S T A T E   O F   N E W   Y O R K

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2009-2010 Regular Sessions

I N S E N A T E

January 28, 2009

Introduced by Sens. THOMPSON, ONORATO -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development

AN ACT to amend the private housing finance law, in relation to creating the Buffalo housing development corporation

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. The private housing finance law is amended by adding a new article 14 to read as follows:

ARTICLE XIV

BUFFALO HOUSING DEVELOPMENT CORPORATION

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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S 700. SHORT TITLE. THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS THE "BUFFALO HOUSING DEVELOPMENT CORPORATION ACT".

S 701. STATEMENT OF LEGISLATIVE FINDINGS AND PURPOSE. 1. THERE CONTINUES TO EXIST IN THE CITY OF BUFFALO A SERIOUSLY INADEQUATE SUPPLY OF SAFE AND SANITARY DWELLING ACCOMMODATIONS WITHIN THE FINANCIAL REACH OF FAMILIES AND PERSONS OF LOW INCOME. THE ORDINARY OPERATIONS OF PRIVATE ENTERPRISE CANNOT PROVIDE AN ADEQUATE SUPPLY OF SUCH ACCOMMODATIONS AT RENTALS AND CARRYING CHARGES WHICH FAMILIES AND PERSONS OF LOW INCOME CAN AFFORD. IN ORDER TO ENCOURAGE THE INVESTMENT OF PRIVATE CAPITAL AND PROVIDE SUCH DWELLING ACCOMMODATIONS, PROVISIONS SHOULD BE MADE FOR MORTGAGE LOANS AT LOW INTEREST RATES TO HOUSING COMPANIES THAT, SUBJECT TO REGULATION AS TO RENTS, PROFITS, DIVIDENDS AND DISPOSITION OF THEIR PROPERTY, SUPPLY MULTIPLE DWELLING ACCOMMODATIONS, AND OTHER FACILITIES INCIDENTAL OR APPURTENANT THERETO TO SUCH FAMILIES AND PERSONS. FOR THAT PURPOSE THERE SHOULD BE CREATED A CORPORATE GOVERNMENTAL AGENCY, TO BE KNOWN AS THE "BUFFALO HOUSING DEVELOPMENT CORPORATION," WHICH, THROUGH THE ISSUANCE OF ITS BONDS, NOTES OR OTHER OBLIGATIONS TO THE PRIVATE INVESTING PUBLIC, MAY ATTRACT A BROAD BASE OF INVESTMENT BY THE GREATEST NUMBER OF THE GENERAL PUBLIC AND OBTAIN THE FUNDS NECESSARY TO MAKE OR FINANCE THE MAKING OF SUCH MORTGAGE LOANS.

2. THERE ALSO EXISTS IN THE CITY OF BUFFALO A LARGE NUMBER OF MULTIPLE DWELLINGS WHICH ARE INADEQUATE, UNSAFE OR INSANITARY AND WHICH CAN BE MADE ADEQUATE, SAFE, AND SANITARY BY REHABILITATION OR OTHER IMPROVEMENT. SUCH REHABILITATION OR IMPROVEMENT CANNOT READILY BE PROVIDED BY THE ORDINARY OPERATIONS OF PRIVATE ENTERPRISE WITHOUT PUBLIC AID IN THE FORM OF LOW INTEREST LOANS TO THE OWNERS OF SUCH MULTIPLE DWELLINGS. IN ORDER TO ENCOURAGE THE INVESTMENT OF PRIVATE CAPITAL IN SUCH REHABILITATION AND IMPROVEMENT, THE AGENCY SHOULD ALSO BE EMPOWERED, THROUGH THE ISSUANCE OF ITS BONDS, NOTES OR OTHER OBLIGATIONS TO THE PRIVATE INVESTING PUBLIC, TO OBTAIN THE FUNDS NECESSARY TO MAKE OR FINANCE THE MAKING OF SUCH LOW INTEREST LOANS.

THE NECESSITY IN THE PUBLIC INTEREST FOR THE PROVISIONS ENACTED IN THIS ARTICLE IS HEREBY DECLARED AS A MATTER OF LEGISLATIVE DETERMINATION.

S 702. DEFINITIONS. AS USED OR REFERRED TO IN THIS ARTICLE, UNLESS A DIFFERENT MEANING CLEARLY APPEARS FROM THE CONTEXT:

1. "CORPORATION" SHALL MEAN THE CORPORATE GOVERNMENTAL AGENCY CREATED BY SECTION SEVEN HUNDRED THREE OF THIS ARTICLE.

