

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

**MAIMONIDES MEDICAL CENTER
FHA-INSURED MORTGAGE HOSPITAL
REVENUE BOND RESOLUTION**

Adopted July 17, 2019

**A RESOLUTION AUTHORIZING THE ISSUANCE BY THE
DORMITORY AUTHORITY OF THE STATE OF NEW YORK OF SERIES OF
MAIMONIDES MEDICAL CENTER
FHA-INSURED MORTGAGE HOSPITAL REVENUE BONDS; PROVIDING FOR
THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS;
AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF**

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**MAIMONIDES MEDICAL CENTER
FHA-INSURED MORTGAGE HOSPITAL
REVENUE BOND RESOLUTION**

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK OF SERIES OF MAIMONIDES MEDICAL CENTER FHA-INSURED MORTGAGE HOSPITAL REVENUE BONDS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF.

BE IT RESOLVED BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK AS FOLLOWS:

**ARTICLE I
DEFINITIONS; CONTRACT AND AUTHORITY**

SECTION 1.01. Definitions and Interpretation. As used in this resolution, unless a different meaning clearly appears from the context:

“**Act**” means the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Titles 4 and 4-B of Article 8 of the Public Authorities Law, as amended);

“**Annual Administrative Fee**” means the annual fee for the general administrative expenses of the Authority in the amount or percentage and payable as stated in the Applicable Loan Agreement;

“**Applicable**” means: (i) with respect to any Construction Fund, Mortgage Account, Equity Account, Insurance and Condemnation Account, Investment Income Account, Costs of Issuance Account, Arbitrage Rebate Fund, Debt Service Fund, Debt Service Account, Surplus Account, Debt Service Reserve Fund, Reserve Account, Collateral Account, the Purchase Account or Redemption Account, the fund or account so designated and established by an Applicable Series Resolution authorizing an Applicable Series of Bonds relating to a particular Project; (ii) with respect to any Debt Service Reserve Fund Requirement, the said Requirement established in connection with a Series of Bonds; (iii) with respect to any Collateral Account Requirement, the said Requirement established in connection with a Series of Bonds; (iv) with respect to any Investment Income Account Requirement, the said Requirement established in connection with a Series of Bonds; (v) with respect to any Series Resolution, the Series Resolution relating to a particular Project; (vi) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for a particular Project for the Institution; (vii) with respect to any Loan Agreement, the Loan Agreement entered into by and between the Institution and the Authority, relating to a particular Project for the Institution; (viii) with respect to any FHA Documents, either collectively or as separate documents, the FHA Documents delivered

and entered into relating to a particular Project for the Institution; (ix) with respect to any Servicing Agreement, the Servicing Agreement entered into by and between a Mortgage Servicer and the Authority, relating to a particular Project; (x) with respect to a Bond Series Certificate, such certificate authorized pursuant to an Applicable Series Resolution; (xi) with respect to any Project, the Project being financed in connection with the issuance of a particular Series of Bonds; (xii) with respect to any Supplemental Resolution, any such Resolution supplementing a particular Series Resolution; (xiii) with respect to a Trustee or a Paying Agent, the Trustee or Paying Agent identified in the Applicable Series Resolution; (xiv) with respect to any Bond Insurance Policy and/or Surety Bond, the Bond Insurance Policy and/or Surety Bond delivered in connection with a particular Series of Bonds; (xv) with respect to a Mortgage Servicer, the Mortgage Servicer identified in the Applicable Series Resolution or Applicable Bond Series Certificate; (xvi) with respect to any Trust Revenues, the Trust Revenues pledged in connection with an Applicable Series of Bonds; and (xvii) with respect to any Bond Insurer, the Bond Insurer which is providing a Bond Insurance Policy or Surety Bond with respect to an Applicable Series of Bonds;

“Arbitrage Rebate Fund” means each such fund authorized to be created pursuant to Section 5.02 hereof and so designated and established by a Series Resolution;

“Architect” means, with respect to an Applicable Series of Bonds, any architect(s) or engineer(s) retained by the Institution with the approval of the Authority and HUD;

“Assignment” means, with respect to one or more Applicable Series of Bonds, the Assignment, dated as of or prior to the date of delivery of such Series of Bonds, pursuant to which all right, title and interest of the Mortgage Servicer or other approved FHA mortgagee in and to the Commitment is assigned to the Authority;

“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 a fee payable to the Authority upon the issuance of a Series of Bonds in an amount set forth in the Applicable Loan Agreement;

“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 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, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, Managing Director of Public Finance, the Managing Director of Construction, the Managing Director of Policy and Program Development, and the General Counsel, 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, the person or persons authorized by a resolution or the by-laws of such Institution to perform any act or execute any document; (iii) in the case of the Applicable Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Applicable 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 such Applicable Trustee or the by-laws of such Applicable Trustee; and (iv) in the case of a Mortgage Servicer, the person or persons authorized by a resolution or the by-laws of such Mortgage Servicer to perform any act or execute any document;

“Available Moneys” means, with respect to an Applicable Series of Bonds: (i) all amounts drawn under a letter of credit, surety bond, insurance policy or other similar third party payment agreement and deposited to the credit of the Collateral Account, the Redemption Account, the Debt Service Account or the Debt Service Reserve Fund; (ii) the proceeds of any obligations issued for the express purpose of providing for the payment of the principal of and premium, if any, and interest on the Bonds; (iii) moneys of the Institution which have been transferred to and on deposit with the Applicable Trustee, for a period of not less than one hundred twenty-three (123) days during which no general assignment for the benefit of creditors of the Authority or the Institution has been made under the State Debtor and Creditor Law (being Chapter 17 of the Laws of 1909 of the State, as amended) as amended from time to time, and no petition has been filed by or against the Authority or the Institution under the United States Bankruptcy Code of 1978 (11 U.S.C. Section 101 *et seq.*), as amended from time to time, or if such petition has been filed, it has been dismissed during such one hundred twenty-three (123) day period; and (iv) all other amounts on deposit in any such Fund or Account as to which the Applicable 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 in the event of an act of bankruptcy on behalf of the Institution or the Authority;

“Bond” or **“Bonds”** means any of the bonds of the Authority authorized pursuant hereto and issued pursuant to an Applicable Series Resolution;

“Bond Counsel” means an attorney or a law firm, appointed by the Authority with respect to a particular Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds;

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

“Bond Insurance Policy” means the municipal bond insurance policy, if any, issued by the Bond Insurer with respect to an Applicable Series of Bonds;

“Bond Insurer” means such insurance corporation, if any, acceptable to an Authorized Officer of the Authority, which has issued the Bond Insurance Policy and/or a Surety Bond in connection with an Applicable Series of Bonds, and its successors and assigns;

“Bond Series Certificate” means a certificate of the Authority fixing terms, conditions and other details of Bonds of an Applicable Series in accordance with the delegation of power to do so under an Applicable Series Resolution as such Bond Series Certificate may be amended or supplemented from time to time;

“Bond Year” means, unless otherwise defined in the Applicable Series Resolution, a period of twelve (12) consecutive months beginning [February 15] in any calendar year and ending on [February 14] of the succeeding calendar year;

“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;

“Building Loan Agreement” means, with respect to one or more Series of Bonds, the Building Loan Agreement, if any, entered into between the Institution and the Authority (as mortgagee under the Mortgage);

“Business Day” means a day on which the Authority and the Applicable Trustee are not required or authorized by law to close;

“Capital Accumulator Bond” means any of the Bonds designated as such in an Applicable Series Resolution or Bond Series Certificate;

“Capital Addition” means, with respect to an Applicable Series of Bonds, an addition, amendment or supplement to a Project, as defined in the Act;

“Cash Flow Statement” means a cash flow analysis prepared on a basis consistent with the original cash flow statement relative to an Applicable Series of Bonds and approved by the Authority and provided to the Applicable Trustee, which is prepared by a Financial Consultant and which demonstrates that Trust Revenues available therefor will be sufficient in each succeeding Bond Year to pay principal of and interest on all Bonds Outstanding coming due in such Bond Year, all fees and expenses of the Authority, the Applicable Trustee and the Mortgage Servicer, and any Mortgage Advances, and which includes all fundamental assumptions used in reaching such conclusions, when compared with the original cash flow statement delivered at Closing on file with the Trustee;

“Closing” means the date on which an Applicable Series of Bonds is issued and delivered;

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

“Collateral Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Debt Service Reserve Fund and so designated and established by the Applicable Series Resolution;

“Collateral Account Requirement” means, unless otherwise defined in the Applicable Series Resolution or Applicable Bond Series Certificate, with respect to a Series of Bonds, as of any particular date of calculation, the amount, if any, by which (A) the aggregate principal amount of Applicable Series of Bonds then Outstanding plus interest on such Bonds accrued to such date plus thirty (30) days thereafter, exceeds (B) the sum of (i) amounts on deposit in the Applicable Reserve Account, the Applicable Debt Service Account, the Applicable Redemption Account (not including amounts attributable to Bonds of such Series which are no longer deemed Outstanding) (including interest accrued on any investment in such Funds and Accounts on such date); plus (ii) if the calculation is made (1) prior to Final Endorsement and prior to commencement of amortization on the Note, the face amount of the Note as of the date of Initial Endorsement reduced by the amount of any prepayments of the principal of the Note, less one percent (1%) of and thirty (30) days’ interest on such face amount at an interest rate set forth in the Applicable Note; or (2) prior to Final Endorsement but after commencement of amortization on the Note, the outstanding principal amount of the Note, which amount shall equal the total of Mortgage Advances made reduced by the amount of any payments or prepayments of principal of the Note plus amounts on deposit in the Applicable Mortgage Account, less one percent (1%) of and thirty (30) days’ interest on such balance of such Note at an interest rate set forth in such Note, or (3) after Final Endorsement, the outstanding principal amount of the Note less one percent (1%) of and thirty (30) days’ interest on the outstanding principal amount of such Note (at the interest rate set forth in such Note);

“Commissioner” means the Commissioner of Health of the State, or any officer, board, body, agency or instrumentality of the State, which shall hereafter succeed to the powers, functions and duties of the Commissioner;

“Commitment” means, with respect to an Applicable Series of Bonds, the Commitment for Insurance of Advances or of Completion issued by HUD to insure the advances of funds secured by the Mortgage as assigned to the Authority by the Assignment, and with respect to projects which are completed and to be refinanced, approval of HUD of the amendments to the FHA Documents, if required;

“Compounded Amount” means, with respect to a Capital Accumulator Bond, the amount defined in such Applicable Series Resolution;

“Construction Contract” means, with respect to an Applicable Series of Bonds, the Construction Contract, if any, between the Institution and the general contractor named therein with respect to the Project;

“Construction Fund” means each such fund authorized to be created pursuant to Section 5.02 hereof and so designated and established by an Applicable Series Resolution;

“Cost” or “Costs of Issuance” means, with respect to an Applicable Series of Bonds, the items of expense incurred in connection with the preparation, authorization, sale and issuance of such Series of Bonds, and the preparation and execution of the Applicable Loan Agreement and the Applicable FHA Documents, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Applicable Trustee, legal fees and charges, professional consultants’ fees, fees and charges for execution, transportation and safe-keeping of such Bonds, premiums, fees and charges for insurance on such Bonds, costs and expenses of refunding Bonds or other bonds or notes of the Authority, fees and expenses related to the acquisition of an interest rate cap or other similar product to the extent approved by the Commissioner, and other costs, charges and fees, including those of the Authority, in connection with the foregoing;

“Cost” or “Costs of the Project” means, with respect to an Applicable Project, costs and expenses or the refinancing or refunding of bonds of a public benefit corporation issued to pay all costs and expenses determined by the Authority to be necessary in connection therewith, including, but not limited to: (i) costs and expenses of the acquisition of the title to (including premiums and other charges in connection with obtaining title insurance) 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, renovation, repair and improvement of such 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 such 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 such Project; (v) costs and expenses required for the acquisition and installation of equipment or machinery; (vi) all other costs which the Institution shall be required to pay for the acquisition, relocation, demolition, construction, reconstruction, rehabilitation, renovation, repair, improvement and equipping of such 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 such Project (including interest on moneys borrowed from parties other than such Institution); (viii) interest on the Bonds of a Series prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, renovation, repair, improvement or equipping of such Project; (ix) the costs and expenses incurred in connection with the refinancing of any outstanding indebtedness constituting a lien on the Project, including the cost of acquiring, refinancing and/or accepting assignment of, an existing FHA Insured Note; and (x) fees, expenses and liabilities of the Authority incurred in connection with such Project or pursuant hereto, to the Loan Agreement, the FHA Documents, or to the Servicing Agreement; provided that payment of any such costs with moneys in the Mortgage Account or the Equity Account shall have been either endorsed for Mortgage Insurance or approved for release by HUD;

“Costs of Issuance Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Construction Fund and so designated and established by the Applicable Series Resolution;

“**Counsel**” means, with respect to an Applicable Series of Bonds, an attorney or firm of attorneys (who may be counsel for the Authority, the Institution, the Mortgage Servicer or the Applicable Trustee) acceptable to the Authority;

“**Credit Facility**” means an irrevocable letter of credit, surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement pursuant to which the Authority is entitled to obtain money to pay the principal and Sinking Fund Installments of and interest on a Series of Bonds whether or not the Authority is in default hereunder, which is issued or provided by: (i) 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 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 or a saving and loan association; (ii) an insurance company or association chartered or organized under the laws of any state of the United States of America; (iii) the Government National Mortgage Association or any successor thereto; (iv) the Federal National Mortgage Association or any successor thereto; or (v) any other federal agency or instrumentality approved by the Authority.

“**Debt Service Account**” means each such account authorized to be created pursuant to Section 5.02 hereof in each Debt Service Fund and so designated and established by the Applicable Series Resolution;

“**Debt Service Fund**” means each such fund authorized to be created pursuant to 5.02 hereof and so designated and established by the Applicable Series Resolution;

“**Debt Service Reserve Fund**” means each such fund authorized to be created pursuant to Section 5.02 hereof and so designated and established by the Applicable Series Resolution;

“**Debt Service Reserve Fund Requirement**” means, unless otherwise defined in the Applicable Series Resolution or Applicable Bond Series Certificate and subject to the limitations of the Internal Revenue Code, as of any particular date of computation, with respect to Bonds of an Applicable Series, an amount equal to not less than the sum of: (i) the maximum Principal Amount of the Bonds of such Series constituting Serial Bonds and interest thereon anticipated to come due in any twelve (12) month period; (ii) an amount equal to the maximum amount of interest on the Bonds of such Series constituting Term Bonds coming due in any twelve (12) month period; (iii) the greater of: (A) one month’s principal and interest on the Applicable Note; or (B) one month’s interest only at the interim mortgage rate on the face amount of the Applicable Note; and (iv) the Collateral Account Requirement;

“**Defeasance Security**” means any of the following: (i) Government Obligation of the type described in clauses: (i), (ii), (iii) or (iv) of the definition of Government Obligations; (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations; and (iii) an Exempt Obligation, provided such Exempt Obligation: (i) 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) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, 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) is rated by at least two Rating Services in the highest rating category for such Exempt Obligation; **provided, however,** that: (i) such term shall not include any interest in a unit investment trust or mutual fund; or (ii) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

“Department of Health” means the Department of Health of the State, or any officer, board, body, agency or instrumentality of the State, which shall hereafter succeed to the powers, functions and duties of the Department of Health;

“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 the Bonds of such Series.

“Equity Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Construction Fund and so designated, created and established by the Applicable Series Resolution;

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

“Exempt Obligation” means any of the following: (i) 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 second highest rating category for such obligation by at least two Rating Services; (ii) 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 any of the foregoing; and (iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of one dollar (\$1.00).

“Extraordinary Mandatory Redemption” means, with respect to an Applicable Series of Bonds, the mandatory redemption of Bonds of such Series undertaken in accordance with Article IV from the proceeds of insurance or condemnation awards pursuant to Section 6.04(3), upon payment of FHA mortgage insurance benefits pursuant to Section 6.04(4), or as may otherwise be provided in the Applicable Bond Series Certificate;

“Federal Agency Obligation” means any of the following: (i) an obligation issued, or fully insured or guaranteed as to payment by any agency or instrumentality of the United States of America, 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 in the second highest rating category for such obligation by at least two Rating Services; (ii) 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, any of the foregoing obligations; and; (iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of one dollar (\$1.00).

“FHA” means the Federal Housing Administration, a federal governmental mortgage insurer created by the U.S. Congress and made a part of the Department of Housing and Urban Development’s Office of Housing in 1965;

“FHA Cash Lock Agreement” means, with respect to an Applicable Series of Bonds, the agreement of HUD pursuant to which it agrees that Mortgage Insurance Benefits payable in respect of a default under a Mortgage will be paid in the form of cash and not FHA debentures.

“FHA Debenture Agreement” means, with respect to an Applicable Series of Bonds, a letter agreement of HUD pursuant to which it agrees that Mortgage Insurance Benefits payable in respect of a default under a Mortgage will be paid in the form of FHA debentures, which HUD will not redeem prior to maturity, except as set forth in said agreement;

“FHA Documents” means, with respect to an Applicable Series of Bonds, the Commitment, the Mortgage, the Note, the Regulatory Agreement, the FHA Debenture Agreement, if applicable, the FHA Cash Lock Agreement, if applicable, and the Building Loan Agreement, if applicable, and any amendments, modifications or allonges thereto; the term “FHA Documents” shall also mean and include the National Housing Act, as amended, and all FHA rules and regulations applicable to such Act and the written programmatic requirements of HUD;

“Final Endorsement” means, with respect to an Applicable Series of Bonds, the final endorsement of the Note by HUD for insurance under the National Housing Act, as amended;

“Financial Consultant” means a firm of investment bankers, a financial consulting firm, or a firm of certified public accountants, satisfactory to the Authority, which is experienced in the preparation of cash flow analyses in connection with obtaining ratings for FHA-insured tax-exempt financings similar to the Bonds;

[**“Floor-Ceiling Agreement”** means, with respect to an Applicable Series of Bonds, a Floor-Ceiling Agreement, if any, executed by and among the Authority, the Applicable Trustee and a Qualified Financial Institution, which Agreement provides for: (i) the investment of amounts on deposit in investment securities of the nature permitted by the terms and conditions of Section 6.06 hereof; and (ii) the protection of principal and/or yield, as applicable, with respect to the amounts invested pursuant to clause (i) above;]

“Government Obligation” means any of the following: (i) a direct obligation of the United States of America; (ii) an obligation fully insured or guaranteed as to payment by the United States of America; (iii) an obligation to which the full faith and credit of the United States of America are pledged; (iv) 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, any of the foregoing; and (v) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of one dollar (\$1.00).

“Gross Proceeds” means, with respect to an Applicable Series of Bonds, the interest on which is tax-exempt, unless inconsistent with the provisions of the Code: (i) amounts received by the Authority from the sale of such Series of Bonds (other than amounts used to pay underwriters’ fees and other expenses of issuing such Series of Bonds); (ii) amounts treated as transferred proceeds of such Series of Bonds in accordance with the Code; (iii) amounts treated as proceeds under the provisions of the Code relating to invested sinking funds, including any necessary allocation between two or more Series of Bonds in the manner required by the Code; (iv) amounts in the Debt Service Reserve Fund; (v) securities or obligations pledged by the Authority or the Institution as security for payment of debt service on such Bonds; (vi) amounts received with respect to obligations acquired with Gross Proceeds; (vii) amounts used to pay debt service on such Series of Bonds; and (viii) amounts received as a result of the investment of Gross Proceeds at a yield equal to or less than the yield on such Series of Bonds as such yield is determined in accordance with the Code;

“HUD” means the United States Secretary of Housing and Urban Development, acting through the Secretary or his/her authorized agents;

“Initial Endorsement” means, with respect to an Applicable Series of Bonds, the initial endorsement of the Note by HUD for Mortgage Insurance under the National Housing Act, as amended

“Initial/Final Endorsement” means, with respect to an Applicable Series of Bonds, the endorsement of the Note by HUD for Mortgage Insurance under the National Housing Act, as amended, in connection with FHA insurance programs where a Note is endorsed once for FHA insurance benefits equal to the full face amount of such Note;

“Institution” means the Maimonides Medical Center, a New York not-for-profit corporation, for whose benefit the Authority shall have issued Bonds hereunder and with which the Authority shall have executed one or more Loan Agreements;

“Insurance and Condemnation Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Construction Fund and so designated and established by the Applicable Series Resolution;

“Interest Payment Date” means, unless otherwise provided in the Applicable Series Resolution or the Applicable Bond Series Certificate, [February 15] or [August 15];

“Investment Agreement” means, with respect to an Applicable Series of Bonds: a repurchase agreement or other agreement for the investment of money with a Qualified Financial Institution;

“Investment Income Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Construction Fund and so designated and established by the Applicable Series Resolution;

“Investment Income Account Requirement” means, unless such Requirement is otherwise defined in the Applicable Series Resolution or the Applicable Bond Series Certificate with respect to an Applicable Series of Bonds, as determined on the date of delivery of such Bonds and on each Interest Payment Date thereafter to and including the Interest Payment Date next preceding commencement of amortization of the Note (the “Outside Date”), the aggregate of the difference for the period from the date of delivery of such Series of Bonds to the first Interest Payment Date and for each six (6) month period thereafter through the Outside Date, and the period from the Outside Date to the commencement of amortization of the Applicable Note between: (i) the interest to accrue on the Bonds to the date of commencement of amortization of the Note; and (ii) the sum of: (A) the interest to accrue on the Note computed at the rate set forth in the Note on the aggregate amount advanced under the Note as Mortgage Loan proceeds as of the date of determination; (B) the earnings to accrue on the Investment Agreement relating to the Mortgage Account as of the date of determination; and (C) the earnings to accrue on the Investment Agreement relating to the balance in the Reserve Account as of the date of determination.

“Letter of Credit” means, with respect to an Applicable Series of Bonds, an irrevocable letter of credit or, as appropriate, a confirmation or confirming letter of credit or surety bond, issued in favor of the Authority or the Applicable Trustee, as the case may be, in form and substance satisfactory to the Authority or the Applicable Trustee, as the case may be, which is issued by a Qualified Financial Institution, which Letter of Credit is accompanied by a legal opinion or opinions addressing the enforceability thereof;

“Loan Agreement” means, with respect to an Applicable Series of Bonds hereunder, the Loan Agreement or other agreement, by and between the Authority and the Institution in connection with the issuance of the Bonds, as the same may from time to time be amended, supplemented or otherwise modified as permitted hereby and by the Loan Agreement;

“Mortgage” means a mortgage granted by the Institution to the Authority in connection with the issuance of an Applicable Series of Bonds to secure the Mortgage Loan evidenced by a Note, in form and substance satisfactory to the Authority and in conformance with the Act, on the Mortgaged Property mortgaged in connection therewith, as such Mortgage may be amended or modified;

“Mortgage Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Construction Fund and so designated and established by the Applicable Series Resolution;

“Mortgage Payment Fund” means each such fund authorized to be created pursuant to 5.02 hereof and so designated and established by the Applicable Series Resolution;

“Mortgage Insurance” means, with respect to an Applicable Series of Bonds, the insurance of the Note and Mortgage by HUD pursuant to Section 242, Section 241, Section 232, Section 223(f) or Section 223(a)7 of the National Housing Act, as amended, or any other section of the National Housing Act providing comparable insurance benefits;

“Mortgage Insurance Benefits, FHA Mortgage Insurance Benefits or FHA mortgage insurance benefits” shall mean with respect to an Applicable Series of Bonds, cash, debentures or combination thereof paid by HUD in the event of a default under the Applicable Note and Mortgage and assignment thereof to HUD;

“Mortgage Loan” shall mean the loan or loans made, funded or refunded by the Authority to the Institution from an Applicable Series of Bonds pursuant to this Resolution and the Applicable Series Resolution with respect to a Project. Mortgage Loan shall also mean any subsequent increase to the initial Mortgage Loan for a Project for the purpose of financing the completion, amendment of, supplement of or improvements or replacements or any Capital Addition(s) to such Project;

“Mortgage Servicer” means with respect to an Applicable Series of Bonds, the corporation or such other entity, and its successors and assigns, which has entered into an agreement with the Authority approved by the Institution to service the Mortgage and perform other duties as set forth in a Servicing Agreement;

“Mortgaged Property” means, except as may be provided in the Applicable Series Resolution, with respect to an Applicable Series of Bonds, the land described in the Mortgage and the buildings and improvements thereon or hereafter erected thereon and the fixtures, furnishings and equipment owned by the Institution and now or hereafter located therein or thereon;

“Mortgagee Advances” means with respect to an Applicable Series of Bonds, any amounts advanced by the Authority as mortgagee under the Mortgage, or by the Mortgage Servicer pursuant to the Servicing Agreement, on behalf of the mortgagee under the Mortgage, to or for the account of the Institution, which advances are secured by the Mortgage;

“Net Condemnation Proceeds” shall have the meaning as defined in Section 27 of the Loan Agreement;

“Net Insurance Proceeds” shall have the meaning as defined in Section 26 of the Loan Agreement;

“Non-Asset Bond Prepayment” means the amount, if any, sufficient to pay the Redemption Price of and interest on a portion of the Non-Asset Bonds, together with such other amounts as may be required pursuant to a Cash Flow Statement, such that, after giving effect to such redemption, the Non-Asset Bond Ratio is the same, as nearly as practicable, as such Non-Asset Bond Ratio prior to such redemption; provided that to the extent that the Institution has paid an amount corresponding to the Non-Asset Bond Prepayment pursuant to the Note, then no further payment of such amount shall be required under this definition;

“Non-Asset Bond Ratio” means the ratio that the aggregate principal amount of Bonds Outstanding of an Applicable Series (minus the amount on deposit in the Reserve Account of the Debt Service Reserve Fund) bears to the outstanding principal amount of the Note or such other ratio as may be required pursuant to a Cash Flow Statement;

“Non-Asset Bonds” means an amount of Bonds of an Applicable Series equal to the difference between (x) the aggregate principal amount of Bonds Outstanding less the amount on deposit in the Applicable Reserve Account of the Applicable Debt Service Reserve Fund and (y) the outstanding principal amount of the Note;

“Note” means, with respect to an Applicable Series of Bonds, the mortgage note executed and delivered by the Institution concurrently with the delivery of such Bonds in the principal amount set forth in the Applicable Series Resolution, as it may from time to time be amended or modified;

“Optional Redemption” means, with respect to an Applicable Series of Bonds, redemption of Bonds at the option of the Authority as described in Section 4.02 and in the Applicable Series Resolution or Applicable Bond Series Certificate;

“Outstanding”, when used in reference to Bonds of an Applicable Series means, as of a particular date, all Bonds of such Series authenticated and delivered hereunder and under the Applicable Series Resolution except: (i) any such Bond cancelled by the Applicable Trustee at or before such date; (ii) any such Bond deemed to have been paid in accordance with Section 12.01 hereof; and (iii) any such Bond in lieu of or in substitution for which another such Bond shall have been authenticated and delivered pursuant to Article III, Section 4.04 or Section 11.06 hereof;

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

“Permitted Collateral” means, unless otherwise defined in the Applicable Series Resolution or Applicable Bond Series Certificate, with respect to an Applicable Series of Bonds, any of the following: (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligations; (ii) Federal Agency Obligations described in clause (i) of the definition of Federal Agency Obligations; (iii) commercial paper that (A) matures within two hundred seventy (270) days after its date of issuance; (B) is rated in the highest short term rating category by at least one Rating Service; and (C) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category; or (iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a Rating Service in the highest rating category;

“Permitted Investments” means, unless otherwise defined in the Applicable Series Resolution or Applicable Bond Series Certificate, with respect to a Series of Bonds any of the following: (i) Government Obligations; (ii) Federal Agency Obligations; (iii) Exempt Obligations; (iv) uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State; (v) collateralized certificates of deposit that are: (A) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are, at the time an investment therein is made or the same is deposited in any fund or account hereunder, rated by at least one Rating Service in at least the second highest rating category; and (B) are fully collateralized by Permitted Collateral; (vi) Investment Agreements that are fully collateralized by Permitted Collateral; and (vii) to the extent any of the following constitute permitted investments under the “Investment Policy and Guidelines” of the Authority in effect at the time an investment is made: (1) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) at the time an investment therein is made or the same is deposited in any fund or account hereunder, is rated in the highest short term rating category by at least two Rating Services and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least two Rating Services no lower than in the second highest rating category; (2) an uncollateralized, unsecured certificate of deposit, time deposit or bankers’ acceptance that (A) has a maturity of not more than three hundred sixty-five (365) days and (B) is issued by or are of or with a bank the short term obligations of which are, at the time an investment in such certificate of deposit, time deposit or bankers’ acceptance is made or the same is deposited in any fund or account hereunder, rated “A-1” by Standard & Poor’s Rating Services and “P-1” by Moody’s Investors Service, Inc.; and (3) shares or an interest in any other mutual fund, partnership or other fund whose objective is to maintain a constant share value of one dollar (\$1.00) and that, at the time an investment therein is made or the same is deposited in any fund or account hereunder, are rated at least “AAM” or “AAM-G” by Standard & Poor’s Rating Services and “Aa1” by Moody’s Investors Service, Inc.

