their counsel, Nixon Peabody LLP, New York, New York, and for the Bank with respect to the 2000B Letter of Credit by its special counsel, Ballard Spahr Andrews & Ingersoll, LLP, Philadelphia, Pennsylvania, and its Belgian counsel, DeBandt, van Hecke, Lagae & Loesch, New York, New York.

In connection with the remarketing of the Series 2000B Bonds, certain legal matters will be passed upon for the Institution by its counsel, Harris Beach PLLC, Rochester, New York and for the Initial Remarketing Agent by its counsel, Nixon Peabody LLP, Rochester, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2000B Bonds or questioning or affecting the validity of the Series 2000B Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of the Authority to finance the Project in accordance with the provisions of the Act, the Resolutions, and the Loan Agreement.

PART 15 – CONTINUING DISCLOSURE

In connection with the original issuance and delivery of the Series 2000B Bonds, in order to assist the Underwriters for the Series 2000B Bonds in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Institution has undertaken in a written agreement for the benefit of the Holders of the Series 2000B Bonds to provide to the Authority, on or before 150 days after its fiscal year, commencing with the fiscal year ending December 31, 2000, for filing by the Authority with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (“MSRB”) on an annual basis, financial and operating information of the type hereinafter described included in this Remarketing Memorandum referred to herein as “Annual Information,” together with the Institution’s annual financial statements prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with generally accepted auditing standards.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the Institution, the Authority has undertaken in a written agreement for the benefit of the Holders of the Series 2000B Bonds, on behalf of and as agent for the Institution, to provide such information and financial statements, as promptly as practicable but no later than 3 business days after receipt of the information by the Authority from the Institution, to EMMA. In addition, the Authority has undertaken, for the benefit of the Holders of the Series 2000B Bonds, to provide to EMMA, in a timely manner, the Notices required to be provided by Rule 15c2-12 promulgated by the Securities and Exchange Commission and described below (the “Notices”).

The Annual Information means annual information concerning the Institution which consists of (1) financial and operating data of the type included in the original Official Statement dated May 16, 2000 for the Series 2000A Bonds and Series 2000B Bonds under the headings “PART 5 – THE INSTITUTION” and “PART 6 – THE PROJECT” relating to the following: (i) rent up, fee structure and occupancy information; (ii) employee and staffing levels; (iii) a summary of annual revenues and expenses unless such information is included in the audited financial statements of the Institution; (iv) outstanding indebtedness, unless such information is included in the audited financial statements of the Institution; together with (2) such narrative explanation, as may be necessary to avoid misunderstanding, and to assist the reader in understanding the presentation of financial and operating data concerning the Institution and in judging the financial and operating condition of the Institution.

The Notices include notices of any of the following events with respect to the Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2000B Bonds; (7) modifications to the rights of holders of the Series 2000B Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2000B Bonds; and (11) rating changes. In addition, the Authority will undertake, for the benefit of the Holders of the Series 2000B Bonds, to provide to EMMA, in a timely manner, notice of any failure by the Institution to provide the Annual Information and annual financial statements by the date required in the Institution’s undertaking described above.

The sole and exclusive remedy for breach or default under the agreement to provide continuing disclosure described above is an action to compel specific performance of the undertakings of the Institution and/or the Authority, and no person, including any Holder of the Series 2000B Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the Institution may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required under the Continuing Disclosure Agreement, by an owner of Outstanding Series 2000B Bonds or by the Trustee on behalf of the owners of Outstanding Series 2000B Bonds, or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the owners of Outstanding Series 2000B Bonds; provided however, that the Trustee shall not be required to take any enforcement action except at the direction of the owners of not less than 25% in aggregate principal amount of Series 2000B Bonds at the time

Outstanding. A breach or default under the agreement shall not constitute an Event of Default under the Resolutions or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The agreement, however, may be amended or modified without the consent of the Holders of the Series 2000B Bonds under certain circumstances set forth therein. A copy of the agreement executed by the parties thereto is on file at the principal office of the Authority.

On January 31, 2005, the Authority entered into an agreement with Digital Assurance Certification LLC (“DAC”) pursuant to which the Authority engaged DAC as its disclosure dissemination agent. Required filings with respect to the Bonds are now provided through DAC.

PART 16 – MISCELLANEOUS

Reference in this Remarketing Memorandum to the Act, the Resolutions, the 2000B Letter of Credit, the Reimbursement Agreement and the Loan Agreement do not purport to be complete. Copies of the Resolutions, the 2000B Letter of Credit, the Reimbursement Agreement and the Loan Agreement are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 2000B Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2000B Bonds nor this Remarketing Memorandum is to be construed as a contract with purchasers of the Series 2000B Bonds.

Any statements in this Remarketing Memorandum involving matters of opinion, whether or not expressly stated, are intended merely as expressions of opinion and not as representations of fact.

The information regarding the Institution and the Project was supplied by the Institution. The Authority believes that this information is reliable, but the Authority and the Initial Remarketing Agent make no representations or warranties as to the accuracy or completeness of this information.

The Bank has reviewed the part of this Remarketing Memorandum describing the Bank. The Bank will certify as of the date of this Remarketing Memorandum that such part is accurate. The Bank makes no representations as to the accuracy or completeness of any other information included in this Remarketing Memorandum.

“Appendix A – Definitions,” “Appendix B – Summary of Certain Provisions of the Loan Agreement,” “Appendix C – Summary of Certain Provisions of the Resolutions,” “Appendix D – Form of Approving Opinion of Bond Counsel,” and “Appendix E – Form of Opinion of Bond Counsel” were prepared by Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel.

The Authority has not committed to provide information on an ongoing basis concerning the Authority, the Institution or the Bank.

The Institution has reviewed the parts of this Remarketing Memorandum describing the Institution and the Project. The Institution shall certify as of the date of this Remarketing Memorandum that such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by the Authority.

**DORMITORY AUTHORITY OF
THE STATE OF NEW YORK**

By: /s/ Paul T. Williams, Jr.

Authorized Officer

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CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

Except as otherwise defined in this Remarketing Memorandum, when used in this Remarketing Memorandum or in summaries of certain provisions of the Resolutions and the Loan Agreement, the following terms have the meanings ascribed to them below:

“Accreted Value” means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Capital Appreciation Bond or the Bond Series Certificate relating thereto and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates;

“Act” means the Dormitory Authority Act being and constituting Title 4 of Article 8 of the Public Authorities Law of the State, as amended;

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Institution or by the Authority under any applicable bankruptcy, reorganization, solvency or similar law as is now or hereafter in effect;

“Alternate Credit Facility” means any Credit Facility issued and delivered to the Trustee and/or the Tender Agent in substitution for or upon the expiration of a pre-existing Credit Facility, all in accordance with the Applicable Series Resolution;

“Alternate Liquidity Facility” means a Liquidity Facility issued and delivered to the Trustee and/or the Tender Agent in substitution for or upon the expiration of a pre-existing Liquidity Facility, all in accordance with the Applicable Series Resolution;

“Annual Administrative Fee” means the fee payable during each Bond Year for the general administrative and supervisory expenses of the Authority;

“Applicable” means (i) with respect to any Series Resolution, the Series Resolution relating to a particular Series of Bonds, (ii) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for a particular Project or Projects, (iii) with respect to any Mortgage, the Mortgage relating to a particular Project or Projects, (iv) with respect to a Bond Series Certificate, such certificate authorized pursuant to an Applicable Series Resolution, and (v) with respect to any Credit Facility, Liquidity Facility, Reimbursement Agreement or Facility Provider, the Credit Facility, Liquidity Facility, Reimbursement Agreement or Facility Provider relating to particular Series of Bonds;

“Appreciated Value” means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or the Bond Series Certificate relating thereto and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date;

“**Arbitrage Rebate Fund**” means the fund so designated, created and established pursuant to the Resolution;

“**Assignment of Rents and Leases**” means an agreement entered into by the Institution and the Authority in connection with the issuance of one or more Series of Bonds that provides that during the term of such agreement the Institution pledges, grants a security interest in and transfers absolutely certain rights, title and interests of the Institution in and to the rents and leases (including residency agreements and fees and charges payable thereunder) to the Authority as further security for the payment of all liabilities and the performance of all obligations of the Institution under the Loan Agreement, the Reimbursement Agreement or any other agreement relating to the issuance of one or more Series of Bonds; including, the Assignment of Rents and Leases, dated the date of issuance of the Series 2000B Bonds, from the Institution to the Authority and assigned by the Authority to the Trustee and the Credit Facility Issuer;

“**Authority**” means the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the rights, powers, duties and functions of the Authority;

“**Authority Fee**” means the fee payable to the Authority as more particularly described in the Loan Agreement;

“**Authorized Denominations**” means with respect to the Daily Interest Rate Period, the Weekly Interest Rate Period or the Commercial Paper Interest Rate Period, a minimum of \$100,000 and above \$100,000, \$5,000 or any integral multiple thereof, or with respect to any Long-Term Interest Rate Period, \$5,000 or any integral multiple thereof;

“**Authorized Newspaper**” means The Bond Buyer or any other newspaper of general circulation printed in the English language and customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York, designated by the Authority;

“**Authorized Officer**” means (i) in the case of the Authority, the Chair; Executive Director; Deputy Executive Director; General Counsel and Assistant Secretary; Chief Financial Officer and Treasurer; Managing Director of Policy and Program Development; Managing Director of Public Finance; Managing Director of Construction; Deputy General Counsel and Assistant Secretary; Associate General Counsel and Assistant Secretary; Assistant General Counsel and Assistant Secretary; Deputy Chief Financial Officer and Assistant Treasurer; Assistant Director, Asset Management and Assistant Treasurer; and Assistant Director, Financial Management and Assistant Treasurer, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the Institution, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the Institution to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee;

“**Authorized Representative**” means (i) with respect to the Remarketing Agent, any officer of the Remarketing Agent who has express authority to take the actions required hereunder on behalf of the Remarketing Agent, (ii) with respect to the Tender Agent, any officer of the Tender Agent, who has express authority to take the actions required hereunder on behalf of the Tender Agent, and (iii) with respect to the Authority, the Institution and the Trustee, as the term “Authorized Officer” is defined in the Resolution;

“**Bank Bonds**” means Series 2000B Bonds purchased with funds drawn under the Applicable Liquidity Facility and owned by or pledged to the Credit Facility Issuer or Liquidity Bank, as the case may be, in accordance with the Applicable Series Resolution;

“Bond or Bonds” means any of the bonds of the Authority authorized and issued pursuant to the Resolution and pursuant to an Applicable Resolution, including the Series 2000B Bonds;

“Bond Counsel” means Squire, Sanders & Dempsey L.L.P., or an attorney or other law firm appointed by the Authority, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds;

“Bond Registrar” means The Bank of New York Mellon, New York, New York, as successor to the Unites States Trust Company of New York and any other commercial bank or trust company organized under the laws of any state of the United States of America or national banking association appointed by the Authority, with the consent of the Institution, to perform the duties of Bond Registrar for any Series of Bonds;

“Bond Series Certificate” means the certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Bonds in accordance with the delegation of power to do so under the Resolution or under a Series Resolution;

“Bond Year” means a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year;

“Bondholder, Holder of Bonds or Holder” or any similar term, when used with reference to a Bond or Bonds, means the registered owner of any Bond;

“Book Entry Bond” means a Bond authorized to be issued, and issued to and registered in the name of a Depository, for the participants in such Depository or the beneficial owner of such Bond;

“Business Day” means any day other than a Saturday, Sunday or other day on which banks are authorized or required to be closed in The City of New York, the city in which the respective Principal Offices of the Trustee, the Remarketing Agent, the Tender Agent, the Bond Registrar, the Paying Agent, the Liquidity Bank and the Credit Facility Issuer each are located, or on which the New York Stock Exchange is closed;

“Capital Appreciation Bond” means any Bond as to which interest is compounded on each Valuation Date for such Bond and is payable only at the maturity or prior redemption thereof;

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder;

“Collateral” means the Mortgage, the Assignment of Rents and Leases, the Gross Receipts Security Agreement, the funds and accounts held by the Trustee under the Resolution (except the Arbitrage Rebate Fund) and all amounts received or receivable under the Loan Agreement;

“Commercial Paper Term” means, with respect to each Series 2000B Bond, each period in accordance with the Applicable Series Resolution during which such Bond shall bear interest at a Commercial Paper Interest Rate;

“Commercial Paper Interest Rate” means, with respect to each Series 2000B Bond, a term, non-variable interest rate on such Bond established periodically in accordance with the Applicable Series Resolution;

“Commercial Paper Interest Rate Period” means each period, comprised of Commercial Paper Terms during which Commercial Paper Interest Rates are in effect;

“Continuing Disclosure Agreement” means that certain Agreement to Provide Continuing Disclosure, by and between the Authority and the Institution and relating to the Series 2000B Bonds;

“Contract Documents” means any general contract or agreement for the construction of the Project, notice to bidders, information for bidders, form of bid, general conditions, supplemental general conditions, general requirements, supplemental general requirements, bonds, plans and specifications, addenda, change orders, and any other documents entered into or prepared by or on behalf of the Institution relating to the construction of the Project, and any amendments to the foregoing;

“Construction Fund” means the fund so designated, created and established pursuant to the Resolution;

“Cost or Costs of Issuance” means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, including, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, legal and accounting fees and charges, professional consultants’ fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges relating to a Credit Facility, a Liquidity Facility, an Interest Rate Exchange Agreement or a Remarketing Agreement, costs and expenses in connection with the refunding of Bonds or other bonds and other costs, charges and fees, including those of the Authority, in connection with the foregoing;

“Cost or Costs of the Project” means when used in relation to a Project the costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessarily or appropriately incurred in connection with the Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses for the acquisition and installation of equipment, machinery or furnishings, (vi) all other costs which the Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement, equipping and furnishing of the Project, (vii) any sums required to reimburse the Institution or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project, (viii) interest on the Bonds prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement, equipping or furnishing of the Project, and (ix) fees, expenses and liabilities of the Authority or the Trustee incurred in connection with the Project or pursuant to the Resolution, or to the Loan Agreement or a Mortgage;

“Credit Facility” means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, financial guaranty insurance policy or other agreement, facility or insurance or guaranty arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, Fannie Mae or any successor thereto, or any other federal agency or instrumentality approved by the Authority, pursuant to which the Authority is entitled to obtain moneys to pay the principal, purchase price or Redemption Price of Bonds due in accordance with their terms or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof, in accordance herewith and with the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, whether or not the Authority is in default hereunder;

“Credit Facility,” for purposes of the Series 2000B Resolution, means any letter of credit, insurance policy, guaranty, surety bond or other agreement satisfactory to the Authority which provides for,

guarantees or insures payment of principal of and redemption premium, if agreed to by the Credit Facility Issuer and the Institution, and interest on the Series 2000B Bonds when due and shall be meant to include the Initial Credit Facility and any Alternate Credit Facility;

“Credit Facility Issuer” means the Initial Credit Facility Issuer or any issuer of any Alternate Credit Facility;

“Credit Facility Provider” means the Facility Provider of a Credit Facility;

“Daily Interest Rate” means a variable interest rate established on each Day in accordance with the Applicable Series Resolution;

“Daily Interest Rate Period” means, with respect to any Series 2000B Bond each period during which a Daily Interest Rate is in effect for such Series 2000B Bond;

“Debt Service Fund” means the fund so designated, created and established pursuant to the Resolution;

“Debt Service Reserve Fund” means the fund so designated, created and established pursuant to the Resolution;