2. "STATE" SHALL MEAN THE STATE OF NEW YORK.

3. "CITY" SHALL MEAN THE CITY OF BUFFALO.

4. "MAYOR" SHALL MEAN THE MAYOR OF THE CITY OF BUFFALO.

5. "COMPTROLLER" SHALL MEAN THE COMPTROLLER OF THE CITY OF BUFFALO.

6. "COMMISSIONER OF ADMINISTRATION AND FINANCE" SHALL MEAN THE COMMISSIONER OF ADMINISTRATION AND FINANCE OF THE CITY OF BUFFALO.

7. "BUDGET DIRECTOR" SHALL MEAN THE BUDGET DIRECTOR OF THE CITY OF BUFFALO.

8. "DIVISION OF RESIDENTIAL DEVELOPMENT" SHALL MEAN THE OFFICER, BOARD, COMMISSION, DEPARTMENT OR AGENCY DESIGNATED BY THE CITY OF

BUFFALO TO CARRY OUT THE PURPOSE AND PROVISIONS OF ARTICLE SIXTEEN OF THE GENERAL MUNICIPAL LAW.

9. "BONDS" AND "NOTES" SHALL MEAN REVENUE BONDS AND NOTES RESPECTIVELY, ISSUED BY THE CORPORATION PURSUANT TO THIS ARTICLE.

10. "REVENUES" SHALL MEAN THE FEES AND CHARGES MADE OR RECEIVED BY THE CORPORATION, AND ALL OR ANY PART OF THE MONEYS RECEIVED IN PAYMENT OF MORTGAGE LOANS AND INTEREST THEREON, INCLUDING PREPAYMENTS AND OTHER MONEYS RECEIVED OR TO BE RECEIVED.

11. "OPERATING EXPENSES" SHALL MEAN ALL COSTS OF ADMINISTERING THE CORPORATION, INCLUDING BUT NOT LIMITED TO SALARIES AND WAGES, EXPENSES OF ADMINISTERING STAFF FUNCTIONS, FEES OF PROFESSIONAL CONSULTANTS, LEGAL FEES, CHARGES INCURRED FOR SERVICING OF MORTGAGE LOANS, MONEY MANAGEMENT, OFFICE RENTS, UTILITY CHARGES, COSTS OF SUPPLIES, FURNISHINGS, EQUIPMENT, MACHINERY AND APPARATUS, MAINTENANCE AND REPAIR OF PROPERTY AND OTHER EXPENSES INCURRED IN CONNECTION WITH THE FOREGOING.

12. "MAXIMUM CAPITAL RESERVE FUND REQUIREMENT" SHALL MEAN, AS OF ANY PARTICULAR DATE OF COMPUTATION, AN AMOUNT OF MONEY EQUAL TO THE GREATEST OF THE RESPECTIVE AMOUNTS, FOR THE THEN CURRENT OR ANY FUTURE FISCAL YEAR OF THE CORPORATION, OF ANNUAL DEBT SERVICE OF THE CORPORATION, SUCH ANNUAL DEBT SERVICE FOR ANY FISCAL YEAR BEING THE AMOUNT OF MONEY EQUAL TO THE AGGREGATE OF (A) ALL INTEREST PAYABLE DURING SUCH FISCAL YEAR ON ALL BONDS OF THE CORPORATION SECURED BY THE CAPITAL RESERVE FUND OR FUNDS FOR WHICH SUCH REQUIREMENT IS TO BE DETERMINED, OTHER THAN BONDS ISSUED PURSUANT TO SUBDIVISION TWO OF SECTION SEVEN HUNDRED TEN OF THIS ARTICLE, OUTSTANDING ON SAID DATE OF COMPUTATION, PLUS (B) THE PRINCIPAL AMOUNT OF ALL BONDS OF THE CORPORATION SECURED BY THE CAPITAL RESERVE FUND OR FUNDS FOR WHICH SUCH REQUIREMENT IS TO BE DETERMINED, OTHER THAN BONDS ISSUED PURSUANT TO SUBDIVISION TWO OF SECTION SEVEN HUNDRED TEN OF THIS ARTICLE OUTSTANDING ON SAID DATE OF COMPUTATION WHICH MATURES DURING SUCH FISCAL YEAR, PLUS (C) THE AMOUNT OF ALL ANNUAL SINKING FUND PAYMENTS PAYABLE DURING SUCH FISCAL YEAR WITH RESPECT TO ANY BONDS OF THE CORPORATION SECURED BY THE CAPITAL RESERVE FUND OR FUNDS FOR WHICH SUCH REQUIREMENT IS TO BE DETERMINED, OTHER THAN BONDS ISSUED PURSUANT TO SUBDIVISION TWO OF SECTION SEVEN HUNDRED TEN OF THIS ARTICLE, OUTSTANDING ON SAID DATE OF COMPUTATION.