“Prepayment Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Applicable Construction Fund and so designated and established by the Applicable Series Resolution;

“Principal Amount” means, with respect to an Applicable Series of Bonds, at any date of calculation, the Compounded Amount (as of such date unless otherwise stated herein) of a

Capital Accumulator Bond or, when used in reference to any other Bond, the face amount of such Bond;

“Project” shall mean such project with respect to which the Authority has authorized the making of a federally insured Mortgage Loan to the Institution pursuant to the provisions of the Act, as such Project may be amended, modified or supplemented from time to time, which Mortgage Loan or portion thereof shall be evidenced by the Loan Agreement and the Building Loan Agreement and evidenced by a Note insured for Mortgage Insurance by HUD and secured by the Mortgage;

“Purchase Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Applicable Debt Service Fund and so designated and established by the Applicable Series Resolution;

“Purchase In Lieu of Redemption” means with respect to an Applicable Series of Bonds, a purchase in lieu of redeeming such Applicable Series of Bonds in accordance with Section 4.07 hereof and as may otherwise be provided in the Applicable Series Resolution or Applicable Bond Series Certificate;

“Qualified Financial Institution” means, unless otherwise defined in the Applicable Series Resolution or Applicable Bond Series Certificate, with respect to a Series of Bonds any of the following entities that has an equity capital of at least \$125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least \$125,000,000: (i) securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation; and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers; and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; **provided, however,** that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds; (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 the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; **provided, however,** that no short term rating may be utilized to determine whether an entity qualifies under

this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds; (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, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; **provided, however,** that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds; (iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority; or (v) a corporation whose obligations, including any investments of any moneys held hereunder purchased from such corporation, are insured by an insurer that meets the applicable rating requirements set forth above;

“Rating Service(s)” means Fitch, Inc., Moody’s Investors Service, Inc., S&P Global Ratings, their respective successors and assigns, and any other nationally recognized rating service which shall have assigned a rating on any Bonds Outstanding as requested by or on behalf of the Authority, and which rating is then currently in effect;

“Record Date” means, unless the Applicable Series Resolution authorizing an Applicable Series of Bonds or a Bond Series Certificate relating thereto provides otherwise with respect to Bonds of such Series, the first (1st) day (whether or not a Business Day) of the calendar month of an Interest Payment Date;

“Redemption Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Debt Service Fund and so designated and established by the Applicable Series Resolution;

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

“Refunding Bonds” means Bonds of any Applicable Series, the issuance of which is authorized pursuant to Section 2.04 hereof, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds;

“Regulatory Agreement” means with respect to an Applicable Series of Bonds, the Hospital Regulatory Agreement – Borrower, executed and delivered by and between the Institution and HUD relating to the construction of the Project and the insuring by FHA of advances of funds secured by the Mortgage, as amended from time to time;

“Requisition means”, with respect to an Applicable Series of Bonds: (i) an Application for Insurance of Advance of Mortgage Loan Proceeds and any supporting documentation, submitted by the Institution as a request for advance of moneys from the Construction Fund which will be insured by FHA; and (ii) such other forms of documents which are required, either by HUD or the Authority, and are submitted by the Institution as a request for advance of moneys from the Construction Fund;

“Reserve Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Debt Service Reserve Fund and so designated and established by the Applicable Series Resolution;

“Resolution” means this Maimonides Medical Center FHA-Insured Mortgage Hospital Revenue Bond Resolution, as the same may be from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions hereof;

“Securities” means, except as may be provided in the Applicable Series Resolution: (i) money; or (ii) Permitted Investments;

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

“Series” means all of the Bonds authenticated and delivered on original issuance and pursuant hereto and the Applicable Series Resolution, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 4.04 or Section 11.06 thereof, regardless of variations in maturity, interest rate, interest payment dates, Sinking Fund Installments or other provisions which Bonds may be issued in one or more sub-series;

“Series Resolution” means a resolution of the members of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to Article II hereof as such series resolution may be amended and supplemented pursuant to Article X hereof;

“Servicing Agreement” means, with respect to an Applicable Series of Bonds, the Servicing Agreement between the Authority and the Mortgage Servicer and approved by the Institution, as amended from time to time;

“Servicing Fee” means, with respect to an Applicable Series of Bonds, the fee payable to the Mortgage Servicer under the Servicing Agreement;

“Sinking Fund Installment” means, with respect to any Series of Bonds, an amount of principal of the Bonds paid on an Interest Payment Date prior to maturity in accordance with a Sinking Fund Redemption;

“Sinking Fund Redemption” means, with respect to an Applicable Series of Bonds, an amount of Bonds of such Series subject to redemption pursuant to and to the extent of moneys available therefor on each Interest Payment Date under Section 6.04(2) hereof (constituting

amounts available in the Debt Service Account under clause FOURTH of Section 6.02(a)) at the principal amount thereof in accordance with Article IV hereof;

“Special Mandatory Redemption” means, with respect to an Applicable Series of Bonds, the mandatory redemption of Bonds undertaken in accordance with Article IV from the moneys deposited in the Redemption Account upon completion of the Project in accordance with Section 5.05 hereof and as may otherwise be provided in the Applicable Bond Series Certificate;

“Standard & Poor’s” means Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies, Inc., and its successors and assigns;

“State” means the State of New York;

“Surety Bond” means, with respect to an Applicable Series of Bonds, any surety bond or bonds, if any, issued by the Applicable Bond Insurer with respect to the potential difference between the FHA Mortgage Insurance Benefits and debt service requirements on the Applicable Series of Bonds. The definition of Surety Bond shall not include any surety bond or bonds contained within the definition of Letter of Credit that may be issued to satisfy all or any portion of the Collateral Account Requirement or Investment Income Account Requirement;

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

“Surplus Account” means each such account authorized to be created pursuant to Section 5.02 hereof in each Debt Service Fund and so designated and established by the Applicable Series Resolution;

“Term Bonds” means, with respect to Bonds of a Series, the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate and payable from Sinking Fund Installments;

“Threshold Amount” shall have the meaning assigned to such term in Section 26 of a Loan Agreement;

“Trustee” means a bank or trust company appointed as Trustee for an Applicable Series of Bonds pursuant to the Applicable Series Resolution or the Applicable Bond Series Certificate delivered hereunder and having the duties, responsibilities and rights provided for herein with respect to such Series, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant hereto;

“Trustee’s Annual Fee” means, with respect to an Applicable Series of Bonds, the annual fee charged by the Applicable Trustee for performance of certain of its obligations under such Applicable Series Resolution covering the normal administration of the trust, including the maintenance of the Trustee’s records and the duties and functions of the Trustee under the

provisions of an Applicable Series Resolution; such fee shall be set forth in the Applicable Series Resolution or Applicable Bond Series Certificate; and

“**Trust Revenues**” means all moneys, securities and instruments referred to in Section 5.01 hereof as Trust Revenues.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies as well as natural persons.

The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder”, and any similar terms, as used in the Resolution, refer to the Resolution.

All references to the Applicable Trustee and the Applicable Paying Agent shall refer to such persons in their respective capacities solely with respect to an Applicable Series of Bonds as the same shall be identified in the Applicable Series Resolution or Applicable Bond Series Certificate.

SECTION 1.02. Authority for the Resolution. The Resolution is adopted pursuant to the provisions of the Act.

SECTION 1.03. Resolution, the Series Resolutions and the Bonds Constitute Separate Contracts. It is the intent of this Resolution to authorize the issuance by the Authority, from time to time, of Maimonides Medical Center FHA-Insured Mortgage Hospital Revenue Bonds in one or more Series and that each such Series shall be authorized by a separate Applicable Series Resolution and be separately secured from each other Series of Bonds. Any such Series may be issued in one or more sub-series as described in the Applicable Bond Series Certificate. Each Series of Bonds shall be authorized by a different Series Resolution and the Holders of Bonds of such Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the respective Series Resolution authorizing such Series of Bonds. Each Series of Bonds shall be secured by payments received pursuant to a Note insured under the National Housing Act, as amended. Pursuant to the terms of the Bond Series Certificate issued with respect to each such Series, payments received with respect to each such Note shall be pledged to a respective Series of Bonds. With respect to each Applicable Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of an Applicable Series authorized to be issued hereunder and under the Applicable Series Resolution by those who shall hold or own the same from time to time, this Resolution and the Applicable Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Applicable Trustee and the Holders from time to time of the Bonds of an Applicable Series, and the pledge and assignment made herein 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 Holders of any and all of the Bonds of such Series, all of which, regardless of the time or times of their issue or maturity or sub-series, shall be of equal

rank without preference, priority or distinction of any Bonds of a Series over any other Bonds of such Series except as expressly provided herein or permitted hereby or by the Applicable Series Resolution.

ARTICLE II AUTHORIZATION AND ISSUANCE OF A SERIES OF BONDS

SECTION 2.01. Authorization of Bonds. There are hereby authorized Series of Bonds of the Authority, unlimited in number, each to be an Applicable Series to be issued as hereinafter provided. The Bonds of each Series shall be special obligations of the Authority payable solely from the Trust Revenues pledged for the payment thereof and all funds and accounts (excluding the Applicable Arbitrage Rebate Fund) authorized by the Resolution and established by the Applicable Series Resolution, all in the manner more particularly provided herein. The aggregate principal amount of Bonds of a Series which may be executed, authenticated and delivered is not limited except as provided hereby and by the Applicable Series Resolution.

The Bonds of each Series of the Authority shall not be a debt of the State, nor shall the State be liable thereon, nor shall such Bonds be payable out of any funds other than those of the Authority hereby respectively pledged to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest thereon.

The Bonds may, if and when authorized by resolution of the members of the Authority pursuant hereto and to one or more Series Resolutions, be issued and such Bonds of each Series shall contain an appropriate Series designation.

SECTION 2.02. Provisions for Issuance of an Applicable Series of Bonds. The issuance of Bonds of an Applicable Series shall be authorized by a Series Resolution adopted at the time of or subsequent to the adoption hereof and which shall be subject to the express limitations hereof. The Bonds of each Series authorized to be issued shall be executed in accordance with Section 3.03 hereof and delivered to the Applicable Trustee. Such Bonds of a Series shall be authenticated by the Applicable Trustee from time to time and in such amounts as directed by the Authority and by it delivered to or upon the order of the Authority upon receipt of the consideration therefor and upon delivery to the Applicable Trustee of:

- (1) A copy hereof and a copy of the Series Resolution authorizing such Series of Bonds, certified by the Authority;
- (2) A copy of the Loan Agreement, certified by the Authority;
- (3) A copy of the Bond Series Certificate executed in connection with such Series of Bonds;
- (4) A written executed order as to the delivery of such Series of Bonds, describing such Bonds to be delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered and stating the consideration for such Bonds;

(5) A certificate of the Authority stating: (i) the amount required to be in the Applicable Debt Service Reserve Fund after issuance of the Applicable Series of Bonds; and (ii) that after deposit in the Applicable Debt Service Reserve Fund of the amount, if any, to be deposited therein in connection with the issuance of such Bonds, the amount on deposit in such fund will not be less than the Applicable Debt Service Reserve Fund Requirement;

(6) A copy of the Servicing Agreement, executed by the Authority and the Mortgage Servicer, approved by the Institution in connection with such Series of Bonds;

(7) A copy of the Commitment, the Note, the Building Loan Agreement, and the Mortgage issued and/or approved by HUD, in form and substance acceptable to the Authority;

(8) An executed Surety Bond, if any, and/or Bond Insurance Policy, if any, with respect to such Series of Bonds;

(9) If an Applicable Series of Bonds are Book Entry Bonds, unless the Trustee is a party thereto, a copy of the agreement between the Authority and the Depository for such Series of Bonds; and

(10) An opinion of Bond Counsel (which may be incorporated in an approving opinion) stating that the Resolution and the Applicable Series Resolution authorizing the Series of Bonds have been duly and lawfully adopted by the members of the Authority, that the Resolution and the Applicable Series Resolution are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms; that the Resolution and Applicable Series Resolution create a valid pledge and a valid lien upon the Trust Revenues which it purports to create, subject only to the provisions of such Resolution and Applicable Series Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolution and the Applicable Series Resolution; and that the Authority is duly authorized and entitled to issue such Series of Bonds and, upon the execution and delivery thereof and upon authentication by the Applicable Trustee, the Bonds of such Series will be duly and validly issued and will constitute valid and binding special obligations of the Authority entitled to the benefits of the Resolution and Applicable Series Resolution; provided, however, that such opinion may be qualified to the extent that enforceability of rights and remedies may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

SECTION 2.03. Series Resolutions. Each Series Resolution authorizing the issuance of a Series of Bonds shall specify, or delegate to any Authorized Officer of the Authority the power to determine and carry out, the following:

(1) The sale of the Bonds of such Series at public or private sale; the approval of the terms of and publication of an official statement or other offering document

describing the Bonds of such Series and, if such Bonds are to be sold at public sale, publication of a notice of sale; and the execution of a contract or contracts of purchase at public or private sale on behalf of the Authority;

(2) The authorized principal amount of such Series of Bonds and any sub-series thereto;

(3) The Project in connection with which such Series of Bonds is being issued and the purpose or purposes for which such Series of Bonds is being issued, which shall be limited to: (i) payment of the Costs of the Project or Capital Addition to which such Series Resolution relates; (ii) payment of the Costs of Issuance of such Series of Bonds; (iii) making a deposit to the Applicable Debt Service Reserve Fund; (iv) refunding of Bonds of a Series or other bonds which may have been issued for the benefit of the Institution, which may include interest thereon; and (v) refunding of notes or bonds of the Authority or the former New York State Medical Care Facilities Finance Agency, which may include interest thereon, all or a portion of the proceeds of which were applied to making a loan to the Institution;

(4) The date or dates, the maturity date or dates and principal amounts of each maturity of the Bonds of such Series, the amount and date of each Sinking Fund Installment, if any, which Bonds of such Series are Serial Bonds or Term Bonds, if any, the Interest Payment Dates of the Bonds of such Series if the Interest Payment Dates are other than [February 15] and [August 15], and the Record Date or Record Dates of the Bonds of such Series for which the Record Date or Record Dates is other than the [first (1st)] day of the calendar month of an Interest Payment Date for such Bonds;

(5) The interest rate or rates of the Bonds of such Series, the date from which interest on the Bonds of such Series shall accrue and the first date on which interest on the Bonds of such Series shall be payable;

(6) The denomination or denominations of and the manner of numbering, designating and lettering the Bonds of such Series;

(7) The Applicable Trustee and Applicable Paying Agent or Paying Agents for such Bonds and, subject to the provisions of Section 3.01 and 9.02 hereof, the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds of such Series; provided, however, that such Applicable Paying Agent or Paying Agents may be appointed by resolution adopted prior to authentication and delivery of such Series of Bonds in accordance with the provisions of Section 9.02 hereof;

(8) The Redemption Price or Redemption Prices, if any, and, subject to Article IV hereof, the redemption terms, if any, for the Bonds of such Series provided that if such Bonds are to be redeemable at the election of the Authority or the Institution the Redemption Price shall not be greater than 105% of the principal amount of such Bonds to be redeemed, plus accrued interest thereon to the date of redemption;

(9) Provisions for the sale or exchange of the Bonds of such Series and for the delivery thereof;

(10) The form of the Bonds of such Series and the form of the Applicable Trustee's certificate of authentication thereon, and whether any Bonds of such Series are to be issued as Book Entry Bonds and the Depository therefor; the form of such Series of Bonds shall state among its other provisions that such Bonds do not constitute an obligation or indebtedness of, and the payment of such Bonds is not insured or guaranteed by the United States of America or any agency or instrumentality thereof, including the Department of Housing and Urban Development or FHA;

(11) The Applicable Debt Service Reserve Fund Requirement, the Applicable Collateral Account Requirement, the Applicable Investment Income Account Requirement and the maximum amount to be on deposit in the Applicable Surplus Account;

(12) Provisions with respect to the creation of funds and accounts and sub-accounts therein, if applicable, including but not limited to provisions with respect to any Letters of Credit required to be obtained and the Trust Revenues and application thereof;

(13) Directions for the application of the proceeds of the Bonds of such Series;

(14) The identity of the entity constituting the Mortgage Servicer;

(15) Directions as to whether such Series of Bonds shall be delivered in book-entry form and/or as Capital Accumulator Bonds;

(16) Provisions regarding the tender of all or a portion of the Bonds of an Applicable Series for purchase or redemption and payment of the purchase price thereof;

(17) Determination of whether to purchase a Bond Insurance Policy or Surety Bond for an Applicable Series of Bonds, including such modifications of this Resolution, as are necessary to reflect the terms and conditions of an Applicable Bond Insurance Policy or an Applicable Surety Bond relating to such Series of Bonds; and

(18) Any other provisions deemed advisable by an Authorized Officer of the Authority, not in conflict with the provisions hereof or the Applicable Series Resolution.

An Authorized Officer to whom an Applicable Series Resolution has delegated the power to determine any of the foregoing shall execute an Applicable Bond Series Certificate evidencing such determinations or other actions taken pursuant to such delegation, and such Bond Series Certificate shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein.

All Bonds of a Series of like maturity shall be identical in all respects, except as to sub-series designation, denominations, maturity amount, numbers, letters, date and interest rates.

SECTION 2.04. Refunding Bonds. All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds of one or more Series, a portion of a Series of Outstanding Bonds, a portion of a maturity of a Series of Outstanding Bonds or all or any portion of outstanding bonds or other obligations issued by the Authority. The Authority by resolution of its members may issue Refunding Bonds of a Series 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 this Section and of the Series Resolution authorizing such Series of Refunding Bonds or by the provisions of the resolution or resolutions authorizing the bonds or other obligations issued by the Authority, as the case may be.

(a) With respect to Refunding Bonds issued to refund all or any portion of any Series of Outstanding Bonds, the Refunding Bonds of such Series shall be authenticated and delivered by the Applicable Trustee only upon receipt by the Applicable Trustee (in addition to the documents required by Section 2.02 hereof) of:

(1) If the Bonds to be refunded are to be redeemed, irrevocable instructions to the Applicable Trustee, satisfactory to it, to mail the notice provided in Section 4.05 hereof to the Holders of the Bonds being refunded;

(2) Irrevocable instructions to the Applicable Trustee, satisfactory to it, to mail the notice provided for in Section 12.01 hereof to the Holders of the Bonds being refunded;

(3) Either or both of: (i) moneys in an amount sufficient to effect payment of the principal at the maturity date therefor or the Redemption Price on the applicable redemption date of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which moneys shall be held by the Applicable 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; and (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 Section 12.01 hereof, which moneys shall be held in trust and used only as provided in said Section;

(4) A certificate of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements of this Section; and

(5) An opinion of Counsel to the effect that all such Bonds being refunded have been defeased.

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

(b) With respect to the Refunding Bonds issued to refund all or any portion of any bonds or other obligations issued by the Authority or any predecessor public benefit corporation authorized to issue bonds for the benefit of the Institution, the proceeds, including accrued interest, shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided or as determined in accordance with the resolution or resolutions authorizing such bonds or other obligations.

SECTION 2.05. Additional Obligations. 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, entitled to a charge or lien or right prior or equal to the charge or lien created hereby and pursuant to an Applicable Series Resolution, or prior or equal to the rights of the Authority and Holders of an Applicable Series of Bonds provided hereby or with respect to the moneys pledged hereunder or pursuant to an Applicable Series Resolution.

ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 3.01. Place and Medium of Payment. The Bonds of an Applicable Series shall be payable, with respect to interest, principal, Sinking Fund Installments and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Principal, Sinking Fund Installments and Redemption Price of the Bonds of an Applicable Series shall be payable at the principal corporate trust office of the Applicable Trustee. Interest on Bonds of an Applicable Series shall be paid by check or draft mailed to the registered owner thereof at the address thereof as it appears on the Bond registry books of the Authority, provided, however, that interest on registered Bonds of an Applicable Series may be authorized to be paid, at the option of the registered owner of at least one million dollars (\$1,000,000) in principal amount of Bonds of such Series by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, not less than five (5) days prior to the Record Date for such Bonds, directed the Applicable Trustee to wire such interest payment. For purposes of this Section, interest on any Bond of a Series which is payable on any Interest Payment Date shall be paid to the person in whose name that Bond is registered at the close of business on the Record Date for such Bond.

All payments of principal, Sinking Fund Installments or Redemption Price of or interest on Bonds shall specify the CUSIP number or numbers of the Bonds in connection with which such payment is made.

The Bonds of each Series shall be issued in the form of fully registered Bonds without coupons. Any Series Resolution may contain such additional provisions regarding the registration, transfer and exchange of Bonds of such Series as are not inconsistent herewith.

Bonds of each Series issued prior to the first Interest Payment Date thereof shall be dated as of the date specified in the Applicable Series Resolution authorizing the issuance thereof or

the Applicable Bond Series Certificate. Bonds of each Applicable Series issued on or subsequent to the first Interest Payment Date thereof shall be dated as of the Interest Payment Date immediately preceding the date of authentication thereof by the Applicable Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such date of authentication; provided, however, that if, as shown by the records of the Applicable Trustee, interest on the Bonds of the Applicable Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered. Bonds of each Series shall bear interest from their date.

For all purposes of the Act relating to or dealing with the date of the Bonds of an Applicable Series, such Bonds of any such Series shall be deemed to be dated as of the date provided for the Bonds of such Series in the manner provided in the Applicable Series Resolution authorizing the issuance thereof or in the Applicable Bond Series Certificate.

All Bonds of an Applicable Series shall mature on such dates as shall be provided in an Applicable Series Resolution or an Applicable Bond Series Certificate. Interest on all Bonds of each Applicable Series other than Capital Accumulator Bonds, except the first installment of interest due on each Applicable Series of Bonds, shall be payable semiannually on [February 15] and [August 15] (or such other dates as may be specified in the Applicable Series Resolution) of each year in which an installment of interest becomes due as fixed in a Series Resolution or a Bond Series Certificate. The first installment of interest due on the Bonds of an Applicable Series (other than Capital Accumulator Bonds) may be for such period as the Authority shall fix by the Applicable Series Resolution authorizing the issuance thereof or the Applicable Bond Series Certificate.

SECTION 3.02. Legends; CUSIP Numbers. The Bonds of an Applicable Series may contain, or have endorsed thereon, such provisions, specifications and descriptive words not inconsistent herewith, as may be necessary or desirable and as may be determined by the Authority prior to their delivery.

The Authority shall provide for the assignment of CUSIP numbers for such Bonds and to have such CUSIP numbers printed thereon, and the Trustee shall use such CUSIP numbers in notices of redemption and on all checks payable to Bondholders as a convenience to Bondholders, provided, however, that any such notice shall state that no representation is made as to the correctness of such number either as printed on such Bonds or as contained in any notice of redemption, and that an error in a CUSIP number as printed on such Bond or as contained in any notice of redemption shall not affect the validity of the proceedings for redemption.

SECTION 3.03. Execution and Authentication. The Bonds of an Applicable Series shall be executed in the name of the Authority by the manual or facsimile signature of its Chair, Vice-Chair or other Authorized Officer and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile signature of the Secretary, an Assistant Secretary or other Authorized Officer of the Authority, or in such other manner as may be permitted by law. In case any one or more of the

officers or employees who shall have signed or sealed any of such Bonds shall cease to be such officer or employee before such Bonds so signed and sealed shall have been actually authenticated and delivered by the Applicable Trustee, such Bonds may, nevertheless, be delivered as provided herein, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond may be signed and sealed on behalf of the Authority by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or be employed by, the Authority, although at the date of such Bonds such persons may not have been so authorized or have held such office or employment.

The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Applicable Series Resolution or Applicable Bond Series Certificate, executed manually by the Applicable Trustee unless the Applicable Series Resolution or Applicable Bond Series Certificate shall authorize execution by the Applicable Trustee by facsimile signature. Only such Bonds of a Series as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and the Applicable Series Resolution and no such Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Applicable Trustee. Such certificate of the Applicable Trustee upon any Bond of an Applicable Series executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and the Applicable Series Resolution and that the Holder thereof is entitled to the benefits hereof and of such Series Resolution.

SECTION 3.04. Negotiability, Transfer and Registry. All Bonds of an Applicable Series issued hereunder shall be negotiable as provided in the Act, subject to the provisions for registration and transfer contained herein and in such Bonds. So long as any of such Bonds shall not have matured or been called for redemption, the Authority shall maintain and keep, at the principal corporate trust office of the Applicable Trustee, books for the registration and transfer of such Bonds; and, upon presentation for such purpose at said office, the Authority shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Applicable Trustee may prescribe, any such Bond entitled to registration or transfer. So long as any of such Bonds have not matured or been called for redemption, the Authority shall make all necessary provisions to permit the exchange of such Bonds at the principal corporate trust office of the Applicable Trustee.

SECTION 3.05. Transfer of Bonds. Each Bond of a Series shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the principal corporate trust office of the Applicable Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Applicable Trustee duly executed by the registered owner or his duly authorized attorney and the payment of a charge sufficient to reimburse the Authority or the Applicable Trustee for any tax, fee or other governmental charge required to be paid with respect to such transfer. Upon the transfer of any such Bond, the Authority shall cause to be issued in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series and maturity as the surrendered Bond.

The Authority and the Applicable Trustee may deem and treat the person in whose name any such Bond shall be registered upon the books of the Authority as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Sinking Fund Installments, if any, or Redemption Price of such Bond and, subject to the provisions of Section 3.01 hereof with respect to Record Dates, interest on such Bond and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid, and neither the Authority nor the Applicable Trustee shall be affected by any notice to the contrary.

SECTION 3.06. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds of an Applicable Series is exercised, the Authority shall execute and the Applicable Trustee shall authenticate and deliver such Bonds in accordance with the provisions hereof. All such Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Applicable Trustee. For every such exchange or transfer of such Bonds, whether temporary or definitive, the Authority or the Applicable Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid, by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provisions hereof, the cost of preparing each new Bond of an Applicable Series upon each exchange or transfer, and any other expenses of the Authority or the Applicable Trustee incurred in connection therewith, shall be paid by the person requesting such exchange or transfer. The Authority shall not be obliged to make any exchange or transfer of Bonds of any Applicable Series during the period beginning on the Record Date for such Bonds next preceding an Interest Payment Date on such Bonds and ending on such Interest Payment Date, or, in the case of any proposed redemption of Bonds of such Series, after the date next preceding the date of the selection of such Bonds to be redeemed.

SECTION 3.07. Bonds Mutilated, Destroyed, Lost or Stolen. In case any Bond of a Series shall become mutilated or be destroyed, lost or stolen, the Authority in its discretion may execute, and upon its request the Applicable Trustee shall authenticate and deliver, a new Bond of like Series, maturity and principal amount as such Bond so mutilated, destroyed, lost or stolen, in exchange and substitution for the mutilated, destroyed, lost or stolen Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for such Bond so destroyed, lost or stolen, upon filing with the Authority evidence satisfactory to the Authority and the Applicable Trustee that such Bond has been destroyed, lost or stolen and proof of ownership thereof, and upon furnishing the Authority and the Applicable Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Applicable Trustee may prescribe and paying such expenses as the Authority and the Applicable Trustee may incur in connection therewith. All such Bonds so surrendered to the Applicable Trustee shall be cancelled by it and evidence of such cancellation shall be given to the Authority. In case any Bond of a Series which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Authority may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to

the Authority and to the Applicable Trustee such security or indemnity as they may require to save them harmless, and evidence to the satisfaction of the Authority and Applicable Trustee of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof.

SECTION 3.08. Preparation of Definitive Bonds; Temporary Bonds. The definitive Bonds of each Series shall be issued in book-entry form and may be typewritten. Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 3.03 hereof, and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds of such Series, except as to the denominations thereof, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in authorized denominations or any whole multiples thereof authorized by the Authority, and with such omissions, insertions and variations as may be appropriate to such temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender at the principal corporate trust office of the Applicable Trustee of such temporary Bonds, for exchange and the cancellation of such surrendered temporary Bonds, the Applicable Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, at the principal corporate trust office of the Applicable Trustee, definitive Bonds of such Series of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds of a Series shall in all respects be entitled to the same benefits and security as definitive Bonds of such Series issued pursuant hereto and pursuant to the Applicable Series Resolution.

All temporary Bonds of a Series surrendered in exchange for a definitive Bond or Bonds of such Series shall be forthwith cancelled by the Applicable Trustee.

SECTION 3.09. Book Entry Bonds. Anything herein to the contrary notwithstanding, Bonds of any Series may be issued as Book-Entry Bonds in accordance with an Applicable Series Resolution or Applicable Bond Series Certificate.

For all purposes of the Resolution the Holder of a Book Entry Bond shall be the Depository therefor and neither the Authority nor the Applicable Trustee shall have responsibility or any obligation to the beneficial owner of such Bond or to any direct or indirect participant in such Depository. Without limiting the generality of the foregoing, neither the Authority nor the Applicable Trustee shall have any responsibility or obligation to any such participant or to the beneficial owner of a Book Entry Bond with respect to: (i) the accuracy of the records of the Depository or any participant with respect to any beneficial ownership interest in such Bond; (ii) the delivery to any participant of the Depository, the beneficial owner of such Bond or any other person, other than the Depository, of any notice with respect to such Bond, including any notice of the redemption thereof; or (iii) the payment to any participant of the Depository, the beneficial owner of such Bond or any other person, other than the Depository, of any amount with respect to the principal or Redemption Price of or interest on such Bond. The Authority and the Applicable Trustee may treat the Depository therefor as the absolute owner of a Book Entry Bond for the purpose of (x) payment of the principal or Redemption Price of and interest on such Bond, (y) giving notices of redemption and of other matters with respect to such Bond, (z) registering transfers with respect to such Bond, and for all other purposes whatsoever.