“Debt Service Reserve Fund Requirement” means, unless otherwise provided in a Series Resolution, as of any particular date of computation, which date of computation shall be subsequent to July 1 of each calendar year, with respect to the Bonds, an amount equal to the greatest amount required in the then current or any future calendar year to pay the sum of interest on Outstanding Bonds payable during such calendar year, and the principal and Sinking Fund Installments of such Outstanding Bonds payable on July 1 (or such other date as set forth in the Applicable Series Resolution or Bond Series Certificate) of such calendar year, excluding interest accruing on the Bonds from the dated date of any such Bonds to the January 1 or July 1 immediately preceding the first interest payment date, except that if, upon the issuance of a Series of Bonds, such amount would require moneys, in an amount in excess of the maximum amount permitted under the Code to be deposited therein from the proceeds of such Bonds, to be deposited therein, the Debt Service Reserve Fund Requirement shall mean an amount equal to the sum of the Debt Service Reserve Fund Requirement immediately preceding issuance of such Bonds and the maximum amount permitted under the Code to be deposited therein from the proceeds of such Bonds, as certified by an Authorized Officer of the Authority; *provided, however*, that for purposes of this definition (a) the principal and interest portions of the Accreted Value of a Capital Appreciation Bond and the Appreciated Value of a Deferred Income Bond becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of interest and principal payable on July 1 of the year in which such Capital Appreciation Bond or Deferred Income Bond matures or in which such Sinking Fund Installment is due, (b) it shall be assumed that a Variable Interest Rate Bond, prior to its conversion to bear interest at a fixed rate to its maturity, bears interest during any year at the higher of (1) the lesser of (x) a fixed rate of interest equal to that rate, as estimated by an Authorized Officer of the Authority, after consultation with the remarketing agent, if any, or with an investment banking firm which is regularly engaged in the underwriting of or dealing in bonds of substantially similar character, on a day not more than twenty (20) days prior to the date of initial issuance of such Variable Interest Rate Bond, which such Variable Interest Rate Bond would have had to bear to be marketed at par on such date as a fixed rate obligation maturing on the maturity date of such Variable Interest Rate Bond and (y) if the Authority or the Institution has in connection with such Variable Interest Rate Bond entered into an interest rate exchange or swap agreement which provides that the Authority or the Institution is to pay to another person an amount determined based upon a fixed rate of interest on the Outstanding principal amount of the Variable Interest Rate Bonds to which such agreement relates, the fixed rate of interest set forth in or determined in accordance with such agreement, and (2) a rate, not less than the initial rate of interest on such Variable Interest Rate Bond, set forth in or determined pursuant to a formula set forth in the Series Resolution authorizing such Variable Interest Rate Bond or in the Bond Series Certificate relating to such Bond, and (c) if a Variable Interest Rate Bond shall be converted to a fixed rate Bond for the remainder of the term thereof and as a result of such conversion a deficiency shall be created in the Debt Service Reserve Fund, the Debt Service Reserve Fund Requirement shall be calculated so as to exclude the amount of such deficiency and the Debt Service Reserve Fund Requirement shall be increased in each of the five (5)

years after the date of such conversion by an amount which shall be equal to twenty per centum (20%) of the aforesaid deficiency;

“Defeasance Security” means (a) a direct obligation of the United States of America, (b) an obligation the principal of and interest on which are guaranteed by the United States of America (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), (c) an obligation to which the full faith and credit of the United States of America are pledged (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), (d) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, obligations described in clause (a), (b) or (c), and (e) an Exempt Obligation (i) which is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) which is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or direct obligations of the United States of America which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) which are rated by each Rating Service in the highest rating category for such Exempt Obligation; provided, however, that (1) such term shall not mean any interest in a unit investment trust or mutual fund and (2) no obligation described in clause (a), (b) or (c) shall be subject to redemption prior to maturity other than at the option of the holder thereof;

“Deferred Income Bond” means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable semiannually on July 1 and January 1 of each Bond Year;

“Delivery Office” shall mean such address as may be specified by the Tender Agent for receiving the Series 2000B Bonds and the notices set forth in the Applicable Series Resolution;

“Depository” 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 person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds or a Bond Series Certificate relating to a Series of Bonds to serve as securities depository for such Bonds;

“Eligible Funds” means, with respect to the Series 2000B Bonds (i) moneys drawn under the Applicable Liquidity Facility and the Applicable Credit Facility; (ii) all other amounts on deposit in the Issue 2000 Debt Service Fund prior to the expiration of the Applicable Liquidity Facility and the Applicable Credit Facility as to which the Trustee has received an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment to the Bondholders of such moneys would not constitute a transfer which may be avoided under any provision of the United States Bankruptcy Code or any similar law in the event of an Act of Bankruptcy, in form acceptable to any Rating Agency then rating the Series 2000B Bonds; (iii) after the expiration of any Liquidity Facility or Credit Facility relating to the Series 2000B Bonds, if the Series 2000B Bonds still being Outstanding all amounts on deposit in any Fund or Account under the Resolution from whatever source; and (iv) investment earnings on the foregoing;

“Entrance Fees” means the entrance fees initially paid by residents of the Issue 2000 Project to or for the benefit of the Institution in connection with the residents’ occupancy of units of the Issue 2000 Project;

“Entrance Fee Fund” means the fund so designated, created and established pursuant to the Resolution;

“Excess Earnings” means, with respect to the Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code;

“Exempt Obligation” means an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account hereunder, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the lowest rating on Outstanding Bonds assigned by each Rating Service;

“Facility Provider” means the issuer of a Credit Facility, a Liquidity Facility or a Reserve Fund Facility delivered to the Trustee pursuant to the Resolution;

“Facility Provider Default” means, with respect to a Facility Provider, any of the following: (a) there shall occur a failure of the Facility Provider to make payment under its Credit Facility or Liquidity Facility; (b) the Applicable Credit Facility or Applicable Liquidity Facility shall have been declared null and void or unenforceable in a final determination by a court of law; (c) a decree for order or relief shall be granted by a court of competent jurisdiction in respect of an Applicable Facility Provider in an involuntary case under the applicable bankruptcy, insolvency or other similar law now or hereafter in effect or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of an Applicable Facility Provider or for any substantial part of its property or for the winding-up or liquidation of its affairs; or (d) an Applicable Facility Provider shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Applicable Facility Provider or for any substantial part of its property, or shall make a general assignment for the benefit of creditors;

“Favorable Opinion of Bond Counsel” means an opinion of Bond Counsel, addressed to the Authority, the Institution, the Credit Facility Issuer, the Liquidity Bank and the Trustee, to the effect that the action proposed to be taken is authorized or permitted by the Resolution and the Act and will not adversely affect the exclusion of interest on the Series 2000B Bonds from gross income for purposes of federal income taxation under Section 103 of the Code, in form and substance acceptable to the Authority, the Institution, the Applicable Credit Facility Issuer, the Applicable Liquidity Bank and the Trustee;

“Fixed Interest Rate Period” means a Long-Term Interest Rate Period during which the Fixed Interest Rate is in effect;

“Fixed Rate” or **“Fixed Interest Rate”** means a Long-Term Interest Rate on Series 2000B Bonds, fixed to maturity;

“Government Obligation” means a direct obligation of the United States of America, an obligation the principal of and interest on which are guaranteed by the United States of America, an obligation to which the full faith and credit of the United States of America are pledged, an obligation of any federal agency approved by the Authority, and a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, direct obligations of the United States of America; provided, however, that such term shall not include any obligation subject to variation in principal repayment;

“Gross Receipts Security Agreement” means an agreement entered into by the Institution and the Authority in connection with the issuance of one or more Series of Bonds that provides that during the term of such agreement the Institution pledges, grants a security interest in and assigns to the Authority the gross receipts of the Institution as further security for the payment of all liabilities and the performance of all obligations of the Institution under the Loan Agreement, the Reimbursement Agreement or any agreement relating to the issuance of one or more Series of Bonds; including, the Gross Receipts Security Agreement, dated the date of issuance of the

Series 2000B Bonds, from the Institution to the Authority and assigned by the Authority to the Trustee and the Credit Facility Issuer;

“Initial Credit Facility” means, with respect to the Series 2000B Bonds, that certain irrevocable letter of credit dated the date of initial authentication and delivery of the Series 2000B Bonds and issued by the Initial Credit Facility Issuer, in favor of the Trustee, in an aggregate amount equal to the principal amount of the Series 2000B Bonds, plus during any period in which the Series 2000B Bonds are (i) in the Weekly Interest Rate Period, fifty-three days interest thereon at an interest rate of twelve percent (12%) per annum or (ii) in the Long-Term Interest Rate Period, two hundred one days interest thereon, at the interest rate of the Series 2000B Bonds for such Interest Rate Period.

“Initial Credit Facility Issuer” means, with respect to the Series 2000B Bonds, KBC Bank N.V., acting through its New York branch, as issuer of the Applicable Initial Credit Facility;

“Institution” means F.F.T. Senior Communities, Inc., a non-profit corporation organized and existing under the laws of the State of New York and an organization described in Section 501(c)(3) of the Code;

“Intercreditor Agreement” means the Intercreditor Agreement, dated as of the date of delivery of the Bonds, by and among the Authority, the Credit Facility Issuer, and the Trustee, governing certain remedies and control over certain Collateral;

“Interest Accrual Date” means (i) with respect to each Daily Interest Rate Period or Weekly Interest Rate Period, the first day of each calendar month or such later date in such calendar month on which a particular Series 2000B Bond or Series 2000B Bonds became subject to a Daily Interest Rate Period or a Weekly Interest Rate Period; and (ii) with respect to any other Interest Rate Period, each Interest Payment Date in respect hereof other than the last such Interest Payment Date;

“Interest Commencement Date” means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond, after which interest accruing on such Bond shall be payable on the interest payment date immediately succeeding such Interest Commencement Date and semiannually thereafter on July 1 and January 1 of each Bond Year;

“Interest Payment Date” shall mean (i) with respect to any Daily Interest Rate Period, the first Business Day of each calendar month commencing with the second calendar month in such Daily Interest Rate Period and the Business Day next succeeding the last day of such Daily Interest Rate Period; (ii) with respect to any Weekly Interest Rate Period, the first Wednesday of each calendar month commencing with the second calendar month in such Weekly Interest Rate Period and the Business Day next succeeding the last day of such Weekly Interest Rate Period; (iii) with respect to each Commercial Paper Interest Rate Period, the next succeeding Business Day after the end of each Commercial Paper Term; and (iv) with respect to any Long-Term Interest Rate Period, except as otherwise provided in the Applicable Series Resolution, July 1 and January 1 of each year, and the day succeeding the last day of such Long-Term Interest Rate Period;

“Interest Rate Exchange Agreement” means an agreement entered into by the Authority or the Institution, as the case may be, in connection with the issuance of or which relates to Bonds of one or more Series which provides that during the term of such agreement the Authority or the Institution, as the case may be, is to pay to the counterparty thereto interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds or any portion thereof and that such counterparty is to pay to the Institution or the Authority, on the Institution’s behalf, as the case may be, an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that provides for payment of only net amounts due under such agreement;

“Interest Rate Period” means the Daily Interest Rate Period, Weekly Interest Rate Period, Commercial Paper Interest Rate Period, Long-Term Interest Rate Period or Fixed Interest Rate Period;

“Issue 2000 Arbitrage Rebate Fund” means the fund created within the Arbitrage Rebate Fund and so designated and established pursuant to the Series 2000 Resolutions;

“Issue 2000 Construction Fund” means the fund created within the Construction Fund and so designated and established pursuant to the Series 2000 Resolutions;

“Issue 2000 Debt Service Fund” means the fund created within the Debt Service Fund and so designated and established pursuant to the Series 2000 Resolutions;

“Issue 2000 Debt Service Reserve Fund” means the fund created within the Debt Service Reserve Fund and so designated and established pursuant to the Series 2000 Resolutions;

“Issue 2000 Entrance Fee Fund” means the fund created within the Entrance Fee Fund and so designated and established pursuant to the Series 2000 Resolutions;

“Issue 2000 Operating Reserve Fund” means the fund created pursuant to the Resolution and the Series 2000 Resolutions;

“Issue 2000 Project” shall mean the Project financed with a portion of the proceeds of the Series 2000A Bonds and the Series 2000B Bonds, consisting of the acquisition, construction and equipping of a 132-unit senior living retirement community to be owned and operated by the Institution and consisting of two adjacent components: 84 independent living units and 48 enriched living apartments;

“Investment Agreement” means an agreement for the investment of moneys with a Qualified Financial Institution;

“Liquidity Bank” means the issuer of a Liquidity Facility, in its capacity as provider of a Liquidity Facility, and its successors in such capacity and their assigns. If at any time there shall be more than one bank or other financial institution providing or issuing, either on a joint or several basis, a Liquidity Facility, then the term “Liquidity Bank” shall refer to the lead bank or financial institution or other agent appointed by such banks or financial institutions as their representative under such Liquidity Facility. The initial Liquidity Bank for the Series 2000B Bonds is KBC Bank N.V., acting through its New York branch;

“Liquidity Facility” means an irrevocable letter of credit, surety bond, loan agreement, Standby Bond Purchase Agreement, line of credit or other agreement or arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Fannie Mae or any successor thereto, or any other federal agency or instrumentality approved by the Authority, pursuant to which moneys may be obtained upon the terms and conditions contained therein for the purchase or redemption of Bonds tendered for purchase or redemption in accordance with the terms of the Resolution and of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds;

“Liquidity Facility,” for purposes of the Series 2000B Resolution, means a letter of credit, insurance policy, guaranty, surety bond, standby bond purchase agreement, line or lines of credit or other similar agreement or agreements or any other agreement or agreements used to provide liquidity support for all or any portion of the Series 2000B Bonds which are subject to mandatory tender for purchase or purchase upon demand of the Holder in accordance with the terms of the Applicable Series Resolution. The term Liquidity Facility also means any Alternate Liquidity Facility. The term Liquidity Facility includes a Credit Facility only to the extent that such Credit Facility includes as part of its terms an agreement to provide liquidity support for any Series 2000B

Bonds as set forth in the first sentence of this definition. The initial Liquidity Facility for the Series 2000B Bonds is the Initial Credit Facility;

“Loan Agreement” means the Loan Agreement, dated as of May 3, 2000 by and between the Authority and the Institution in connection with the issuance of Series 2000 Bonds, as the same shall have been amended, supplemented or otherwise modified as permitted by the Loan Agreement;

“Long-Term Interest Rate” shall mean, with respect to any Series 2000B Bond, a term, non-variable interest rate established in accordance with the Applicable Series Resolution for a period in excess of 365 days, including a Fixed Interest Rate;

“Long-Term Interest Rate Period” means, with respect to any Series 2000B Bond, each period during which a particular Long-Term Interest Rate is in effect for such Bond;

“Maximum Interest Rate” means, with respect to the Series 2000B Bonds, the lesser of (i) twelve percent (12%) per annum or (ii) the maximum rate of interest permitted by applicable law;

“Minimum Interest Rate” means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bonds as the minimum rate at which such Bond may bear interest at any time;

“Mortgage” means a mortgage granted by the Institution to the Authority in connection with the issuance of any one or more Series of Bonds, in form and substance satisfactory to an Authorized Officer of the Authority, on the Mortgaged Property as security for the payment of all liabilities and the performance of the Institution’s obligations under the Loan Agreement and the Reimbursement Agreement, as such Mortgage may be amended or modified from time to time with the consent of the Authority;

“Mortgaged Property” means the land or interest therein described in each Mortgage, together with the buildings and improvements thereon or hereafter erected thereon and the furnishings and equipment owned by the Institution located thereon or therein as may be specifically identified in the Mortgage;

“Outstanding,” when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered hereunder and under any Series Resolution except: (i) any Bond cancelled by the Trustee at or before such date; (ii) any Bond deemed to have been paid in accordance with the Resolution; (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and (iv) any Variable Interest Rate Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided herein and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond;

“Paying Agent” means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or of a Series Resolution, a Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed;

“Permitted Encumbrances” means (i) the Loan Agreement, the Resolution, any Series Resolution, any Mortgage, the Assignment of Rents and Leases, the Gross Receipts Security Agreement and any instrument recorded pursuant to the Loan Agreement, (ii) security interests, liens or other encumbrances to secure the purchase price of any equipment or furnishings, (iii) any other encumbrances or matters approved in writing by the Authority and the Credit Facility Issuer, (iv) liens permitted by this Loan Agreement and (v) those matters referred to in any title insurance policy issued to the Authority in connection with the Mortgage and accepted by the Authority;

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a governmental body or a political subdivision, a municipality, a municipal authority or any other group or organization of individuals;

“Pledged Revenues” means all fees and charges paid or payable to the Institution, the right to receive the same and the proceeds thereof and of such right including Entrance Fees;

“Principal Office,” when used with respect to the Trustee, means the principal corporate trust office of The Bank of New York Mellon, as successor to United States Trust Company of New York and, when used with respect to the Bond Registrar, the Remarketing Agent and the Tender Agent, means the respective offices thereof designated in writing to the Trustee unless, in the case of the Bond Registrar, the Trustee is performing such functions, in which case “Principal Office” means the Principal Office of the Trustee;