13. "ANNUAL SINKING FUND PAYMENT" SHALL MEAN THE AMOUNT OF MONEY SPECIFIED IN THE RESOLUTION AUTHORIZING TERM BONDS AS PAYABLE INTO A SINKING FUND DURING A PARTICULAR FISCAL YEAR FOR THE RETIREMENT OF TERM BONDS WHICH MATURE AFTER SUCH FISCAL YEAR, BUT SHALL NOT INCLUDE ANY AMOUNT PAYABLE BY REASON ONLY OF THE MATURITY OF A BOND.

14. "LENDING INSTITUTION" SHALL MEAN ANY BANK OR TRUST COMPANY OR SAVINGS BANK, OR ANY CORPORATION, ASSOCIATION OR OTHER ENTITY WHICH IS OWNED OR CONTROLLED BY ANY ONE OR MORE SUCH BANK OR TRUST COMPANY OR SAVINGS BANK, OR ANY SAVINGS AND LOAN ASSOCIATION, INDUSTRIAL BANK, CREDIT UNION, FEDERAL NATIONAL MORTGAGE ASSOCIATION APPROVED MORTGAGE BANKER, NATIONAL BANKING ASSOCIATION, FEDERAL SAVINGS AND LOAN ASSOCIATION, PENSION FUND, INSURANCE COMPANY, FEDERAL CREDIT UNION OR OTHER FINANCIAL INSTITUTION OR GOVERNMENTAL AGENCY OF THE UNITED STATES WHICH CUSTOMARILY MAKES, PURCHASES, HOLDS OR SERVICES RESIDENTIAL MORTGAGES.

S 703. BUFFALO HOUSING DEVELOPMENT CORPORATION. 1. THERE IS HEREBY CREATED THE "BUFFALO HOUSING DEVELOPMENT CORPORATION". THE CORPORATION SHALL BE A CORPORATE GOVERNMENTAL AGENCY, PERPETUAL IN DURATION, AND SHALL CONSTITUTE A PUBLIC BENEFIT CORPORATION. IT SHALL CONSIST OF SEVEN MEMBERS AS FOLLOWS: THE DIRECTOR OF THE DIVISION OF RESIDENTIAL DEVELOPMENT, WHO SHALL SERVE AS CHAIRPERSON, THE COMMISSIONER OF ADMIN-

ISTRATION AND FINANCE, THE BUDGET DIRECTOR, TWO PUBLIC MEMBERS TO BE APPOINTED BY THE MAYOR AND TWO PUBLIC MEMBERS TO BE APPOINTED BY THE GOVERNOR. THE PUBLIC MEMBERS FIRST APPOINTED BY THE MAYOR OR THE GOVERNOR, AS MAY BE THE CASE, SHALL SERVE FOR TERMS ENDING TWO AND FOUR YEARS RESPECTIVELY FROM JANUARY FIRST NEXT SUCCEEDING THE DATE OF THEIR APPOINTMENT. THEIR SUCCESSORS SHALL SERVE FOR TERMS OF FOUR YEARS EACH. MEMBERS SHALL CONTINUE IN OFFICE UNTIL THEIR SUCCESSORS HAVE BEEN APPOINTED AND QUALIFIED. THE MAYOR OR THE GOVERNOR SHALL FILL ANY VACANCY WHICH MAY OCCUR BY REASON OF DEATH, RESIGNATION OR OTHERWISE IN A MANNER CONSISTENT WITH THE ORIGINAL APPOINTMENT. A PUBLIC MEMBER MAY BE REMOVED BY THE MAYOR OR THE GOVERNOR, WHOEVER APPOINTED SUCH MEMBER, FOR CAUSE, BUT NOT WITHOUT AN OPPORTUNITY TO BE HEARD IN PERSON OR BY COUNSEL, IN SUCH MEMBER'S DEFENSE, UPON NOT LESS THAN TEN DAYS' NOTICE.