The Applicable Trustee shall pay all principal or Redemption Price of and interest on such Bond only to or upon the order of the Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to such principal or Redemption Price and interest to the extent of the sum or sums so paid. No person other than the Depository shall receive a Bond or other instrument evidencing the Authority's obligation to make payments of the principal or Redemption Price thereof and interest thereon.

Anything herein to the contrary notwithstanding, payment of the Redemption Price of Book Entry Bonds which are redeemed prior to maturity may be paid to the Depository by wire transfer. Payment of the Redemption Price of Book Entry Bonds of like Series, maturity and tenor which are redeemed in part may be made without surrender of such Bonds to the Trustee; **provided, however**, that the principal of such Bonds at the maturity date thereof or the Redemption Price of Book Entry Bonds of like Series, maturity and tenor which are redeemed in whole shall be paid only upon presentation and surrender of such Bonds to the Trustee.

The Authority, in its sole discretion and without the consent of the Applicable Trustee, the beneficial owner of a Book Entry Bond or any other person, may terminate the services of the Depository with respect to a Book Entry Bond if the Authority determines that: (i) the Depository is unable to discharge its responsibilities with respect to such Bonds; or (ii) a continuation of the requirement that all of the Outstanding Bonds of like Series issued in book entry form be registered in the registration books of the Authority in the name of the Depository is not in the best interest of the beneficial owners of such Bonds, and the Authority shall terminate the services of the Depository upon receipt by the Authority and the Trustee of written notice from the Depository that it has received written requests that such Depository be removed from its participants having beneficial interest, as shown in the records of the Depository, in an aggregate amount of not less than a majority in principal amount of the then Outstanding Bonds for which the Depository is serving as Depository.

Upon the termination of the services of a Depository with respect to a Book Entry Bond, or upon the resignation of a Depository with respect to a Book Entry Bond, after which no substitute securities depository willing to undertake the functions of such Depository can be found which, in the opinion of the Authority, is able to undertake such functions upon reasonable and customary terms, such Bonds shall no longer be registered in the registration books kept by the Trustee in the name of a Depository, but may be registered in the name or names Bondholders transferring or exchanging such Bonds shall designate, in accordance with the provisions of Article III hereof.

ARTICLE IV REDEMPTION OF BONDS

SECTION 4.01. Authorization of Redemption of an Applicable Series. Bonds of an Applicable Series subject to redemption prior to maturity pursuant hereto or to an Applicable Series Resolution or an Applicable Bond Series Certificate shall be redeemable, in accordance with this Article IV, at such times, at such Redemption Prices and upon such terms as may otherwise be specified herein or in the Applicable Series Resolution or the Applicable Bond Series Certificate.

SECTION 4.02. Optional Redemption; Certain Requirements for Optional, Special Mandatory and Extraordinary Mandatory Redemptions. (a) In the case of any Optional, Special Mandatory and Extraordinary Mandatory Redemption of Bonds of an Applicable Series, the Authority shall give written notice to the Applicable Trustee of its election to redeem, specifying the Applicable Series of Bonds and the principal amounts of the Bonds of each maturity of such Series to be redeemed. Except with regard to an Extraordinary Mandatory Redemption, such notice shall be given to the Applicable Trustee at least forty-five (45) days prior to the date on which such Bonds are to be redeemed or such lesser number of days prior to such redemption date as shall be acceptable to the Applicable Trustee. Any notice of redemption required by Section 4.05 hereof may provide, as further described therein, that the redemption is subject to the condition that moneys for payment of the Redemption Price are available on the redemption date. Notice to the Applicable Trustee with regard to Extraordinary Mandatory Redemption shall be given at least fifteen (15) days prior to the redemption date or such lesser number of days prior to such redemption as shall be acceptable to the Applicable Trustee.

(b) Unless otherwise provided in the Applicable Bond Series Certificate, if less than all of the Bonds Outstanding of a Series shall be called for Optional Redemption, Special Mandatory Redemption or Extraordinary Mandatory Redemption, upon the written direction of the Authority, which direction shall be given in accordance with this Section 4.02(b), the Applicable Trustee shall select for redemption a Principal Amount of Bonds of such Series, such that the Non-Asset Bond Ratio after the redemption is as nearly as practicable the same as the Non-Asset Bond Ratio prior to such redemption and shall select for such redemption a Principal Amount of the Bonds of such Series of each maturity to be so redeemed (which may, at the option of the Authority, be based on a revised Cash Flow Statement) in an amount as nearly as practicable in the proportion that the aggregate Principal Amount of the Bonds of such Series then Outstanding of each maturity bears to the aggregate Principal Amount of all the Bonds then Outstanding of such Series, and within a maturity by lot or in such manner as the Authority shall direct in order to permit the timely payment of the principal and interest on all the Bonds outstanding. Unless otherwise provided in respect of a Series of Bonds, if less than all the Bonds of a maturity of such Series are to be redeemed, the particular Bonds of such maturity of such Series to be called for redemption shall be selected by the Applicable Trustee in accordance with the procedure described in Section 4.04 hereof.

(c) With respect to redemptions of an Applicable Series of Bonds derived from prepayments by the Institution, the Applicable Trustee shall upon the written direction of the Authority call Bonds for Optional Redemption or Special Mandatory Redemption (but only to the extent such prepayment resulting in a Special Mandatory Redemption is required by Section 5.05(b) hereof and Section 9(b) of the Loan Agreement and only after it shall have received, in accordance with the timing and other provisions of Section 10 of the Loan Agreement and the Note: (i) notice from the Institution, if required, of the proposed prepayment; (ii) the corresponding prepayment and premium, if any, under the Note and Mortgage and the Loan Agreement; and (iii) the Institution's certificate of non-bankruptcy. If the Authority receives notice from the Institution that the Institution proposes to make a prepayment, the Authority shall forthwith deliver a copy of such notice to the Applicable Trustee.

SECTION 4.03. Redemption other than at Authority's Election. Whenever by the terms hereof the Applicable Trustee is required or authorized to redeem Bonds of an Applicable Series from Sinking Fund Installments, the Applicable Trustee shall select the Bonds of such Series to be redeemed as specified by the Applicable Series Resolution or Applicable Bond Series Certificate. Whenever by the terms hereof the Applicable Trustee is required or authorized to redeem Bonds of an Applicable Series other than pursuant to Section 4.02 hereof and other than through Sinking Fund Redemption, the Authority shall select the maturities of the Bonds of such Series to be redeemed by notice thereof given to such Applicable Trustee at least ten (10) days prior to the date notice of redemption is to be mailed. The Applicable Trustee shall select the Bonds of the Applicable Series and maturities to be redeemed in the manner provided in Section 4.04 hereof, give the notice of redemption and pay from moneys available therefor the Redemption Price thereof, together with interest accrued to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV.

SECTION 4.04. Selection of Bonds to Be Redeemed. In the event of redemption of less than all of the Outstanding Bonds of an Applicable Series and maturity, the Applicable Trustee shall assign to each such Outstanding Bond of such Series and maturity to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Applicable Trustee may draw such Bonds by lot: (i) individually; or (ii) by one or more groups the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as in this Section 4.04 provided) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds of such Series drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Applicable Trustee may determine. The Applicable Trustee may in its discretion assign numbers to aliquot portions of such Bonds and select part of any such Bond for redemption.

SECTION 4.05. Notice of Redemption. Whenever Bonds of an Applicable Series are to be redeemed, the Applicable Trustee shall give notice of the redemption of such Bonds in the name of the Authority, which notice shall be given by first-class mail, postage prepaid to the registered owners of Bonds of the Applicable Series which are to be redeemed, at their last known addresses, if any, appearing on the registration books of the Authority not more than ten (10) Business Days prior to the date such notice is given, in each case at least thirty (30) days but not more than forty-five (45) days prior to the redemption date except that, with respect to any Extraordinary Mandatory Redemption, such notice shall be given not less than ten (10) but not more than thirty (30) days prior to the redemption date. The Applicable Trustee shall promptly certify to the Authority that it has mailed or caused to be mailed such notice to such Bondholders, and such certificate shall be conclusive evidence that such notice was given in the manner required hereby. The failure of any such owner to receive notice shall not affect the validity of the proceedings for the redemption of Bonds with respect to which notice has been

given in accordance with this Section 4.05. Such notice shall specify: (i) the Applicable Series of Bonds to be redeemed (including date of issue, interest rate and maturity date); (ii) the redemption date; (iii) the Redemption Price; (iv) the source of the funds to be used for the redemption; (v) the numbers, any CUSIP number and other distinguishing marks of such Bonds to be redeemed (except in the event that all of the Outstanding Bonds of such Applicable Series are to be redeemed); (vi) of each such Bond, the principal amount thereof to be redeemed; (vii) that such Bonds will be redeemed at the principal corporate trust office of the Applicable Trustee giving the address thereof and the person or customer service number of the Applicable Trustee to whom inquiries may be directed; and (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on such Bond or as contained in such notice shall not affect the validity of the proceedings for redemption. If a redemption is a conditional redemption as described below, the notice so shall state. Such notice shall further state that on such date there shall become due and payable upon each Bond of an Applicable Series to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date if other than an Interest Payment Date, and that from and after such date, payment having been made or provided for, interest thereon shall cease to accrue.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Applicable Trustee on or prior to the redemption date of moneys sufficient to pay the principal of, if any, and interest on the Bonds of an Applicable Series to be redeemed or that the Authority retains the right to rescind such notice of redemption on or prior to the scheduled redemption date and that if such moneys are not so received or if the notice of redemption is rescinded such notice shall be of no force or effect and such Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal, premium, if any, and interest on such Bonds are not received by the Applicable Trustee on or prior to the redemption date, the redemption shall not be made and the Applicable Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received, that the redemption did not occur and that Applicable Series of Bonds called for redemption and not so paid remain Outstanding. Any Bonds of an Applicable Series subject to a conditional redemption where redemption has not occurred shall remain Outstanding, and such failure to redeem shall not constitute an Event of Default.

In addition, the Applicable Trustee shall mail by first class mail a copy of the notice of redemption not less than thirty (30) days prior to the redemption or in the case of an Extraordinary Mandatory Redemption not less than ten (10) days prior to the redemption to: (i) the Depository for Book Entry Bonds; and (ii) to each Rating Service rating the Applicable Series of Bonds. The Applicable Trustee shall also cause a copy of the notice of redemption to be electronically filed with the Electronic Municipal Market Access (EMMA) system maintained by the Municipal Securities Rulemaking Board, as the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (or any successor electronic information system) within ten (10) Business Days after the occurrence of any redemption of Bonds of an Applicable Series. Mailing or electronically filing such copies of such notice of redemption shall not be a condition precedent to such redemption and the failure to so mail or file or of a person to whom such copies were mailed or

filed to receive such copy shall not affect the validity of the proceedings for the redemption of the Bonds.

SECTION 4.06. Payment of Redeemed Bonds. Notice having been mailed in the manner provided in Section 4.05 hereof, the Bonds of an Applicable Series or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office or offices specified in such notice, together with, in the case of such Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or such owner's duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. The Redemption Price shall be paid to the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, not later than upon presentation and surrender of the Bond to be redeemed to the Applicable Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a Bond of a Series, the Authority shall execute and the Applicable Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance or the principal amount of such Bond so surrendered, Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all Bonds of an Applicable Series or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Applicable Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on such Bonds or portion thereof so called for redemption shall cease to accrue and such Bonds will no longer be considered to be Outstanding under this Resolution or the Applicable Series Resolution. If such moneys shall not be so available on the redemption date, such Bonds or portions thereof, shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECTION 4.07. Purchase in Lieu of Redemption. In lieu of redeeming Bonds of an Applicable Series, the Applicable Trustee at the direction of the Authority upon the request of the Institution may call such Bonds for purchase in whole or in part at any time pursuant to the terms and conditions of the Applicable Series Resolution or Applicable Bond Series Certificate. Notwithstanding any provision of this Resolution to the contrary, in the event Bonds of an Applicable Series are called for purchase in lieu of a redemption, such purchase shall not operate to extinguish the indebtedness of the Authority evidenced thereby or modify the terms of any such Bonds and such Bonds need not be cancelled, but shall remain Outstanding hereunder and in such case, shall continue to bear interest.

ARTICLE V
PLEDGE OF TRUST REVENUES; FUNDS AND ACCOUNTS;
TRUST REVENUES AND APPLICATION THEREOF

SECTION 5.01. Pledge of Trust Revenues. (a) In order to secure each Series of Bonds issued and Outstanding hereunder, the payment of the principal or Redemption Price

thereof and the interest thereon, and the performance and observance of the agreements made herein, in the Applicable Series Resolution and in the Bonds, the Authority hereby, subject to the adoption of an Applicable Series Resolution, pledges and assigns to the Applicable Trustee, in trust upon the terms hereof for the equal and ratable benefit and security of the Holders of the Bonds of an Applicable Series, all of the Authority's right, title and interest in and to the following Applicable Trust Revenues relating to such Series of Bonds (which the Authority authorizes the Applicable Trustee to receive and hold as security for such Applicable Series of Bonds and no other Series of Bonds):

(1) all moneys, securities and instruments received or held from time to time by the Applicable Trustee pursuant to the Resolution, the Applicable Series Resolution, the Applicable Loan Agreement or the Applicable Note which are required pursuant to the Resolution to be deposited in the following Applicable Funds and Accounts: the Debt Service Fund (other than the Purchase Account), the Construction Fund (other than the Equity Account and the Insurance and Condemnation Account and subject to subdivisions (5) and (6) of Section 8.04 hereof), the Mortgage Payment Fund (other than any amounts on deposit therein between July 20 and July 31 or each year, constituting excess mortgage payments made by the Institution during the prior twelve (12) month period), the Debt Service Reserve Fund and the Redemption Account, including without limitation, all payments of principal and interest on the Applicable Note (less the amount, if any, thereof representing the Servicing Fee, and any Mortgagee Advances), all Mortgage Insurance Benefits paid by HUD and deposited in the Applicable Debt Service Fund, less any Mortgagee Advances, and all insurance proceeds and condemnation awards which are to be applied pursuant to the provisions hereof and the Applicable Loan Agreement to the reduction of the outstanding principal balance of such Note;

(2) investment income on the foregoing (less any fees of the Qualified Financial Institution issuing the Floor-Ceiling Agreement), other than investment income on moneys deposited by the Institution in the Applicable Insurance and Condemnation Account of the Construction Fund; and

(3) **provided, however,** that Applicable Trust Revenues shall not include: (i) any payments received by the Applicable Trustee on behalf of the Authority which are to be applied by the Authority pursuant to paragraphs 7(a)(3)(i) or (ii) of the Mortgage; (ii) any other funds of the Institution held by the Applicable Trustee on behalf of the Authority or the Mortgage Servicer pursuant to the FHA Documents to the extent such funds are required to be paid to HUD at its direction upon an assignment of the Note and the Mortgage to HUD for mortgage insurance benefits; (iii) any payments to the Applicable Trustee for deposit to the Applicable Arbitrage Rebate Fund; and (iv) any amounts on deposit in the Mortgage Payment Fund between [July 20 and July 31] of each year, constituting excess mortgage payments made by the Institution during the prior twelve (12) month period.

(b) The Authority also pledges and grants to the Applicable Trustee, in connection with each Applicable Series of Bonds, a security interest in the Applicable FHA Documents except for the Regulatory Agreement. Notwithstanding the foregoing pledge of the Applicable Note and the other Applicable FHA Documents, so long as no Event of Default with respect to an Applicable Series of Bonds as defined in paragraph (3) of Section 8.02 or in paragraph (5) of Section 8.02 by reason of a default by the Authority in the performance of its obligations under Sections 7.13, 7.14, 8.04, 8.05 and 8.06 hereof has occurred hereunder, the Authority shall retain all rights and obligations as mortgagee under such FHA Documents, and may give any consents or approvals permitted or required to be given by, and exercise all rights granted, to the mortgagee under the Applicable FHA Documents, subject in all respects to the provisions of this Resolution.

(c) The proceeds from the sale of an Applicable Series of Bonds, the Applicable Trust Revenues, the rights of the Authority to receive all payments to be made under the Applicable Loan Agreement and the Applicable Note that are to be deposited with the Applicable Trustee, the security interest in the Applicable FHA Documents granted by the Authority to the Applicable Trustee and all funds and accounts authorized hereby and established pursuant to an Applicable Series Resolution (except for the Insurance and Condemnation Account and the Equity Account of the Construction Fund and the Arbitrage Rebate Fund), are hereby, subject to the adoption of an Applicable Series Resolution, pledged and assigned to the Applicable Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Applicable Series of Bonds and as security for the performance of any other obligation of the Authority hereunder and under an Applicable Series Resolution with respect to such Series, all in accordance with the provisions hereof and thereof. The pledge made hereby, subject to the adoption of an Applicable Series Resolution, shall relate only to the Bonds of the Applicable Series authorized by such Series Resolution and no other Series of Bonds and such pledge and Trust Revenues shall not secure any such other Series of Bonds.

The pledge made hereby shall be valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Applicable Series of Bonds, the Applicable Trust Revenues, and all funds and accounts authorized hereby and established pursuant to the Applicable Series Resolution which are pledged hereby and pursuant to the Applicable Series Resolution 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 of each Applicable Series shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the Applicable Trust Revenues, and the funds and accounts authorized hereby and established pursuant to the Applicable Series Resolution, which pledge shall constitute a first lien thereon.

(d) So long as there shall be no event of default under an Applicable Servicing Agreement, the Authority consents in accordance with the terms of such Servicing Agreement to: (i) the Mortgage Servicer's supervision of disbursements from the Applicable Equity Account

and the Applicable Mortgage Account of the Construction Fund in accordance with Section 5.04 hereof; (ii) the collection by the Mortgage Servicer of the amounts payable by the Institution under the Note and Mortgage; and (iii) the Mortgage Servicer's holding of the accounts and funds specified in the Servicing Agreement.

SECTION 5.02. Authorization for Establishment of Funds and Accounts.

Unless otherwise provided by the Applicable Series Resolution, the following funds, accounts and subaccounts are authorized to be established, held and maintained by each Applicable Series Resolution for the benefit of the Applicable Series of Bonds by the Applicable Trustee under the Applicable Series Resolution separate from any other funds established and maintained pursuant to any other Series Resolution:

Construction Fund:

Mortgage Account;
Equity Account;
Insurance and Condemnation Account;
Investment Income Account;
Costs of Issuance Account;
Prepayment Account;

Mortgage Payment Fund

Debt Service Fund:

Debt Service Account;
Surplus Account;
Redemption Account;
Purchase Account

Debt Service Reserve Fund:

Reserve Account;
Collateral Account; and

Arbitrage Rebate Fund.

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 references in this article to any such fund or account shall mean the fund and account established under such Applicable Series Resolution and not to any fund or account (even with the same designation) created under a separate Applicable Series Resolution. All moneys at any time deposited in any fund authorized to be created hereby, other than (i) the Applicable Arbitrage Rebate Fund and (ii) any amounts on deposit in the Mortgage Payment Fund between [July 20 and July 31] of each year, constituting excess mortgage payments made by the Institution during the prior twelve (12) month period, shall be held in trust for the benefit of the Holders of the Applicable Series of Bonds (subject, however, to HUD's right to payment as set forth in Sections 8.04(5) and 8.04(6) hereof),

including amounts in the Applicable Equity Account, undisbursed proceeds in an Applicable Mortgage Account and in an Applicable Insurance and Condemnation Account, but shall nevertheless be disbursed, allocated and applied solely in connection with Applicable Series of Bonds for the uses and purposes provided herein, unless otherwise provided in the Applicable Series Resolution.

SECTION 5.03. Application of Bond Proceeds and Allocation Thereof. Upon the receipt of proceeds from the sale of an Applicable Series of Bonds, the Authority shall apply such proceeds as specified herein and in an Applicable Series Resolution authorizing such Series or the Applicable Bond Series Certificate.

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

SECTION 5.04. Payments from Construction Fund. The following provisions shall apply to each Applicable Project, the Applicable FHA Documents, and each Applicable Construction Fund, Mortgage Account, Equity Account, Insurance and Condemnation Account, Investment Income Account and Costs of Issuance Account, authorized hereunder and established under and pursuant to an Applicable Series Resolution. Each Construction Fund and accounts and subaccounts thereunder, established for an Applicable Series of Bonds, shall be held by the Applicable Trustee separate and apart from each other Construction Fund and related accounts and subaccounts. All provisions of this Section 5.04 and all terms utilized herein apply to the payments from the Construction Fund established for an Applicable Series of Bonds.

(a) The Applicable Trustee shall hold the Construction Fund for the payment of the Costs of the Project or the Costs of Issuance in accordance with the provisions hereof, and shall hold the Construction Fund, including the Mortgage Account, the Equity Account, the Investment Income Account, and the Costs of Issuance Account, in accounts separate and apart from all other funds and accounts established under this Resolution and the Applicable Series Resolution and from all other moneys of the Applicable Trustee. The Applicable Trustee shall hold for the account of the Authority, as mortgagee under the Mortgage, the Equity Account, which shall be funded by the Institution in the amount set forth in the Bond Series Certificate, in such form as may be approved by HUD, being the amount specified in the Commitment as being required, in addition to the proceeds of the Note, for completion of the Project, less any prepaid expenses in respect of the Project approved by HUD and not drawn out of the Mortgage Account.

(b) With respect to any Applicable Series of Bonds, upon the submission of a written request to the Authority and upon approval by HUD of each Requisition and upon compliance with the applicable provisions of the Note, the Mortgage, the Building Loan Agreement, the Loan Agreement and the Servicing Agreement, the Applicable Trustee shall make disbursements from the Mortgage Account and the Equity Account to or upon the order of the Institution for payment or reimbursement of Costs of the Project. The Applicable Trustee shall notify the Authority and the Mortgage Servicer of all disbursements made from such

Construction Fund. To the extent permitted or required by HUD, the Institution may designate the portion, if any, of any Requisition to be paid from the Applicable Mortgage Account or the Applicable Equity Account. If no such designation is made by the Institution, the Applicable Trustee shall pay such Requisition from the Equity Account [discuss possible change to pro rata approach]. The Authority agrees that there shall be credited to the reduction of any Letter of Credit held in the Equity Account any Costs of the Project paid by the Institution from funds other than Bond proceeds to the extent that evidence of such prior payment satisfactory to the Authority and the Applicable Trustee and of HUD approval thereof is furnished by the Institution to the Authority and the Applicable Trustee. In any month, the Institution may include an amount to pay interest on the Note utilizing moneys in the Mortgage Account, but only to the extent that HUD has approved a Requisition for such amount of interest due on the Note. If a Requisition covering any interest due on the Note and approved by HUD shall not have been delivered to the Applicable Trustee by the 25th day of the month next following the month with respect to which the interest covered by such Requisition shall have accrued, then the Institution shall immediately pay in cash the full amount of interest due on the Note for such month, but unless such payment is not made by the 30th day of such month, the Institution shall not be deemed in default under the Note for the purposes of the Resolution and shall not be liable for any penalty or late charge. The Applicable Trustee shall reimburse the Institution for such interest payments made by it in cash to the extent that a Requisition covering such interest is approved by HUD. The portion of each construction advance from the Mortgage Account representing interest on the Note (less the Servicing Fee, which shall be remitted to the Mortgage Servicer within three (3) days of approval of such Requisition or receipt of such interest payment by the Applicable Trustee) shall be credited to (but not deposited in) the Investment Income Account if the moneys were withdrawn from the Mortgage Account but otherwise may be paid to the Institution by the Applicable Trustee to the extent the Institution has made such payments.

(c) To the extent set forth in the Applicable Series Resolution or the Applicable Bond Series Certificate, moneys deposited to the Costs of Issuance Account shall be disbursed by the Applicable Trustee at the instruction of the Authority to pay Costs of Issuance.

(d) On the last Business Day preceding each Interest Payment Date until the completion of the Project in accordance with the Building Loan Agreement and Final Endorsement of the Note, the Applicable Trustee shall transfer from the Investment Income Account to the Debt Service Account such amount as may be required, together with the amount then on deposit in the Debt Service Account (other than amounts received with respect to principal payments on the Note which are deposited in the Debt Service Account), to pay the interest becoming due on the Bonds on the next succeeding Interest Payment Date; provided, however, the amounts shall be drawn for such purpose, first, from funds not invested under an Investment Agreement, second, from funds which are invested under an Investment Agreement, and third, from the proceeds of any Letter of Credit deposited in such Account. On the last Business Day preceding each Interest Payment Date prior to Final Endorsement of the Note, upon which the amount in the Investment Income Account has been reduced by any transfer to the Debt Service Account pursuant to the preceding sentence, the Applicable Trustee shall redetermine the Investment Income Account Requirement and shall reduce the Investment Income Account Letter of Credit to the extent it exceeds such Requirement as so redetermined and, if any amount remains on deposit in or credited to the Investment Income Account (other

than any Letter of Credit in the Investment Income Account and any other amounts necessary to satisfy the Investment Income Account Requirement as redetermined together with any amount previously designated pursuant to clause (z) below) then the excess shall be transferred to the Surplus Account to cause the amount on deposit in the Surplus Account to equal at least an amount set forth in the Applicable Series Resolution or Applicable Bond Series Certificate; and if there is still an excess balance in the Investment Income Account, at the option of the Institution, such excess amount shall be applied to any of the following: (x) for transfer to the Collateral Account to reduce the Collateral Account Letter of Credit; (y) to reimburse the Institution either for amounts applied by the Institution to the reimbursement to the appropriate Qualified Financial Institution for draws made under the Investment Income Account Letter of Credit or for amounts deposited in the Costs of Issuance Account which were used to pay Costs of Issuance; or (z) as a credit against future payments of interest on the Note, provided that any such credit shall not be treated as an advance under the Building Loan Agreement and the Institution shall not be entitled to reimbursement from the Mortgage Account for any amount so credited; provided, however, that no application may be made under (x), (y) or (z) unless the excess balance on deposit in the Investment Income Account and the Debt Service Account following such applications equals in the aggregate the amount set forth in the Applicable Series Resolution or Applicable Bond Series Certificate, and; provided further, however, that no such transfer shall be made if the Institution is in default under the FHA Documents. Notwithstanding the foregoing the Applicable Trustee shall draw upon the Letter of Credit held in the Investment Income Account when instructed to do so by the Authority.

(e) If a default under the Note and Mortgage shall occur as a result of which the Note and Mortgage are to be assigned to HUD pursuant to Section 8.04 hereof, the Applicable Trustee shall, concurrently with the Authority's giving of notice to HUD of such default and its intention to make such assignment, liquidate any Letter of Credit held in or for the account of the Investment Income Account, transfer from the Investment Income Account: (i) to the Debt Service Account such amount as may be required, together with the amount then on deposit in the Debt Service Account, to pay interest on the Bonds on each [February 15] and [August 15] prior to receipt of all FHA mortgage insurance benefits; and (ii) upon receipt of all FHA mortgage insurance benefits, to the Redemption Account any balance remaining in the Investment Income Account, such amount subject to Section 8.04(1) hereof, to be applied to the Extraordinary Mandatory Redemption of Bonds.

(f) If insurance or condemnation proceeds are received with respect to the Project and are deposited in the Construction Fund, such proceeds shall be disbursed in the manner set out in Sections 26 and 27 of the Loan Agreement.

(g) In the event Net Insurance Proceeds or Net Condemnation Proceeds are required to be applied to prepayment or reduction of the Note in accordance with Sections 26 and 27 of the Loan Agreement, such amounts shall be transferred to the Redemption Account and applied to the Extraordinary Mandatory Redemption of Bonds pursuant to Section 6.04(3) hereof.

(h) In the event that any Net Insurance Proceeds or Net Condemnation Proceeds are to be applied to the repair, reconstruction or replacement of the Mortgaged

Property, in accordance with applicable FHA Documents and pursuant to Section 26 or 27 of the Loan Agreement, and such amounts are greater than the Threshold Amount, such amounts shall be disbursed by the Applicable Trustee, upon receipt of the approval of HUD, if required, and the following shall apply:

(1) a request signed by an Authorized Officer of the Institution and approved in writing by the Authority stating: (i) the name and address of the person to whom the payment is to be made (which may be the Institution if it is to be reimbursed for advances made by it which are properly chargeable against the Construction Fund); (ii) the amount to be paid; (iii) that the payment constitutes a proper charge against the Construction Fund and the obligation on account of which the payment is to be made, showing the total obligation, any amount previously paid, and the unpaid balance; (iv) that the obligation was properly incurred and is for costs of repair, replacement or reconstruction of the Mortgaged Property; (v) that the amount requested is due and unpaid (to the extent it is not a reimbursement); (vi) that there is no event of default then existing under the Applicable FHA Documents or the Applicable Loan Agreement; (vii) that the amount requested has not been the subject of any previously paid request; and (viii) that, with respect to items covered in the request, the signer has no knowledge of any vendors', mechanics', or other liens, conditional liens, conditional sales contracts, chattel mortgages, leases of personalty, title retention agreements or security interests which should be satisfied or discharged before the payments as requested therein are made or which will not be discharged by such payment;

(2) in the case of payments under the Construction Contract, in addition to the request referred to in clause (1) hereof, a certificate of the Architect certifying: (i) his approval of the request; (ii) that the obligation was properly incurred; (iii) that the amount requested is due and unpaid to the contractors; (iv) that, insofar as the payment is to be made for work, materials, supplies or equipment, the work has been performed and the materials, supplies or equipment have been installed in the Mortgaged Property or have been delivered either at the Mortgaged Property or at a proper place for fabrication and covered by adequate insurance; and (v) that all work, materials, supplies and equipment for which payment is to be made are, in the signer's opinion, in accordance with any applicable plans and specifications; and

(3) if following completion of the repair, replacement, rebuilding, restoration or rearrangement, any Net Insurance Proceeds or Net Condemnation Proceeds remain on deposit in the Insurance and Condemnation Account, such Net Insurance Proceeds or Net Condemnation Proceeds shall, subject to any applicable FHA requirements and full payment of any current Authority or Applicable Trustee fees or expenses with respect to such Applicable Series of Bonds, be paid to the Institution.