“Project” means a “facility for the aged,” as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of Bonds, as more particularly described in the Loan Agreement or in any Series Resolution including the “Issue 2000 Project” as such term as defined in the Series 2000 Resolutions;

“Provider Payments” means the amount, certified by a Facility Provider to the Trustee, payable to such Facility Provider by the Institution on account of amounts advanced by it under a Reserve Fund Facility, including interest on amounts advanced and fees and charges with respect thereto;

“Qualified Financial Institution” means (i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, (iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity or (iv) the Government National Mortgage Association or any successor thereto, Fannie Mae or any successor thereto, or any other federal agency or instrumentality approved by the Authority; *provided, however,* that in the case of any entity described in (ii) or (iii) above, the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, at the time an Investment Agreement is entered into by the Authority, are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the third highest rating category by each Rating Service;

“Rating” means the long-term rating assigned to the Series 2000B Bonds by Moody’s, if Moody’s is then rating the Series 2000B Bonds, by S&P, if S&P is then rating the Series 2000B Bonds, and by any other nationally recognized rating agency, if such rating agency is then rating the Series 2000B Bonds;

“Rating Service” means Moody’s Investors Service, Inc., Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., Fitch IBCA, Inc., or Duff & Phelps Credit Rating Co., or each other rating service, in each case, which has assigned a rating to Outstanding Bonds at the request of the Authority, or their respective successors and assigns;

“Record Date” means (i) during a Daily Interest Rate Period or a Weekly Interest Rate Period, the last day of each calendar month and (ii) during any other Interest Rate Period, the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding an interest payment date;

“Redemption Price” when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Resolution or to the Applicable Series Resolution or Bond Series Certificate;

“Refunding Bonds” means all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered on original issuance pursuant to the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution;

“Reimbursement Agreement” means any agreement entered into by the Institution and a Facility Provider of a Credit Facility or Liquidity Facility, as the case may be, in connection with the issuance of a Credit Facility or Liquidity Facility, as the case may be, that provides for, among other things, the reimbursement obligations of the Institution in connection with draws under the Credit Facility or Liquidity Facility, as the case may be including, the Reimbursement, Credit and Security Agreement by and between the Institution and the Initial Credit Facility Issuer, as amended;

“Related Agreements” means each Remarketing Agreement, Interest Rate Exchange Agreement and any agreement entered into in connection with a Reserve Fund Facility, Credit Facility or Liquidity Facility, to which the Institution is a party, including without limitation, the Reimbursement Agreement;

“Remarketing Agent,” means such remarketing agent as may be appointed from time to time having the qualifications set forth in the Applicable Series Resolution;

“Remarketing Agreement” means the Remarketing Agreement between the Authority, the Institution and the Applicable Remarketing Agent pursuant to which Remarketing Agent has been appointed as the exclusive agent for the remarketing of the Series 2000B Bonds delivered by Holders of the Series 2000B Bonds for purchase (or deemed purchased pursuant to the Series 2000B Resolution), and such other agreement appointing a Remarketing Agent as may be appointed from time to time having the qualifications set forth in the Series 2000B Resolution;

“Reserve Fund Facility” means a surety bond, insurance policy or letter of credit which constitutes any part of the Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to the Resolution;

“Resolution” means the F.F.T. Senior Communities, Inc. Revenue Bond Resolution, adopted May 3, 2000, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution;

“Revenues” means all payments received or receivable by the Authority which pursuant to the Loan Agreement are required to be paid to the Trustee (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to an Arbitrage Rebate Fund) securing the Bonds;

“Securities” means (i) moneys, (ii) Government Obligations, (iii) Exempt Obligations, (iv) interest-bearing time deposits, certificates of deposit or other similar investment arrangements, provided that all moneys in each such interest-bearing time deposit, certificate of deposit or other similar investment arrangement shall be continuously and fully insured by the Federal Deposit Insurance Corporation, or (v) Investment Agreements;

“Serial Bonds” means the Bonds so designated in a Series Resolution or a Bond Series Certificate;

“Series” means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and to the Series Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions;

“Series 2000A Bonds” means the Series 2000A Bonds designated as “Dormitory Authority of the State of New York F.F.T. Senior Communities, Inc. Revenue Bonds, Series 2000A,” authorized to be issued pursuant to the Resolution and the Series 2000A Resolution and dated their date of issue;

“Series 2000B Bonds” means the Series 2000B Bonds designated as “Dormitory Authority of the State of New York F.F.T. Senior Communities, Inc. Revenue Bonds, Series 2000B,” authorized to be issued pursuant to the Resolution and the Series 2000B Resolution and dated May 1, 2000;

“Series 2000 Bonds” means collectively, the Series 2000A Bonds and the Series 2000B Bonds;

“Series Resolution” means a resolution of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Resolution;

“Series 2000A Resolution” means the Series Resolution, adopted on May 3, 2000 authorizing the Series 2000A Bonds;

“Series 2000B Resolution” means the Series Resolution, adopted May 3, 2000 authorizing the Series 2000B Bonds;

“Series 2000 Resolutions” means, collectively, the Series 2000A Resolution and the Series 2000B Resolution;

“Sinking Fund Installment” means, as of any date of calculation, when used with respect to any Bonds of a Series, other than Variable Interest Rate Bonds, so long as any such Bonds are Outstanding, the amount of money required by the Resolution or by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future July 1 for the retirement of any Outstanding Bonds of said Series which mature after said future July 1, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future July 1 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment, and when used with respect to Variable Interest Rate Bonds of a Series, so long as such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Variable Interest Rate Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment;

“Standby Bond Purchase Agreement” means an agreement by and between the Authority and another person or by and among the Authority, the Institution and another person, pursuant to which such person is obligated to purchase a Variable Interest Rate Bond tendered for purchase if a Standby Purchase Agreement has been provided in connection with such Variable Interest Rate Bond;

“State” means the State of New York;

“Supplemental Resolution” means any resolution of the Authority amending or supplementing the Resolution, any Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms and provisions of the Resolution;

“Tax Certificate” means the “Tax Certificate as to Arbitrage” or similar certificate executed by the Authority in connection with and relating to the issuance of a Series of Bonds, including the appendices, schedules and exhibits thereto, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said certificate, in each case as the same may be amended or supplemented;

“Tender Agent” means The Bank of New York Mellon, as successor to United States Trust Company of New York or such other agent as may be appointed from time to time having the qualifications set forth in the Series Resolution;

“Term Bonds” means the Bonds so designated in a Series Resolution or a Bond Series Certificate and payable from Sinking Fund Installments;

“Trustee” means the bank or trust company appointed as Trustee for the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for in the Resolution, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution;

“Valuation Date” means (i) with respect to any Capital Appreciation Bond, each date set forth in the Series Resolution authorizing such Capital Appreciation Bond or in the Bond Series Certificate relating to such Bond on which a specific Accreted Value is assigned to such Capital Appreciation Bond, and (ii) with respect to any Deferred Income Bond, the date or dates prior to the Interest Commencement Date and the Interest Commencement Date set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond on which specific Appreciated Values are assigned to such Deferred Income Bond;

“Variable Interest Rate” means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds and which shall be based on (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (*e.g.*, a prime lending rate) which may be in effect from time to time or at a particular time or times; *provided, however*, that such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate and that there may be an initial rate specified, in each case, as provided in such Series Resolution or Bond Series Certificate, (ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate; *provided, further*, that such Series Resolution or Bond Series Certificate shall also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner of determining such time or times or (iii) periodic auctions pursuant to procedures set forth in the Applicable Series Resolution or Bond Series Certificate;

“Variable Interest Rate Bond” means any Bond which bears a Variable Interest Rate; *provided, however*, that a Bond the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be a Variable Interest Rate Bond;

“Weekly Interest Rate” means a variable interest rate established weekly in accordance with the Series Resolution; and

“Weekly Interest Rate Period” means, with respect to any Series 2000B Bond each period during which a Weekly Interest Rate is in effect for such Series 2000B Bond.

**SUMMARY OF CERTAIN PROVISIONS OF
THE LOAN AGREEMENT**

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of its provisions. Unless clearly indicated otherwise, defined terms used in this Appendix B have the meanings ascribed to them in Appendix A.

Construction of Project

The Institution agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and under the Loan Agreement, the Institution shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of the Project, substantially in accordance with the Contract Documents relating thereto or, to the extent the Project includes the refunding of bonds or other debt, the Institution shall complete such refunding. Subject to the conditions of the Loan Agreement, the Authority will, to the extent of moneys available in the Construction Fund, cause the Institution to be reimbursed for, or pay, any costs and expenses incurred by the Institution which constitute Costs of the Project, provided such costs and expenses are approved by the Authority, which approval shall not be unreasonably withheld.

To the extent that moneys are available therefor, moneys in the Construction Fund shall be disbursed as the construction of the Project progresses, but not more frequently than once a month, unless otherwise agreed to in writing by the Authority, in amounts as shall be requested by the Institution pursuant to a request for disbursement as provided in the Loan Agreement, and approved by the Credit Facility Issuer but not in excess of that reasonably determined by the Authority to be needed to reimburse the Institution for, or to pay, any costs and expenses constituting Costs of the Project previously paid or then due which were incurred by the Institution in connection with the Project; provided that the Authority may, in its sole discretion, withhold or delay making any advance in connection with the Project at any time there is pending an action or proceeding, judicial or administrative, challenging the Institution's right to undertake such Project or part thereof, or in which there is in issue (i) the validity of any governmental permit, consent or authorization, or the issuance thereof, necessary in connection with such Project or part thereof, or (ii) the due authorization or validity of any Bonds issued in connection with such Project or part thereof, unless the Institution has provided the Authority with security in such form and amount as may be reasonably required the Authority.

Prior to the Authority making and delivering any certificate required to be delivered to the Trustee in connection with payments to be made pursuant to the Resolution for Costs of the Project, other than interest on Outstanding Bonds of an Applicable Series, the Institution shall deliver to the Authority the following:

- (a) copies of all invoices, paid or unpaid;
- (b) copies of front and back of cancelled checks, if any; and
- (c) a certificate of an Authorized Officer of the Institution certifying that the amount of money for which payment is requisitioned has been incurred or expended for items which constitute Costs of the Project for which such certificate is delivered and that each amount contained therein has not been the basis of any prior disbursement from the Construction Fund.

The Institution will receive the disbursements of moneys in the Construction Fund to be made under the Loan Agreement, and will hold the right to receive the same, as a trust fund for the purpose of paying the Costs of the Project for which each disbursement was made, and will apply the same first to such payment before using any part thereof for any other purposes.

The Institution shall permit the Authority, its authorized representatives and the Credit Facility Issuer at all reasonable times on reasonable notice, to enter upon the property of the Institution, the Project and any Mortgaged Property to inspect the Project and any Mortgaged Property and all materials, fixtures and articles used or to be used in construction of the Project, and to examine all Contract Documents. The Institution shall furnish to the Authority, its authorized representatives and the Credit Facility Issuer, when requested, copies of such Contract Documents. The Institution agrees to retain all documentation of expenditures for items which constitute Costs of the Project for at least seven (7) years after the date of completion of the Project to which such documentation relates.

The Authority, in its sole and absolute discretion, may waive, from time to time, any of the conditions set forth in this subdivision except the required approval of the Credit Facility Issuer. Any such waiver shall not be deemed a waiver by the Authority of its right to thereafter require compliance with any such condition. The Institution acknowledges and agrees that disbursements from the Construction Fund are to be made by the Trustee and shall be made in accordance with the Resolution only upon receipt by the Trustee of the documents required by the Resolution to be executed and delivered in connection with such disbursements.

The Project shall be deemed to be complete upon delivery to the Authority, the Credit Facility Issuer and the Trustee of a certificate signed by an Authorized Officer of the Institution which certificate shall be delivered as soon as practicable after the completion of the Project, or upon delivery to the Trustee and the Institution of a certificate signed by the Authority and delivered at any time after completion of the Project. Any such certificate shall comply with the requirements of the Resolution. The Authority agrees that it will not execute and deliver any such certificate unless the Authority has notified the Institution in writing that, in the Authority's judgment, the Project has been completed substantially in accordance with the plans and specifications for the Project and the Institution has failed to execute and deliver such certificate within thirty (30) days after such notice is given. The moneys, if any, remaining in the Construction Fund after the Project has been deemed to be complete shall be paid as provided in the Resolution.

(Section 5)

Amendment of the Project; Sale or Conveyance of Project; Cost Increases; Additional Bonds

A Project may be amended by agreements supplementing the Loan Agreement by and between the Institution and the Authority, to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake.

The Institution covenants that it shall not transfer, sell, encumber or convey any interest in the Project or any part thereof or interest therein, including development rights, without the prior written consent of the Authority and the Credit Facility Issuer, which consent shall be accompanied by (i) an agreement by the Institution to comply with all terms and conditions of such consent and (ii) an opinion of Bond Counsel stating that the change will not have an effect on the status of the taxability of the Bonds for federal income taxation purposes. As a condition to such approval, the Authority or the Credit Facility Issuer may require that the Institution pay to the Trustee for deposit in the Debt Service Fund an amount not to exceed the principal amount of the Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures in the Project or which comprise a part of the Project provided that the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

The Institution shall provide such moneys as in the reasonable judgment of the Authority may be required for the cost of completing the Project or a portion thereof in excess of the moneys in the Construction Fund, whether such moneys are required as a result of an increase in the scope of such Project or otherwise. Moneys required to be paid by the Institution pursuant to this paragraph shall be paid to the Trustee for deposit in the Construction Fund within thirty (30) days after receipt by the Institution of written notice from the Authority that such moneys are required.

No Contract Documents shall be entered into after the date of the Loan Agreement and no material modification, addition or amendment to the Contract Documents may be made after the date of the Loan Agreement, including without limitation change orders materially affecting the scope or nature of the Project or where the cost of implementing the change exceeds \$50,000, without the prior written approval of the Authority, which approval may not be unreasonably withheld. The Institution agrees to furnish or cause to be furnished to the Authority copies of all change orders regardless of amount, upon the request of the Authority therefor.

The Authority, upon the request of the Institution, may, but shall not be required to, issue Bonds (as such term is defined in the Resolution) to refund Outstanding Bonds or Bonds (as such term is defined in the Resolution) to provide moneys required for the cost of completing the Project in excess of the moneys in the Construction Fund.

The Institution shall provide such moneys or an irrevocable letter of credit or other security in such form as may be acceptable to the Authority as in the reasonable judgment of the Authority may be required to pay the cost of completing the Project in excess of the moneys, letter of credit or other security in the Construction Fund, whether such moneys, letter of credit or other security are required as a result of an increase in the scope of such Project or otherwise. Such moneys, letter of credit or other security shall be paid or available to the Trustee for deposit in the Construction Fund within thirty (30) days of receipt of notice from the Authority that such moneys or other security are required.