(i) In the event: (i) any Net Insurance Proceeds or Net Condemnation Proceeds are to be applied to the repair, reconstruction or replacement of the Mortgaged Property, and such amounts are equal to or less than the Threshold Amount; or (ii) such amounts constitute Net Condemnation Proceeds and the requirements of Section 27(d)(i) of the Loan Agreement are complied with, notwithstanding paragraph (h) of this Section 5.04, such amounts shall be disbursed by the Applicable Trustee at the written direction of the Authority and with the approval of HUD, if required, the Authority or the Applicable Trustee to the extent of any unpaid fees and expenses, with any balance thereafter applied to or upon the order of the Institution.

(j) When required by the provisions of Section 8.04 hereof, the Applicable Trustee shall transfer amounts in the Construction Fund to the Redemption Account and apply such amounts to the Extraordinary Mandatory Redemption of the Applicable Series of Bonds.

(k) The Applicable Trustee shall draw the full amount of any Letter of Credit deposited to the credit of the Investment Income Account of the Construction Fund (i) immediately upon receipt of notice from the applicable Qualified Financial Institution following an event of default under the reimbursement agreement; (ii) within sixty (60) days of a downgrade of the Qualified Financial Institution providing such Letter of Credit to a rating less than "A" by the Rating Services, or (iii) at least fifteen (15) days or such lesser number of days as shall be acceptable to the Applicable Trustee, prior to its expiration date, unless, in the case of (i), such Letter of Credit has been renewed or the Investment Income Account Requirement on such expiration date would be zero, or (ii) the Institution has deposited Available Moneys or a substitute Letter of Credit in the Investment Income Account in an amount equal to the Investment Income Account Requirement.

SECTION 5.05. Procedure upon Completion of Project. The following provisions shall apply to each Applicable Project, the Institution, the Applicable FHA Documents, and each fund and account established pursuant to the Applicable Series Resolution. All provisions of this Section 5.05 and all terms utilized herein apply to the completion of an Applicable Project financed in connection with an Applicable Series of Bonds.

(a) Upon the completion of the Project in accordance with the Building Loan Agreement and Final Endorsement, the Authority shall cause the Institution to furnish to the Applicable Trustee and the Mortgage Servicer the certificate of the Institution provided for in Section 9 of the Loan Agreement. The Applicable Trustee shall thereupon apply any moneys remaining in the Construction Fund and the Collateral Account of the Debt Service Reserve Fund, as applicable, as follows, and in the following order of priority:

FIRST: from the Mortgage Account an amount equal to the excess, if any, of the insured principal amount of the Note, as approved by HUD at Final Endorsement, over the aggregate of all amounts theretofore disbursed from the Mortgage Account, shall be applied to the payment of such Costs of the Project as are approved by HUD as the final advance under the Building Loan Agreement;

SECOND: any balance remaining in the Mortgage Account, shall be transferred to the Redemption Account and applied to the Special Mandatory Redemption of Bonds;

THIRD: from the Investment Income Account, there shall be transferred to the Debt Service Account the amount, if any, determined by the Applicable Trustee to be needed, together with: (i) amounts then on deposit in the Debt Service Account and payments of principal and interest scheduled to be received on the Note through the next succeeding date which is 30 days prior to the next Interest Payment Date; (ii) interest earnings to be transferred from the Debt Service Reserve Fund to the Debt Service Account in accordance with Section 6.01(b)(2)(A) hereof; and (iii) amounts on deposit in the Collateral Account in excess of the Collateral Account Requirement: (i) to pay the interest on the Applicable Series of Bonds becoming due on the earlier of the next succeeding [February 15] or [August 15]; and (ii) to redeem by Sinking Fund Redemption on the earlier of the next succeeding [February 15] or [August 15] an amount of such Series of Bonds which would reduce the Bonds Outstanding to the sum of the principal amount of the Note at Final Endorsement plus the principal amount on deposit in the Reserve Account (prior to giving effect to any redemption made in connection with the reduction of the amount of the Note);

FOURTH: from the Investment Income Account, there shall be transferred to the Institution or to the issuer of any Letter of Credit, an amount not to exceed the amount drawn on the Letter of Credit on deposit in the Investment Income Account plus any interest thereon, or such amount may be applied as a credit to payment of the Applicable Note, all as provided in the written direction of the Authority;

FIFTH: any cash balance (but not the Letter of Credit) remaining in the Collateral Account in excess of the Collateral Account Requirement shall be transferred to the Redemption Account and applied to the Special Mandatory Redemption of Bonds;

SIXTH: in the event that the Institution is obligated to reduce or make a prepayment on the Note in connection with the Project cost certification process, the Applicable Trustee shall apply toward such reduction or prepayment any balance remaining in the Construction Fund (in cash, investments or letters of credit), drawing first from the Investment Income Account and second from the Equity Account, and shall deposit the amount so applied as a reduction or prepayment on the Note in the Redemption Account, for application to the Special Mandatory Redemption of Bonds;

SEVENTH: any amount remaining in the Equity Account after payment of all fees and expenses of the Authority, shall be paid to the Institution; and

EIGHTH: any amounts remaining in the Investment Income Account (excluding the Letter of Credit) shall be transferred to the Redemption Account and applied to the Special Mandatory Redemption of Bonds.

(b) In the event that the amount applied to the reduction or prepayment of the Note is less than that portion of the Note the Institution is obligated to prepay or reduce in connection with the Project cost certification process, the Authority shall take all action required by HUD to cause the Institution to pay to the Authority the amount of such deficiency pursuant to Section 9 of the Loan Agreement. Any such prepayments on or

reductions of the Note received by the Authority, whether or not received prior to Final Endorsement, shall be deposited in the Redemption Account and applied to the Special Mandatory Redemption of Bonds.

SECTION 5.06. Arbitrage Rebate Fund. The Applicable Trustee shall deposit to the appropriate account in the Applicable Arbitrage Rebate Fund any moneys delivered to it by the Institution for deposit therein and, notwithstanding any other provisions of this Article V, shall transfer, in accordance with the directions of the Authority, moneys on deposit in any other funds held by the Applicable Trustee under the Applicable Series Resolution at such times and in such amounts as set forth in such directions; provided that, moneys shall not be transferred from the Applicable Debt Service Reserve Fund unless such Debt Service Reserve Fund Requirement will be met after such transfer.

Moneys on deposit in the Applicable Arbitrage Rebate Fund shall be applied by the Applicable 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 the Applicable Debt Service Fund or such other Applicable Fund or Account 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 with respect to each Applicable Series of Bonds and direct the Applicable Trustee to: (i) transfer from any other of the funds and accounts held by the Applicable Trustee hereunder and under the Applicable Series Resolution and deposit to the Applicable Arbitrage Rebate Fund, all or a portion of the Excess Earnings with respect to each Series of Bonds; and (ii) pay out of the Applicable 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 5.07. Mortgage Payment Fund. The Applicable Trustee shall initially deposit each month in the Applicable Mortgage Payment Fund the amount received from the Mortgage Servicer (representing the monthly amount paid by the Institution to the Mortgage Servicer under the Note and the Mortgage less Servicing Fees) prior to the allocation thereof in accordance with this Resolution. Except as provided in the following paragraph, moneys on deposit in the Applicable Mortgage Payment Fund shall be held in trust for the benefit of the Holders of the Applicable Series of Bonds (subject, however, to HUD's right to payment as set forth in Sections 8.04(5) and 8.04(6) hereof). Not later than the second Business Day following the deposit of moneys to the Applicable Mortgage Payment Fund, the Applicable Trustee shall allocate and transfer such moneys in accordance with this Resolution; provided, however, that prior to the allocation and transfer of moneys each [July] in accordance with this Resolution, the Applicable Trustee shall first transfer the amount, if any, on deposit in the Applicable Debt Service Reserve Fund in excess of the Applicable Debt Service Reserve Fund Requirement (except the portion, if any, of the Collateral Account representing the Institution's contribution to such account) to the Applicable Debt Service Fund in accordance with Section 6.03(6) of the

Resolution, and then transfer from the Applicable Mortgage Payment Fund to the Applicable Debt Service Fund the net amount required to be on deposit in the Applicable Debt Service Fund to pay the debt service on the Applicable Series of Bonds on the next Interest Payment Date.

Provided that no default shall have occurred under the Note or the Mortgage, notwithstanding any other provision of this Resolution to the contrary, any amounts on deposit in the Mortgage Payment Fund between [July 20 and July 31] of each year (i) shall constitute excess Mortgage payments made by the Institution during the prior twelve (12) month period, (ii) shall not be held in trust for the benefit of the Holders of the Applicable Series of Bonds, and (iii) shall be paid to the Institution prior to [August 1] of each year free and clear of any pledge, lien, charge, security interest or encumbrance thereon or with respect thereto of any party, including the Holders of the Applicable Series of Bonds.

ARTICLE VI APPLICATION OF MORTGAGE PAYMENTS AND TRUST REVENUES

SECTION 6.01. Collection of Trust Revenues. The following provisions shall apply to the collection and application of Trust Revenues in connection with each Applicable Series of Bonds, the Applicable FHA Documents, each Applicable Mortgage Servicer and each Applicable Trustee.

(a) So long as the Mortgage Servicer is not in default under the Servicing Agreement, the Mortgage Servicer shall collect all amounts payable by the Institution under the Note and the Mortgage and after deduction of the Servicing Fee (to the extent payable under the Note), the Mortgage Servicer shall transfer all payments of principal and interest on the Note and other amounts paid under the Note to the Applicable Trustee and apply all amounts collected under the applicable Note in accordance with the Applicable Mortgage. Such amounts, when received by the Mortgage Servicer, shall be credited as paid under the Note or the Mortgage, as the case may be. If the Authority terminates the Servicing Agreement the Authority (as mortgagee under the Mortgage) shall collect or cause to be collected all amounts payable under the Note and the Mortgage and shall apply such moneys in the same manner and the Authority shall otherwise comply with the obligations of the Mortgage Servicer set forth in Article III of the Servicing Agreement.

(b) All payments on the Note (less any Servicing Fee payable thereunder, if any, or Mortgagee Advances), shall be paid to the Applicable Trustee and, together with all other Trust Revenues received by the Applicable Trustee (including any amounts paid by the Institution pursuant to Section 10(a) or 10(b) of the Loan Agreement), shall be applied as follows for the periods indicated:

(1) During the period commencing with the date of delivery of the Applicable Series of Bonds and ending on the last day preceding Final Endorsement of the Note (except as provided in paragraphs (3) and (4) below):

(A) Income received on the investment of moneys in: (i) any account of the Construction Fund (except the Equity Account) or Debt

Service Reserve Fund (except the portion, if any, of the Collateral Account representing the Institution's contribution to such account) shall upon receipt be deposited in the Investment Income Account; and (ii) any account of the Debt Service Fund (unless the Note and Mortgage have been assigned to HUD pursuant to Section 8.04 hereof) shall upon receipt be retained therein;

(B) Income received on the investment of moneys in the Equity Account of the Construction Fund and on the portion, if any, of the Collateral Account representing the Institution's contribution to such account shall, after payment of all fees and expenses of the Authority, the Applicable Trustee and the Mortgage Servicer, be retained in the Equity Account and Collateral Account, respectively;

(C) Disbursements from the Mortgage Account of the Construction Fund for payment of interest on the Note, as reflected on each Requisition (after deducting and paying any applicable Servicing Fee) pursuant to Section 5.04(b) hereof, shall be credited or deposited in the Investment Income Account;

(D) Payments on the Note, if any, to the extent not made pursuant to subparagraph (C) above and any amounts attributable to payments of principal on the Note, if any, shall initially be deposited in the Mortgage Payment Fund and then transferred to the Debt Service Account;

(E) Payments received from the Institution under Section 11(g) of the Loan Agreement shall be deposited in the Debt Service Account; and

(F) Payments received from the Institution under Section 13 of the Loan Agreement shall be applied first to the Collateral Account to the extent necessary to cause the balance therein to equal the Collateral Account Requirement, and then to the Reserve Account.

(2) Commencing on the date of commencement of amortization of the Note and thereafter so long as any Bonds remain Outstanding:

(A) Payments on the Note (after deducting and paying any applicable Servicing Fee incorporated therein), income received on the investment of moneys in the Debt Service Reserve Fund (except the portion, if any, of the Collateral Account representing the Institution's contribution to such account) and payments received from the Institution pursuant to Section 11(a) of the Loan Agreement, shall initially be deposited in the Mortgage Payment Fund and then transferred to the Debt Service Account;

(B) Income received on the investment of moneys in the portion, if any, of the Collateral Account representing the Institution's contribution to such account shall after payment of all fees and expenses of the Authority, the Applicable Trustee and the Mortgage Servicer be remitted to the Authority at least semi-annually upon the written direction of the Authority and applied pursuant to the Loan Agreement;

(C) Income received on the investment of moneys in any account of the Debt Service Fund (unless the Note and Mortgage have been assigned to HUD pursuant to Section 8.04 hereof) shall upon receipt be deposited in the Surplus Account;

(D) Payments received from the Institution under Section 13 of the Loan Agreement shall be applied first to the Collateral Account to the extent necessary to cause the balance therein to equal the Collateral Account Requirement, and then to the Reserve Account.

(3) Trust Revenues attributable to hazard insurance or condemnation proceeds which are to be applied to reduction of the outstanding principal balance of the Note in accordance with applicable FHA Documents and pursuant to Sections 26 and 27 of the Loan Agreement, shall be deposited in the Redemption Account and applied to the Extraordinary Mandatory Redemption of Bonds as provided in the Loan Agreement and in Section 6.04 hereof;

(4) Prepayments of principal on the Note, together with any Non-Asset Bond Prepayments, or premium, if any, shall be deposited in the Redemption Account; and

(5) FHA Mortgage Insurance Benefits shall be applied pursuant to Section 8.05 hereof.

SECTION 6.02. Debt Service Fund. The following provisions shall apply to each Applicable Debt Service Fund and accounts thereunder:

(a) Subject to Sections 8.04 and 8.05 hereof with respect to the application of FHA mortgage insurance benefits, on the last Business Day preceding an Interest Payment Date for Outstanding Bonds, the Applicable Trustee shall apply the moneys then on deposit, subject to subsection (d) of this Section 6.02 in the Debt Service Account as follows:

FIRST: to the payment of interest due on the Bonds Outstanding on the next succeeding Interest Payment Date by transfer of the amount so due to the Paying Agent;

SECOND: to the payment of the maturing Principal Amount of the Bonds, if any, by transfer of the amount so due to the Paying Agent;

THIRD: if the Note and Mortgage have been assigned to HUD pursuant to Section 8.04 hereof, to the payment (in semiannual installments) of the Applicable

Trustee's Annual Fee and then, if the revised Cash Flow Statement prepared in connection with such assignment demonstrates that sufficient funds are available, to the Authority for the payment of its fees and expenses pursuant to a certificate of an Authorized Officer of the Authority;

FOURTH: unless otherwise provided in the Applicable Series Resolution or Applicable Bond Series Certificate, to the extent of any remaining moneys, for transfer to the Redemption Account to be applied to the Sinking Fund Redemption of Bonds as provided in Section 6.04(2);

FIFTH: to the extent such amounts have not been paid from the Surplus Account pursuant to 6.02(b) hereof, to the payment of the semiannual fees of the Trustee and the Authority;

SIXTH: to the extent that FHA debentures deposited in the Debt Service Account pursuant to Section 8.05(3) hereof provide, upon payment at maturity of such FHA debentures, an amount sufficient, together with all other available amounts, to pay the Principal Amount of and accrued interest on all Bonds Outstanding for transfer to the Redemption Account to be applied to the Extraordinary Mandatory Redemption of the Bond as provided in Section 6.04(4); and

SEVENTH: to the extent that the Authority receives cash in lieu of FHA debentures or the proceeds of a redemption of FHA debentures pursuant to Section 8.05(3) in an amount sufficient, together with all other available funds, to pay the Principal Amount of and accrued interest on all of the Bonds Outstanding, for transfer to the Redemption Account to be applied to the Extraordinary Mandatory Redemption of the Bonds as provided in Section 6.04(4).

Any balance remaining in the Debt Service Account shall be retained therein for application as aforesaid on the last Business Day preceding the next succeeding Interest Payment Date.

(b) Unless the Note and Mortgage have been assigned to HUD pursuant to Section 8.04 hereof, all income from the investment of moneys in any account of the Debt Service Fund shall: (i) upon receipt be deposited into the Surplus Account; or (ii) upon the written direction of the Authority applied as a credit against subsequent payments due on the Applicable Note, provided that in the case of (ii) above, all fees and expenses of the Trustee and the Authority shall have been provided for and all amounts payable under clauses FIRST, SECOND, THIRD and FOURTH of Section 6.02(a) shall have been made. On the last Business Day preceding each Interest Payment Date for an Applicable Series of Bonds, to the extent moneys are not available from other sources, any moneys on deposit in the Surplus Account shall be applied first to the payment (in semiannual installments) of the Applicable Trustee's Annual Fee and then, to the extent of money available, to all fees and expenses of the Authority pursuant to a certificate of an Authorized Officer of the Authority. Unless the Note and Mortgage have been assigned to HUD pursuant to Section 8.04 hereof in which event the provisions of the last sentence of this subsection shall apply, the foregoing fees and expenses of the Authority shall not

be paid from any other fund or account held pursuant to the Resolution, other than the Surplus Account. If on the last Business Day preceding any such Interest Payment Date the amount in the Surplus Account remaining after the payments described in the preceding sentence exceeds the sum set forth in the Applicable Series Resolution or Bond Series Certificate or as the Authority shall specify (but in no event less than the Authority's estimated fees and expenses for the forthcoming six (6) months and one-half (1/2) of the Applicable Trustee's Annual Fee (together with any amounts theretofore unpaid from any previous period), such excess shall be transferred to the Debt Service Account for application in accordance with paragraph (a) of this Section. Notwithstanding the foregoing, in the event the Note and Mortgage are assigned to HUD, any amount in the Surplus Account shall be used: first, to pay hazard insurance premiums, mortgage insurance premiums or other FHA charges, which amounts may become due prior to the date of such assignment, unless payment of such amounts is waived by HUD; second, to reimburse any Mortgagee Advances; third, to pay the Applicable Trustee's Annual Fee; fourth, to pay the Authority's Annual Administrative Fee; and fifth, to pay any fees and expenses, including legal fees, incurred by the Authority, the Applicable Trustee, the Mortgage Servicer or the Financial Consultant in connection with the assignment of the Note and Mortgage and the claim for FHA mortgage insurance benefits.

(c) In lieu of redeeming Bonds through Sinking Fund Installments as provided in subdivision (2) of Section 6.04, at the direction of the Authority, the Applicable Trustee shall apply moneys from time to time on deposit in the Debt Service Account or the Redemption Account to the purchase of an equal principal amount of the Applicable Series of Bonds (of the maturity and in amounts then expected to be subject to Sinking Fund Installments) at prices not higher than the principal amount to be redeemed plus accrued interest, provided that firm commitments to sell Bonds are received at least five (5) days before the notice of redemption would otherwise be required to be given. In the event of purchases at purchase prices less than the principal amount to be redeemed plus accrued interest, the difference between the amount in the Debt Service Account representing the principal amount of the Bonds purchased and the purchase price (exclusive of accrued interest) shall be retained in the Debt Service Account for application pursuant to subdivision (a) of this Section. Prior to any such purchase, the Applicable Trustee shall give notice to the Authority of the terms of the proposed purchase, and the Authority shall give written directions to the Applicable Trustee to purchase such Bonds for such terms. All Bonds so purchased shall be immediately cancelled.

(d) Notwithstanding anything contained in this Resolution to the contrary, the Applicable Trustee shall, at the direction of the Authority, pursuant to Section 4.07 hereof, deposit funds received for the purchase in lieu of redemption of Bonds of an Applicable Series in the Applicable Purchase Account for the purchase of Bonds of such Applicable Series in whole or in part pursuant to the terms and conditions of the Applicable Series Resolution or Applicable Bond Series Certificate. All Bonds so purchased shall not be cancelled.

(e) For purposes of this Section 6.02, any payment of principal and interest on the Note due the first day of February or August shall be treated as received after the 15th of such February or August and shall be applied as provided in subdivision (a) of this Section to the next Interest Payment Date.

SECTION 6.03. Debt Service Reserve Fund. The following provisions shall apply to each Applicable Debt Service Reserve Fund and accounts thereunder:

(1) If a payment default occurs under the Note or the Mortgage, on each succeeding Interest Payment Date, unless and until such default is waived pursuant to the second paragraph of Section 8.04(1) hereof, the Applicable Trustee shall draw upon any Letter of Credit held for the account of the Collateral Account and make transfers from the Debt Service Reserve Fund (first from the Collateral Account and second from the Reserve Account) to the Debt Service Account on the second Business Day preceding each Interest Payment Date in an amount sufficient, together with moneys then on deposit in the Debt Service Account, to pay interest on the Bonds Outstanding and the Principal Amount of Bonds maturing (if any).

(2) If the Institution fails to make all payments which become due under the Note and Mortgage (except for those payments to be applied in accordance with Section 6.02(e) hereof without regard to any grace period relating thereto) by each date fifteen (15) days in advance of an Interest Payment Date: (i) the Applicable Trustee shall immediately give notice to the issuer of the Investment Agreement that the Applicable Trustee intends to withdraw funds under such Investment Agreement and, if the Floor-Ceiling Agreement is then the Investment Agreement in place, the Applicable Trustee shall immediately give notice to the bank thereunder of the sale of securities in an amount sufficient, together with moneys then on deposit in the Debt Service Account (including amounts transferred from the Collateral Account pursuant to Section 6.03(1) and the Investment Income Account pursuant to Section 5.04(e) hereof), to pay the interest becoming due on the Bonds on the next succeeding Interest Payment Date and the Principal Amount of Bonds maturing, if any, on such date; and (ii) unless the Institution makes such payment under the Note and Mortgage by the last Business Day preceding the next Interest Payment Date and cures, in accordance with the second paragraph of Section 8.04(1) hereof, any other defaults under the FHA Documents (in which event the Applicable Trustee shall immediately cancel the withdrawal of funds under such Investment Agreement), then the Applicable Trustee shall immediately withdraw funds from the Reserve Account in such amount and deposit the same in the Debt Service Account.

(3) In accordance with Section 8.05, to the extent such Section directs that amounts on deposit in the Debt Service Reserve Fund be applied to the Extraordinary Mandatory Redemption of Bonds, any investments deposited to the credit of the Reserve Account and the Collateral Account of the Debt Service Reserve Fund shall be liquidated and the amounts thus obtained shall be deposited in the Redemption Account and applied to the Extraordinary Mandatory Redemption of Bonds, pursuant to Section 6.04(4) hereof.

(4) The Applicable Trustee shall draw the full amount of any Letter of Credit deposited to the credit of the Collateral Account: (i) immediately upon receipt of notice from the applicable Qualified Financial Institution following an event of default under the reimbursement agreement; (ii) within sixty (60) days of a downgrade of the Qualified Financial Institution providing such Letter of Credit to a rating less than "A" by the Rating Services; or (iii) at least fifteen (15) days or such lesser number of days as shall be acceptable to the Applicable Trustee, prior to its expiration date, unless in the case of (iii) such Letter of Credit has been renewed or the Collateral Account Requirement on such expiration date would be zero, or the Institution has

deposited Available Moneys or a substitute Letter of Credit in the Collateral Account in an amount equal to the Collateral Account Requirement.

(5) Except as provided in paragraph (4) above, the Applicable Trustee shall not draw on any Letter of Credit in the Debt Service Reserve Fund and shall not transfer any such moneys to any other fund under this Resolution until the Authority shall have given, or caused there to be given, notice to HUD of a default under the Note and Mortgage pursuant to Section 8.04.

(6) Provided no payment default has occurred under the Note or the Mortgage, on [July] 15 of each year (or if such day is not a Business Day, on the first Business Day thereafter), the Applicable Trustee shall transfer the amount, if any, on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement to the Debt Service Fund before applying moneys on deposit in the Mortgage Payment Fund for such month.

SECTION 6.04. Redemption Account. The following provisions shall apply to each Applicable Redemption Account:

(1) The Applicable Trustee shall cause any optional prepayments and premium payments on the Note and Mortgage made from any source (other than prepayments described in (3) below), together with any Non-Asset Bond Prepayment made in connection with an Optional Redemption of Bonds, deposited in the Redemption Account pursuant to Section 6.01(b)(4) hereof to be applied to the optional redemption of Bonds at the times and Redemption Prices set forth in the Bond Series Certificate relating to the Bonds to be redeemed and otherwise in accordance with Article IV hereof, or to the purchase of Bonds for immediate cancellation thereof (except as otherwise provided in Section 4.07 hereof) by the Applicable Trustee at prices not in excess of the optional redemption price applicable on the next succeeding optional redemption date plus accrued interest; provided that firm commitments to sell Bonds are received at least five (5) days before the notice of redemption would otherwise be required to be given.

(2) The Applicable Trustee shall cause any moneys transferred to the Redemption Account from the Debt Service Fund pursuant to the FOURTH clause of Section 6.02(a) hereof to be applied to the Sinking Fund Redemption of Bonds, on the next succeeding Interest Payment Date at a Redemption Price equal to the principal amount of the Bonds to be redeemed, in accordance with Article IV hereof and the Applicable Series Resolution.

(3) The Applicable Trustee shall also transfer from the Insurance and Condemnation Account of the Construction Fund to the credit of the Redemption Account amounts derived from Net Insurance Proceeds and Net Condemnation Proceeds which are applied to the prepayment of the Note and Mortgage as provided in Sections 26 and 27 of the Loan Agreement, together with any Non-Asset Bond Prepayment made in connection with such prepayment. The Applicable Trustee shall cause all such amounts to be applied to the Extraordinary Mandatory Redemption of Bonds, at the earliest practicable redemption date, in accordance with Article IV hereof and the Applicable Series Resolution.

(4) The Applicable Trustee shall cause amounts deposited in the Redemption Account derived from: (i) the Debt Service Reserve Fund pursuant to Section 6.03(3) hereof; (ii) the Investment Income Account pursuant to Section 5.04(c) hereof; (iii) the Construction Fund pursuant to Sections 5.05 and 8.04(7); (iv) the funds available for Extraordinary Mandatory Redemption pursuant to Section 8.05(1) hereof; and (v) amounts received upon payment of FHA mortgage insurance benefits as provided in Sections 8.05(1), (2), (3), (5), or 8.06 hereof, to be applied to the Special Mandatory Redemption or Extraordinary Mandatory Redemption of Bonds, as applicable, at the earliest practicable redemption date, in accordance with Article IV hereof, except as provided in Section 8.05(4) with respect to a ratable redemption of the Bonds.

SECTION 6.05. Procedure When Funds Are Sufficient To Pay All Bonds. The following procedures shall apply with regard to each Applicable Series of Bonds: If at any time following the date of Final Endorsement the amounts held by the Applicable Trustee in the funds established hereunder (except for the Equity Account, the Collateral Account, the Insurance and Condemnation Account and the Arbitrage Rebate Fund) are sufficient to pay the principal or Redemption Price of, and interest on all Bonds Outstanding on the next succeeding Interest Payment Date therefor, together with any amounts due the Authority and the Applicable Trustee, the Applicable Trustee shall notify the Authority, the Mortgage Servicer and the Institution to that effect and thereafter the Applicable Trustee shall apply, subject to any applicable FHA requirements, the amounts in such funds first to the payment of such principal or Redemption Price and interest, and second, to the payment of any amounts due to itself and the Authority, and, unless the Note and Mortgage have been assigned to HUD, the Authority shall credit such payments to prepayment of the Note and the Mortgage, in accordance with the prepayment provisions of the Note and Mortgage, and the redemption provisions of the Bonds.

SECTION 6.06. Deposit and Investment of Funds. The following provisions shall apply to the deposits and investment of funds held in connection with each Applicable Series of Bonds:

(1) All moneys received by the Applicable Trustee for deposit in any fund or account established hereunder shall, except as hereinafter provided, be deposited with the Applicable Trustee until expended or invested as provided in this Section.

(2) Any moneys received by the Applicable Trustee on behalf of the Authority as mortgagee under the Mortgage which are required to be deposited in escrow accounts or other accounts under the Mortgage shall be invested subject to applicable FHA regulations.

(3) Moneys held by the Applicable Trustee in any fund or account established under Section 5.02 hereof, shall, as nearly as may be practicable, be invested by the Applicable 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 and the Authority in issuing such direction shall take into consideration the dates and times when such moneys will be required for the purposes of the Resolution), in: (i) Government Obligations; or (ii) Federal Agency Obligations; or (iii) Exempt Obligations, and, if not inconsistent with the investment guidelines of a Rating Service applicable to funds held

hereunder, any other Permitted Investment; 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; and provided, further, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral 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 Permitted Collateral shall be free and clear of claims of any other person.

(4) Permitted Investments purchased as an investment of moneys in any fund or account held by the Trustee under the provisions hereof 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.

(5) In computing the amount in any fund or account held by the Trustee under the provisions hereof, each Permitted Investment shall be valued at par or the market value thereof, plus accrued interest, whichever is lower.

(6) Notwithstanding anything to the contrary herein, 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 hereto and the proceeds thereof may be reinvested as provided in this Section. Except as otherwise provided herein, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant hereto 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, the Institution on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account hereunder 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 paragraphs (1) and (2) of this Section. 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.

(7) 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.

(8) Income received upon any deposit or investment hereunder and any profit or loss resulting from the sale of any investment in any fund or account shall upon receipt be deposited and credited, or charged, to the fund or account in question, except as otherwise provided in Section 6.01(b) hereof. In the event the moneys are invested pursuant to an Investment Agreement, the Authority may provide that any fees payable pursuant to the terms of the Investment Agreement

may be deducted from the amount of investment income payable to the Authority or the Applicable Trustee.

(9) Neither the Authority nor the Applicable Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of this Article VI, in the manner provided in this Article VI, for any depreciation in value of any investment or for any loss, direct or indirect, resulting from any such investment.

(10) Moneys held in any fund or account with respect to an Applicable Series of Bonds authorized hereunder may be pooled for purposes of investment only, and such moneys may be invested as one account; provided that the Applicable Trustee shall keep records of the amount of principal and accrued investment income (on a pro rata basis) of each fund or account which is pooled for investment purposes pursuant to this paragraph. Moneys in the Mortgage Account in the Construction Fund to be transferred to the Investment Income Account to pay interest on the Note (less the Servicing Fee) pursuant to Sections 5.04(a) and 6.01(b)(1)(C) hereof shall remain invested under the Investment Agreement referred to in Section 6.06 unless such moneys are required to be used to pay interest on the Bonds as provided herein below in this subsection (10). Transfers from the Investment Income Account to the Debt Service Account to pay interest on the Bonds pursuant to Section 5.04(b) hereof, shall be made semi-annually 30 days in advance of each Interest Payment Date. Accrued interest, if any, payable on the initial investment of the Reserve Account may be paid from the Debt Service Account or the Mortgage Account provided the amount so paid is redeposited in the appropriate account upon receipt of the first income on such investments. The Applicable Trustee may use any method which it determines to be reasonable to compute the investment income on the transferred amount from the date of the deemed transfer to the date of actual transfer.

SECTION 6.07. Valuation of Funds. The Applicable Trustee, as promptly as practicable: (i) after the end of each calendar month; (ii) upon the request of the Authority; and (iii) upon the request of the Institution, but not more frequently than once a calendar month, shall compute the value of the assets of each fund and account authorized to be established under the Resolution and established by each Applicable Series Resolution. Additionally, the Applicable Trustee shall: (i) calculate the Debt Service Reserve Fund Requirement and the Collateral Account Requirement at the end of each calendar month; and (ii) at Final Endorsement compute the value of the assets of the Debt Service Reserve Fund, after taking into account any deposits to, and payments and transfers from, any fund or account to be made hereunder or pursuant to the Applicable Series Resolution. The Applicable Trustee shall provide a written computation to the Authority and the Institution of the amount of the Debt Service Reserve Fund Requirement and the Collateral Account Requirement (after giving effect to any redemption pursuant to Section 5.05). The Applicable Trustee shall, to the extent of any decrease in the Collateral Account Requirement: (i) with the consent of the Authority reduce any Letter of Credit deposited to the credit of the Collateral Account by the amount of the decrease in the Collateral Account Requirement; and (ii) to the extent any such decrease causes the balance on deposit to exceed the Collateral Account Requirement, remit to the Institution (provided, there is no default under the Applicable Mortgage or Note, and there is no deficiency in the Debt Service Reserve Fund, and in the event of a deficiency, transfer such excess to the Debt Service Reserve Fund) any moneys originally deposited by the Institution in the Collateral Account, to the extent available. In

addition, in the case of a deficiency in the Collateral Account Requirement or the Debt Service Reserve Fund Requirement, the Applicable Trustee shall promptly notify the Institution of the amount of such deficiency. In computing the assets of any fund, and except as provided for herein, accrued interest on the investments in any account shall be deemed to be an asset of the account, if any, to which such interest would be payable under the circumstances then prevailing as provided in Sections 6.06(8) and 6.06(10) hereof provided accrued interest on an Investment Agreement is not deemed to be surplus available for transfer to any other fund or account. Such investments shall be valued at the current market value thereof or at the redemption price thereof, if then redeemable at the option of the holder, except for any amounts invested pursuant to an Investment Agreement, which shall be valued at cost. Promptly after each such computation, the Applicable Trustee shall give notice thereof to the Institution and the Authority.

The Authority, in its discretion, may direct the Applicable Trustee to, and the Applicable Trustee shall, sell, present for redemption or exchange any Securities held hereunder by the Applicable Trustee and the proceeds thereof may be reinvested as provided in this Section. Except as otherwise provided herein, the Applicable Trustee shall sell at the best price obtainable, or present for redemption or exchange, any Securities held by it hereunder whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such Securities are held. The Applicable Trustee shall advise the Authority and the Institution in writing, on or before the fifteenth day of each calendar month, of the amounts required to be on deposit in each fund and account hereunder and of the details of all Securities 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 Securities comply with the provisions hereof. The details of such Securities shall include the par value, if any, the cost and the current market value of such Securities as of the end of the preceding month. The Applicable Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

SECTION 6.08. Unclaimed Money. Except as may otherwise be required by applicable law, in case any moneys deposited with the Applicable Paying Agent or the Applicable Trustee for the payment and/or discharge of the principal of, or interest or premium, if any, on any Bond remain unclaimed for three years after such principal, interest or premium has become due and payable, the Applicable Paying Agent or the Applicable Trustee may, and upon receipt of a written request of the Authority will, pay over to the Authority the amount so deposited as its absolute property and free from trust and thereupon the Applicable Paying Agent or the Applicable Trustee shall be released and discharged from any further liability with respect to the payment of principal, interest or premium and the Holder of such Bond shall be entitled (subject to any applicable statute of limitations) to look only to the Authority for the payment thereof; provided, however, that, before being required to make any such payment to the Authority, the Applicable Trustee 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 forty (40) nor more than ninety (90) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

ARTICLE VII PARTICULAR COVENANTS

The Authority covenants and agrees with the Holders of Bonds of each Applicable Series as follows; provided, however, that such covenants and agreements shall accrue to the benefit of Bondholders on a Series by Series basis, and the Bondholders of any Applicable Series shall not be entitled to the benefit of any of the covenants except to the extent they relate to such Series:

SECTION 7.01. Payment of Principal and Interest. The Authority shall pay or cause to be paid from the Applicable Trust Revenues, to the extent provided herein and in the Applicable Series Resolution, the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on every Bond of each Applicable Series on the date and at the places and in the manner provided in such Bonds according to the true intent and meaning thereof.

SECTION 7.02. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds of an Applicable Series or claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and, in case the maturity of any of such Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefit hereof or of any Applicable Series Resolution or to any payment out of any assets of the Authority or the funds (except funds held in trust for the payment of particular Bonds of an Applicable Series or claims for interest pursuant hereto and to any Applicable Series Resolution) held by the Applicable Trustee, except subject to the prior payment of the principal of all Outstanding Bonds of such Applicable Series the maturity of which has not been extended and of such portion of the interest on such Bonds as shall not be represented by such claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds as permitted hereby and by the Act and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds of an Applicable Series refunded.

SECTION 7.03. Powers as to Bonds of an Applicable Series and Pledge. The Authority is duly authorized under the Act and all applicable laws to create and issue the Bonds of each Applicable Series, to adopt the Resolution and each Applicable Series Resolution and to pledge and assign the proceeds from the sale of such Bonds and the Applicable Trust Revenues that are to be deposited with the Applicable Trustee and all funds and accounts authorized hereby which are pledged hereby, and the rights of the Authority to receive payments to be made under the Applicable Loan Agreement in the manner and to the extent provided herein and in the Applicable Series Resolution. The Authority further covenants that the proceeds from the sale of each Applicable Series of Bonds, the Applicable Trust Revenues, the rights of the Authority to receive payments to be made under the Applicable Loan Agreement that are to be deposited with the Applicable Trustee and all funds and accounts authorized hereby and established pursuant to the Applicable Series Resolution are and shall be free and clear of any pledge, lien, charge, security interest or encumbrance thereon or with respect thereto, prior to, or of equal rank with, the pledge created hereby and pursuant to the Applicable Series Resolution, and that all corporate action on the part of the Authority to that end has been duly and validly taken. The Authority further represents that the Bonds of each Applicable Series and the provisions hereof

and of each Applicable Series Resolution are and shall be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms hereof and of each Applicable Series Resolution. The Authority further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of, the proceeds of the Applicable Series of Bonds, the Applicable Trust Revenues, the rights of the Authority to receive payments to be made under the Applicable Loan Agreement that are to be deposited with the Applicable Trustee and all funds and accounts established hereby which are pledged hereby and by the Applicable Series Resolution and all of the rights of the Holders of the Applicable Series of Bonds under the Resolution and the Applicable Series Resolution against all claims and demands of all persons whomsoever.

SECTION 7.04. Further Assurance. The Authority, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights and the Applicable Trust Revenues pledged or assigned pursuant hereto, and pursuant to the Applicable Series Resolution, or intended so to be, or which the Authority may hereafter become bound to pledge or assign.

SECTION 7.05. Accounts and Audits. The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which, unless specifically directed to the contrary by the Authority, shall be kept on behalf of the Authority by the Applicable Trustee, in which complete and correct entries shall be made of its transactions relating to each Applicable Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the Institution, the Mortgage Servicer, the Applicable Trustee or any Holder of a Bond of an Applicable Series or such Holder's representative duly authorized in writing. With respect to such records and accounts, the Applicable Trustee shall annually prepare a report, which shall be furnished, to the Authority, the Mortgage Servicer and the Institution. Such report shall include, at least, a statement of all funds and accounts (including investments thereof) held by the Applicable Trustee and the Authority pursuant to the provisions hereof and of each Applicable Series Resolution; a statement of the Applicable Trust Revenues collected in connection herewith and with each Applicable Series Resolution; a statement that the balance in the Applicable Debt Service Reserve Fund meets the requirements hereof and of the applicable Series Resolution, and a statement that, in making such report, no knowledge of any default in the fulfillment of any of the terms, covenants or provisions hereof and of each Applicable Series Resolution was obtained, or if knowledge of any such default was obtained, a statement thereof. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

SECTION 7.06. Creation of Liens. The Authority shall not create or cause to be created any lien or charge prior or equal to that of the Bonds of an Applicable Series on the proceeds from the sale of such Bonds, the Applicable Trust Revenues pledged for such Applicable Series of Bonds, the rights of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Applicable Trustee, the Applicable FHA

Documents (except as allowed pursuant to Section 7.14 or 8.06(7) herein) or the funds authorized hereby and established pursuant to the Applicable Series Resolution; provided, however, that nothing contained herein 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 hereby.

SECTION 7.07. Enforcement of Duties and Obligations of the Institution. The Authority shall not be required to monitor the financial condition of the Institution or the construction or physical condition of a Project and, unless otherwise expressly provided, shall not have any responsibility with respect to reports, notices, certificates or other documents filed with it hereunder. The Authority shall not be required to take notice of any breach or default by the Institution except when given written notice thereof by the holders of at least ten percent (10%) in aggregate principal amount of the Outstanding Bonds of an Applicable Series or by the Applicable Trustee or by a Mortgage Servicer. The Authority shall not be required to take any remedial action, other than the giving of notice, unless reasonable indemnity is furnished for any expense or liability to be incurred therein. Upon receipt of written notice, direction or instruction and indemnity, as provided above, and after making such investigation, if any, as it deems appropriate to verify the occurrence of any event of which it is notified as aforesaid, the Authority shall promptly pursue the remedy provided by the Resolution and the Applicable Series Resolution or any of such remedies (not contrary to any such direction) as it deems appropriate for the protection of the Holders of Bonds of the Applicable Series, and in its actions under this sentence the Authority shall act for the protection of such Bondholders with the same promptness and prudence as would be expected of a prudent man in the conduct of his own affairs. Nothing in this paragraph shall affect the obligations of the Authority, the Applicable Trustee or a Mortgage Servicer under the Applicable FHA Documents, under Article VIII hereof or the Applicable Servicing Agreement.

SECTION 7.08. Reserved.

SECTION 7.09. Offices for Payment and Registration of Bonds. The Authority shall at all times maintain an office or agency in the State where Bonds of an Applicable Series may be presented for payment. The Authority may, pursuant to an Applicable Supplemental Resolution or Series Resolution or pursuant to a resolution adopted in accordance with Section 9.02 hereof, designate an additional Applicable Paying Agent or Paying Agents where Bonds of an Applicable Series authorized thereby or referred to therein may be presented for payment. The Authority shall at all times maintain an office or agency in the State where Bonds of an Applicable Series may be presented for registration, transfer or exchange and the Applicable Trustee is hereby appointed as its agent to maintain such office or agency for the registration, transfer or exchange of such Bonds. The provisions of this Section shall be subject to the provisions of Section 3.01 hereof.

SECTION 7.10. Filings of Financing Statements. The Authority shall file in the appropriate offices all financing statements which are necessary to perfect the security interests granted to the Authority and to the Applicable Trustee hereunder. The Applicable Trustee shall file or cause to be filed in a timely manner all continuation statements thereof.

SECTION 7.11. Notice as to Event of Default Under Loan Agreement. The Authority shall notify the Applicable Trustee in writing that an Event of Default under a Loan Agreement, as such term is defined in such Loan Agreement, has occurred and is continuing, which notice shall be given within five (5) days after the Authority has obtained actual knowledge thereof.

SECTION 7.12. Purchase of Bonds. The Authority covenants that it has not entered and will not enter into any arrangement, formal or informal, pursuant to which the Institution (or any related person, as defined in Section 144(a)(3) or 145(b)(3) of the Code), shall purchase any of the Bonds of an Applicable Series in an amount related to the amount loaned by the Authority to the Institution under the Applicable Loan Agreement.

SECTION 7.13. Maintenance of Corporate Existence and FHA Mortgagee Status. The Authority shall use its best efforts to maintain and renew its corporate existence and all its rights, powers and privileges under the Act for so long as any Bonds of a Series are Outstanding, and shall comply with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any legislative, executive, administrative or judicial body. The Authority shall use its best efforts to maintain at all times its status in good standing as an FHA-approved mortgagee.

SECTION 7.14. Enforcement of FHA Documents and Servicing Agreement; Amendments to Note and Mortgage. With respect to each Applicable Series of Bonds:

(1) the Authority shall enforce and shall cause the Mortgage Servicer to enforce the full and punctual performance by the Institution of all covenants, agreements and obligations on the part of the Institution to be performed under the FHA Documents, including, without limitation, the Note and the Mortgage. The Authority shall enforce the full and punctual performance by the Mortgage Servicer of all covenants, agreements and obligations on the part of the Mortgage Servicer to be performed under the Servicing Agreement;

(2) the Authority may consent to any amendment to the FHA Documents which has also been consented to by HUD, including an amendment to the interest rate on the Note at Final Endorsement (or a reduction in principal payments in connection with a prepayment of the Note upon satisfaction of the requirements therefor as set forth herein and in the Loan Agreement or in connection with the issuance of Refunding Bonds), provided, however, that no such amendment may be made which would: (i) extend or delay the commencement of amortization payments due under the Note; or (ii) adversely affect the timely receipt of interest and principal payments thereon without the consent of the Holders of 100% of the aggregate principal amount of the Bonds Outstanding or the Applicable Bond Insurer;

(3) the Authority, as mortgagee under the Mortgage may, consent to the Institution's incurrence of indebtedness in addition to the Applicable Note secured by the Mortgage Property, provided the Authority and the Applicable Trustee shall first have received:

(A) if the purpose for which such additional debt is being incurred is to pay or to complete the payment of the costs of a Capital Addition; a certificate of

the Institution stating: (i) the estimated cost of completion of such Capital Addition; (ii) that the proceeds of such additional debt, together with any funds to be provided by the Institution, will be sufficient to pay such costs; (iii) that no Event of Default hereunder or under the FHA Documents or the Loan Agreement has occurred and is continuing and (iv) the written consent of HUD to such Capital Addition;

(B) if such additional debt is to be insured by FHA and secured by the Mortgage; (i) executed evidence of an increase in the Mortgage Insurance to cover any such increase in the principal amount of the indebtedness secured by the Mortgage; (ii) executed or certified counterparts of amendments or supplements to the Applicable Note given by the Institution evidencing such additional debt as required by HUD and the Authority; and (iii) an amendment or supplement to the Applicable Mortgage as required by HUD and the Authority evidencing and securing such additional debt;

(C) if such additional debt is to be insured by HUD and secured by a supplemental mortgage; (i) evidence that such supplemental mortgage shall be eligible for insurance by HUD under the provisions of the National Housing Act, as amended; (ii) executed or certified counterparts of the supplemental note given by the Institution evidencing such additional debt as required by HUD and the Authority; and (iii) executed or certified counterparts of the supplemental mortgage securing such additional debt as required by HUD and the Authority;

(D) if such additional debt is not to be insured by HUD, the consent of HUD to the incurrence of such additional debt, the security therefore and the terms thereof, as required by the Regulatory Agreement, which terms may include to the extent approved by HUD and the Authority, the release, subordination or the granting of a parity interest in any fixtures, furnishings or equipment located in or on or used in connection with any Mortgaged Property or any other security interest granted to the Authority pursuant to the Mortgage;

(E) if required by HUD, an executed counterpart of an amendment or supplement to the Mortgage or any supplemental mortgage providing that a default under such additional debt shall constitute an event of default under the Mortgage;

(F) executed counterparts of any other instruments given or agreements made by the Institution for the security of such additional debt, which may provide that any default thereunder shall constitute a default under the Mortgage, together with an opinion of Counsel to the Institution that: (i) any amendments to the Note and Mortgage and all such other amendments, instruments or agreements are duly authorized, executed and delivered by the Institution and are legal, valid and binding obligations, enforceable in accordance with their terms, subject to state and federal laws and equitable principles affecting the enforcement of creditors' rights generally; and (ii) any consents or

approvals of any governmental authorities required in connection with the issuance and related transactions have been obtained; and

(G) such other documents, opinions, assurances and provisions, which Bond Counsel, the Authority, HUD or the Applicable Trustee may reasonably require;

(4) in connection with the incurring of additional indebtedness secured by the Mortgage pursuant to paragraph (3) subsections (A), (B) and (C) above or an amendment to the interest rate on the Note pursuant to paragraph (2) above, the Applicable Trustee shall give or cause to be given to each Rating Service: (i) at least thirty (30) days' prior written notice of the proposed incurrence of such additional indebtedness or amendment to the interest rate on the Note; and (ii) Cash Flow Statement prepared by a Financial Consultant showing that the incurrence of such additional indebtedness or amendment to the interest rate on the Note will not adversely affect the sufficiency of Trust Revenues (including FHA mortgage insurance benefits) for the payment of debt service on the Bonds Outstanding; and

(5) the Authority shall not consent to the release of any cash or letters of credit held pursuant to the FHA Documents for the benefit of the Mortgagor without the consent of HUD.

SECTION 7.15. Tax Exemption; Rebates. In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Bonds of each Applicable Series and/or sub-series, the interest on which is intended to be tax-exempt, the Authority shall comply with the provisions of the Code applicable to the Bonds of each such Applicable Series and/or such sub-series, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of each such Applicable Series of Bonds and/or such sub-series, reporting of earnings on the Gross Proceeds of each such Applicable Series of Bonds and/or sub-series, 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 each such Series of Bonds and/or sub-series, to be delivered by Bond Counsel at the time the Bonds of such Applicable Series and/or sub-series 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 of an Applicable Series or sub-series intended to be tax-exempt to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

Notwithstanding any other provision hereof to the contrary, the Authority's failure to comply with the provisions of the Code applicable to the Bonds and/or sub-series of an Applicable Series and/or sub-series shall not entitle the Holder of Bonds of any other Applicable Series, or the Applicable Trustee acting on their behalf, to exercise any right or remedy provided to Bondholders hereunder based upon the Authority's failure to comply with the provisions of this Section or of the Code.

SECTION 7.16. General. The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions hereof in accordance with the terms of such provisions.

ARTICLE VIII DEFAULTS AND REMEDIES

SECTION 8.01. Trustee to Exercise Powers of Statutory Trustee. Each Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee appointed by Holders of an Applicable Series of Bonds pursuant to McKinney's Unconsolidated Laws §7425 which are not inconsistent with the provisions of the Resolution and the right of such Holders to appoint a trustee pursuant to McKinney's Unconsolidated Laws §7425 is hereby abrogated in accordance with the provisions of subdivision 3(j) of McKinney's Unconsolidated Laws §7416.

SECTION 8.02. Events of Default. An event of default shall exist hereunder and under an Applicable Series Resolution (herein called "Event of Default") if:

(1) With respect to the Applicable Series of Bonds, payment of the principal or Redemption Price of any such Bond shall not be made by the Authority when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(2) With respect to the Applicable Series of 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

(3) The Authority files a petition under Chapter 9 of the Federal Bankruptcy Code; or

(4) With respect to the Applicable Series of Bonds, the Authority shall default in the due and punctual performance of the covenants contained in Section 7.15 hereof and, as a result thereof, the interest on the Bonds of such Series which was intended to be excludable from gross income under Section 103 of the Code shall no longer be so excludable; or

(5) With respect to the Applicable Series of Bonds, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions for the benefit of the holders of such Bonds contained herein or in the Bonds of such Series or in the Applicable 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 the same to be remedied shall have been given to the Authority by the Applicable 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 of the Applicable Series; provided, that if such default is of such nature that it can be corrected within a reasonable time (as agreed to by the Applicable Trustee), but not within such 30 day period, the same shall not constitute an Event of Default so long as the Applicable

Trustee determines that the Authority has commenced prompt corrective action and is diligently pursuing same.

An Event of Default under this Resolution with respect to an Applicable Series of Bonds shall not in and of itself be or constitute an Event of Default with respect to any other Applicable Series of Bonds.

SECTION 8.03. Acceleration and Annulment Thereof. (a) If any Event of Default as described in paragraph (1) or (2) of Section 8.02 hereof occurs, the Applicable Trustee may, and upon request of the Holders of a majority in aggregate principal amount of the Bonds Outstanding of the Applicable Series shall, by notice in writing to the Authority, declare the Principal Amount of all Bonds Outstanding of the Applicable Series and all payments to be made by the Institution therefor (but, except as provided in Section 8.04 hereof, solely pursuant to Section 10(a) of the Loan Agreement), and accrued interest on the foregoing, to be immediately due and payable, whereupon the same shall become due and payable immediately without any further notice or action, anything in the Resolution, the Applicable Series Resolution, the Loan Agreement or in such Bonds to the contrary notwithstanding.

(b) If, after any declaration of acceleration of the Principal Amount of an Applicable Series of Bonds, all arrears of interest upon such Bonds are paid, and all other outstanding Events of Default (other than the nonpayment of principal and interest due and payable solely by reason of such declaration) shall have been cured or provision deemed adequate by the Applicable Trustee shall have been made therefor, and all required payments by the Institution under the Loan Agreement have been made and the Authority and the Institution also perform all other things in respect to which they or any of them may have been in default hereunder or under the FHA Documents, all in accordance with the second paragraph of Section 8.04(1) hereof, and provision is made for payment of reasonable charges of the Applicable Trustee and the Mortgage Servicer, including reasonable attorney's fees, and if all claims under the FHA mortgage insurance have been withdrawn without payment, subject to the provisions of the second paragraph of Section 8.04(1) hereof, then, and in every such case, the Applicable Trustee, by notice to the Authority, may annul such declaration and its consequences. Any such annulment shall be binding upon the Applicable Trustee and upon all holders of Bonds of the Applicable Series, but no such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

SECTION 8.04. Remedies under Mortgage and FHA Mortgage Insurance. The following remedies apply in connection with each Applicable Series of Bonds issued hereunder, the Applicable Mortgage and the Institution; provided however a default in connection with one Applicable Series of Bonds shall not in and of itself be or constitute a default in respect of any other Series of Bonds:

(1) If the Institution fails to make any payment in full required under the Note and Mortgage and such failure continues for a period of thirty (30) days (the "Grace Period"), or if following a default by the Institution in the performance of any covenant in the Regulatory Agreement or the Mortgage, including but not limited to a default under the Mortgage or Regulatory Agreement caused by a cross-default provision therein or in a mortgage or regulatory

agreement of the Institution securing a separate Applicable Series of Bonds, but only to the extent required or consented to by HUD, HUD shall have requested and the Authority shall have declared an acceleration of the unpaid principal balance of the Note, the Authority shall immediately (not later than one Business Day after the end of the Grace Period or acceleration as the case may be) give, or cause the Mortgage Servicer to give, written notice to HUD (via HUD's Multifamily Delinquency and Default reporting ("MDDR") System), the Applicable Trustee and the Rating Service(s) of: (i) the occurrence of the default; (ii) the acts or omissions giving rise to the default; (iii) the time period, if any, available to cure such default; (iv) a schedule of remaining Interest Payment Dates on the Bonds and a schedule of debt service payments due on such Series of Bonds; (v) a schedule of the funds available to make payments as they become due on the Bonds; (vi) the fact that the Mortgage was given to secure an issue of tax-exempt bonds; (vii) the Authority's election to assign the Note and the Mortgage to HUD; and (viii) the Authority's intention and election to file a claim for Mortgage Insurance Benefits in accordance with FHA regulations and the FHA Debenture Agreement or the FHA Cash Lock Agreement, as and if applicable. In filing such notice, the Authority or the Mortgage Servicer shall request priority processing of the Mortgage Insurance claim and shall attach a copy of the June 23, 1987 letter from FHA to Standard & Poor's. Immediately upon the filing of such notice the Authority or the Mortgage Servicer shall request: (i) such forms and instructions relating to an assignment of the Mortgage; and (ii) an endorsement of the Mortgagee's title insurance policy showing the current status of any liens affecting the Mortgaged Property. Within five Business Days of the receipt of such forms and instructions the Authority shall submit legal documentation for review to the Office of General Counsel of HUD. The Authority shall commence and proceed with diligence to complete and submit (by no later than thirty days after the date of recordation of the assignment to HUD) in consultation with the Mortgage Servicer, fiscal documentation and any additional legal documentation as may be required to file a claim for such Mortgage Insurance Benefits in accordance with FHA regulations, and the FHA Debenture Agreement or the FHA Cash Lock Agreement, as and if applicable, following consultation with the Multifamily Claims Branch of HUD. Upon receipt of the notice given by the Authority to HUD of the Authority's election to assign the Note and Mortgage to HUD, the Applicable Trustee shall mail notice in the manner provided in paragraph (1) of this Section to all Holders of Bonds of the Applicable Series of the occurrence of the default by the Institution and the Authority's intent to file such claim with HUD. The Applicable Trustee shall promptly certify to the Authority that it has mailed or caused to be mailed such notice to all such Bondholders, and such certificate shall be conclusive evidence that such notice was given to all such Bondholders in the manner required hereby. Unless directed in writing to the contrary by the holders of one hundred percent (100%) in aggregate principal amount of the Outstanding Bonds of the Applicable Series within twenty (20) days of the date notice of the Authority's election to assign the Note and Mortgage to HUD was sent to HUD, the Authority shall, except as hereinbelow provided, take all actions necessary to assign the Note and Mortgage to HUD and to recover such claim under the FHA mortgage insurance; provided that, the Authority shall use its best efforts to complete the assignment of the Note and Mortgage no later than the last Business Day preceding the 30th day following the giving of notice to HUD; provided further however that in the event such assignment will be completed later than the last Business Day preceding the 30th day following the giving of notice to HUD, notice thereof shall be given by the Authority to each Rating Service.

If, prior to the date the Note and Mortgage are assigned to HUD (pursuant to this subdivision or subdivision (2) below) the Institution (x) pays all amounts due under the Note, Mortgage and Loan Agreement and cures any other defaults thereunder and (y) delivers to the Applicable Trustee funds which are not less than the principal amount, if any, which has been withdrawn as provided in Section 6.03 hereof from the Collateral Account and the Reserve Account, or delivers to the Applicable Trustee investment obligations meeting the requirements of Section 6.06 and in a form and amount which are satisfactory to the Authority and the Applicable Trustee, then notwithstanding the provisions of this subdivision and subdivision (2) below, the Authority shall withdraw its notice of assignment to HUD (and give notice of such withdrawal to the Applicable Trustee who shall give notice of such withdrawal to all Holders of Bonds of the Applicable Series in the manner provided in paragraph (1) of this Section of such withdrawal); provided, the Authority and the Applicable Trustee have first received: (i) written confirmation from HUD that the withdrawal of the Authority's claim will not adversely affect the FHA insurance of the Note, or be construed as a waiver or reduction thereof; (ii) agreement from a Qualified Financial Institution providing an Investment Agreement that such moneys can be reinvested at the same rate or rates as shall have been applicable prior to such withdrawal or other comparable arrangements satisfactory to the Authority and the Rating Agencies shall have been provided; (iii) Cash Flow Statements shall have been provided evidencing that the failure to assign the Note and Mortgage to HUD as provided above in this Section will not adversely affect the sufficiency of Trust Revenues for the payment of debt service on the Applicable Series of Bonds, which certificate with supporting calculations shall be furnished by a Financial Consultant; (iv) the amount on deposit in the Reserve Account and the Collateral Account is not less than the Debt Service Reserve Fund Requirement, respectively; and (v) an unqualified opinion of nationally recognized bankruptcy Counsel satisfactory to the Applicable Trustee to the effect that amounts paid by the Institution pursuant to clauses (x) and (y) above will not constitute an avoidable preference or be subject to the automatic stay provisions of Section 547(b) or 362(a), respectively, of the Federal Bankruptcy Act in the event that a case in bankruptcy is commenced by or against the Institution. The Applicable Trustee shall promptly certify to the Authority that it has mailed or caused to be mailed notice of such withdrawal to all Holders of Bonds of the Applicable Series, and such certificate shall be conclusive evidence that such notice was given in the manner required hereby.