(Section 6)

Financial Obligations of the Institution

Except to the extent that moneys are available therefor under the Resolution or under the Loan Agreement, including moneys in the Debt Service Fund (other than moneys required to pay the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), but excluding moneys from the Debt Service Reserve Fund and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the Institution unconditionally agrees to pay, so long as Bonds are Outstanding, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

- (a) On or before the date of delivery of the Bonds of a Series, the Authority Fee agreed to by the Authority and the Institution in connection with issuance of the Bonds of such Series;
- (b) On or before the date of delivery of the Bonds of a Series, such amount, if any, as is required, in addition to the proceeds of such Bonds available therefor, to pay the Costs of Issuance of the Bonds of such Series, and other costs in connection with the issuance of the Bonds of such Series;
- (c) Three (3) Business Days prior to an interest payment date on Outstanding Variable Interest Rate Bonds, the interest coming due on such Variable Interest Rate Bonds on such interest payment date;
- (d) Other than with respect to Variable Interest Rate Bonds, on the tenth (10th) day of each month commencing on the tenth (10th) day of the sixth (6th) month immediately preceding the date on which interest on Bonds becomes due, one-sixth (1/6) of the interest coming due on the Bonds on the immediately succeeding interest payment date on the Bonds; *provided, however*, that, if with respect to the Bonds there are more or less than six (6) such payment dates prior to the first interest payment on the Bonds, on each payment date prior to such interest payment date the Institution shall pay with respect to such Bonds an amount equal to the interest coming due on the Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on the Bonds;

(e) On the tenth (10th) day of each month commencing on the tenth (10th) day of the June immediately preceding the July 1 (or such other date as set forth in the Applicable Series Resolution) on which the principal or a Sinking Fund Installment of Bonds becomes due, one-twelfth (1/12) of the principal and Sinking Fund Installment on the Bonds coming due on such July 1 (or such other date as set forth in the Applicable Series Resolution); *provided, however*, that, if with respect to the Bonds there are less than twelve (12) such payment dates prior to the July 1 (or such other date as set forth in the Applicable Series Resolution) on which principal or Sinking Fund Installments come due on the Bonds, on each payment date prior to such July 1 (or such other date as set forth in the Applicable Series Resolution) the Institution shall pay with respect to such Bonds an amount equal to the principal and Sinking Fund Installments of such Bonds coming due on such July 1 (or such other date as set forth in the Applicable Series Resolution) multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1 (or such other date as set forth in the Applicable Series Resolution);

(f) At least thirty (30) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased, other than a Variable Interest Rate Bond to be purchased or redeemed pursuant to an optional or mandatory tender thereof, is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

(g) On December 10 of each Bond Year one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with each Series of Bonds, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; *provided, however*, that the Annual Administrative Fee with respect to a Series of Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to such Series of Bonds multiplied by a fraction the numerator of which is the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);

(h) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made by it pursuant to the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement hereof, (iii) to reimburse the Authority for any reasonable external costs or expenses incurred by it attributable to the issuance of a Series of Bonds or the financing or construction of the Project, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement, a Credit Facility or a Liquidity Facility, (iv) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions hereof or of the Mortgage or the Resolution in accordance with the terms thereof and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution;

(i) Promptly upon demand by the Authority (a copy of which shall be furnished to the Trustee), all amounts required to be paid by the Institution as a result of an acceleration pursuant to the Loan Agreement;

(j) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds or otherwise available therefor under the Resolution and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds;

(k) By 5:00 P.M., New York City time, on the Business Day notice thereof is given to the Institution by the Authority, a Remarketing Agent or the Trustee, the amount, in immediately available funds, required to pay the purchase price of Variable Interest Rate Bonds tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which has not been paid pursuant to a Liquidity Facility; *provided, however*, that if such notice is given to the Institution by 11:00 A.M., New York City time, then such amount shall be paid, in immediately available funds, by 12:30 P.M., New York

City time, on such day; *provided, further*, that, if such notice is given to the Institution after 3:00 P.M., New York City time, then such amount shall be paid, in immediately available funds, by 10:00 A.M., New York City time, on the next succeeding Business Day;

(l) Promptly upon demand by the Authority, all amounts, if any, required to be paid by the Authority to a Counterparty in accordance with an Interest Rate Exchange Agreement or to reimburse the Authority for any amounts paid to a Counterparty in accordance with an Interest Rate Exchange Agreement;

(m) To the extent not otherwise set forth in the Loan Agreement, any amounts necessary to pay the principal, Sinking Fund Installment, purchase price or Redemption Price, if any, of, and interest on, the Bonds, on the dates, in the amounts, at the times and in the manner provided in the Resolution and the Applicable Series Resolution, whether at maturity, upon acceleration, mandatory tender, redemption or otherwise; and

(n) The Institution agrees to pay over to the Trustee all Entrance Fees, for deposit in the Entrance Fee Fund under the Resolution, as soon as possible after receipt thereof by the Institution (or release thereof from escrow), without combining such Entrance Fees with any other moneys, funds or accounts of the Institution: provided that, at such time as the Series 2000A Bonds have been redeemed in full and the Credit Facility Issuer has been reimbursed for all draws on the Credit Facility applied to such purpose, any further Entrance Fees may be retained by the Institution.

Subject to the provisions of the Loan Agreement and of the Resolution, the Institution will receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to paragraph (e) of this subdivision on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through any Sinking Fund Installments during the next succeeding Bond Year, the Institution delivers to the Trustee for cancellation one or more Bonds of the Series and maturity to be so redeemed during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority directs the Institution, and the Institution agrees, to make the payments required by paragraphs (c), (d), (e), (f), (i), (j), (k), (m) and (n) of this subdivision directly to the Trustee for deposit and application in accordance with the Resolution, the payments required by paragraph (b) of this subdivision directly to the Trustee for deposit in the Construction Fund or other fund established under the Resolution, as directed by the Authority, the payments required by paragraphs (a), (g) and (h) of this subdivision directly to the Authority and the payments required by paragraph (l) of this subdivision to or upon the order of the Authority.

Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for in this subdivision), all moneys paid by the Institution to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the Institution's indebtedness to the Authority under the Loan Agreement with respect to the Bonds, first, with respect to interest and, then, with respect to the principal amount of such indebtedness, but only to the extent that, with respect to interest on such indebtedness, such moneys are applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such moneys have been applied to, or are held for, payments in reduction of the principal amount of Outstanding Bonds and as a result thereof Bonds have been paid or deemed to have been paid in accordance with the Resolution. Except as otherwise provided in the Resolution, the Trustee shall hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of the Bonds and the Applicable Facility Providers, regardless of the actual due date or applicable payment date of any payment to the Holders of such Bonds.

The obligations of the Institution to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim that the Institution may otherwise have against the Authority, the Trustee or any Holder of Bonds for any cause whatsoever including,

without limiting the generality of the foregoing, failure of the Institution to complete the Project or the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Bonds are or any Series of Bonds or the Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; *provided, however*, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the Institution may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the Institution for, or to pay, the Costs of the Project beyond the extent of moneys in the Construction Fund and available therefor.

The Loan Agreement and the obligations of the Institution to make payments under the Loan Agreement are general obligations of the Institution.

The Authority, for the convenience of the Institution, shall furnish to the Institution statements of the due date, purpose and amount of payments to be made pursuant to the Loan Agreement. The failure to furnish such statements shall not excuse non-payment of the amounts payable under the Loan Agreement at the time in the manner provided by the Loan Agreement. The Institution shall notify the Authority as to the amount and date of each payment made to the Trustee by the Institution.

The Authority shall have the right in its sole discretion to make on behalf of the Institution any payment required pursuant to the Loan Agreement which has not been made by the Institution when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under the Loan Agreement arising out of the Institution's failure to make such payment and no payment by the Authority will be construed to be a waiver of any such right or of the obligation of the Institution to make such payment.

The Institution, if there is not then an Event of Default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in the Debt Service Fund and applied in accordance with the directions of the Authority in the Debt Service Fund or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the Institution, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution; *provided, however*, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution with respect to the Bonds, including the purchase or redemption of all such Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the Institution, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds Outstanding to be paid in accordance with their terms or to be deemed paid in accordance with the Resolution.

As soon as practicable after the later of the date the Project is deemed complete pursuant to the Loan Agreement or the issuance of the Bonds of a Series, the Authority shall determine, and notify the Institution of, the actual Authority Fee incurred by the Institution in connection with such Project to the date of such notice. The balance, if any, of such Authority Fee then unpaid, to the extent not paid from the Construction Fund, shall be paid by the Institution. If upon such determination the actual amount of the Authority Fee incurred by the Institution in connection with such Project to the date of such notice is less than the amount paid theretofore, the Authority shall promptly refund to the Institution the amount paid in excess of such actual amount.

(Section 9)

Reserve Funds

The Institution agrees to deliver to the Trustee for deposit in the Debt Service Reserve Fund, moneys, Revenues, Government Obligations and Exempt Obligations described in the Applicable Series Resolution the value (determined in accordance with the Resolution) of which, upon delivery of such Series of Bonds, together

with the proceeds of such Bonds, if any, to be deposited in the Debt Service Reserve Fund, is at least equal to the Debt Service Reserve Fund Requirement. The Institution agrees that it will maintain on deposit in the Debt Service Reserve Fund, moneys, Revenues, Government Obligations and Exempt Obligations described in the Resolution, the value of which is not less than the Debt Service Reserve Fund Requirement; *provided, however*, that the Institution shall be required to deliver additional, moneys, Revenues, Government Obligations and Exempt Obligations described in the Resolution to the Trustee for deposit in such account only upon receipt of the notice required by the Resolution. Notwithstanding the foregoing, the Institution may deliver to the Trustee a Reserve Fund Facility for all or any part of the Debt Service Reserve Fund Requirement in accordance with and to the extent permitted by the Resolution or the Applicable Series Resolution. Deposits, withdrawals and substitutions of Securities in the Debt Service Reserve Fund shall be made in accordance with the Loan Agreement and with the Resolution.

The delivery to the Trustee of Securities from time to time made by the Institution pursuant to the Loan Agreement for deposit to the Debt Service Reserve Fund shall constitute a pledge thereof and shall create a security interest therein, for the benefit of the Authority to secure performance of the Institution's obligations under the Loan Agreement and for the benefit of the Trustee and the Credit Facility Issuer to secure the performance of the obligations of the Authority under the Resolution and the Institution's obligations under the Reimbursement Agreement. The Institution authorizes the Authority pursuant to the Resolution to pledge such Securities to secure payment of the principal and Redemption Price of and interest on the Bonds, whether at maturity, upon acceleration or otherwise, and the fees and expenses of the Trustee, and the Institution's obligations under the Reimbursement Agreement and to make provision for and give directions with respect to the custody, reinvestment and disposition thereof in any manner not inconsistent with the terms of the Loan Agreement and the Resolution.

All Securities deposited with the Trustee pursuant hereto for deposit to the Debt Service Reserve Fund shall be fully negotiable (subject to provisions for registration thereof) and the principal thereof and the interest, dividends or other income payable with respect thereto shall be payable to bearer or to the registered owner. All Securities in registered form shall be registered in the name of the Trustee (in its fiduciary capacity) or its nominee. Record ownership of all Securities shall be transferred promptly following their delivery to the Trustee into the name of the Trustee (in its fiduciary capacity) or its nominee. The Institution appoints the Trustee its lawful attorney-in-fact for the purpose of effecting such registrations and transfers.

The Institution agrees that upon each delivery to the Trustee of Securities, whether initially or upon later delivery or substitution, the Institution shall deliver to the Authority and the Trustee a certificate of an Authorized Officer of the Institution to the effect that the Institution warrants and represents that the Securities delivered by the Institution (i) are on the date of delivery thereof free and clear of any lien, pledge, charge, security interest or other encumbrance or any statutory, contractual or other restriction that would be inconsistent with or interfere with or prohibit the pledge, application or disposition of such Securities as contemplated by the Loan Agreement or by the Resolution and (ii) are pledged under the Loan Agreement pursuant to appropriate corporate action of the Institution duly had and taken.

Prior to the initial delivery of Securities to the Trustee pursuant to the Loan Agreement for deposit to the Debt Service Reserve Fund and upon any later delivery or substitution, the Institution will, at its cost and expense, provide to the Authority and the Trustee a written opinion of counsel satisfactory to the Authority and the Credit Facility Issuer to the effect that (i) the Institution has full corporate power and authority to pledge and deliver to the Trustee as security such Securities for deposit in accordance with the Loan Agreement, (ii) such Securities have been duly and legally delivered by the Institution to the Trustee, (iii) such delivery creates a valid and binding pledge and security interest therein in accordance with the terms of the Loan Agreement and the Resolution, and (iv) nothing has come to the attention of such counsel that would lead it to believe that the Securities delivered by the Institution are not free and clear of all liens, pledges, encumbrances and security interests or are subject to any statutory, contractual or other restriction which would invalidate or render unenforceable the pledge and security interest therein, or the application or disposition thereof, contemplated by the Loan Agreement or by the Resolution. In lieu of providing a written opinion of counsel to the Institution as required by the Loan Agreement after every substitution of Securities in the Debt Service Reserve Fund, the Institution may provide such written opinion of counsel after the first substitution provided that it shall furnish to the Authority and the Trustee, once in every calendar quarter (in the first week of each January, April, July and October) thereafter in which a substitution is

made, a further written opinion of counsel to the Institution to the effect that all Securities deposited into any fund or account established under the Resolution, to and including the date of such opinion of counsel, comply with the requirements of this paragraph.

(Section 10)

Security Interest in Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the Institution pursuant to the Loan Agreement, the Institution continuously pledges, grants a security interest in, and assigns to the Authority any or all of the Pledged Revenues, together with the Institution's right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues.

The Institution represents, warrants and agrees that no part of the Pledged Revenues or any right to receive or collect the same nor the proceeds thereof is or will be subject to any lien, pledge, security interest or assignment, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institution's performance under the Loan Agreement. The Institution agrees that it shall not create or permit the creation of, except for Permitted Encumbrances, any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior to the pledge made by the Loan Agreement.

Prior to any assignment of Pledged Revenues to the Trustee, with the prior consent of the Authority and the Credit Facility Issuer but without the consent of the Trustee, or the Holders of Bonds, such Pledged Revenues and the security interest therein may be amended, modified, terminated or satisfied and the property or other interests identified as such Pledged Revenues and such security interest therein may be released from the lien thereof or other property or interests may be substituted for all or part of the property or other interests identified as such Pledged Revenues or such security interest therein, upon such terms and conditions as the Authority may require.

Anything in the Loan Agreement to the contrary notwithstanding, the provisions of this subdivision and the pledge of Pledged Revenues set forth in the Loan Agreement is under and subject to the Gross Receipts Security Agreement and the pledge of Pledged Revenues made therein.

(Section 11)

The Mortgage; Lien on Fixtures, Furnishings and Equipment

At or before the delivery by the Authority of any Series of Bonds, the Institution shall execute and deliver to the Authority the Mortgage, in recordable form, mortgaging the Mortgaged Property acceptable to the Authority, which Mortgage shall constitute a first lien on the Mortgaged Property, subject only to the Permitted Encumbrances.

After the assignment of the Mortgage to the Trustee and the Initial Credit Facility Issuer, the Authority, with the consent of the Applicable Facility Providers, however, without the consent of the Trustee or the Holders of Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of the Mortgage and of any security interest in fixtures, furnishings or equipment located in or on or used in connection with the Mortgaged Property and the property subject to the Mortgaged Property and the property subject to the Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as the Authority may reasonably require. As a condition to such approval, the Authority may require that the Institution pay to the Trustee for deposit in the Debt Service Fund an amount not to exceed the principal amount of the Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures in the Mortgaged Property provided that the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 13)

Title and Encumbrances

The Institution warrants and represents that (i) it has good and marketable title to the Project and all Mortgaged Property, free and clear of liens and encumbrances, except Permitted Encumbrances, so as to permit it to have quiet enjoyment and use thereof for purposes of the Loan Agreement and the Institution's programs, and (ii) the Institution has such rights of way, easements or other rights in land as may be reasonably necessary for ingress and egress to and from the Project, for proper operation and utilization of the Project and all Mortgaged Property and for utilities required to serve the Project and all Mortgaged Property, together with such rights of way, easements or other rights in, to and over land as may be necessary for construction of the Project.

The Institution covenants that title to the Project shall be kept free from any encumbrances, liens (including, without limitation, mechanic's liens) or commitments of any kind other than Permitted Encumbrances.

If the Institution is required pursuant to the Loan Agreement to make and execute the Mortgage in connection with the delivery of a Series of Bonds and as a condition precedent to the Authority's obligation to deliver such Bonds, the Institution agrees to provide or reimburse the Authority for providing at the sole option of the Authority (i) a title insurance policy in form and substance and by insurer(s), all acceptable to the Authority, in the amount of the Bonds issued or such other amount as is acceptable to the Authority, insuring the Mortgage to be a valid lien on the Mortgaged Property of a priority acceptable to the Authority, free and clear of all liens and encumbrances except Permitted Encumbrances and (ii) a current survey or surveys, including a metes and bounds description, of the Mortgaged Property; certified to the Authority and the issuer of the title insurance policy and showing any easements to which the Mortgaged Property is subject.

The Institution warrants, represents and covenants that the Project and the Mortgaged Property from and after the time the Authority is granted a security interest therein, (i) is or will be serviced by all necessary utilities (including without limitation electricity, gas, water, sewer, steam, heating, air-conditioning and ventilation), and (ii) to the extent applicable, has or will have its own separate and independent means of access, apart from any other property owned or operated by the Institution; provided however, that such access may be through common roads or walks owned or operated by the Institution, used also for other parcels owned by the Institution, or within common elements or limited common elements that serve the Mortgaged Property.