(2) If a non-monetary default by the Institution under the terms of the Mortgage shall have occurred (including a default as a result of a cross-default provision included therein), the Authority shall, within: (i) thirty (30) days after the occurrence of such default: or (ii) such other grace period as shall be established under applicable FHA regulations, give notice of such default to HUD (via HUD's MDDR System and to HUD's Office of Hospital Facilities) and the Rating Service(s) and, on the basis of its determination as to which course of action shall be in the best interest of the Bondholders, either:

A. declare, or cause the Mortgage Servicer to declare, an acceleration of the unpaid principal balance of the Note by notice in writing to the Institution. Immediately upon such declaration the Authority shall give, or cause the Mortgage Servicer to give, within one Business Day after the end of the applicable grace period, written notice to HUD (via HUD's MDDR System and to HUD's Office of Hospital Facilities), the Applicable Trustee and the Rating

Service(s) of: (i) the occurrence of such default; (ii) the acts or omissions giving rise to the default; (iii) the time period, if any, available to cure such default; (iv) a schedule of remaining Interest Payment Dates on the Bonds and a schedule of debt service payments due on such Series of Bonds; (v) a schedule of the funds available to make payments as they come due on such Bonds; (vi) the fact that the Mortgage was given to secure an issue of tax-exempt bonds; (vii) the Authority's election to assign the Note and the Mortgage to HUD; and (viii) the Authority's intention and election to file a claim for the Mortgage Insurance Benefits in accordance with FHA regulations and the FHA Debenture Agreement or the FHA Cash Lock Agreement, as and if applicable. In filing such notice with HUD, the Authority or the Mortgage Servicer shall request priority processing of the Mortgage Insurance claim and shall attach a copy of the June 23, 1987 letter from FHA to Standard & Poor's. Immediately upon the filing of such notice with HUD, the Authority or the Mortgage Servicer shall request: (i) required forms and instructions relating to the assignment of the Mortgage; and (ii) an endorsement of the Mortgagee's title insurance policy showing the current status of any liens affecting the Mortgaged Property. Within five Business Days of the receipt of such forms and instructions, the Authority shall submit or cause to be submitted the legal documentation for review by the Office of General Counsel of HUD. The Authority shall commence and proceed with diligence to complete and submit or cause to be completed and submitted (by no later than thirty days after the date of recordation of the assignment to HUD unless an extension of such time period is approved in writing by HUD), in consultation with the Mortgage Servicer, fiscal documentation and any additional legal documentation as may be required to file a claim for such Mortgage Insurance Benefits in accordance with FHA regulations, following consultation with the Multifamily Claims Branch of HUD. Upon receipt of the notice given by the Authority to HUD of the Authority's election to assign the Note and Mortgage to HUD, the Applicable Trustee shall mail notice as provided in paragraph (1) of this Section to all Bondholders of such Applicable Series of the occurrence of such default and of the Authority's intent to file such claim and promptly certify to the Authority that it has mailed such notice to all such Bondholders, which certificate shall be conclusive evidence that such notice was given in the manner required hereby. Unless directed in writing to the contrary by the Holders of one hundred percent (100%) in aggregate principal amount of the Bonds Outstanding within twenty (20) days of the date such notice was given to HUD and mailed to the Bondholders or unless such default has been cured as provided in the second paragraph of Section 8.04(1) hereof, the Authority shall take all actions necessary to assign the Note and Mortgage to HUD and recover such claim on the FHA mortgage insurance; or

B. give, or cause the Mortgage Servicer to give, written notice to HUD of the occurrence of such default and enter into an agreement with the Institution, approved by HUD, extending the time for curing such default; provided that the Authority shall not execute any such agreement unless the Authority: (i) has notified the Rating Service(s) then rating the Applicable Series

of Bonds that the time for curing such default is being extended; and (ii) has received confirmation from each such Rating Service of its rating on such Bonds.

(3) Until the Note and Mortgage have been assigned to HUD pursuant to subdivision (1) or (2) of this section, the Applicable Trustee shall pay upon written request of the Authority and the Mortgage Servicer, from amounts in the Surplus Account, any hazard insurance premiums or mortgage insurance premiums which may become due prior to the date of assignment, unless payment of such mortgage insurance premiums is waived by HUD.

(4) The Authority shall or shall cause the Mortgage Servicer to proceed with due diligence to obtain payment of the FHA mortgage insurance on the earliest practicable date.

(5) In the event an FHA Debenture Agreement is in effect with respect to an Applicable Series of Bonds, payment of Mortgage Insurance Benefits shall be requested (subject to the provisions of the penultimate sentence of this paragraph) in FHA debentures and not in cash. In making a claim on the FHA mortgage insurance, the Authority shall cause a Financial Consultant to prepare a Cash Flow Statement, copies of which shall be sent to the Rating Services and the Applicable Trustee, showing the minimum amount of FHA Debentures that will be required to provide a cash flow sufficient without reinvestment to make timely payment of the interest on the Applicable Series of Bonds when due, and the Principal Amount of the Applicable Series of Bonds no later than the latest respective maturity dates therefor; provided, however, that if HUD has indicated to the Authority that HUD will pay mortgage insurance benefits in an amount in excess of that amount necessary to pay interest when due and Principal Amount when due on the Applicable Series of Bonds, the Authority shall cause to be prepared or verified by a Financial Consultant a Cash Flow Statement, copies of which shall be sent to the Applicable Trustee and each Rating Service, showing the minimum amount of FHA debentures that will be required to provide a cash flow sufficient (without reinvestment) to make timely payment of the interest on the Applicable Series of Bonds when due and the Principal Amount of the Applicable Series of Bonds no later than the latest respective maturity dates therefor, together with the amount necessary: (i) to pay the fees and expenses of the Authority and the Trustee; (ii) to pay any unpaid Servicing Fee; and (iii) to reimburse any Mortgagee Advances and, in such event, the Authority shall request such amount of debentures as is shown to be necessary for such purposes in such Cash Flow Statement, although the Authority may accept a lesser amount of debentures if tendered by HUD, so long as the amount tendered is not less than the amount necessary as shown in such Cash Flow Statement to make timely payment of interest on the Applicable Series of Bonds when due and the principal amount of the Applicable Series of Bonds no later than the latest respective maturity dates therefor. Notwithstanding any other provision of this Resolution or any applicable FHA Debenture Agreement, the Authority may accept cash or the proceeds of a redemption of FHA debentures, if the amount to be derived thereby will be sufficient, together with all other available funds, to provide for the immediate Extraordinary Mandatory Redemption of all of the Applicable Series of Bonds. The Authority agrees to return to HUD any excess FHA debentures received in accordance with the provisions of an applicable FHA Debenture Agreement.

(6) In the event an FHA Cash Lock Agreement is in effect with respect to an Applicable Series of Bonds, payment of FHA Mortgage Insurance Benefits shall be requested in

cash and not in FHA debentures. Unless otherwise provided for in the Applicable Commitment, in making a claim on the FHA mortgage insurance, the Authority shall limit any claim for FHA Mortgage Insurance Benefits to the amount of cash necessary to redeem any Outstanding Bonds as soon as practicable upon receipt of the FHA Mortgage Insurance Benefits plus accrued interest and redemption expenses, provided that in no event shall the amount of FHA Mortgage Insurance Benefits exceed the amount of cash payable under 24 CFR Section 207.259. The Authority agrees to return to HUD any excess cash not utilized in connection with such Extraordinary Mandatory Redemption.

(7) In the event the Note and Mortgage are assigned to HUD upon a claim under the FHA mortgage insurance, the Applicable Trustee shall, upon receipt of notice from the Authority that it has received a direction from HUD pursuant to 24 C.F.R. Section 207.258(b)(5) or any other applicable regulation, pay to HUD any amounts which are required to be paid to HUD which remain on deposit in the Construction Fund. If by the date the assignment of the Note and Mortgage to HUD is completed, HUD has not directed the Authority to pay over the undisbursed balance in the Construction Fund, the Authority shall direct the Applicable Trustee to transfer, within two (2) Business Days, such amounts to the Redemption Account and apply the same to the Extraordinary Mandatory Redemption of Bonds, provided the Authority has first given written notice to HUD that the Authority intends to apply the undisbursed balance in the Construction Fund to such redemption and the Authority has received written confirmation from HUD that it will not require payment of the undisbursed balance of the Construction Fund pursuant to 24 C.F.R. Section 207.258(b)(5) (or any successor regulation thereto).

(8) In the event the Note and Mortgage are assigned to HUD upon a claim under the FHA mortgage insurance, if at any time prior to final payment of all mortgage insurance benefits, the Authority determines that there will not be sufficient moneys available in the Debt Service Fund and the Debt Service Reserve Fund for payment of the Principal Amount of and interest on the Applicable Series of Bonds becoming due on the next Interest Payment Date, the Authority shall, not later than 30 days prior to such Interest Payment Date, give written notice to HUD of such deficiency and request immediate payment in cash of all mortgage insurance benefits in an amount necessary to avoid an Event of Default under this Resolution.

(9) Upon payment of a claim for FHA mortgage insurance, the Authority shall assign and transfer such mortgage insurance benefits to the Applicable Trustee immediately upon the receipt thereof. In the event such benefits are received in the form of FHA debentures, the Applicable Trustee shall deposit such debentures upon receipt to the credit of the Applicable Debt Service Account and shall apply all cash flow received with respect to such debentures as provided in Section 8.05 hereof. In the event such benefits are received in the form of cash, the Applicable Trustee shall deposit such cash in the Applicable Debt Service Account and apply such moneys as provided in Section 8.05 hereof. The Applicable Trustee shall mail or cause to be mailed notice as provided in subdivision (1) of this Section to the Holders of all Bonds Outstanding of the Applicable Series that the Applicable Trustee has received such FHA debentures or cash or a combination thereof. The Applicable Trustee shall promptly certify to the Authority that it has mailed or caused to be mailed such notice to such Bondholders, and such certificate shall be conclusive evidence that such notice was given in the manner required hereby.

(10) As used in this Section 8.04, “notice” to the Bondholders shall mean notice by mail, postage prepaid, to the Holders of Bonds of a Series at their last addresses appearing on the registration books of the Authority maintained at the principal office of the Applicable Trustee; however, if directed by an Authorized Officer of the Authority, the Applicable Trustee shall also publish or cause to be published such notice in an Authorized Newspaper within ten (10) days from receipt of such FHA Mortgage Insurance Benefits.

SECTION 8.05. Application of FHA Mortgage Insurance Benefits. The following provisions apply in connection with any receipt of FHA Mortgage Insurance Benefits in connection with an Applicable Series of Bonds:

(1) Upon receipt of the final payment of Mortgage Insurance Benefits from HUD, the Applicable Trustee shall calculate the “Funds Available for Extraordinary Mandatory Redemption”, being the sum of: (i) all Mortgage Insurance Benefits paid in cash, including accrued interest paid on FHA debentures (“Cash Proceeds”); (ii) all uninvested moneys held in all funds and accounts (other than the Mortgage Account and the Equity Account of the Construction Fund and the Arbitrage Rebate Fund) established under the Applicable Series Resolution including any unused portion of any Letter of Credit held in such funds and accounts (“Cash on Hand”); and (iii) the amount which could be realized from the sale of all investments (not including FHA debentures) deposited to the credit of all funds and accounts (other than the Mortgage Account, the Equity Account and the Arbitrage Rebate Fund) established under the applicable Series Resolution (“Investments on Hand”).

(2) In the event that all Mortgage Insurance Proceeds are paid by HUD in cash and the Funds Available for Extraordinary Mandatory Redemption are sufficient in reliance upon a certification made or verified by a Financial Consultant, which is a firm of certified public accountants, to redeem all Bonds Outstanding of the Applicable Series pursuant to Extraordinary Mandatory Redemption on the first practicable date such redemption can be made in accordance with Article IV hereof, the Applicable Trustee shall sell all Investments on Hand and deposit the proceeds of sale, together with all Cash Proceeds and Cash on Hand, in the Redemption Account and apply such amounts to the Extraordinary Mandatory Redemption of such Bonds.

(3) In the event that Mortgage Insurance Benefits are paid by HUD entirely in FHA debentures or in part in FHA debentures and in part in cash, except as provided in paragraph (4) below, the Applicable Trustee shall deposit the cash and hold such FHA debentures in the Debt Service Account to their maturity, or until the Principal Amount of and interest on all Outstanding Bonds of the Applicable Series and all fees and expenses of the Authority, the Applicable Trustee and the Mortgage Servicer have been paid, whichever is the earlier; provided, however, that at the request of the Holders of 100% in aggregate Principal Amount of such Applicable Series of Bonds Outstanding, or upon the determination by the Applicable Trustee (in the absence of such request), which determination may be made in reliance on a certification made or verified by a Financial Consultant that is a firm of certified public accountants, that either: (i) the proceeds of the sale of the FHA debentures and all other investments of amounts deposited in the funds and accounts established hereunder (except the Arbitrage Rebate Fund), would produce sufficient funds together with all immediately available

funds held by the Applicable Trustee hereunder to pay the Principal Amount of all Bonds Outstanding of such Applicable Series, accrued interest on such Bonds to the redemption date, the fees and expenses of the Authority, the Applicable Trustee and the Mortgage Servicer, and any Mortgagee Advances, the Applicable Trustee shall at the direction of the Authority and with the consent of HUD, if applicable, sell such debentures and such other investments, and apply the same to the payments described above, including depositing the proceeds so obtained and such other immediately available funds held by the Applicable Trustee under the Resolution in the Applicable Redemption Account to be applied to the Extraordinary Mandatory Redemption of the Applicable Series of Bonds Outstanding pursuant to Section 6.04(4) hereof, and return any excess thereof to HUD; or (ii) the Funds Available for Extraordinary Mandatory Redemption (if applied on the first practicable date to Extraordinary Mandatory Redemption of Bonds) and the income and principal on any FHA debentures received as FHA Mortgage Insurance Benefits (if applied to Sinking Fund Redemption pursuant to Section 6.02(a) hereof), would be sufficient to pay when due the Principal Amount of and interest on all of the Applicable Series of Bonds Outstanding and all fees and expenses of the Authority, the Applicable Trustee and the Mortgage Servicer, and any Mortgagee Advances, then the Applicable Trustee shall sell all Investments on Hand and deposit the proceeds of sale, together with all Cash Proceeds and Cash on Hand, in the Redemption Account and apply such amounts to the Extraordinary Mandatory Redemption of Bonds of the Applicable Series and shall deposit the FHA debentures to the credit of the Debt Service Account and apply the interest income thereon and the principal thereof to the Sinking Fund Redemption of Bonds.

(4) In the event that the amount of debentures received from HUD is sufficient to provide for the payment when due of the interest on the Applicable Series of Bonds Outstanding and to pay the Principal Amount thereof at or prior to maturity, but not sufficient to reimburse all Mortgagee Advances and to pay fees and expenses of the Applicable Trustee, the Authority and the Mortgage Servicer, the Authority shall cause Cash Flow Statements to be prepared or verified by a Financial Consultant that is a firm of certified public accountants showing the debt service payments to be made on such Bonds on each succeeding Interest Payment Date using the funds available from the FHA debentures received by the Applicable Trustee, and any additional funds available from such FHA debentures on any Interest Payment Date which will not be needed to pay debt service on the Bonds in accordance with such Cash Flow Statement (prepared pursuant to the preceding sentence) shall be applied first to the extent available to the reimbursement of Mortgagee Advances and the balance shall be deposited in the Surplus Account. Notwithstanding clause FIFTH of Section 6.02(a) hereof, the Applicable Trustee shall apply moneys in the Debt Service Account, including the interest payments and principal payments from the FHA debentures, to the payment of the Principal Amount (pursuant to clause SECOND of Section 6.02(a)) or Redemption Price (pursuant to clause FOURTH of Section 6.02(a)) of and interest (pursuant to clause FIRST of Section 6.02(a)) on the Bonds Outstanding. The Applicable Trustee shall apply moneys in the Surplus Account in accordance with Section 6.02(b) hereof.

(5) In the event that all Mortgage Insurance Benefits, Cash on Hand and proceeds which could be realized from the sale of Investments on Hand are not sufficient to pay the principal or Redemption Price of and interest on all Bonds Outstanding of an Applicable Series in the manner described in subsections (1) or (2) above, and the Applicable Trustee and

the Authority have received Cash Flow Statements showing such insufficiency (copies of which shall be sent to the Rating Service(s)), then all such Investments and all FHA debentures shall be sold and the proceeds of such sale, with the consent of HUD, if required, together with all Cash On Hand (except the Arbitrage Rebate Fund), together with the redemption price of FHA debentures redeemed by HUD, shall be applied to the extent available: first, to the Extraordinary Mandatory Redemption of the Bonds, second, to reimburse any Mortgagee Advances and to pay any unpaid Servicing Fee, and third, to pay the fees and expenses of the Authority and the Applicable Trustee; provided, that, if such moneys shall be insufficient to provide for the Extraordinary Mandatory Redemption of all of the Bonds of such Series, then such amounts shall be applied, as shall be recommended by the Authority, to a pro rata Extraordinary Mandatory Redemption of all such Bonds without preference or priority of one Bond of such Series over another, except as otherwise provided in Section 7.02 hereof in the case of claims for interest extended or transferred apart from the Bonds after maturity.

(6) In the event that all or any portion of Mortgage Insurance Benefits are paid in the form of FHA debentures, and such debentures are redeemed by HUD, the Applicable Trustee shall deposit the amount paid as the redemption price for such debentures in the Applicable Redemption Account and apply the same in accordance with subdivisions (1), (2) and (3) of this Section 8.05.

(7) In the event there is in effect with respect to an Applicable Series of Bonds, an FHA Debenture Agreement, the Authority agrees to return or cause the Trustee to return to HUD, any excess FHA debentures received, all in accordance with the provisions of the Applicable FHA Debenture Agreement. In addition, to the extent required in any Applicable Commitment, the Authority agrees to return or cause the Trustee to return to HUD any remaining FHA debentures after the Applicable Series of Bonds are fully retired and the reasonable administrative expenses of redemption have been met.

SECTION 8.06. Monetary Defaults Prior to the End of the No Call Period or when a Prepayment Premium is Payable under the Note. The following procedures shall apply in connection with a monetary default by the Institution:

(1) In lieu of the provisions of Subsection 8.04(1), in the event of a monetary default under the Note and the Mortgage prior to the date set forth in the Applicable Bond Series Certificate or during a period when a prepayment premium in excess of one percent (1%) is payable under the Note, within one (1) Business Day following the lapse of the thirty (30) day grace period, the Authority shall, or shall cause the Mortgage Servicer to: (i) notify HUD (via HUD's MDDR System and to HUD's Office of Hospital Facilities), and the Rating Service(s) of the default and of the fact that the Mortgage was given to secure an issue of tax-exempt bonds rated by the Rating Service(s), such notice to be accompanied by a schedule of funds available to make payments as they become due; (ii) file with HUD's Multifamily Claims Request Branch a request for a three (3) month extension of the time to file its notice of intention and election to file a claim for mortgage insurance in connection with such default; and (iii) file a copy of such extension request with the Authority and the Rating Service(s). In filing such notice, the Authority shall, or shall cause the Mortgage Servicer to, state that it intends to request priority processing of the mortgage insurance claim and shall attach a copy of the June 23, 1987 letter

from FHA to Standard & Poor's. Immediately upon the filing of such notice and request, the Authority shall, or shall cause the Mortgage Servicer to, request forms and instructions relating to the assignment of the Mortgage, and within five Business Days of the receipt of such forms and instructions, the Authority shall, or shall cause the Mortgage Servicer to, submit legal documentation for review to the Office of General Counsel of HUD. During the extension period approved by HUD (which, except as provided in subsection (6), shall be no longer than three months), the Authority shall, or shall cause the Mortgage Servicer to, follow the directions in subsection (2) below. If the request by the Authority for the extension is not approved, the Authority shall, or shall cause the Mortgage Servicer to, file with HUD (via HUD's MDDR System and to HUD's Office of Hospital Facilities) notice of the Authority's intention to file an insurance claim and its election to assign the Mortgage within two (2) Business Days of the receipt of the decision from HUD and thereafter proceed with the processing of the mortgage insurance claim in a timely fashion in the manner described in Section 8.04(1). A copy of the intention and election filed with HUD shall also be filed with the Authority and the Rating Service(s).

(2) If an extension period is granted, during the extension period approved by HUD, the Authority shall take the following actions, as appropriate:

A. assist the Institution in arranging a refinancing of the Note to cure the default and avert the filing of the claim for mortgage insurance;

B. report to HUD (via HUD's MDDR System and to HUD's Office of Hospital Facilities) on a monthly basis the progress, if any, in arranging the refinancing;

C. cooperate with HUD and take all reasonable steps in accordance with prudent business practices to avoid filing the mortgage insurance claim;

D. if thirty (30) days prior to any Interest Payment Date the Authority determines that sufficient moneys will not be available to make the payments required on the Applicable Series of Bonds, notify HUD (via HUD's MDDR System and to HUD's Office of Hospital Facilities) of such deficiency and request the immediate payment of FHA mortgage insurance benefits in cash; and

E. if a determination is made by the Authority that the refinancing of the Note is not feasible: (i) file a request with the HUD's Multifamily Claims Branch for its concurrence in such determination; (ii) submit to HUD (via HUD's MDDR System) a notice of intention and election to file a claim for mortgage insurance benefits; (iii) file a copy of such intention and election with the Applicable Trustee and the Rating Service(s); and (iv) proceed with the processing of the mortgage insurance claim in a timely fashion in the manner described in Section 8.04(1).

(3) The Authority agrees that it will not request more than one additional extension of the initial extension period approved by HUD and that it will not make such request

until it receives (i) written confirmation from the Rating Service(s) that the rating for the Applicable Series of Bonds will not be affected by such request for extension, and (ii) has requested that a Cash Flow Statement be prepared by a Financial Consultant. If the conditions for such further extension are not met, the Authority will proceed with processing the mortgage insurance claim in a timely fashion in the manner described in Section 8.04(1) hereof.

(4) Anything in this Section 8.06 to the contrary notwithstanding, simultaneous with the Authority's efforts to refinance the Note, the Authority will follow the procedures set forth in Section 8.04(2) hereof such that if the Note is not refinanced the Authority will be able to file its notice of intention and election to file a mortgage insurance claim within two (2) Business Days after the expiration of the approved extension period and proceed with the processing of the mortgage insurance claim in a timely fashion.

(5) To the extent a refinancing is arranged and approved by HUD, in accordance with the Cash Flow Statement described below, the Note shall be prepaid, in whole or in part, and the proceeds shall be applied to the Extraordinary Mandatory Redemption of the Bonds as provided in Section 6.04(2) hereof; provided, however, that the Authority shall not consent to such refinancing until it has received written confirmation from the Rating Service(s) that the rating for the Applicable Series of Bonds will not be affected by such refinancing; provided further, that such refinancing will result in a prepayment of the Note, prior to the expiration of the approved extension period (which, except as provided in subsection (6), in no event shall be longer than three (3) months). Cash Flow Statements shall be prepared by a Financial Consultant in connection with such refinancing.

(6) To the extent a refinancing is not approved by HUD, the Authority shall, or shall cause the Mortgage Servicer to: (i) file with HUD (via HUD's MDDR System) its intention to file an insurance claim and its election to assign the Mortgage within two (2) Business Days of the disapproval of the refinancing by HUD; (ii) file a copy of such intention and election with the Applicable Trustee and the Rating Service(s); and (iii) thereafter proceed with the processing of the mortgage insurance claim in a timely fashion in the manner described in Section 8.04(1). To the extent a refinancing cannot be completed within the approved extension period, the Authority shall or cause the Mortgage Servicer to: (i) file with HUD (via HUD's MDDR System) its intention to file an insurance claim and its election to assign the Mortgage within two (2) Business Days of the disapproval of the refinancing by HUD; (ii) file a copy of such intention and election with the Applicable Trustee and the Rating Service(s); and (iii) proceed with the processing of the mortgage insurance claim in a timely fashion in the manner described in Section 8.04(1); provided, however, that at the option of the Authority, if a refinancing has been arranged and approved within the approved extension period in accordance with the Cash Flow Statement described in paragraph (5) hereof, and such refinancing can be completed within an additional thirty (30) days, at the Authority's sole discretion, the refinancing will be accepted by the Authority, as mortgagee, if: (i) confirmation is received from the Rating Service(s) that the rating on the Applicable Series of Bonds will not be affected; and (ii) the Note and Mortgage have not been assigned to HUD. During the period when the Authority can exercise the right set forth in the prior sentence to accept a refinancing, it will not in any way delay the filing and processing of the mortgage insurance claim during the additional thirty (30) day period.

(7) To the extent there is a partial prepayment of the Note pursuant to a refinancing approved under this Section 8.06, the Authority shall consent to any subordinate or parity liens on the Mortgaged Property which may be required.

(8) Notwithstanding any other provisions of this Resolution, to the extent: (i) HUD does not immediately pay a claim as requested by the Authority pursuant to Section 8.06(2)(D); (ii) HUD does not process the claim provided in Section 8.06(b)(5); (iii) the Authority does not receive confirmation from the Rating Service(s) that the rating on the Applicable Series of Bonds is not affected as provided in Sections 8.06(5) and (6); or (iv) the processing of the mortgage insurance claim does not proceed in the fashion set forth in this Section 8.06, then the Authority shall proceed in a manner to preserve the mortgage insurance of the Note and the Mortgage, and otherwise protect the interest of the Bondholders.

SECTION 8.07. Legal Proceedings by Applicable Trustee. (a) If an Event of Default as defined in paragraph (5) of Section 8.02 has occurred, or if an Event of Default as defined in paragraph (5) of Section 8.02 has occurred by reason of a default by the Authority in the performance of its obligations under Sections 7.13, 7.14, 8.04 and 8.06 hereof, the Applicable Trustee shall immediately record the assignment of the Applicable FHA Documents referred to in Section 5.01(b) hereof, notify HUD of such assignment and shall thereupon succeed to all duties and obligations of the Authority under the terms of such FHA Documents, and all duties and obligations of the Authority with respect to such FHA Documents under this Resolution and the Applicable Series Resolution, including without limitation Sections 7.14, 8.04, 8.05 and 8.06 hereof. The Applicable Trustee may not declare the Principal Amount of the Bonds of such Series then Outstanding to be due and payable if an Event of Default as defined in paragraphs (3), (4) or (5) of Section 8.02 shall have occurred.

(b) If any Event of Default has occurred and is continuing (other than an Event of Default as defined in paragraph (3), (4) or (5) of Section 8.02 hereof resulting from a default under the Mortgage), or if any event of default shall occur in the Institution's performance of any of its obligations under the Loan Agreement, the Applicable Trustee, in its discretion may, and upon the written request of the holders of twenty-five percent (25%) in aggregate principal amount of the Bonds of the Applicable Series then Outstanding and receipt of indemnity to its satisfaction, shall, in its own name:

1. by suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Authority and the Institution to carry out any of their respective obligations hereunder and under the Loan Agreement or under any other agreements with, or for the benefit of, the Bondholders; and enjoy any acts or things which may be unlawful or in violation of the rights of the Bondholders for the sole purpose of curing such default; and

2. if an Event of Default defined in paragraphs (1) or (2) of Section 8.02 hereof has occurred and is continuing, bring suit upon the Applicable Series of Bonds.

(c) If any proceeding taken by the Applicable Trustee on account of any default is discontinued or is determined adversely to the Applicable Trustee, the Authority, the Institution, the Applicable Trustee and the Holders of the Applicable Series of Bonds shall be restored to their former positions and rights hereunder as though no such proceeding had been taken.

(d) The Holders of a majority in aggregate principal amount of the Bonds Outstanding of the Applicable Series shall have the rights, subject to the prior written approval of HUD when necessary, to direct the method and place of conducting all remedial proceedings by the Applicable Trustee, provided such direction shall not be otherwise than in accordance with law or the provisions of the Resolution and the Applicable Trustee shall have the right to decline to follow any such direction which in the opinion of the Applicable Trustee would be prejudicial to Bondholders not parties to such direction.

SECTION 8.08. Limitation of Rights of Individual Bondholders. No Holder of any of the Bonds of an Applicable Series shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or under any Applicable Series Resolution, or for any other remedy hereunder unless such Holder previously shall have given to the Applicable Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of an Applicable Series, or, in the case of an event of default specified in paragraph (3) of Section 8.02 hereof, the Holders of not less than a majority in principal amount of the Outstanding Bonds of such Series, shall have made written request to the Applicable 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 Applicable Trustee a reasonable opportunity either to proceed to exercise the powers granted hereby or to institute such action, suit or proceeding in its or their name, and unless, also there shall have been offered to the Applicable Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Applicable 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 Applicable Trustee, to be conditions precedent to the execution of the powers and trusts hereof or for any other remedy hereunder and thereunder. It is understood and intended that no one or more Holders of the Bonds of an Applicable Series secured hereby and by an Applicable Series Resolution 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 hereunder except in the manner herein 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 of such Series. Notwithstanding any other provision hereof, the Holder of any Bond of an Applicable Series shall have the right which is absolute and unconditional to receive payment of the principal of (or Redemption Price, 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 8.09. Actions by Trustee; Possession of Bonds by Trustee Not Required. All rights of action hereunder or under any of the Bonds of an Applicable Series

secured hereby and any Series Resolution, enforceable by the Applicable Trustee, may be enforced by it without the possession of any of such Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Applicable Trustee shall be brought in its name for the benefit of all the Holders of the Bonds of such Series to which such action relates, subject to the provisions hereof.