(Section 14)

Consent to Pledge and Assignment

The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to receive the payments required to be made pursuant to paragraphs (c), (d), (e), (f), (i), (j), (k), (m) and (n) of the section of the Loan Agreement described under the caption "Financial Obligations of the Institution" or all security interests granted by the Institution under the Loan Agreement, including without limitation the security interest in the Pledged Revenues, the Mortgage, any security interest in the fixtures, furnishings and equipment located on any Mortgaged Property, the Assignment of Rents and Leases, the Gross Receipts Security Agreement and all funds and accounts established by the Resolution and pledged thereby in each case to secure any payment or the performance of any obligation of the Institution under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee and to secure the payment and performance of the Institution's obligations under the Reimbursement Agreement. The Institution further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this subdivision, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institution's obligation to make payments on the Bonds specified by the Loan Agreement and to performing all other obligations required to be performed by the Institution under the Loan Agreement for the Bonds and securing the payment and performance of the Institution's obligations under the Reimbursement Agreement. Any realization upon any

Mortgaged Property or any pledge made or security interest granted by the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the Institution under the Loan Agreement.

(Section 15)

Tax-Exempt Status of Institution

The Institution represents that: (i) it is an organization described in Section 501(c) (3) of the Code, or corresponding provisions of prior law, and is not a “private foundation,” as such term is defined under Section 509(a) of the Code; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) it is exempt from federal income taxes under Section 501(a) of the Code. The Institution agrees that (a) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the Institution as an organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law and (b) it shall not perform any act, enter into any agreement or use or permit the Project to be used in any manner, or for any trade or business or other non-exempt use unrelated to the purposes of the Institution, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 18)

Maintenance of Corporate Existence

The Institution covenants that it will maintain its corporate existence, will continue to operate as a non-profit institution for charitable purposes, will obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditations as may be necessary for the continued operation of the Institution as an institution for charitable purposes providing such services as it may from time to time determine, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; *provided, however*, that if no Event of Default shall be continuing, then, upon prior written notice to the Authority, the Credit Facility Issuer and the Trustee, the Institution may (i) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies under Section 501(c) (3) of the Code, or any successor provision of federal income tax law, or (ii) permit one or more corporations or any other organizations to consolidate with or merge into it, or (iii) acquire all or substantially all of the assets of one or more corporations or any other organizations; *provided, further*, that (a) any such sale, transfer, consolidation, merger or acquisition does not in the opinion of counsel satisfactory to the Authority adversely affect the exclusion from federal gross income of the interest paid or payable on the Bonds, (b) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and qualified under Section 501(c) (3) of the Code or any successor provision of Federal income tax law, (c) the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of and restrictions on the Institution under the Loan Agreement and under the Related Agreements and the Mortgage and furnishes to the Authority a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation shall be in compliance with each of the provisions hereof and shall meet the requirements of the Act and (d) that the Institution provide such other certificates and opinions as may be reasonably required by the Authority.

(Section 20)

Use and Control of Project; Restrictions on Religious Use

The Institution agrees that the portion of the Project financed with the proceeds of Bonds issued pursuant to the Resolution shall be occupied and used by the Institution only as a facility for the aged (as defined in the Act). Subject to the rights, duties and remedies of the Authority under the Loan Agreement and unless otherwise authorized in writing by the Authority, the Institution shall have sole and exclusive control and possession of and responsibility for (i) the Project and any Mortgaged Property, (ii) the operation of the Project and the Mortgaged Property and supervision of the activities conducted therein or in connection with any part thereof and (iii) the maintenance, repair and replacement of the Project and the Mortgaged Property; *provided, however*, that, except as otherwise limited by the Loan Agreement, the foregoing shall not prohibit use of the Project by persons other than the Institution or its staff and employees in furtherance of the Institution's corporate purposes if such use will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

The Institution agrees that with respect to the Project or portion hereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof, such Project or portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; *provided, however*, that the foregoing restriction shall not prohibit the free exercise of any religion; provided, further, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit the Project or portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project and each portion thereof. The Authority and its agents may conduct such inspections as the Authority deems necessary to determine whether the Project or any portion or real property thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. The Institution further agrees that prior to any disposition of any portion of the Project for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of such Project to the restriction that (i) so long as such portion of such Project (and, if included in the Project, the real property on or in which such portion of such Project is situated) shall exist and (ii) until such portion of such Project is sold or otherwise transferred to a person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of such Project shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction will also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of the Project, or the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of the Loan Agreement an involuntary transfer or disposition of the Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Sections 22 and 23)

Covenant as to Insurance

The Institution shall, at the times specified in the following paragraphs, procure and maintain, or cause to be procured and maintained, all insurance required by the Loan Agreement in accordance with the terms and conditions of the Loan Agreement, from responsible insurers rated at least A-IX by A.M. Best & Company and acceptable to an Authorized Officer of the Authority: Coverage as follows:

(a) builders risk insurance with respect to any building constituting a portion of its facilities, the Project or the Mortgaged Property the construction of which shall not have been completed (and until insurance is procured pursuant to paragraph (b) of this subdivision), coverage to be written on all risk form. Coverage shall be written on an all risk basis. The amount of such insurance shall be on a one hundred per cent (100%) replacement value basis on the insurable portion;

APPENDIX B

(b) property insurance at all times (except during a period when builders' risk insurance is in effect as required by paragraph (a) of this subdivision), insurance against direct physical loss or damage to the Project or the Mortgaged Property. If the Project or the Mortgaged Property is insured under a blanket insurance policy or policies of the Institution, Policy limits and coverage shall constitute complete compliance with the provisions of this paragraph. Each such policy shall be in an amount sufficient to prevent the Institution and the Authority from becoming co-insurers under the applicable terms of the policy;

(c) comprehensive boiler and machinery coverage including extra expense and business interruption, commencing with the date on which the Project or any improvement on Mortgaged Property or any part thereof is completed or first occupied, or any covered equipment or machinery is accepted, whichever occurs earlier. Limits shall be in an amount considered sufficient by the Authority;

(d) commercial general liability insurance at all times protecting the Authority and the Institution from loss resulting from legal obligations caused by bodily injury and property damage with limits of not less than \$2,000,000 annual aggregate and \$1,000,000 per occurrence. The Authority is to be named as an additional insured;

(e) hospital professional liability insurance providing protection for loss resulting from legal obligations caused or allegedly caused by malpractice or alleged malpractice, if applicable. Limits are to remain at least in the amount in effect at the time of execution of the Loan Agreement;

(f) at all times, workers compensation insurance and disability benefits insurance providing coverage as required by statute; and

(g) each other form of insurance which the Institution is required by law to provide and such other kinds of insurance in such amounts as from time to time may be reasonably required by the Authority.

(Section 25)

Damage or Condemnation

In the event of a taking of the Project or any Mortgaged Property or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of such Project or any Mortgaged Property, then and in such event the entire proceeds of any insurance, condemnation or eminent domain award shall be applied in accordance with the provisions of the Resolution, the Intercreditor Agreement and the Mortgage, and after application thereunder any excess shall be paid upon receipt thereof by the Institution or the Authority to the Trustee for deposit in the Construction Fund, and (a) if within 120 days from the receipt by the Authority of actual notice or knowledge of the occurrence, the Institution and the Authority agree in writing that the Project, any Mortgaged Property or the affected portion thereof shall be repaired, replaced or restored, the Institution shall proceed to repair, replace or restore the Project, any Mortgaged Property or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the Institution and approved in writing by the Authority. The funds required for such repair, replacement or restoration shall be paid, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution; or (b) if no agreement for the restoration or replacement of the Project, the Mortgaged Property or the affected portion thereof shall be reached by the Authority and the Institution within such 120 day period, all respective proceeds shall be transferred from the Construction Fund to the Debt Service Fund and applied to the purchase or redemption of Outstanding Bonds.

(Section 26)

Defaults and Remedies

As used in the Loan Agreement the term “Event of Default” will mean:

(a) the Institution shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (other than pursuant to paragraphs (c) or (k) of the section of the Loan Agreement described under the caption “Financial Obligations of the Institution”) or in the delivery of Exempt Obligations or Government Obligations or the payment of any other amounts required to be delivered or paid by or on behalf of the Institution in accordance with the Loan Agreement or with the Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of any amount payable pursuant to paragraphs (c) of the section of the Loan Agreement described under the caption “Financial Obligations of the Institution” and such default continues for a period in excess of one (1) day or (C) default in the timely payment of any payment pursuant to paragraph (k) of the section of the Loan Agreement described under the caption “Financial Obligations of the Institution”; or

(b) the Institution defaults in the due and punctual performance of any other covenant in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Institution by the Authority or the Trustee; *provided, however*, that, if such default cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Institution within such period and is diligently pursued until the default is corrected;

(c) as a result of any default in payment or performance required of the Institution or any Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an “event of default” (as defined in the Resolution) shall have been declared under the Resolution so long as such default or “event of default” shall remain uncured or the Trustee, a Facility Provider or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(d) the Institution shall be in default under the Mortgage, the Assignment of Rents and Leases, the Gross Receipts Security Agreement and such default continues beyond any applicable grace period;

(e) Reserved;

(f) the Institution shall (A) be generally not paying its debts as they become due, (B) file, or consent by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (C) make a general assignment for the benefit of its general creditors, (D) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (E) be adjudicated insolvent or be liquidated or (F) take corporate action for the purpose of any of the foregoing;

(g) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Institution, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Institution, or any petition for any such relief shall be filed, against the Institution and such order or petition shall not be dismissed within ninety (90) days;

(h) the charter of the Institution shall be suspended or revoked;

(i) a petition or other appropriate document shall be filed by the Institution with the legislature of the State of New York or other governmental authority having jurisdiction over the Institution to dissolve the Institution;

APPENDIX B

(j) an order of dissolution of the Institution shall be made by the legislature of the State of New York or other governmental authority having jurisdiction over the Institution which order shall remain undismissed or unstayed for an aggregate of thirty (30) days;

(k) a petition shall be filed with a court having jurisdiction for an order directing the sale, disposition or distribution of all or substantially all of the property belonging to the Institution which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days;

(l) an order of a court having jurisdiction shall be made directing the sale, disposition or distribution of all or substantially all of the property belonging to the Institution, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days;

(m) a final judgment for the payment of money which in the reasonable judgment of the Authority will materially adversely affect the rights of the Holders of the Bonds shall be rendered against the Institution and at any time after thirty (30) days from the entry thereof, (A) such judgment shall not have been discharged or (B) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within thirty (30) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal;

(n) the letter or certificate of representation delivered pursuant to the Loan Agreement shall contain material misrepresentations as to the Institution and its ownership of or interest in the Project; or

(o) the occurrence and continuation of an event of default under the Mortgage, the Assignment of Rents and Leases or the Gross Receipts Security Agreement.

(p) notice is received by the Trustee and the Authority from the Credit Facility Issuer that an Event of Default as defined in the Reimbursement Agreement has occurred and is continuing.

Upon the occurrence of an Event of Default the Authority may take any one or more of the following actions:

(a) declare any or all sums payable by the Institution under the Loan Agreement immediately due and payable;

(b) direct the Trustee to withhold any or all payments, advances and reimbursements from the proceeds of Bonds or the Construction Fund or otherwise to which the Institution may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

(c) withhold any or all further performance under the Loan Agreement;

(d) maintain an action against the Institution under the Loan Agreement to recover any sums payable by the Institution or to require its compliance with the terms of the Loan Agreement or of any Mortgage;

(e) permit, direct or request the Trustee to liquidate all or any portion of the assets of the Debt Service Reserve Fund by selling the same at public or private sale in any commercially reasonable manner and apply the proceeds thereof and any dividends or interest received on investments thereof to the payment of the principal or Redemption Price of and interest on the Bonds, or any other obligation or liability of the Institution or the Authority arising from the Loan Agreement or from the Resolution;

(f) realize upon any security interest which the Authority may then have in the pledge and assignment of the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement by any one or more of the following actions: (A) during normal business hours enter the Institution and

examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and moneys in the possession of the Institution representing Pledged Revenues or proceeds thereof; (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; *provided, however*, that the Authority may, in its discretion, immediately collect the entire amount of interest, principal or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest payment date therefor and may continue to do so commencing on each such interest payment date, to the extent of amounts due on Outstanding Bonds on the next interest payment date, with respect to the Pledged Revenues, until such amounts are fully collected; provided, further, that written notice of such notification shall be mailed to the Institution five (5) days prior to mailing or otherwise making such notification to account debtors; provided, further, that until the Institution shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (C) following the above-mentioned notification to account debtors, collect, or, in good faith compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the Institution's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Institution whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the Institution to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) Business Days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Authority; *provided, however*, that the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the Institution under the Loan Agreement including the fees and expenses of the Authority; provided, further, that the Authority in its sole discretion may authorize the Institution to make withdrawals from such fund or account for its corporate purposes; provided, further, that the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Institution when all Events of Default under the Loan Agreement by the Institution have been cured; (E) forbid the Institution to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (F) endorse in the name of the Institution any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

(g) to the extent permitted by law, (A) enter upon the Project and complete the construction of the Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the Institution, consent to such entry being given by the Institution, (B) at any time discontinue any work commenced in respect of the construction of the Project or change any course of action undertaken by the Institution and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (C) assume any construction contract made by the Institution in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the Institution, whether or not previously incorporated into the construction of such Project, and (D) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions of this subparagraph, (1) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (2) pay, settle or compromise all bills or claims which may become liens against the Project or against any moneys of the Authority applicable to the construction of the Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of the Project, and (3) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The Institution shall be liable to the Authority for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions of this subparagraph or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the Institution to the Authority upon demand. For the purpose of exercising the rights granted by this subparagraph during the term of the Loan Agreement, the Institution irrevocably constitutes and appoints each of the Authority and the Trustee its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the Institution;

(h) take any action necessary to enable the Authority and the Trustee to realize on its liens under the Loan Agreement, any Mortgage, the Assignment of Rents and Leases and the Gross Receipts Security Agreement, or by law, including foreclosure of any Mortgage, and any other action or proceeding permitted by the terms of the Loan Agreement, any Mortgage or by law; and

(i) realize upon any security interest in the fixtures, furnishings and equipment on or used in connection with the Project or any Mortgaged Property including any one or more of the following actions: (i) enter the Project or any Mortgaged Property and take possession of any fixtures, furnishings and equipment; (ii) sell, lease or otherwise dispose of fixtures, furnishings and equipment either together with a sale, lease or other disposition of the Project or any Mortgaged Property pursuant to the Loan Agreement or to such Mortgage, or separately, whether or not possession has been secured; *provided, however,* that if sold, leased or otherwise disposed of separately, such sale, lease or other disposition shall be in a commercially reasonable manner and upon five days' prior written notice to the Institution of the time and place of such sale.

All rights and remedies given or granted in the Loan Agreement to the Authority are cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or may be given by reason of any law, statute, ordinance or otherwise, and no failure to exercise or delay in exercising any remedy shall effect a waiver of the Authority's right to exercise such remedy thereafter.

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration made or action taken pursuant to paragraph (b) of this subdivision and its consequences if such Events of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

(Section 31)

Arbitrage; Tax Exemption

The Institution covenants that it shall take no action, nor shall it approve the Trustee's taking any action or making any investment or use of the proceeds of Bonds, which would cause the Bonds or any Series of Bonds to be "arbitrage bonds" within the meaning of Section 148 (a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use.

The Institution covenants that it will not take action or fail to take any action which would cause any representation or warranty of the Institution contained in any attachment to a Tax Certificate then to be untrue and shall comply with all covenants and agreements of the Institution contained in each Tax Certificate, unless, in the opinion of Bond Counsel, taking or failing to take such action or failing to comply with its obligations under a Tax Certificate would not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes. In the event that the Authority is notified in writing that the Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Institution; in the event that the Institution is notified in writing that the Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Authority. Upon the occurrence of such an event, the Institution shall fully cooperate with the Authority and participate in all aspects of the conduct of the response thereto.

The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the Institution and its agents and representatives, any of whom may make copies thereof. Upon written request therefor from the Institution, the Authority shall as soon as practicable provide the Institution with a copy of any such document, report or computation. The Authority shall also provide the

Institution with a copy of all documents or reports filed with the Department of Treasury of the United States of America relating to the rebate of earnings.

(Section 36)

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**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTIONS**

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

The following is a summary of certain provisions of the Resolution and the Series 2000B Resolution pertaining to the Series 2000B Bonds and the Issue 2000 Project. Such summary does not purport to be complete and reference is made to the Resolution and the Series 2000B Resolution for full and complete statements of each of its provisions. Unless clearly indicated otherwise, defined terms used in this Appendix C shall have the meanings ascribed to them in Appendix A.

Resolutions and Bonds Constitute a Contract

With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who shall hold or own the same from time to time, the Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee, the Applicable Credit Facility Providers and the Holders from time to time of such Bonds, and the pledge and assignment to the Trustee made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Bondholders of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any such Bonds over any other Bonds except as expressly provided in the Resolution or permitted by the Resolution, and for the benefit, protection and security of the Applicable Facility Providers as provided in the Resolution and in the Applicable Series Resolutions.

(Section 1.03)

Effect of Intercreditor Agreements

To the extent that, pursuant to any agreement between the Authority, the Trustee and one or more Credit Facility Providers, (a) the Trustee is directed to apply or collect (i) amounts representing the proceeds of foreclosure on any Mortgage or received with respect to any other security interest or right granted, pledged or assigned as security for the obligations of the Institution with respect to the Bonds or (ii) Pledged Revenues received under any Loan Agreement, in a manner other than as directed in this Resolution, any Series Resolution or any Loan Agreement, or (b) the rights of one or more Credit Facility Providers to consent or approve to any action or to direct the Trustee to take any action is limited, the terms of such other agreement shall control; *provided, however,* that nothing in such agreement shall impair the rights of the Holders of Bonds to be paid the principal of, interest on, and all other amounts due and payable with respect to the Bonds to be paid, pursuant to the terms hereof or of any Series Resolution, with the proceeds of the Credit Facility issued by any such Credit Facility Providers

(Section 1.05)

Refunding Bonds and Additional Obligations

All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all Outstanding Bonds, one or more Series of Outstanding Bonds, a portion of a Series of Outstanding Bonds or a portion of a maturity of a Series of Outstanding Bonds. The Authority may issue Refunding Bonds in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Resolution and of the Series Resolution authorizing such Series of Refunding Bonds.

The Refunding Bonds of such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the other documents required by the Resolution) of: (a) if the Bonds to be refunded are to be redeemed, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions; (b) irrevocable instructions to the Trustee, satisfactory to it, to duly give the notice provided for in the Resolution to the Holders of

the Bonds being refunded; (c) either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the Resolution, which Defeasance Securities and moneys shall be held in trust and used only as provided in the Resolution; and (d) a certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements described in this subdivision.

The proceeds, including accrued interest, of Refunding Bonds shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or as determined in accordance with the Series Resolution authorizing such Refunding Bonds.

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien created by the Resolution, or prior or equal to the rights of the Authority and Holders of Bonds.

(Sections 2.04 and 2.05)

Pledge of Revenues

The proceeds from the sale of the Bonds, the Revenues, the Authority's security interest in the Pledged Revenues, and all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund, are pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installment, if any, and Redemption Price of and interest on the Bonds and as security for the performance of any other obligation of the Authority under the Resolution, all in accordance with the provisions of the Resolution. The pledge made by the Resolution shall also be for the benefit of each Facility Provider as security for the payment of any amounts payable to such Facility Provider under the Resolution or under the Applicable Reimbursement Agreement; *provided, however*, that such pledge and assignment shall, in all respects, be subject and subordinate to the rights and interest therein of the Holders of the Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, the Authority's security interest in the Pledged Revenues, and all funds and accounts established the Resolution which are pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Bonds, the Revenues, the Authority's security interest in the Pledged Revenues, and the funds and accounts established by the Resolution as provided in the Resolution, which pledge shall constitute a first lien thereon, subject only to any Prior Pledges.

(Section 5.01)

Establishment of Funds and Accounts

The following funds and separate accounts within funds are authorized to be established held and maintained for the benefit of the Bonds and shall be held and maintained by the Trustee separate from any other funds established and maintained pursuant to any other resolution:

Construction Fund;

Debt Service Fund;
 Debt Service Reserve Fund;
 Arbitrage Rebate Fund;
 Entrance Fee Fund.

Notwithstanding anything to the contrary in the Resolution, the Authority may establish additional funds or accounts, and provide for the purposes, terms and conditions pertaining to such funds or accounts, pursuant to a Series Resolution or a Bond Series Certificate. Accounts and subaccounts within each of the foregoing funds may from time to time be established in accordance with an Applicable Series Resolution, an Applicable Bond Series Certificate or upon the direction of the Authority. All moneys at any time deposited in any fund authorized to be created by the Resolution, other than the Arbitrage Rebate Fund, shall be held in trust for the benefit of the Holders of the Bonds for the uses and purposes provided in the Resolution; *provided, however*, that the proceeds derived from the remarketing of Variable Interest Rate Bonds tendered or deemed to have been tendered for purchase or redemption in accordance with the Series Resolution authorizing the issuance of such Bonds or the Bond Series Certificate relating to such Bonds or derived from a Credit Facility or Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price or Redemption Price of Variable Interest Rate Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Variable Interest Rate Bonds and are pledged for the payment of the purchase price or Redemption Price of such Variable Interest Rate Bonds.

(Section 5.02)

The following funds and accounts shall be established, held, maintained and applied by the Trustee in accordance with Article V of the Resolution, and except for the Issue 2000 Arbitrage Rebate Fund, all funds and accounts shall be held, maintained and applied for the benefit of the Series 2000B Bondholders:

- (a) Issue 2000 Construction Fund – Series 2000B Account
 Capitalized Interest Account – Series 2000B Subaccount;
- (b) Issue 2000 Debt Service Fund;
 Bank Payment Account – Series 2000B Subaccounts
 Institution Payment Account – Series 2000B Subaccounts;
- (c) Issue 2000 Debt Service Reserve Fund;
- (d) Issue 2000 Arbitrage Rebate Fund;
- (e) Issue 2000 Entrance Fee Fund; and
- (f) Issue 2000 Operating Reserve Fund.

(Series 2000B Resolution – Section 9.01)

Application of Bond Proceeds and Allocation Thereof

Upon the receipt of proceeds from the sale of a Series of Bonds, the Authority shall apply such proceeds as specified in the Resolution and in the Series Resolution authorizing such Series or in the Bond Series Certificate relating to such Series.

Accrued interest, if any, received upon the delivery of a Series of Bonds shall be deposited in the Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series.

(Section 5.03)

Enforcement of Obligations, Deposit of Revenues and Allocation Thereof

The Revenues (except Entrance Fees), including all payments received under the Loan Agreement, Mortgage, Pledged Revenues or under the Resolution, shall be deposited upon receipt by the Trustee, unless otherwise provided in the Loan Agreement, to the appropriate account of the Debt Service Fund in the amounts, at the times and for the purposes specified in the Applicable Series Resolution or the Loan Agreement. To the extent not required to pay the interest, principal, Sinking Fund Installments, if any, (or to reimburse the Applicable Facility Providers for draws on the Applicable Credit Facility applied to such purpose) or to be set aside for the redemption of Bonds, moneys in the Debt Service Fund shall be paid by the Trustee on or before the Business Day preceding each interest payment date as follows and in the following order of priority:

First: To pay, pro rata, each Facility Provider for amounts which are then unpaid under the Applicable Reimbursement Agreement, in proportion to the respective amounts then unpaid to such Facility Provider;

Second: Upon the direction of an Authorized Officer of the Authority, to the Arbitrage Rebate Fund in the amount set forth in such direction;

Third: To the Debt Service Reserve Fund, such amount, if any, necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement, if any;

Fourth: To reimburse, pro rata, each Facility Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to such Facility Provider; and

Fifth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required by the Resolution, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of a Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement or Mortgage in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph Fifth.

After making the payments required by subdivision (a) of this subdivision, the balance, if any, of the Revenues then remaining shall, upon the direction of an Authorized Officer of the Authority, be paid by the Trustee to the Construction Fund or the Debt Service Fund, paid to the Applicable Facility Provider under the Applicable Reimbursement Agreement or paid to the Institution, in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution. The Trustee shall notify the Authority, the Credit Facility Provider and the Institution promptly after making the payments required by the first paragraph of this subdivision, of any balance of Revenues then remaining.

(Section 5.05)

Debt Service Fund

The Trustee shall on or before the Business Day preceding each interest payment date pay, from the Debt Service Fund, to itself and any other Paying Agent: (i) the interest due on all Outstanding Bonds on such interest payment date; (ii) the principal amount due on all Outstanding Bonds on such interest payment date; (iii) the Sinking Fund Installments, if any, due on all Outstanding Bonds on such interest payment date; and (iv) moneys

required for the redemption of Bonds in accordance with the Resolution. The amounts paid out pursuant to this subdivision shall be irrevocably pledged to and applied to such payments.

In the event that on the Business Day preceding any interest payment date the amount in the Debt Service Fund shall be less than the amounts, respectively, required for payment of interest on the Outstanding Bonds, for the payment of principal of such Outstanding Bonds, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for the payment of the purchase price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, or to reimburse the Applicable Facility Providers for draws on the Applicable Credit Facility and Liquidity Facility applied to such purpose, the Trustee shall withdraw from the Debt Service Reserve Fund and deposit to the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payments. The Trustee shall notify the Authority, each Facility Provider, and the Institution of a withdrawal from the Debt Service Reserve Fund. In the event monies on deposit in the Debt Service Reserve Fund are not sufficient for the payment of principal of such Outstanding Bonds, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for the payment of the purchase price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, or to reimburse the Applicable Facility Providers for draws on the Applicable Credit Facility and Liquidity Facility applied to such purpose, the Trustee shall withdraw from the Entrance Fee Fund and deposit to the Debt Service Fund such amounts as will increase the Debt Service Fund to an amount sufficient to make such payments. The Trustee shall notify the Authority, each Facility Provider, and the Institution of a withdrawal from the Entrance Fee Fund.

Notwithstanding the provisions of the first paragraph of this subdivision, the Authority may, at any time subsequent to the first principal payment date of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond purchased by the Institution and delivered to the Trustee in accordance with the Loan Agreement shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date, provided that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

Moneys in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds payable on or prior to the next succeeding principal payment date, the interest on Outstanding Bonds payable on the next succeeding interest payment date, assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bond then bears interest, plus one percent (1%) per annum and the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be applied by the Trustee: (i) in accordance with the direction of an Authorized Officer of the Authority to the purchase of Outstanding Bonds at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct or (ii) as may otherwise be directed by the Authority for the payment of any fees due under the Resolution or to be held in the Debt Service Fund for application as described herein. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such moneys shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds as provided in Article IV of the Resolution, at the Redemption Prices specified in the Applicable Series Resolution or Applicable Bond Series Certificate.

(Section 5.06)

Notwithstanding anything contained in the provisions of Section 5.06 of the Resolution, which provisions are described in the subdivision above, to the contrary:

Bank Payment Account. There is hereby authorized to be created an account to be held by the Trustee under the Issue 2000 Debt Service Fund and described as the “Bank Payment Account.” The Bank Payment Account shall be held under the Issue 2000 Debt Service Fund separate and apart from all other funds and accounts under the Resolution. The Trustee shall draw moneys under the Liquidity Facility or Credit Facility in accordance with the terms thereof in an amount sufficient to make each payment (i) in the case of the Liquidity Facility, of the purchase price of the Series 2000B Bonds, and (ii) in the case of the Credit Facility, of the principal of the Series 2000B Bonds as it becomes due, whether due at maturity, redemption (including sinking fund redemption) or acceleration, and each interest payment on the Series 2000B Bonds as such interest becomes due. Any amounts so drawn under the Liquidity Facility shall be deposited in a subaccount of the Bank Payment Account of the Issue 2000 Debt Service Fund and held separate and apart from all other funds in the Bank Payment Account, uninvested and irrevocably pledged to the Holders of the Series 2000B Bonds tendered for payment in accordance with the terms of the Series 2000B Resolution. Any amounts so drawn under the Credit Facility for the payment of principal and interest on the Series 2000B Bonds shall be deposited in the Bank Payment Account of the Issue 2000 Debt Service Fund and held uninvested and irrevocably pledged to the Holders of the Series 2000B Bonds.

Institution Payments Account. There is hereby authorized to be created an account to be held by the Trustee under the Issue 2000 Debt Service Fund and described as the “Institution Payments Account.” The Institution Payments Account shall be held under the Issue 2000 Debt Service Fund separate and apart from all other funds and accounts under the Resolution. Any moneys received by the Trustee from the Institution pursuant to the terms of the Loan Agreement for the payment of principal, redemption price or purchase price of and interest on the Series 2000B Bonds shall be deposited in the Institution Payments Account of the Issue 2000 Debt Service Fund. If the Credit Facility Issuer advances moneys under the Credit Facility for the payment of the principal or redemption or purchase price of and interest on any Series 2000B Bonds, the Trustee shall use amounts available in the Institution Payments Account to reimburse the Credit Facility Provider for such payments.

In the event that after the Trustee has requested a draw on the Credit Facility there are insufficient moneys available in the Bank Payment Account of the Issue 2000 Debt Service Fund to pay the principal or redemption price of and interest due on Series 2000B Bonds as the same becomes due and payable due to the wrongful dishonor by the Credit Facility Issuer of a proper draw under the Credit Facility, the Trustee may use any amounts available in any Fund and Account held by the Trustee under the Resolution to make such payment.

(Series 2000B Resolution – Section 9.04)

Debt Service Reserve Fund

The Trustee shall deposit to the credit of the Debt Service Reserve Fund such proceeds of the sale of Bonds, if any, as shall be prescribed in the Applicable Series Resolution or the Applicable Bond Series Certificate, and any Revenues, moneys, Government Obligations and Exempt Obligations as, by the provisions of the Loan Agreement are delivered to the Trustee by the Institution for the purposes of the Debt Service Reserve Fund.

In lieu of or in substitution for moneys, Government Obligations or Exempt Obligations, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds for all or any part of the Debt Service Reserve Requirement; provided, except as may be otherwise provided or authorized in a Series Resolution or a Bond Series Certificate, (i) that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State and either (A) the claims paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency or (B) obligations insured by a surety bond or an insurance policy issued by such company or association are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in the highest rating category at the time such surety bond or insurance policy is issued by Moody’s and S&P or, if Outstanding Bonds of a Series are not rated by both Moody’s

and S&P, by whichever of said Rating Services that then rates such Outstanding Bonds and (ii) that any letter of credit shall be issued by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category by Moody’s and S&P or, if such Outstanding Bonds are not rated by Moody’s and S&P, by whichever of said Rating Services that then rates such Outstanding Bonds.

In addition to the conditions and requirements set forth above, no Reserve Fund Facility shall be deposited in full or partial satisfaction of a Debt Service Reserve Fund Requirement unless the Trustee shall have received prior to such deposit (i) an opinion of counsel acceptable to each Facility Provider to the effect that such Reserve Fund Facility has been duly authorized, executed and delivered by the Facility Provider thereof and is valid, binding and enforceable in accordance with its terms, (ii) in the event such Facility Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Authority and (iii) in the event such Reserve Fund Facility is a letter of credit, an opinion of counsel acceptable to the Trustee substantially to the effect that payments under such letter of credit will not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code in a case commenced by or against the Authority or the Institution thereunder or under any applicable provisions of the Debtor and Creditor Law of the State.

Notwithstanding the foregoing, if at any time after a Reserve Fund Facility has been deposited with the Trustee the unsecured or uncollateralized long term debt of the Facility Provider or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of a Facility Provider is reduced below the ratings required by the second preceding paragraph, the Authority shall, either (i) replace or cause to be replaced said Reserve Fund Facility with another Reserve Fund Facility which satisfies the requirements of the second preceding paragraph or (ii) deposit or cause to be deposited in the Debt Service Reserve Fund an amount of moneys, Government Obligations or Exempt Obligations which meet the requirements of the Resolution which is equal to the value of the Reserve Fund Facility of such Facility Provider, such deposits to be, as nearly as practicable, in ten equal semi-annual installments commencing on the earlier of the January 1 or July 1 next succeeding the reduction in said ratings.

Each such surety bond, insurance policy or letter of credit shall be payable (upon the giving of such notice as may be required thereby) on any date on which moneys are required to be withdrawn from the Debt Service Reserve Fund and such withdrawal cannot be made without obtaining payment under such Reserve Fund Facility.

For the purposes of this subdivision and the subdivision described below under the caption “Computation of Assets of Certain Funds,” in computing the amount on deposit in the Debt Service Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation; provided that, if the unsecured or uncollateralized long term debt of such Facility Provider, or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of said Facility Provider has been reduced below the ratings required by the second paragraph of this subdivision, said Reserve Fund Facility shall be valued at the lesser of (i) the amount available to be paid thereunder on the date of calculation and (ii) the difference between the amount available to be paid thereunder on the date of issue thereof and an amount equal to a fraction of such available amount the numerator of which is the aggregate number of interest payment dates which have elapsed since the date such ratings were reduced and the denominator of which is ten.