SECTION 8.10. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Applicable Trustee or the Holders of Bonds of an Applicable Series is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 8.11. Waiver and Non-Waiver of Default. No delay or omission of the Applicable Trustee or any Holder of Bonds of an Applicable Series to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by this Article VIII to the Applicable Trustee and the Holders of Bonds of an Applicable Series, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Applicable Trustee, upon written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of an Applicable Series may, or, in the case of a default specified in paragraph (3) of Section 8.02 hereof, the Holders of a majority in principal amount of the Outstanding Bonds of the Applicable Series shall waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof or before the completion of the enforcement of any other remedy hereunder; but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

SECTION 8.12. Notice of Event of Default. The Applicable Trustee shall give notice of each event of default hereunder known to the Applicable Trustee to the Holders of Bonds of the Applicable Series 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 or Redemption Price of, or interest on, any of such Bonds, the Applicable Trustee shall be protected in withholding notice thereof to the Holders of such Bonds if and so long as the Applicable Trustee in good faith determines that the withholding of such notice is in the best interests of such Holders. Each such notice of event of default shall be given by the Applicable Trustee by mailing written notice thereof: (i) to all Holders of Bonds of the Applicable Series, as the names and addresses of such Holders appear on the books for registration and transfer of bonds as kept by the Applicable Trustee; (ii) to the Applicable Institution; and (iii) to such other persons as is required by law. Any such notice required to be mailed to Holders of Bonds may be published by the Applicable Trustee in an Authorized Newspaper.

**ARTICLE IX
CONCERNING THE TRUSTEE AND PAYING AGENT**

SECTION 9.01. Appointment and Acceptance of Applicable Trustee. The Authority, prior to the delivery of Bonds of each Applicable Series, shall appoint an Applicable Trustee by or in the manner provided in this Resolution or in the Applicable Series Resolution or Bond Series Certificate. The Applicable Trustee shall also serve as Paying Agent. The Applicable Trustee shall signify its acceptance of the duties and obligations of Applicable Trustee and Applicable Paying Agent imposed upon it hereby by written instrument or acceptance delivered to the Authority. The Applicable Trustee shall, at all times any Bonds of an Applicable Series are Outstanding, be an FHA-approved Mortgagee.

SECTION 9.02. Appointment and Acceptance of Paying Agents. In addition to the Applicable Trustee who shall also serve as Paying Agent, the Authority may appoint one or more Paying Agents for the Bonds of any Applicable Series in the Applicable Series Resolution authorizing such Bonds or in the manner provided in such Series Resolution or shall appoint such Applicable Paying Agent or Paying Agents by resolution of the Authority adopted prior to the authentication and delivery of such Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 9.13 hereof for the appointment of a successor Paying Agent. Each such Applicable Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereby by written instrument of acceptance deposited with the Authority and the Applicable Trustee.

SECTION 9.03. Responsibilities of Trustee and Paying Agents. The recitals of fact contained herein and in each Applicable Series Resolution and in the Bonds of an Applicable Series shall be taken as the statements of the Authority and neither the Applicable Trustee nor any Applicable Paying Agent assumes any responsibility for the correctness of the same. Neither the Applicable Trustee nor any Applicable Paying Agent makes any representations as to the validity or sufficiency hereof, of any Applicable Series Resolution or of any Bonds of an Applicable Series, or in respect of the security afforded hereby or by each Applicable Series Resolution, and neither the Applicable Trustee nor any Applicable Paying Agent shall incur any responsibility in respect thereof. Neither the Applicable Trustee nor any Applicable Paying Agent shall be under any responsibility or duty with respect to: (i) the issuance of such Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Applicable Trustee or Paying Agent; or (iii) the application of any moneys paid to the Authority or others in accordance herewith and with each Applicable Series Resolution except as to the application of any moneys paid to it in its capacity as Applicable Trustee or Paying Agent. Neither the Applicable Trustee nor any such Applicable Paying Agent shall be liable in connection with the performance of its duties hereunder and under each Series Resolution except for its own negligence or willful misconduct. The Applicable Trustee shall have no liability for entering into any Investment Agreements referred to in Section 6.06 hereof, for the form of any Letter of Credit or letter of credit, for the reasonableness of the terms thereof, the delegation of responsibility thereunder, for the selection of the entity which is a party to an Investment Agreement or otherwise, it being understood that the selection of the entity and the terms of any Investment Agreement and any Letter of Credit or

letter of credit were consented to by the Authority and determined prior to the issuance of any Bonds.

The Applicable Trustee will supply any information requested by a Rating Service to that Rating Service, if required to enable the Authority to maintain the ratings on the Bonds, and the Authority authorizes the Applicable Trustee to notify each Rating Service following final endorsement or assignment of the Mortgage within a reasonable time. Notwithstanding any other provision of this Resolution providing that the Applicable Trustee need not perform its duties without compensation or indemnification for its expenses, the Applicable Trustee shall perform its duties before or after an Event of Default even if funds are insufficient to pay the fees of said Applicable Trustee.

The duties and obligations of the Applicable Trustee and any Applicable Paying Agent shall be determined by the express provisions hereof and of each Applicable Series Resolution and neither the Applicable Trustee nor any Applicable Paying Agent shall be liable except for the performance of such duties and obligations as are specifically set forth herein and in each Series Resolution.

The Applicable Trustee shall not be deemed to have notice of an Event of Default hereunder, other than an event of default under Section 8.02(1) or Section 8.02(2) hereof, unless it has received actual notice and the Applicable Trustee shall assume such Event of Default shall be continuing until it has received actual notice to the contrary.

Neither the Applicable Trustee nor any Applicable Paying Agent shall be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it hereby or by any Applicable Series Resolution, it being understood that all such moneys and securities held in funds and accounts established under a Series Resolution are held in trust solely for the Bondholders of such Applicable Series, and not for the benefit of any other Series of Bonds.

SECTION 9.04. Property Held in Trust. All moneys and Securities conveyed to or held by the Applicable Trustee, except for amounts held in the Applicable Equity Account of a Construction Fund which are held by the Applicable Trustee as the agent of the Institution and in the Applicable Arbitrage Rebate Fund, at any time pursuant to the terms hereof and of each Applicable Series Resolution shall be and hereby are assigned, transferred and set over unto the Applicable Trustee in trust for the purposes and under the terms and conditions hereof and of each Series Resolution. All such moneys and securities held in funds and accounts established under a Series Resolution are held in trust solely for the Bondholders of such Applicable Series and not for the benefit of any other Series of Bonds.

The Applicable Trustee shall hold all moneys in the Applicable Arbitrage Rebate Fund as the agent of the Authority and shall not disburse amounts therefrom except pursuant to the written instructions of the Authority.

SECTION 9.05. Evidence on Which Fiduciaries May Act. The Applicable Trustee and any Applicable Paying Agent shall be protected in acting upon any notice,

resolution, request, consent, order, certificate, report, opinion, bond or other paper or document reasonably believed by it in good faith to be genuine, and to have been signed or presented by the proper party or parties. The Applicable Trustee and any Applicable Paying Agent may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Applicable Trustee or any Applicable Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder and under an Applicable Series Resolution, such matter (unless other evidence in respect thereof be specifically prescribed hereby) may be deemed to be conclusively proved and established by a certificate of the Authority or, with the permission of the Authority, signed by an Authorized Officer of the Institution or Mortgage Servicer. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof and of the Applicable Series Resolution upon the faith thereof, but in its discretion the Applicable Trustee or any Applicable Paying Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein and in each Applicable Series Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof and of any Applicable Series Resolution by the Authority to the Applicable Trustee or any Applicable Paying Agent shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer.

SECTION 9.06. Compensation. Unless otherwise provided by contract with the Applicable Trustee or any Applicable Paying Agent, the Authority shall pay to the Applicable Trustee and to each Applicable Paying Agent, from time to time, reasonable compensation for all services rendered by it hereunder and under the Applicable Series Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties hereunder and under the Applicable Series Resolution; provided, however, that, except as expressly provided in Section 6.02 hereof, no compensation or indemnity of the Applicable Trustee or any Applicable Paying Agent shall be payable from Trust Revenues of any Applicable Series and provided further that neither the Applicable Trustee or any Applicable Paying Agent shall be entitled to compensation for any expenses, charges counsel fees or other disbursements incurred in connection with or incident to its resignation or its removal by the Holders of Bonds or by a court of competent jurisdiction as provided in Section 9.09 or 9.13 hereof whether or not the same were incurred in or about the performance of its powers and duties hereunder or under an Applicable Series Resolution in connection with its resignation or removal. Neither the Applicable Trustee nor an Applicable Paying Agent shall have a lien therefore on any and all funds at any time held by it hereunder and under the Application Series Resolution (other than the Arbitrage Rebate Fund) prior to any of the Bonds for which such services have been rendered. The Authority shall indemnify and save the Applicable Trustee and each Applicable Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and under the Applicable Series Resolution and which are not due to its negligence or willful misconduct. None of the provisions contained herein or in any such Series Resolution shall require the Applicable Trustee to expend or risk its own funds or

otherwise incur financial liability in the performance of any of its duties or in the exercise of any or its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it.

SECTION 9.07. Permitted Acts. The Applicable Trustee and any Applicable Paying Agent may become the owner of or may deal in Bonds of an Applicable Series as fully and with the same rights as if it were not such Applicable Trustee or Paying Agent. The Applicable Trustee and any Applicable Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the Authority or any committee formed to protect the rights of Holders of Bonds of an Applicable Series or to effect or aid in any reorganization growing out of the enforcement hereof or of such Bonds or any Applicable Series Resolution whether or not such committee shall represent the Holders of a majority in principal amount of the Outstanding Bonds of an Applicable Series in respect of which any such action is taken.

SECTION 9.08. Resignation of Trustee. The Applicable Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder and under an Applicable Series Resolution by giving not less than sixty (60) days written notice to the Authority and giving notice thereof, by first class mail postage prepaid to the registered owners of Bonds of the Applicable Series at their last known address, if any, appearing on the registration books of the Authority, specifying the date when such resignation shall take effect, within ten (10) days after the giving of such written notice to the Authority. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed as provided in Section 9.10 hereof, in which event such resignation shall take effect immediately on the appointment of such successor; provided, however, that such resignation shall not take effect until a successor Applicable Trustee has been appointed and has accepted such appointment pursuant to Section 9.10 hereof. The Authority shall give the Institution written notice of the resignation of the Applicable Trustee.

SECTION 9.09. Removal of Trustee. The Applicable Trustee, or any successor thereof, may be removed as to an Applicable Series at any time by the Holders of a majority in principal amount of the Outstanding Bonds of such Series, excluding any Bonds of such Series held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to the Authority; provided that no such removal shall take effect until a successor Applicable Trustee has been appointed. Copies of each such instrument providing for any such removal shall be delivered by the Authority to such Applicable Trustee and any successor thereof. The Applicable Trustee, or any successor thereof, may also be removed as to an Applicable Series at any time for cause or any breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with, any provisions hereof or of the Applicable Series Resolution with respect to the duties and obligations of the Applicable Trustee by any court of competent jurisdiction upon application by the Authority or the Holders of not less than twenty per centum (20%) in aggregate principal amount of Bonds then Outstanding of such Applicable Series. The Applicable Trustee, or any successor thereof, may also be removed at any time, other than during the continuance of an event of default hereunder, by the Authority, by an instrument in writing signed and acknowledged by an Authorized Officer of the Authority.

No removal hereunder shall take effect until a successor Applicable Trustee has been appointed. A copy of each instrument or order providing for the removal of the Applicable Trustee, or any successor thereof, shall be delivered by the Authority to the Applicable Trustee or such successor thereof. The Authority shall give written notice of the removal of the Applicable Trustee to the Institution.

SECTION 9.10. Successor Trustee. In case the Applicable Trustee of an Applicable Series, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Applicable Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Applicable Trustee or of its property or affairs, the Authority shall forthwith appoint an Applicable Trustee to act as Applicable Trustee and Paying Agent. Copies of any certificates signed by an Authorized Officer of the Authority providing for any such appointment shall be delivered by the Authority to the Applicable Trustee so appointed, the predecessor Applicable Trustee and the Institution. The Authority shall publish notice of any such appointment at least once in an Authorized Newspaper, the first publication to be made within twenty (20) days after such appointment and give written notice thereof to the Rating Service(s) then rating Bonds of the Applicable Series.

If no appointment of a successor shall be made within forty-five (45) days after the giving of written notice in accordance with Section 9.08 hereof or after the occurrence of any other event requiring or authorizing such appointment, the Applicable Trustee or any Holder of a Bond of a Series may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor.

Any successor appointed under the provisions of this Section shall be a bank located in the state having trust powers or a trust company organized under the laws of the state or national banking association located in the state, in either case having a capital and surplus aggregating at least \$125,000,000, and which is an FHA approved mortgagee, if there be such a bank having trust powers or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required hereby and by the Applicable Series Resolutions.

SECTION 9.11. Transfer of Rights and Property to Successor Trustee. Any successor appointed under the provisions of Section 9.10 hereof shall execute, acknowledge and deliver to its predecessor, and also to the Authority, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder and under the Applicable Series Resolutions, with like effect as if originally appointed as Applicable Trustee. However, the Applicable Trustee then ceasing to act shall nevertheless, on request by the Authority or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Applicable Trustee in and to any property held by it hereunder and under the Applicable Series Resolutions, and shall pay over, assign and deliver to such

successor any moneys or other properties subject to the trusts and conditions set forth herein. Should any deed, conveyance or instrument in writing from the Authority be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority.

SECTION 9.12. Merger or Consolidation of the Trustee. Any company into which the Applicable Trustee may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Applicable Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank having trust powers or trust company or national banking association qualified to be a successor to such Applicable Trustee under the provisions of Section 9.10 hereof, shall be the successor to such Applicable Trustee, without any further act, deed or conveyance.

SECTION 9.13. Resignation or Removal of the Paying Agents and Appointment of Successors. Any Applicable Paying Agent (other than the Applicable Trustee) may at any time resign and be discharged of the duties and obligations created hereby and by an Applicable Series Resolution by giving at least sixty (60) days written notice to the Authority and Applicable Trustee. Any Applicable Paying Agent may be removed at any time by an instrument filed with such Applicable Paying Agent and the Applicable Trustee and signed on behalf of the Authority. Any successor Applicable Paying Agent shall be appointed by the Authority and (subject to the requirements of Section 7.09 hereof) shall be a bank having trust powers or trust company organized under the laws of any state of the United States of America or a national banking association, in either case having a capital and surplus aggregating at least \$125,000,000, and willing and able to accept the office of Applicable Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it hereby and by the Applicable Series Resolution.

In the event of the resignation or removal of any Paying Agent, such Applicable Paying Agent shall pay over, assign and deliver any moneys held by it to its successor, or if there be no successor then appointed, to the Applicable Trustee until such successor be appointed.

SECTION 9.14. Amortization Schedule. Upon the request of the Authority or an Authorized Officer of an Institution, the Applicable Trustee shall prepare a schedule setting forth as at the date of such schedule the principal amount of Outstanding Bonds of the Applicable Series, the dates on which the principal and Sinking Fund Installments, if any, of and interest on, all Outstanding Bonds of the Applicable Series are payable, the amount payable on each such date for the principal and Sinking Fund Installments, if any, of and interest on Outstanding Bonds of the Applicable Series.

SECTION 9.15. Enforcement of the FHA Documents and Servicing Agreement.

(a) The Applicable Trustee shall maintain at all times its status in good standing as a FHA approved mortgagee.

(b) The Applicable Trustee shall cause the Authority to enforce the full and punctual performance by the Institution of all covenants, agreements and obligations on the part of the Institution to be performed under the Applicable Loan Agreement, and the full and punctual performance by each Mortgage Servicer of all covenants, agreements and obligations on the part of each Mortgage Servicer to be performed under Sections VI and XII of the Servicing Agreement; provided, however, that the Applicable Trustee shall not be required to take notice of any default in performance by the Institution or a Mortgage Servicer (other than monetary defaults under the Note and Mortgage) unless the Applicable Trustee has actual notice of such default at a time when such Servicing Agreement is no longer in effect or unless the Applicable Trustee receives written notice thereof from the Mortgage Servicer, the Institution, the Authority or the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds of the Applicable Series Outstanding; and provided further that, except for the duties of the Applicable Trustee described in Sections 8.04 and 8.05 hereof, the Applicable Trustee shall not be obligated to take any action involving any expense or liability unless it is furnished with indemnity reasonably satisfactory to it.

(c) In the event a Mortgage Servicer is unable or unwilling to perform its covenants, obligations and agreements under the Applicable Servicing Agreement, the Applicable Trustee, at the request of the Authority or the Authority at its option, may act as Mortgage Servicer. The Authority agrees to supply the Applicable Trustee in that case with evidence that it is an FHA approved Mortgagee, as well as with its most recent filing with HUD.

(d) The Applicable Trustee shall give or cause to be given to each Rating Service which is then rating the Bonds: (i) sufficient information so as to maintain the rating of each such rating agency on the Applicable Series of Bonds; and (ii) notification upon the assignment of any Mortgage by the Authority to HUD.

SECTION 9.16. Obligation to Act on Defaults. If any Event of Default shall have occurred and be continuing, the Applicable Trustee shall exercise such of the rights and remedies vested in it by the Resolution and shall use the same degree of care in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs; provided, that if in the opinion of the Applicable Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity reasonably satisfactory to it (except to the extent it is required to act by HUD or pursuant to Sections 8.04 and 8.05 hereof), and provided, further, that notwithstanding the foregoing, the Applicable Trustee shall at all times comply with the FHA Documents and shall take no action inconsistent therewith.

ARTICLE X SERIES RESOLUTIONS AND SUPPLEMENTAL RESOLUTIONS; AMENDMENTS TO LOAN AGREEMENT

SECTION 10.01. Adoption and Filing. The Authority may adopt at any time or from time to time an Applicable Series Resolution to authorize the issue of an Applicable Series of Bonds as provided in Section 2.02. A copy of each such Series Resolution, together with a

copy of this Resolution, each certified by the Authority, shall be filed with the Applicable Trustee.

SECTION 10.02. Modification and Amendment Without Consent.

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

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

(2) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds of an Applicable Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained herein;

(3) To provide for additional security for the payment of the Bonds including, but not limited to, provisions to allow a Bond Insurer to confirm its obligations under a Bond Insurance Policy or Surety Bond; or

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

(5) 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 herein;

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

(7) To modify any of the provisions hereof or of any previously adopted Applicable Series Resolution or Supplemental Resolution in any other respect, provided that such modifications shall not be effective with respect to any Applicable Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution, and provided further that such Supplemental Resolution shall be effective with regards to all Bonds of an Applicable Series issued under an Applicable Series Resolution adopted as of or after the date of adoption of such Supplemental Resolution and such Bonds shall contain a specific reference to the modifications contained in such subsequent resolutions;

(8) With the consent of the Applicable Trustee, to cure any ambiguity or defect or inconsistent provision herein or to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent herewith as theretofore in effect, or to modify any of the provisions hereof or of any previously adopted Applicable Series Resolution or Applicable Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Holders of Bonds of an Applicable Series in any material respect; or

(9) To amend a Series Resolution previously adopted by the Authority to provide for the issuance of an additional series or subseries of bonds under such Series Resolution for the purpose of financing a Capital Addition, which additional bonds may be secured on a parity with any Outstanding Bonds issued under such Series Resolution; provided, however, that such additional bonds may only be issued upon: (i) compliance with the provisions of this Resolution relating to the issuance of an Applicable Series of Bonds; and (ii) receipt by the Applicable Trustee of written notification from all Rating Service(s) which then maintain a rating on the Outstanding Bonds issued under such Series Resolution that the issuance of such additional series of bonds will not result in a reduction, suspension or withdrawal of the rating in effect for such Outstanding Bonds immediately prior to the issuance of such additional series of bonds; and (iii) to the extent such additional series of bonds are secured by the Mortgage or Note, a Cash Flow Statement shall be prepared.

SECTION 10.03. Applicable Supplemental Resolutions Effective With Consent of Bondholders. The provisions hereof and an Applicable Series 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 Holders of Bonds of the Applicable Series in accordance with and subject to the provisions of Article XI hereof, such Supplemental Resolution to become effective upon the filing with the Applicable Trustee of a copy thereof certified by the Authority.

SECTION 10.04. General Provisions Relating to Applicable 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 this Article X and Article XI hereof. Nothing contained in this Article X or Article XI hereof 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 Section 7.04 hereof or the right or obligation of the Authority to execute and deliver to the Applicable Trustee or any Applicable Paying Agent any instrument elsewhere herein provided or permitted to be delivered to the Applicable Trustee or any Paying Agent.

A copy of every Applicable Series Resolution and Applicable Supplemental Resolution adopted by the members of the Authority, when filed with the Applicable Trustee thereunder, shall be accompanied by an opinion of Bond Counsel stating that such Applicable Series Resolution or Applicable Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions hereof, is authorized or permitted hereby and is valid and binding upon the Authority and enforceable in accordance with its terms.

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

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

SECTION 10.05. Consent of Authority to Amendments. No amendments hereto or to an Applicable Series Resolution, with or without consent of the Holders of Bonds of such Applicable Series, shall become effective until first approved by the Authority and, if such amendment materially affects the Institution, by such Institution. Notice of all amendments and copies thereof shall be given to the Institution and the Applicable Mortgage Servicer.

SECTION 10.06. Amendment of Loan Agreement. No amendment to any Loan Agreement shall be effective between the parties thereto until approved in writing by the Applicable Trustee, who shall give such approval if it reasonably determines (in reliance upon an opinion of counsel, if so required by the Applicable Trustee), that such amendment or supplement is not inconsistent with the Resolution and would not impair the security of the Applicable Series of Bonds. In the event the Applicable Trustee has made no written response to any such request for approval of an amendment or supplement to a Loan Agreement by the close of business on the 30th day after confirmed receipt by a Trust Officer, the Applicable Trustee shall be deemed to have given its approval. Notwithstanding the foregoing, the Loan Agreement may, without the consent of the Applicable Holders of Bonds, the Applicable Trustee or the Applicable Bond Insurer, if any, be amended, changed, modified or supplemented to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipment of the Project, to amend the description of the Project, to add an additional Project to the Loan Agreement or to finance a Capital Addition.

ARTICLE XI AMENDMENTS OF RESOLUTION

SECTION 11.01. Powers of Amendment. Any modification or amendment hereof and of the rights and obligations of the Authority which shall be deemed to affect an Applicable Series of Bonds and of the Holders of the Bonds of such Applicable Series hereunder, in any particular, may be made by an Applicable Supplemental Resolution, with the written consent given as hereinafter provided in Section 11.02 hereof: (i) of the Holders of at least two-thirds (2/3) in principal amount of the Bonds Outstanding of an Applicable Series 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 two-thirds (2/3) in principal amount of the Bonds of the Applicable 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 Applicable Series and maturity 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 Section. Except as expressly provided in the preceding sentence with respect to the amount or date of any Sinking Fund Installment, no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of an Applicable Series 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 of an Applicable Series the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, an Applicable 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. The Applicable Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of an Applicable Series or maturity would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds of an Applicable Series. The Applicable Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of an Applicable Series or maturity would be so affected by any such modification or amendment hereof.

No modification or amendment of the Resolution, a Series Resolution or any amendments thereto or a Loan Agreement may be made which conflicts with the FHA Documents.

SECTION 11.02. Consent of Bondholders. The Authority may at any time adopt an Applicable Supplemental Resolution making a modification or amendment permitted by the provisions of Section 10.03 hereof to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Applicable Trustee) together with a request to the Holders of the Applicable Series of Bonds affected thereby for their consent thereto in form satisfactory to the Applicable Trustee, shall promptly after adoption be mailed or caused to be mailed by the Applicable Trustee at the direction of the Authority to such Bondholders (but failure to mail such copy to any particular Bondholder shall not affect the validity of such Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Applicable Trustee: (i) the written consent of the Holders of the percentages of Outstanding Bonds of an Applicable Series specified in Section 11.01 hereof; and (ii) 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 hereof, is authorized or permitted hereby, and is valid and binding upon the Authority and enforceable in accordance with its terms. 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 of an Applicable Series with respect to which such consent is given, which proof shall be such as is permitted by Section 13.01 hereof. A certificate or certificates by the Applicable Trustee filed with the Applicable Trustee that it has examined such proof and that such proof is sufficient in accordance with

Section 13.01 hereof shall be conclusive proof that the consents have been given by the Holders of the Bonds of the Applicable Series described in the certificate or certificates of the Applicable Trustee. Any consent given by a Holder of Bonds of an Applicable Series shall be binding upon such Bondholder giving such consent and, anything in Section 13.01 hereof to the contrary notwithstanding, upon any such 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 such Bondholder giving such consent or such subsequent Holder thereof by filing such revocation with the Applicable Trustee, prior to the time when the written statement of the Applicable Trustee hereinafter in this Section provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Applicable Trustee filed with the Applicable Trustee to the effect that no revocation thereof is on file with the Applicable Trustee. At any time after such Holders of the required percentages of Bonds of an Applicable Series shall have filed their consents to such Supplemental Resolution, the Applicable Trustee shall make and file with the Authority and the Applicable Trustee a written statement that such Holders have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that such 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 Applicable Trustee) has been consented to by the Holders of the required percentages of Bonds of each Applicable Series and will be effective as provided in this Section, shall be given to such Bondholders by the Applicable Trustee at the direction of the Authority by mailing or causing the mailing of such notice to such Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided) and, in the sole discretion of the Authority, by publishing the same at least once not more than ninety (90) days after such Holders of the required percentages of such Bonds shall have filed their consents to such Supplemental Resolution and the written statement of the Applicable 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 Section provided). If such notice is published, the Authority shall file with the Applicable Trustee proof of the publication thereof, and, if the same shall have been mailed to the Holders of such Bonds, of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section to be filed with the Applicable 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 Applicable Trustee, each Applicable Paying Agent and the Holders of each Applicable Series of Bonds upon the filing with the Applicable Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Applicable 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 Applicable Trustee and any Applicable 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.

SECTION 11.03. Modifications by Unanimous Consent. The terms and provisions hereof and the rights and obligations of the Authority and of the Holders of the Bonds of an Applicable Series hereunder may be modified or amended in any respect upon the adoption and filing with the Applicable Trustee by the Authority of a copy of such Supplemental Resolution certified by the Authority and the consent of the Holders of all of the Bonds then Outstanding of the Applicable Series, such consent to be given as provided in Section 11.02 hereof, except that no notice to such Bondholders either by mailing or publication shall be required.

SECTION 11.04. Mailing and Publication. Any provision in this Article XI for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid only: (i) to each registered owner of Bonds then Outstanding of each Applicable Series at such person's address, if any, appearing upon the registry books of the Authority; and (ii) to the Applicable Trustee.

Any provision in this Article XI for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

SECTION 11.05. Exclusion of Bonds. Bonds of an Applicable Series owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action provided for herein, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for herein. At the time of any consent or other action taken hereunder, the Authority shall furnish the Applicable Trustee a certificate upon which the Applicable Trustee may rely, describing all Bonds of an Applicable Series so to be excluded.

SECTION 11.06. Notation on Bonds. Bonds of an Applicable Series delivered after the effective date of any action taken as in Article X hereof or this Article XI provided may, and if the Applicable Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Applicable Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding of each Applicable Series at such effective date and upon presentation of such Holder's Bond for such purpose at the principal corporate trust office of the Applicable Trustee suitable notation shall be made on such Bond by the Applicable Trustee as to any such action. If the Authority or the Applicable Trustee shall so determine, new Bonds of an Applicable Series so modified as, in the opinion the Applicable Trustee and the Authority, conform to such action shall be prepared and delivered, and upon demand of the Holder of any such Bond then Outstanding shall be exchanged, without cost to such Bondholder, for such Bonds of the same Applicable Series and maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XII DEFEASANCE

SECTION 12.01. Defeasance. (a) If the Authority shall pay or cause to be paid to the Holders of the Bonds of an Applicable Series the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, thereof and interest thereon, at the times and in the manner stipulated therein, herein, and in the Applicable Series Resolution and Applicable Bond Series

Certificate, then the pledge of the Applicable Trust Revenues or other moneys and securities pledged to such Series of Bonds and all other rights granted hereby to such Series of Bonds shall be discharged and satisfied, and the right, title and interest of the Applicable Trustee in the Loan Agreement, the Note, the Mortgage and the Trust Revenues shall thereupon cease with respect to such Series of Bonds. Upon such payment or provision for payment, the Applicable Trustee, on demand of the Authority, shall release the lien of the Resolution and Applicable Series Resolution but only with respect to such Applicable Series, except as it covers moneys and securities provided for the payment of such Bonds, shall cancel the Applicable Note and endorse the Applicable Mortgage for cancellation and return the same to the Institution together with a release of the Mortgage in proper form for recordation (unless the Note and Mortgage have been assigned to HUD or pledged for the benefit of the holders of any indebtedness authorized pursuant to Section 2.02 or indebtedness issued or incurred to refund the Applicable Series of Bonds in which latter case the Applicable Trustee shall deliver and assign such Note and Mortgage to such person as the Institution shall direct), and shall execute such documents to evidence such release as may be reasonably required by the Authority and the Institution and shall turn over to the Institution or such person, body or authority as may be entitled to receive the same, upon such indemnification, if any, as the Authority or the Applicable Trustee may reasonably require, all balances remaining in any funds held under the Applicable Series Resolution after paying or making proper provision for the payment of the principal or Redemption Price (as the case may be) of, and interest on, all Bonds of the Applicable Series and payment of expenses in connection therewith including any amounts due under the Servicing Agreement; provided that if any of such Bonds are to be redeemed prior to the maturity thereof, the Authority shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Resolution or irrevocable instructions to mail such notice shall have been given to the Applicable Trustee.