Moneys held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of the Resolution; provided that no payment under a Reserve Fund Facility shall be sought unless and until moneys are not available in the Debt Service Reserve Fund and the amount required to be withdrawn from the Debt Service Reserve Fund pursuant to this subdivision cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; provided further, that, if more than one Reserve Fund Facility is held for the

credit of the Debt Service Reserve Fund at the time moneys are to be withdrawn therefrom, the Trustee shall obtain payment under each such Reserve Fund Facility, pro rata, based upon the respective amounts then available to be paid thereunder. The Trustee shall provide notification as set forth in the Resolution of any withdrawal of moneys from the Debt Service Reserve Fund or payment of a Reserve Fund Facility immediately upon such withdrawal or payment.

With respect to any demand for payment under any Reserve Fund Facility, the Trustee shall make such demand for payment in accordance with the terms of such Reserve Fund Facility at the earliest time provided therein to assure the availability of moneys on the interest payment date for which such moneys are required.

Moneys and investments held for the credit of the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement, upon direction of an Authorized Officer of the Authority, shall be withdrawn by the Trustee and (i) deposited in the Arbitrage Rebate Fund, Debt Service Fund or Construction Fund, (ii) paid to the Institution or (iii) applied by the Authority to pay the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on bonds of the Authority issued in connection with the Institution pursuant to resolutions other than the Resolution, in accordance with such direction; *provided, however*, with respect to Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes, that no such amount shall be withdrawn and deposited, paid or applied unless in the opinion of Bond Counsel such deposit, payment or application will not adversely affect the exclusion of interest on any such Bonds from gross income for federal income tax purposes. Notwithstanding the provisions hereof, if, upon a Bond having been deemed to have been paid in accordance with the Resolution or redeemed prior to maturity from the proceeds of Bonds, bonds, notes or other obligations issued for such purpose, the moneys and investments held for the credit of the Debt Service Reserve Fund will exceed the Debt Service Reserve Fund Requirement, then the Trustee shall, simultaneously with such redemption or a deposit made in accordance with the Resolution, withdraw all or any portion of such excess from the Debt Service Reserve Fund upon the direction of an Authorized Officer of the Authority and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on such Bond in accordance with the irrevocable instructions of the Authority, (ii) fund any reserve for the payment of the principal and sinking fund installments of or interest on the bonds, notes or other obligations, if any, issued to provide for payment of such Bond if, in the opinion of Bond Counsel, application of such moneys to the use authorized in this clause (ii) will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, (iii) pay such amount to the Authority for deposit to the Construction Fund if, in the opinion of Bond Counsel, application of such moneys to the payment of Costs of the Project will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes, (iv) reimburse the Applicable Credit Facility Provider, if any, for draws under the Credit Facility used to pay principal or interest on one or more Series of Bonds, or (v) apply such amount to such other purpose as may be approved in writing by the Authority if, in the opinion of Bond Counsel, application of such amount to such purpose will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes; provided that after such withdrawal the amount remaining in the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Fund Requirement.

If upon a valuation, the moneys, investments and Reserve Fund Facilities held for the credit of the Debt Service Reserve Fund are less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Authority and the Institution of such deficiency and the Institution shall, as soon as practicable, but in no event later than five (5) Business Days after receipt of such notice, deliver to the Trustee moneys, Government Obligations, Exempt Obligations or Reserve Fund Facilities the value of which is sufficient to increase the amount in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. If the Institution has not made timely payment, the Trustee shall immediately notify the Authority of such non-payment.

(Section 5.07)

Arbitrage Rebate Fund

The Trustee shall deposit to the appropriate account in the Arbitrage Rebate Fund any moneys delivered to it by the Institution for deposit therein and, notwithstanding any other provisions of Article V of the Resolution, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of the Authority, moneys

on deposit in any other funds held by such Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions.

Moneys on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which the Authority determines to be in excess of the amount required to be so rebated shall be deposited to any Fund in accordance with the directions of the Authority.

If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings (as defined in the Code and the regulations adopted pursuant thereto) with respect to the Bonds and direct the Trustee to (i) transfer from any other of the funds held by the Trustee under the Resolution and deposit to the Arbitrage Rebate Fund, all or a portion of the Excess Earnings with respect to such Bonds and (ii) pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.08)

Entrance Fee Fund

The Trustee shall deposit to the credit of the Entrance Fee Fund, all Entrance Fees (including Entrance Fees released from escrow) received by or on behalf of the Institution from the residents of a Project and paid over by the Institution to the Trustee pursuant to the Loan Agreement, the Assignment of Rents and Leases, the Gross Receipts Security Agreement and any agreements entered into by the Institution in connection with a Credit Facility.

(Section 5.09)

At such time as the Series 2000A Bonds have been redeemed in full and the Credit Facility Issuer has been reimbursed for all draws on the Credit Facility applied to such purpose, Entrance Fees may be retained by the Institution.

(Series 2000B Resolution – Section 9.02)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if, upon the computation of assets of the Debt Service Fund and the Debt Service Reserve Fund pursuant to the Resolution, the amounts held in the appropriate accounts in the Debt Service Fund and the Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to reimburse the Applicable Facility Providers for draws on the Applicable Credit Facility applied to such purpose, the Trustee shall so notify the Authority and the Institution. Upon receipt of such notice, the Authority may request the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds as provided in Article IV of the Resolution.

(Section 5.10)

Transfer of Investments

Whenever moneys in any fund established under the Resolution are to be paid to another such fund, such payment may be made, in whole or in part, by transferring to such other fund investments held as part of the fund from which such payment is to be made, whose value, together with the moneys, if any, to be transferred, is

at least equal to the amount of the payment then to be made, provided that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

(Section 5.11)

Computation of Assets of Certain Funds

The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of the Authority, (iii) upon the request of the Institution, but not more frequently than once a calendar month, and (iv) at such other times as may be necessary in connection with a withdrawal and deposit made pursuant to certain sections of the Resolution, shall compute the value of the assets in the Debt Service Reserve Fund, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such withdrawal and deposit, and notify the Authority and the Institution as to the results of such computation and the amount by which the value of the assets in the Debt Service Reserve Fund exceeds or is less than the Debt Service Fund Requirement.

(Section 5.12)

Security for Deposits

All moneys held under the Resolution by the Trustee shall be continuously and fully secured, for the benefit of the Authority, the Holders of the Bonds and the Applicable Facility Providers, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; *provided, however,* (a) that if the securing of such moneys is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them pursuant to the Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any moneys which shall be represented by obligations purchased or other investments made under the provisions hereof as an investment of such moneys and (c) that any proceeds from a Credit Facility shall be held uninvested.

(Section 6.01)

Investment of Funds and Accounts

Money held under the Resolution by the Trustee, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority (which direction shall specify the amount thereof to be so invested), in Government Obligations or Exempt Obligations; *provided, however,* that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes hereof.

In lieu of the investments of moneys in obligations authorized in the paragraph above, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest moneys in (i) interest-bearing time deposits, certificates of deposit or other similar investment arrangements including, but not limited to, written repurchase agreements relating to Government Obligations, with banks, trust companies, savings banks, savings and loan associations, or securities dealers approved by the Authority the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (ii) Exempt Obligations or (iii) Investment Agreements; *provided, however,* that (w) each such investment shall permit the moneys so deposited or invested to be available for use at the times at, and in the amounts in, which the Authority reasonably believes such moneys will be required for the purposes hereof, (x) all moneys in each such interest-bearing time deposit, certificate of deposit or other similar

investment arrangement shall be continuously and fully secured by ownership of or a security interest in Government Obligations of a market value determined by the Trustee or its agent on a daily valuation equal to the amount deposited or invested including interest accrued thereon, (y) the obligations securing such interest-bearing time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Government Obligations securing such time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be free and clear of claims of any other person.

Obligations purchased or other investments made as an investment of moneys in any fund or account held by the Trustee under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

In computing the amount in any fund or account held by the Trustee under the provisions of the Resolution, obligations purchased as an investment of moneys therein or held therein shall be valued at par or the market value thereof, plus accrued interest, whichever is lower, except that investments held in the Debt Service Reserve Fund shall be valued at the market value thereof, plus accrued interest.

Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in this subdivision. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority and the Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions hereof as of the end of the preceding month and as to whether such investments comply with the provisions of the first three paragraphs of this subdivision. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

No part of the proceeds of any Series of Bonds or any other funds of the Authority shall be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(Section 6.02)

Creation of Liens

Except as permitted by the Resolution, the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds on the proceeds from the sale of the Bonds, the Revenues, the rights of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee, or the funds and accounts established by the Resolution or by any Series Resolution which are pledged by the Resolution; *provided, however*, that nothing contained in the Resolution shall prevent the Authority from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the Institution

The Authority shall take all legally available action to cause the Institution to perform fully all duties and acts and comply fully with the covenants of the Institution required by the Loan Agreement in the manner and at the times provided in the Loan Agreement; *provided, however*, that the Authority may (i) delay or

defer enforcement of one or more provisions of the Loan Agreement (other than provisions requiring the payment of moneys or the delivery of Securities to the Trustee for deposit to any fund or account established under the Resolution) if the Authority determines such delay or deferment will not materially adversely affect the interests of the Holders of the Bonds and (ii) at any time prior to the occurrence of an event of default under the Resolution, annul any declaration that the indebtedness under the Loan Agreement with respect to one or more Series of Bonds is immediately due and payable and, if prior to the entry of a final judgment or decree in any action or proceeding instituted on account of an “Event of Default” as defined under the Loan Agreement, discontinue such action or proceeding if the Institution shall have cured each “Event of Default” under the Loan Agreement.

(Section 7.07)

Amendment of Mortgage, Loan Agreement or Pledged Revenues

The Mortgage, the Assignment of Rents and Leases, the Loan Agreement or the Pledged Revenues may be modified so long as the Institution shall be obligated to make all payments required under the Resolution such that the Trustee can comply with the payment terms of the Resolution and the Series Resolutions, as amended; *provided, however*, that any such modification shall not take effect without the prior written consent of each Credit Facility Provider. Principal payments under the Loan Agreement or payments under the Mortgage may not be extended or deferred without delivery of a certificate of an Authorized Officer of the Trustee stating that such deferral or extension will not adversely affect the Authority’s ability to pay interest coming due or principal at maturity of the Bonds.

(Section 7.11)

Tax Exemption; Rebates

In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Bonds (other than those designated as federally taxable), the Authority shall comply with the provisions of the Code applicable to the Bonds (other than those designated as federally taxable), including without limitation the provisions of the Code relating to the computation of the yield on investments of the gross proceeds of Bonds, reporting of earnings on the gross proceeds of the Bonds, and rebates of Excess Earnings to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the Authority shall comply with the letter of instructions as to compliance with the Code with respect to the Bonds, to be delivered by Bond Counsel at the time the Bonds are issued, as such letter may be amended from time to time, as a source of guidance for achieving compliance with the Code.

The Authority shall not take any action or fail to take any action, which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the code.

Notwithstanding any other provision of the Resolution to the contrary, the Authority’s failure to comply with the provisions of the Code applicable to the Bonds shall not entitle the Holder of Bonds, or the Trustee acting on their behalf, to exercise any right or remedy provided to Bondholders under the Resolution based upon the Authority’s failure to comply with the provisions of the Resolution or of the Code.

(Section 7.13)

Modification and Amendment Without Consent

Notwithstanding any other provisions of Article IX or Article X of the Resolution, the Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolutions or Supplemental Resolutions shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority:

To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms hereof, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

To confirm, as further assurance, any pledge under the Resolution or under any Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues, or any pledge of any other moneys, Securities or funds;

To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such Resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions; or

To modify or amend a Project; or

With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

(Section 9.01)

Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Bondholders in accordance with and subject to the provisions of Article X of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of Article IX and Article X of the Resolution. Nothing contained in Article IX or Article X of the Resolution shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Authority, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution and to each Facility Provider upon its becoming effective.

The Trustee is authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of the Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions hereof.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee, a Paying Agent or a Facility Provider shall become effective without the written consent of the Trustee, the Paying Agent or Facility Provider affected thereby.

(Section 9.03)

Powers of Amendment

Any modification or amendment hereof that modifies or amends the rights and obligations of the Authority and that shall be deemed to affect the Bonds and the Holders of the Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as described below under the caption "Consent of Bondholders," (i) of the Holders of at least a majority in principal amount of the Outstanding Bonds at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this subdivision. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this subdivision, a Series shall be deemed to be affected by a modification or amendment hereof if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the rights of Holders of Bonds of any particular Series or maturity would be adversely affected or diminished in any material respect by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions described above under the caption "Powers of Amendment" to take effect when and as provided in this subdivision. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders affected thereby for

their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed or caused to be mailed by the Authority to such Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as in this subdivision provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds described above under the caption "Powers of Amendment" and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter in this subdivision provided. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this paragraph subdivision for is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of the Bonds and will be effective as provided in this subdivision, shall be given to such Bondholders by the Authority by mailing or causing to be mailed such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of such Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this paragraph provided). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by this paragraph to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent, and the Holders of all Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; *provided, however*, that the Authority, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

For the purposes of Article X of the Resolution, the purchasers of the Bonds, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to a modification or amendment permitted as described above under the caption "Powers of Amendment" and as described below under the caption "Modifications by Unanimous Consent" in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; *provided, however*, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series.

Modifications by Unanimous Consent

The terms and provisions hereof and the rights and obligations of the Authority and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of a Supplemental Resolution certified by an Authorized Officer of the Authority and the consent of the Holders of all Bonds then Outstanding, such consent to be given as provided in above, except that no notice to the Bondholders either by mailing or publication shall be required.

(Section 10.03)

Credit Facility Provider Deemed Holder of Bonds

Unless otherwise provided in an Applicable Series Resolution, for so long as any Bonds are supported by a Credit Facility, for purposes of giving consents required under the Resolution or exercising any voting rights given to Holders under the Resolution, so long as no Facility Provider Default has occurred and is continuing, such Credit Facility Provider shall be deemed to be the sole Holder of the Applicable Bonds Outstanding.

(Section 10.04)

Consent of Facility Provider

Whenever by the terms of Article X of the Resolution the consent of the Holders of the Bonds to a modification or amendment of the Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each Facility Provider has been obtained, so long as no Facility Provider Default by the such Facility Provider has occurred and is continuing; *provided, however,* that the consent of a Facility Provider which has provided a Credit Facility or a Liquidity Facility shall not be required unless the modification or amendment requires the consent of the Holders of any percentage in principal amount of Outstanding Bonds or of the Holders of any percentage in principal amount of the Bonds of the Series in connection with which such Credit Facility or Liquidity Facility was provided. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby shall be given to each Facility Provider by mail at the times and in the manner provided in the Resolution with respect to notices thereof required to be given to the Bondholders. Notice thereof shall also be given to each Rating Service as soon as practical after adoption of such Series Resolution or Supplemental Resolution and of the effectiveness thereof.

(Section 10.06)

Events of Default

An event of default shall exist under the Resolution (herein called “event of default”) if:

With respect to the Bonds, payment of the principal, Sinking Fund Installments or Redemption Price of any such Bond shall not be made by or on behalf of the Authority when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

With respect to the Bonds, payment of an installment of interest on any such Bond shall not be made by the Authority when the same shall become due and payable; or

With respect to the Bonds, the Authority shall default in the due and punctual performance of any covenants contained in the Resolution to the effect that the Authority shall comply with the provisions of the Code applicable to such Series of Bonds necessary to maintain the exclusion of interest therein from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such

Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series shall no longer be excluded from gross income under Section 103 of the Code; or

With respect to the Bonds, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in the Bonds or in any Series Resolution on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, or if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence within said thirty (30) days and diligently prosecute the cure thereof; or

The Authority shall have notified the Trustee that an “Event of Default” as defined in the Loan Agreement shall have occurred and be continuing and all sums payable by the Institution under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled and the Authority shall have notified the Trustee of such “event of default.”

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified under the caption “Events of Default,” other than an event of default specified in paragraph (c) or (d) under the caption “Events of Default,” then and in every such case the Trustee may, and, upon the written request of a Credit Facility Provider, if any, or the Holders of not less than twenty-five per centum (25%) in principal amount of all Outstanding Bonds with the written consent of each Credit Facility Provider, shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Bonds to the contrary notwithstanding. At any time after the principal of all the Outstanding Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, upon the written request of a Credit Facility Provider or with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and then Outstanding and with the written consent of each Credit Facility Provider, by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution (other than principal amounts payable only because of a declaration and acceleration under this subdivision) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in all the Outstanding Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this subdivision) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

If the Trustee receives notice from the Credit Facility Issuer or the Liquidity Bank of an “Event of Default” under the Reimbursement Agreement (which “Event of Default” would be deemed an Event of Default under the Loan Agreement and, therefor, the Resolution) and a direction from the Credit Facility Issuer or the Liquidity Bank to accelerate the Series 2000B Bonds, the Trustee shall immediately give notice in writing to the Authority in accordance with Section 11.03 of the Resolution that the Series 2000B Bonds shall be immediately due

and payable on the date such notice is given by the Trustee at a price equal to principal amount thereof plus accrued interest, if any.

Notwithstanding anything in the Resolution, including the provisions described in the second preceding subdivision above, to the contrary, if at any time the Trustee shall give notice in writing to the Authority in accordance with the Resolution that the Series 2000B Bonds shall be accelerated as a result of an Event of Default, each Series 2000B Bond shall be immediately due and payable on the date the Trustee gives such notice, at a price equal to the par amount thereof plus accrued and unpaid interest, if any, to the date such notice is given. Payment of accelerated Series 2000B Bonds shall be made from proceeds of a draw by the Trustee on the Credit Facility.

(Series 2000B Resolution – Section 4.04)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the Resolution, then and in every such case, the Trustee may proceed, and upon the written request of a Credit Facility Provider, or of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds with the written consent of each Credit Facility Provider, shall proceed (subject to certain provisions of the Resolution) to protect and enforce its rights and the rights of the Bondholders or of such Credit Facility Providers under the Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or in aid or execution of any power herein or therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights, including the foreclosure of any Mortgage assigned to the Trustee.

In the enforcement of any remedy under the Resolution the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of the Resolution or of the Bonds, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Authority, but solely as provided in the Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

(Section 11.04)

Bondholders' Direction of Proceedings

Anything in the Resolution to the contrary notwithstanding, the Credit Facility Providers or the Holders of a majority in principal amount of the Outstanding Bonds with the consent of the Credit Facility Providers, shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution, provided, such direction shall not be otherwise than in accordance with law and the provisions hereof, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

(Section 11.07)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds nor any Facility Provider shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder or Facility Provider previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also such Facility Provider or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds with the written consent of each Credit Facility Provider, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts hereof or for any other remedy under the Resolution and in equity or at law. It is understood and intended that no one or more Holders of the Bonds secured by the Resolution or Facility Providers shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security hereof or to enforce any right under the Resolution except in the manner provided, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds. Notwithstanding any other provision hereof, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

(Section 11.08)

Notice of Event of Default

The Trustee shall give notice of each event of default under the Resolution known to the Trustee to the Institution and to each Facility Provider within five (5) days after knowledge of the occurrence thereof and to the Holders of the Outstanding Bonds within thirty (30) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; *provided, however*, that, except in the case of default in the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of, or interest on, any of the Bonds, the Trustee shall be protected in withholding notice thereof to the Holders of Bonds if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (i) to all registered Holders of the Outstanding Bonds, as the names and addresses of such Holders appear on the books for registration and transfer of such Bonds as kept by the Trustee, (ii) to each Facility Provider and (iii) to such other persons as is required by law. Any such notice required to be mailed to Holders of Bonds may, in the sole discretion of the Authority, be published by the Trustee in an Authorized Newspaper.

(Section 11.12)

Defeasance

If the Authority shall pay or cause to be paid to the Holders of Bonds the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Bonds and all other rights granted by the Resolution to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all moneys or Securities held by it pursuant hereto which are not required for the payment or redemption of Bonds shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein

in accordance with the direction of an Authorized Officer of the Authority; second, to each Credit Facility Provider and Liquidity Facility Provider, pro rata, the amount if any, certified by an Authorized Officer of such Credit Facility Provider and Liquidity Facility Provider to be due and owing to such Credit Facility Provider or Liquidity Facility Provider under the Applicable Reimbursement Agreement; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; fourth, to each Facility Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; and, then, the balance thereof to the Institution. Such moneys or Securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this subdivision. All Outstanding Bonds of any maturity or a portion of a maturity shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this subdivision if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in Article IV hereof notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received the written consent of each Facility Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility, Liquidity Facility or Reserve Fund Facility issued by it or the interest thereon have not been repaid to such Facility Provider, and (iv) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, and, if directed by an Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, of a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this subdivision and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with this subdivision. The Trustee shall select the Bonds and maturity the payment of which shall be made in accordance with this subdivision in the manner provided in the Resolution. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this subdivision nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; *provided, however*, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date hereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the

balance thereof to the Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with clause (ii) of the second sentence of the second paragraph of this subdivision, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (ii) of the second sentence of the second paragraph of this subdivision, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Institution free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

Variable Interest Rate Bonds shall be deemed to have been paid in accordance with clause (ii) of the second sentence of the second paragraph of this subdivision only if, in addition to satisfying the requirements of clauses (i) and (iii) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided, however*, that if, at the time a deposit is made with the Trustee pursuant to the second paragraph of this subdivision, the options, if any, originally exercisable by the Holder of a Variable Interest Rate Bond are no longer exercisable, such Bond shall not be considered a Variable Interest Rate Bond for purposes of this paragraph (d). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Variable Interest Rate Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Institution free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for one (1) year after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after said date when all of the Bonds become due and payable, shall, at the written request of the Authority, be repaid by the Trustee or Paying Agent to the Institution as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; *provided, however*, that, before being required to make any such payment to the Authority, the Trustee or Paying Agent may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than forty-five (45) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Institution.

No principal or Sinking Fund Installment of or installment of interest on a Bond shall be considered to have been paid, and the obligation of the Authority for the payment thereof shall continue, notwithstanding that a Credit Facility Provider pursuant to the Credit Facility issued with respect to such Bond has paid the principal or Sinking Fund Installment thereof or the installment of interest thereon.

Prior to any defeasance becoming effective under this Resolution, the Applicable Credit Facility Provider shall have received (a) the final official statement delivered in connection with the refunding of Bonds, if any, (b) a copy of the accountants' verification report, (c) a copy of the escrow deposit agreement or letter of instructions in form and substance acceptable to such Credit Facility Provider, and (d) a copy of an opinion of Bond Counsel, dated the date of defeasance and addressed to such Credit Facility Provider, to the effect that such Bonds have been paid within the meaning and with the effect expressed in this Resolution and the Applicable Series

APPENDIX C

Resolution, and that the covenants, agreements and other obligations of the Authority to the Holders of such Bonds have been discharged and satisfied.

(Section 12.01)

**FORM OF APPROVING OPINION OF BOND COUNSEL
DELIVERED IN CONNECTION WITH THE
ISSUANCE OF THE SERIES 2000B BONDS**

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Squire, Sanders & Dempsey

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May 31, 2000

Dormitory Authority of the
State of New York
515 Broadway
Albany, New York 12207

Ladies and Gentlemen:

We have acted as Bond Counsel to the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State of New York (the "Authority"), in connection with the issuance and sale by the Authority of \$5,300,000 principal amount of its F.F.T. Senior Communities, Inc. Revenue Bonds, Series 2000A (the "Series 2000A Bonds") and \$18,555,000 principal amount of its F.F.T. Senior Communities, Inc. Revenue Bonds, Series 2000B (the "Series 2000B Bonds" and together with the Series 2000A Bonds, the "Series 2000 Bonds"). The Series 2000 Bonds are being issued and sold pursuant to the Dormitory Authority Act constituting Chapter 524 of the Laws of 1944 of New York and codified as Title 4 of Article 8 of the New York Public Authorities Law, as amended (the "Act"), and pursuant to the F.F.T. Senior Communities, Inc. Revenue Bond Resolution adopted on May 3, 2000 (the "Resolution"), the Series Resolution Authorizing Up To \$6,000,000 F.F.T. Senior Communities, Inc. Revenue Bonds Series 2000A adopted on May 3, 2000 in accordance with the Resolution (the "Series 2000A Resolution"), and the Series Resolution Authorizing Up To \$20,000,000 F.F.T. Senior Communities, Inc. Revenue Bonds Series 2000B adopted on May 3, 2000 in accordance with the Resolution (the "Series 2000B Resolution" and together with the Resolution and the Series 2000A Resolution, the "Resolutions"). Defined terms used herein and not otherwise defined shall have the meanings assigned thereto in the Resolutions.

The Series 2000 Bonds are being issued (i) to pay the Costs of the Project (ii) to pay the Costs of Issuance of the Series 2000 Bonds (iii) to make a deposit to the Debt Service Reserve Fund in an amount equal to the Debt Series Reserve Fund Requirement, and (iv) to pay capitalized interest on the Series 2000 Bonds. F.F.T. Senior Communities, Inc. (the "Institution") is entering into a Loan Agreement dated as of May 3, 2000 (the "Loan Agreement") with the Authority pursuant to which the Institution agrees, among other things, to pay, or cause to be paid, an amount sufficient to pay principal, sinking fund installments and redemption price of and interest on the Series 2000 Bonds.

The Series 2000A Bonds are being issued in fully registered form and may bear interest at Daily, Weekly, Commercial Paper or Long-Term Interest Rates and may be converted to a Fixed Interest Rate. Initially, the Series 2000A Bonds will bear interest at the Weekly Interest

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Dormitory Authority of the
State of New York
May 31, 2000

Rate. The Series 2000A Bonds are payable, subject to redemption prior to maturity, subject to optional and mandatory tender, exchangeable, transferable and secured upon such terms and conditions as are contained in the Series 2000A Resolution and the Resolution.

The Series 2000B Bonds are being issued in fully registered form and may bear interest at Daily, Weekly, Commercial Paper or Long-Term Interest Rates and may be converted to a Fixed Interest Rate. Initially, the Series 2000B Bonds will bear interest at the Long-Term Interest Rate. The Series 2000B Bonds are payable, subject to redemption prior to maturity, subject to optional and mandatory tender, exchangeable, transferable and secured upon such terms and conditions as are contained in the Series 2000B Resolution and the Resolution.

We have examined a record of proceedings of the Authority in connection with the authorization and issuance of the Series 2000 Bonds and have made such investigation of law and such further review, inquiry or examinations as we have deemed necessary or desirable in rendering the opinions set forth herein.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Series 2000 Bonds under the Resolutions.

2. The Resolution has been duly and lawfully adopted by the Authority. The Series 2000A Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Series 2000B Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their terms. The Resolutions create a valid pledge, to secure the payment of principal of and interest on the Series 2000 Bonds, of the Revenues and any other amounts (including proceeds of sale of the Series 2000 Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Arbitrage Rebate Fund, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

3. The Series 2000A Bonds and Series 2000B Bonds have been duly and validly authorized and issued, and when authenticated and delivered, will constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Resolutions, will be payable solely from the sources provided therefor in the Resolutions, and will be entitled to the benefit of the Resolutions and the Act and all conditions to the delivery of the Series 2000 Bonds set forth in the Resolution or the Act have been fulfilled.

4. The Authority has the right and lawful authority and power to enter into the Loan Agreement and the Loan Agreement has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

5. Assuming compliance with the covenants described below contained in the Resolution, interest on the Series 2000 Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers. The Series 2000 Bonds are not "specified private activity bonds" within the meaning of Section 57 (a) (5) of the Internal Revenue Code of 1986 (the "Code") and, therefore, the interest on the Series 2000 Bonds will not be treated as a specific preference item for purposes of computing alternative minimum tax imposed by Section 55 of the Code. However, we note that a portion of the interest on the Series 2000 Bonds owned by certain corporations may be subject to the federal alternative minimum tax, which is based in part on adjusted current earnings.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2000 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2000 Bonds to be included in gross income retroactive to the date of issue of the Series 2000 Bonds. The Authority and the Institution have covenanted to take all actions necessary to maintain, and to avoid taking any action that would impair, the exclusion of the interest on the Series 2000 Bonds from gross income for federal income tax purposes pursuant to Section 103 (a) of the Code.

In rendering the opinions set forth in the foregoing paragraph 5 we have relied upon the representations made by the Institution with respect to certain material facts within the knowledge of the Institution and also upon the opinion of Harris Beach & Wilcox, counsel to the Institution, and we have made no independent investigation thereof, including the current qualification of the Institution as an organization described in Section 501 (c) (3), and exempt from federal income tax pursuant to Section 501 (a), of the Code. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service's requirements for maintenance of its status as an organization described in Section 501 (c) (3), and exempt from federal income tax pursuant to Section 501 (a), of the Code may result in interest on the Series 2000 Bonds being included in gross income for federal income tax purposes, possibly retroactive from the original delivery of the Series 2000 Bonds.

We have examined an executed Series 2000A Bond and Series 2000B Bond and, in our opinion, the form of said bonds and their execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Series 2000A Bonds, Series 2000B Bonds and the Loan

Dormitory Authority of the
State of New York
May 31, 2000

Agreement, respectively, may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws, heretofore or hereafter enacted, affecting the enforcement of creditors' rights and remedies generally and is subject to the exercise of judicial discretion in accordance with general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

Except as stated in paragraph 5 above, we express no opinion as to any other federal or state tax consequences of the ownership or disposition of the Series 2000 Bonds. Furthermore, we express no opinion as to any federal, State or local tax law consequences with respect to the Series 2000 Bonds, or the interest thereon, if any action is taken with respect to the Series 2000 Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Institution. We have assumed the due authorization, execution and delivery of the Loan Agreement by the Institution.

This opinion is furnished by us solely for your benefit and except as specifically authorized by us, may not be relied upon by any other person.

Very truly yours,

Squire, Sanders & Dempsey L.L.P.

FORM OF OPINION OF BOND COUNSEL

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FORM OF OPINION OF BOND COUNSEL

Squire, Sanders & Dempsey L.L.P.
30 Rockefeller Plaza
New York, New York 10112

May 13, 2010

Dormitory Authority of the
State of New York
515 Broadway
Albany, New York 12207

Ladies and Gentlemen:

This opinion is being delivered, at the request of the Dormitory Authority of the State of New York (the "Authority"), in connection with the conversion on this date of the Interest Rate Period for the Authority's \$16,575,000 F.F.T. Senior Communities, Inc. Revenue Bonds, Series 2000B (the "Bonds") issued pursuant to the Authority's F.F.T. Senior Communities, Inc. Revenue Bond Resolution, adopted on May 3, 2000 (the "Resolution") and the Authority's Series Resolution Authorizing Up To \$20,000,000 F.F.T. Senior Communities, Inc. Revenue Bonds, Series 2000B, adopted on May 3, 2000 (the "Series Resolution" and together with the Resolution, the "Resolutions"), from the Long-Term Interest Rate Period to the Weekly Interest Rate Period, and the related amendment and extension of the irrevocable direct-pay letter of credit (the "Letter of Credit") issued by KBC Bank N.V., New York Branch (the "Bank") for the benefit of the Bonds. Capitalized terms used and not defined herein shall have the respective meanings given such terms in the Resolution unless the context clearly indicates otherwise. The transaction described in this paragraph is herein referred to as the "Transaction."

In rendering this opinion, we have examined the Act, the Resolutions, and such other documents, certificates and opinions as we have deemed relevant in connection with rendering the opinion hereinafter expressed. We have also assumed for purposes of this opinion the due authorization, execution and delivery by, and the binding effect upon and enforceability against, the Bank of the Letter of Credit.

Based upon and subject to the foregoing, we are of the opinion that the Transaction is authorized under the Act and the Resolutions and will not adversely affect the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds.

We have not been called upon to make, and have not made, any investigation or inquiries concerning any matters (other than the Transaction) relating to the Bonds, nor have we undertaken any other investigation with respect to the exclusion of interest on the Bonds, or to otherwise update the matters addressed in our original bond counsel opinion rendered on the date of the original issuance of the Bonds, respectively, and we are not, therefore, rendering any opinion herein as to the current federal income tax status of interest on the Bonds.

We are under no duty to update or keep this opinion current in light of subsequent events. No one else is entitled to rely upon this opinion, except those to whom the opinion is addressed without our express written consent.

Very truly yours,

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