(b) Bonds of an Applicable Series for which moneys shall have been set aside and shall be held in trust by the Applicable Trustee for the payment or redemption thereof (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 subdivision 1 of this Section. All Outstanding Bonds of an Applicable Series or any maturity within such Series or a portion of a maturity within such Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subdivision 1 of this Section 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 Applicable Trustee, in form satisfactory to it, irrevocable instructions to mail as provided in Article IV hereof notice of redemption on said date of such Bonds; (ii) there shall have been deposited with the Applicable 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 Applicable 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; and (iii) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Applicable Trustee, in form satisfactory to it, irrevocable instructions to give notice to the Holders of such Bonds, by first-class mail, postage prepaid to the registered owners

of Bonds of the Applicable Series which are to be redeemed, at their last known addresses, if any, appearing on the registration books of the Authority not more than ten (10) Business Days prior to the date such notice is given, that the deposit required by (i) above has been made with the Applicable Trustee and that such Bonds are deemed to have been paid in accordance with this Section 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 such Bonds. The Authority shall give written notice to the Applicable Trustee of its selection of the maturity for which payment shall be made in accordance with this Section including the schedule of Sinking Fund Installments to be set forth in the Bond Series Certificate as the same may be amended by the Authority from time to time. The Applicable Trustee shall select which Bonds of such Series and which maturity thereof shall be paid in accordance with this Section in the manner provided in Section 4.04 hereof. Neither direct obligations of the United States of America nor moneys deposited with the Applicable Trustee pursuant to this Section nor principal or interest payments on any such direct obligations of the United States of America 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 such Applicable Series of Bonds; provided that any moneys received from such principal or interest payments on such direct obligations of the United States of America deposited with the Applicable Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in direct obligations of the United States of America 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 such Bonds on and prior to such redemption date or maturity date thereof, 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 Applicable 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 Applicable Trustee as follows: first, to the Applicable Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Authority; second, to the Authority the amount certified by 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 Applicable Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created hereby or by such Loan Agreement.

ARTICLE XIII EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 13.01. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent or other instrument which the Resolution or the Applicable Series Resolution may require or permit to be signed and executed by a Holder or Holders of Bonds of an Applicable Series may be in one or more instruments of similar tenor, and shall be signed or executed by such Holder or Holders of Bonds in person or by his or their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, or the holding or owning by any person of such Bonds, shall be

sufficient for any purpose hereof (except as otherwise herein expressly provided) if made in the following manner, but the Applicable Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

The fact and date of the execution by any Holder or Holders of Bonds of an Applicable Series or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of any officer of a bank or trust company satisfactory to the Applicable Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

The ownership of Bonds of an Applicable Series and the amount, numbers and other identification, and date of holding or owning the same shall be proved by the registry books. Any request, consent or vote of the owner of any Bond of an Applicable Series shall bind all future owners of such Bond in respect of anything done or suffered to be done or omitted to be done by the Authority or the Applicable Trustee in accordance therewith.

ARTICLE XIV MISCELLANEOUS

SECTION 14.01. Preservation and Inspection of Documents. All documents received by the Applicable Trustee from the Authority or from Bondholders of an Applicable Series under the provisions hereof or of any Applicable Series Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the Institution, any holder of a Bond of an Applicable Series and their agents and representatives, any of whom may make copies thereof; provided, however, that with respect to inspection by a holder of a Bond of an Applicable Series a written request of such Bondholder must have been received by the Applicable Trustee at least five (5) Business Days prior to the date of inspection.

SECTION 14.02. Moneys and Funds Held for Particular Bonds. The amounts held by the Applicable Trustee or any Applicable Paying Agent for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds of an Applicable Series due on any date with respect to particular Bonds of such Series shall, pending such payment, be set aside and held in trust by it for the Holders of such Bonds entitled thereto, and for the purposes hereof such principal, Sinking Fund Installments, if any, or Redemption Price of and interest on such Bonds, due after such date thereof, shall no longer be considered to be unpaid.

SECTION 14.03. Cancellation of Bonds. The Applicable Trustee or any Applicable Paying Agent shall forthwith cancel all Bonds of an Applicable Series which have been redeemed or paid by it and may destroy such Bonds and deliver a certificate to that effect to the

Authority. No such Bonds shall be deemed Outstanding Bonds hereunder or under an Applicable Series Resolution and no Bonds shall be issued in lieu thereof.

SECTION 14.04. No Recourse under Resolution or on the Bonds. All covenants, stipulations, promises, agreements and obligations of the Authority contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on the Bonds of an Applicable Series or for any claims based thereon, hereon or on the Applicable Series Resolutions against any member, officer or employee of the Authority or any person executing such Bonds, all such liability, if any, being expressly waived and released by every Holder of a Bond of an Applicable Series by the acceptance of such Bonds.

SECTION 14.05. Severability of Invalid Provision. If any one or more of the covenants, stipulations, promises, agreements and obligations provided herein or in any Applicable Series Resolution on the part of the Authority or the Applicable Trustee to be performed should be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements or obligation or obligations shall be null and void, shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions hereof or of such Series Resolution or of an Applicable Series of Bonds.

SECTION 14.06. Parties in Interest. Nothing herein or in any Applicable Series Resolution adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Authority, the Applicable Trustee, the Paying Agents, the Institution, the Mortgage Servicer and the Holders of Bonds of an Applicable Series of Bonds any rights, remedies or claims hereunder or by reason hereof or of any Applicable Series Resolution or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements herein or in an Applicable Series Resolution by or on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Applicable Trustee, the Paying Agents, the Institution, the Mortgage Servicer and the Holders from time to time of the Bonds of an Applicable Series.

SECTION 14.07. Actions by the Authority. Any time the Authority is permitted or directed to act pursuant to this Resolution or a Series Resolution, such action may be taken by an Authorized Officer of the Authority except that the following actions may only be taken by resolution of the members of the Authority: authorization and issuance of bonds; adoption of resolutions; modifications and amendments pursuant to Articles X and XI herein. Any certificates of the Authority to be delivered hereunder shall be executed by an Authorized Officer.

SECTION 14.08. Notices. Except as otherwise provided herein, any notices, directions or other instruments required to be given or delivered pursuant hereto or to any Series Resolution shall be in writing and shall be delivered by hand against the written receipt therefor or sent by registered or certified mail addressed: in the case of the Authority, to it to the attention of the Authority's Executive Director with a copy to the Authority's General Counsel, at 515

Broadway, Albany, New York 12207; in the case of the Applicable Trustee, addressed to it at the principal corporate trust office of the Applicable Trustee at the address of such principal corporate trust office; in the case of an Institution, addressed to it as specified in the Loan Agreement; and in the case of a Mortgage Servicer addressed to it as specified in the Servicing Agreement; or, in each case, to such other individual and at such other address as the person to be notified shall have specified by notice to the other persons.

SECTION 14.09. Other Resolutions. The Authority expressly reserves the right to adopt one or more other bond resolutions and to issue bonds, bond anticipation notes, notes and other obligations thereunder without compliance with the provisions hereof.

SECTION 14.10. Survival of Particular Covenants. The obligation of the Authority to comply with the provisions of Section 7.15 hereof with respect to the rebate to the Department of the Treasury of the United States of America of any Excess Earnings relating to the Bonds of an Applicable Series shall remain in full force and effect so long as the Authority shall be required by the Code to rebate such Excess Earnings notwithstanding that Bonds of such Series are no longer Outstanding.

SECTION 14.11. Headings. Any headings preceding the text of several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part hereof nor shall they affect its meaning, construction or effect.

SECTION 14.12. Governing Laws. The Resolution shall be governed by and construed in accordance with the laws of the State.

SECTION 14.13. Effective Date. The Resolution shall take effect immediately upon its adoption.

SECTION 14.14. FHA Documents Controlling. Notwithstanding any other provision of the Resolution or any Series Resolution, should any conflict arise between any provision of the Resolution or any Series Resolution or any amendments thereto and the FHA Documents, the FHA Documents shall be controlling.

SECTION 14.15. Delivery of Resolution. An Authorized Officer of the Authority is hereby authorized and directed to deliver this Resolution with such changes, insertions and omissions as may be approved by such Authorized Officer, such delivery being conclusive evidence of such approval; and provided, however, such changes, insertions and omissions shall be necessary to effectuate the intent of this Resolution.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

SERIES RESOLUTION

Authorizing Up To

\$165,000,000

**MAIMONIDES MEDICAL CENTER
FHA-INSURED MORTGAGE HOSPITAL REVENUE BONDS, SERIES 2019**

Adopted July 17, 2019

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**MAIMONIDES MEDICAL CENTER
SERIES RESOLUTION
AUTHORIZING UP TO \$165,000,000
FHA-INSURED MORTGAGE HOSPITAL REVENUE BONDS, SERIES 2019**

WHEREAS, the Dormitory Authority of the State of New York (the “Authority”) duly adopted on July 17, 2019, its Maimonides Medical Center FHA-Insured Mortgage Hospital Revenue Bond Resolution (the “Bond Resolution”); and

WHEREAS, the Bond Resolution authorizes the issuance by the Authority, from time to time, of its FHA-Insured Mortgage Hospital Revenue Bonds, in one or more series, for the authorized purposes of the Authority; and

WHEREAS, the Bond Resolution provides that bonds of the Authority shall be authorized and issued pursuant to a Series Resolution or Series Resolutions (as therein defined); and

WHEREAS, each such Series of Bonds is to be authorized by a separate Series Resolution and is to be separately secured from each other Series of Bonds; and

WHEREAS, the Authority deems it necessary and in keeping with its purposes to issue under the Bond Resolution and this Series Resolution, the Series of Bonds herein authorized for the purpose of lending the Institution funds sufficient to (i) pay the Cost of the Project (as such is defined herein); (ii) establish a Debt Service Reserve Fund (as herein defined); and (iii) pay certain costs incidental to the issuance and sale of such Series 2019 Bonds.

BE IT RESOLVED by the Dormitory Authority of the State of New York, as follows:

ARTICLE I
Definitions and Statutory Authority

SECTION 1.01. Series 2019 Resolution. This Maimonides Medical Center Series Resolution Authorizing Up To \$165,000,000 FHA-Insured Mortgage Hospital Revenue Bonds, Series 2019, constitutes a Series Resolution within the meaning of, and is adopted in accordance with Article II of, the resolution entitled “Dormitory Authority of the State of New York Maimonides Medical Center FHA-Insured Mortgage Hospital Revenue Bond Resolution, Adopted July 17, 2019, A Resolution Authorizing The Issuance By The Dormitory Authority of the State of New York of Series of Maimonides Medical Center FHA-Insured Mortgage Hospital Revenue Bonds; Providing For The Payment Of The Principal Of And Interest On Such Bonds; and Providing For The Rights Of The Holders Thereof”, and referred to herein as the “Bond Resolution”.

SECTION 1.02. Definitions. (1) All terms which are defined in Section 1.01 of the Bond Resolution shall have the same meanings, respectively, in this Series 2019 Resolution as such terms are given in said Section 1.01 of the Bond Resolution.

(2) In addition, as used in this Series 2019 Resolution and the Loan Agreement, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“**Arbitrage Rebate Fund**” means the fund so designated, established pursuant to Section 4.01 hereof.

“**Authority Fee**” means a fee payable to the Authority consisting of all the Authority's internal costs and overhead expenses attributable to the issuance of the Series 2019 Bonds and the financing and construction of the Project in an amount set forth in the Loan Agreement.

“**Collateral Account**” means the account so designated, established pursuant to Section 4.01 hereof.

“**Commitment**” means the commitment for insurance of advances dated _____, 2019, as amended, issued to Bank of America, N.A. by HUD to insure the advances of funds secured by the Mortgage as assigned to the Authority by the Assignment.

“**Construction Fund**” means the fund so designated, established pursuant to Section 4.01 hereof.

“**Costs of Issuance Account**” means the account so designated, established pursuant to Section 4.01 hereof.

“**Debt Service Account**” means the account so designated, established pursuant to Section 4.01 hereof.

“**Debt Service Fund**” means the fund so designated, established pursuant to Section 4.01 hereof.

“Debt Service Reserve Fund” means the fund so designated, established pursuant to Section 4.01 hereof.

“Equity Account” means the fund so designated, established pursuant to Section 4.01 hereof.

“Institution” means the Maimonides Medical Center, a not-for-profit corporation duly organized and existing under the laws of the State.

“Insurance and Condemnation Account” means the account so designated, established pursuant to Section 4.01 hereof.

“Investment Income Account” means the account so designated, established pursuant to Section 4.01 hereof.

“Mortgage Account” means the account so designated, established pursuant to Section 4.01 hereof.

“Mortgage Payment Fund” means the fund so designated, established pursuant to Section 4.01 hereof.

“Mortgage Servicer” means Bank of America, N.A.

“Note” means the Mortgage Note executed and delivered by the Institution in connection with the issuance of the Series 2019 Bonds in the original principal amount of \$[_____], which Note shall initially bear interest at a rate of [_._] % per annum through and including [_____, ____] and thereafter, at a rate of [_._] % per annum or such other rate as may be required by an Authorized Officer of the Authority, as such Note may from time to time be amended or supplemented.

“Project” means the (A) the renovation and construction of the Institution’s (i) modernized emergency department, (ii) modernized neonatal intensive care unit, (iii) post-anesthesia care unit, (iv) cardiac catheterization laboratories, and supporting pre- and post-procedure areas, (v) cardiothoracic intensive care unit, and (vi) various infrastructure projects, including electrical, plumbing, mechanical, and emergency generator support systems; and (B) the acquisition of updated information systems and medical equipment for the Institution. The Project will be located at the Institution’s main campus located at 4802 10th Avenue, Brooklyn, NY 11219.

“Purchase Account” means the account so designated, established pursuant to Section 4.01 hereof.

“Reserve Account” means the account so designated, established pursuant to Section 4.01 hereof.

“Redemption Account” the account so designated, established pursuant to Section 4.01 hereof.

“Series 2019 Bonds” means the Bonds designated Dormitory Authority of the State of New York Maimonides Medical Center FHA-Insured Mortgage Hospital Revenue Bonds,

Series 2019, authorized to be issued pursuant to the Bond Resolution and this Series 2019 Resolution in the aggregate principal amount not to exceed \$165,000,000.

“**Series 2019 Resolution**” means this Resolution, as such may be amended and supplemented from time to time.

“**Surplus Account**” means the account so designated and established pursuant to Section 4.01 hereof. The maximum amount to be on deposit in such Account shall be set forth in the Bond Series Certificate.

“**Trustee**” means the Trustee as determined and selected and defined in the Bond Series Certificate.

SECTION 1.03. Authority for the Series 2019 Resolution. This Series 2019 Resolution is adopted pursuant to the provisions of the Act and the Bond Resolution.

ARTICLE II Authorization, Terms and Issuance of Series 2019 Bonds

SECTION 2.01. Authorization of Series 2019 Bonds, Principal Amount, Designation and Series. A Series of Bonds entitled to the benefit, protection and security of the Bond Resolution is hereby authorized to be issued in an aggregate principal amount not to exceed \$165,000,000. Such Series of Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title “Maimonides Medical Center FHA-Insured Mortgage Hospital Revenue Bonds, Series 2019”, pursuant to and subject to the terms, conditions and limitations established in the Bond Resolution and this Series 2019 Resolution. There is hereby created a continuing pledge and lien of the Trust Revenues to secure the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2019 Bonds.

SECTION 2.02. Purposes. The purposes for which the Series 2019 Bonds are being issued are (i) to pay the Costs of the Project; (ii) to make a deposit to the Debt Service Reserve Fund; (iii) fund interest during construction of the Project; and (iv) to pay the Costs of Issuance of the Series 2019 Bonds. The Authority, may, upon satisfaction of certain requirements set forth in the Bond Resolution and the FHA Documents, consent to the Institution's incurring of indebtedness in addition to the Note. Such bonds may be secured on parity with the Series 2019 Bonds or may be separately secured pursuant to the terms of a separate Series Resolution adopted pursuant to the Bond Resolution.

SECTION 2.03. Delegation of Authority. There is hereby delegated to any Authorized Officer of the Authority, subject to the limitations contained herein and in the Bond Resolution, the power with respect to the Series 2019 Bonds to determine and carry out the following:

- (a) The sale of the Series 2019 Bonds at public or private sale, provided that in the case of a private sale the purchase price paid by the purchasers thereof shall not be less than ninety-five percent (95%) of the principal amount of the Series 2019 Bonds so sold; the approval of the terms of and publication of an official statement describing the

Series 2019 Bonds; and the publication of a notice of sale or execution of a contract or contracts of purchase at public or private sale on behalf of the Authority;

(b) The principal amount of Series 2019 Bonds to be issued;

(c) The date or dates, maturity date or dates and principal amount of each maturity of the Series 2019 Bonds, the amount and date of each Sinking Fund Installment, if any, and which Series 2019 Bonds are Serial Bonds or Term Bonds, if any; provided that no Series 2019 Bond shall mature later than forty years from their date of issuance;

(d) The interest rate or rates of the Series 2019 Bonds, the date from which interest on the Series 2019 Bonds shall accrue and the first interest payment date therefor; provided that the net interest cost (as determined by an Authorized Officer of the Authority, which determination shall be conclusive) on the Series 2019 Bonds shall not exceed 7.5% per annum for tax-exempt bonds or 10.0% per annum for taxable bonds);

(e) The denomination or denominations of and the manner of numbering and lettering the Series 2019 Bonds;

(f) The Trustee for the Series 2019 Bonds, in accordance with Section 9.01 of the Bond Resolution and the Trustee's Annual Fee; provided that such fee shall be based upon a percentage of the principal amount of Series 2019 Bonds Outstanding at any time and further provided, that such fee shall be no more than as set forth in the Bond Series Certificate;

(g) The Paying Agent or Paying Agents for the Series 2019 Bonds and, subject to the provisions of Section 9.02 of the Bond Resolution, the place or places of payment of the principal, Sinking Fund Installments, if any, Redemption Price of and interest on the Series 2019 Bonds; provided, however, that such Paying Agent or Paying Agents may be appointed by resolution adopted prior to authentication and delivery of the Series 2019 Bonds in accordance with the provisions of Section 9.02 of the Bond Resolution;

(h) The Redemption Price or Redemption Prices, if any, and, subject to Article IV of the Bond Resolution, the redemption terms, if any, for the Series 2019 Bonds; provided, however, that the Redemption Price of any Series 2019 Bond subject to redemption at the election of the Authority or in accordance with the Bond Resolution shall not be greater than one hundred three percent (103%) of the principal amount of the Series 2019 Bonds or portion thereof to be redeemed, plus accrued interest thereon to the date of redemption;

(i) Provisions for the sale or exchange of the Series 2019 Bonds and for the delivery thereof;

(j) The form of the Series 2019 Bonds, which are hereby authorized to be issued in the form of fully registered Bonds, and the form of the Trustee's certificate of authentication thereon; the form of such Bonds shall state among its other provisions that such Bonds do not constitute an obligation or indebtedness of, and the payment of such

Bond is not insured or guaranteed by the United States of America or any agency or instrumentality thereof, including the Department of Housing and Urban Development;

(k) Provisions with respect to funds, accounts and subaccounts therein, if applicable, and the Trust Revenues and application thereof, as provided in Articles V and VI of the Bond Resolution and Article IV hereof including but not limited to provisions with respect to any Letter of Credit required to be obtained;

(l) The Debt Service Reserve Fund Requirement; Collateral Account Requirement; Investment Income Account Requirement and the maximum amount to be on deposit in the Surplus Account;

(m) Directions for the application of the proceeds of the Series 2019 Bonds;

(n) The Mortgage Servicer for the Mortgage;

(o) If the Bonds of such Series are to be subject to purchase by or at the direction of the Institution, provisions for the purchase of such Bonds, including, subject to Section 4.07 of the Resolution, the purchase price to be paid therefore and the timeliness and content of any notice of purchase that shall be required to be given; Any other provisions deemed advisable by an Authorized Officer of the Authority, not in conflict with the provisions hereof or of the Bond Resolution.

Such Authorized Officer shall execute a Bond Series Certificate evidencing determinations or other actions taken pursuant to the authority granted herein or in the Bond Resolution, and any such Bond Series Certificate shall be conclusive evidence of the action or determination of such Authorized Officer as to the matters stated therein.

All Series 2019 Bonds issued pursuant to this Series 2019 Resolution of like maturity shall be identical in all respects, except as to sub-series designation, denominations, maturity amounts, numbers, designation and letters.

ARTICLE III

Execution and Authentication of the Series 2019 Bonds

SECTION 3.01. Execution and Authentication of Series 2019 Bonds. Pursuant to the provisions of Section 3.03 of the Bond Resolution, the Chair or other Authorized Officer of the Authority is hereby authorized and directed to execute by manual or facsimile signature the Series 2019 Bonds in the name of the Authority and the corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. The Secretary, an Assistant Secretary or other Authorized Officer of the Authority is hereby authorized and directed to attest by manual or facsimile signature the execution of the Series 2019 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 2019 Bonds, and deliver the same to or upon the order of the Authority, in such amounts and at such times as the Trustee shall be directed in writing by an Authorized Officer of the Authority.

SECTION 3.02. No Recourse on Series 2019 Bonds. No recourse shall be had for the payment of the principal, Sinking Fund Installments or Redemption Price of or interest on the Series 2019 Bonds or for any claim based thereon or on the Series 2019 Resolution against any member, officer or employee of the Authority or any person executing the Series 2019 Bonds and neither the members of the Authority nor any other person executing the Series 2019 Bonds of the Authority shall be subject to any personal liability or accountability by reason of the issuance thereof, all such liability being expressly waived and released by every Holder of Series 2019 Bonds by the acceptance thereof.

SECTION 3.03. No Rights Under Other Series Resolutions. The Holders of the Series 2019 Bonds issued pursuant to this Series 2019 Resolution shall have no rights under, nor be entitled to, the benefit of any other Series Resolution adopted under the Bond Resolution.

ARTICLE IV
Establishment of Funds and Accounts; Application of Proceeds

SECTION 4.01. Establishment of Funds and Accounts. The following funds and accounts shall be established, held, maintained and applied by the Trustee in accordance with Articles V and VI of the Bond Resolution, except as provided in this Series 2019 Resolution:

(a) Construction Fund:

Mortgage Account;
Equity Account;
Insurance and Condemnation Account;
Investment Income Account;
Costs of Issuance Account;

(b) Mortgage Payment Fund

(c) Debt Service Fund:

Debt Service Account;
Surplus Account;
Redemption Account;
Purchase Account;

(d) Debt Service Reserve Fund:

Reserve Account;
Collateral Account; and

(e) Arbitrage Rebate Fund.

All references in the Bond Resolution to the maximum amount to be on deposit in the Surplus Account, for the purpose of the Series 2019 Bonds and this Series Resolution, shall be as set forth in the Bond Series Certificate.

SECTION 4.02. Application of Proceeds and Deposit of Moneys. The Trustee shall apply the proceeds of the sale of the Series 2019 Bonds as follows: (a) the amount representing accrued interest on the Series 2019 Bonds from the date thereof to the date of delivery thereof if any, shall be deposited in the Debt Service Account of the Debt Service Fund upon the direction of an Authorized Officer of the Authority, (b) the amount which is equal to the Debt Service Reserve Fund Requirement less the Collateral Account Requirement shall be deposited in the Reserve Account of the Debt Service Reserve Fund, and (c) the balance thereof shall be deposited, in accordance with the written instructions of an Authorized Officer of the Authority, in the Costs of Issuance and Mortgage Account of the Construction Fund. In addition, the Institution shall cause to be deposited Letters of Credit or other collateral in the Collateral Account of the Debt Service Reserve Fund, in the Investment Income Account of the Construction Fund and in the Equity Account of the Construction Fund.

SECTION 4.03. Application of Moneys in the Construction Fund. Proceeds of the Series 2019 Bonds deposited in the Construction Fund shall first be applied to the payment of legal, administrative, financing and incidental expenses of the Authority and the Institution relating to the Series 2019 Bonds, including the payment to the Authority of the Authority Fee. In the event that the Project is amended as permitted by the Loan Agreement, moneys held in the Construction Fund may thereafter be applied toward the payment of the Costs of the Project, as so amended. Upon completion of the Project and delivery to the Authority of a certificate signed by an Authorized Officer of the Institution pursuant to Section 5.05 of the Bond Resolution, the balance of the moneys remaining in the Construction Fund not needed to pay Costs of the Project then unpaid shall be applied in accordance with Section 5.05 of the Bond Resolution.

SECTION 4.04. Allocation of Revenues. All moneys paid to the Trustee under the Loan Agreement shall be applied in accordance with the Bond Resolution.

ARTICLE V

Approval of Form of Documents, Authorization to Execute and Deliver Documents; Miscellaneous

SECTION 5.01. Approval and Execution of Loan Agreement. The form of the Loan Agreement as submitted to this meeting is approved. Any Authorized Officer of the Authority is hereby authorized and directed to execute and deliver the Loan Agreement with such changes, insertions and omissions as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval.

SECTION 5.02. Approval and Execution of Purchase Contract. The form of purchase contract by and between the Authority and BofA Securities, Inc., as the underwriter][representative for the several underwriters] listed therein, as submitted to this meeting is approved. An Authorized Officer of the Authority is hereby authorized and directed to determine the terms and purchase price of the Series 2019 Bonds within the limitations set forth in the Resolution authorizing the issuance of the Series 2019 Bonds and to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval.

SECTION 5.03. Approval and Distribution of Preliminary Official Statement, Sale of Bonds. The draft Preliminary Official Statement in the form presented to this meeting is approved. The distribution in connection with the sale of the Series 2019 Bonds of such proof of the draft Preliminary Official Statement by an Authorized Officer of the Authority, with such changes, insertions and omissions in such proof of the draft Preliminary Official Statement as the Authorized Officer distributing the same shall approve, said distribution being conclusive evidence of such approval, is hereby authorized. Any Authorized Officer of the Authority is also authorized to sell the Series 2019 Bonds at negotiated sale and is further authorized and directed to make any publication of any notice and to make such distribution to prospective purchasers of all documents as he shall deem necessary or desirable to effect a sale of the Series 2019 Bonds.

SECTION 5.04. Execution and Delivery of Official Statement. Any Authorized Officer is also authorized to execute and deliver, on behalf of the Authority, a final Official Statement relating to the Series 2019 Bonds to be dated as of the date of the sale of the Series 2019 Bonds with such changes, insertions and omissions to the draft Preliminary Official Statement as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval, and any amendments or supplements thereto which may be necessary or desirable. Any material changes from the draft Preliminary Official Statement approved pursuant to this resolution to be made in the final Official Statement which are not made pursuant to matters which are authorized to be determined pursuant to a Bond Series Certificate shall be distributed to members of the Authority for comments, if any, from such members prior to final printing. After execution, said execution being conclusive evidence of the requisite approval of any changes from the approved draft Preliminary Official Statement, any Authorized Officer of the Authority is hereby authorized to deliver to the purchasers of the Series 2019 Bonds an executed copy or copies of such Official Statement and any amendments or supplements thereto.

SECTION 5.05. Approval and Execution of Servicing Agreement. The form of the Servicing Agreement as submitted to this meeting is approved. Any Authorized Officer of the Authority is hereby authorized and directed to execute and deliver the Servicing Agreement, and to execute and deliver and/or approve the Note, the Mortgage and the other FHA Documents, with such changes, insertions and omissions as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval.

SECTION 5.06. Reserved.

SECTION 5.07. Execution and Delivery of Documents Necessary for Sale. Any Authorized Officer of the Authority is hereby authorized and directed to execute and deliver any and all documents and instruments, necessary for the sale of the Series 2019 Bonds, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this resolution.

SECTION 5.08. Delivery of Bond Resolution. Any Authorized Officer is hereby authorized to deliver to the Trustee, as a condition to the authentication and delivery of the Series 2019 Bonds, a certified copy of the Bond Resolution with such changes, insertions and deletions as may be approved by such Authorized Officer and as may be necessary to reflect changes required by any Rating Service rating the Series 2019 Bonds, said delivery being conclusive evidence of such approval.

SECTION 5.09. Notices. All notices, consents and approvals required to be given or authorized to be given pursuant to the Loan Agreement and Mortgage shall be in writing and shall be sent by registered or certified mail to the addresses shown below:

(1) As to the Institution:

Maimonides Medical Center
4802 10th Avenue
Brooklyn, New York 11219
Attn: Executive Vice President and Chief Financial Officer

(2) As to the Trustee at the address set forth:

(3) As to the Authority:

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

(4) As to the Mortgage Servicer:

Bank of America, N.A.
One Bryant Park, 12th Floor
New York, NY 10036

SECTION 5.10. When Effective. The Series 2019 Resolution shall become effective immediately upon its adoption.