2. NOTWITHSTANDING ANY INCONSISTENT PROVISIONS OF THIS OR ANY OTHER GENERAL, SPECIAL OR LOCAL LAW, NO OFFICER OR EMPLOYEE OF THE STATE, OR OF ANY CIVIL DIVISION THEREOF, OR OF ANY PUBLIC CORPORATION, AS DEFINED IN THE GENERAL CONSTRUCTION LAW, SHALL BE DEEMED TO HAVE FORFEITED OR SHALL FORFEIT SUCH PERSON'S OFFICE OR EMPLOYMENT OR ANY BENEFITS PROVIDED UNDER THE RETIREMENT AND SOCIAL SECURITY LAW OR UNDER ANY PUBLIC RETIREMENT SYSTEM MAINTAINED BY THE STATE OR BY THE CIVIL DIVISIONS THEREOF BY REASON OF SUCH PERSON'S ACCEPTANCE OF MEMBERSHIP ON OR BY VIRTUE OF SUCH PERSON BEING AN OFFICER, EMPLOYEE OR AGENT OF THE CORPORATION. A MEMBER SHALL NOT RECEIVE A SALARY OR OTHER COMPENSATION FOR SERVICES RENDERED PURSUANT TO THIS ARTICLE BUT SHALL BE ENTITLED TO REIMBURSEMENT FOR SUCH MEMBER'S ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF SUCH SERVICES. THE MEMBERS MAY ENGAGE IN PRIVATE EMPLOYMENT OR IN A PROFESSION OR BUSINESS, UNLESS OTHERWISE PROHIBITED FROM DOING SO BY VIRTUE OF HOLDING ANOTHER PUBLIC OFFICE, SUBJECT TO THE PROVISIONS OF ARTICLE EIGHTEEN OF THE GENERAL MUNICIPAL LAW. FOR THE PURPOSES OF SUCH ARTICLE EIGHTEEN, THE CORPORATION SHALL BE A "MUNICIPALITY" AND A MEMBER SHALL BE A "MUNICIPAL OFFICER".

3. THE POWERS OF THE CORPORATION SHALL BE VESTED IN AND EXERCISED BY NO LESS THAN FOUR OF THE MEMBERS THEREOF THEN IN OFFICE. THE CORPORATION MAY DELEGATE TO ONE OR MORE OF ITS MEMBERS, OFFICERS, AGENTS OR EMPLOYEES SUCH POWERS AND DUTIES AS IT MAY DEEM PROPER.

4. THE CORPORATION AND ITS CORPORATE EXISTENCE SHALL CONTINUE UNTIL TERMINATED BY LAW; PROVIDED, HOWEVER, THAT NO SUCH LAW SHALL TAKE EFFECT SO LONG AS THE CORPORATION SHALL HAVE NOTES, BONDS, OR OTHER OBLIGATIONS OUTSTANDING. UPON TERMINATION OF THE EXISTENCE OF THE CORPORATION ALL OF ITS RIGHTS AND PROPERTIES SHALL PASS TO AND BE VESTED IN THE CITY.

S 704. POWERS OF THE CORPORATION. EXCEPT AS OTHERWISE LIMITED BY THIS ARTICLE, THE CORPORATION SHALL HAVE POWER:

1. TO SUE AND BE SUED;

2. TO HAVE A SEAL AND ALTER THE SAME AT PLEASURE;

3. TO MAKE AND ALTER BY-LAWS FOR ITS ORGANIZATION AND INTERNAL MANAGEMENT AND, SUBJECT TO AGREEMENTS WITH NOTEHOLDERS OR BONDHOLDERS, TO MAKE RULES AND REGULATIONS GOVERNING THE USE OF ITS PROPERTY AND FACILITIES;

4. TO MAKE AND EXECUTE CONTRACTS AND ALL OTHER INSTRUMENTS NECESSARY OR CONVENIENT FOR THE EXERCISE OF ITS POWERS AND FUNCTIONS UNDER THIS ARTICLE;

5. TO ACQUIRE, HOLD AND DISPOSE OF REAL AND/OR PERSONAL PROPERTY FOR ITS CORPORATE PURPOSES;

6. TO APPOINT OFFICERS, AGENTS AND EMPLOYEES, PRESCRIBE THEIR DUTIES AND QUALIFICATIONS AND FIX THEIR COMPENSATION, SUBJECT TO THE PROVISIONS OF THE CIVIL SERVICE LAW AND THE RULES OF THE CIVIL SERVICE COMMISSION OF THE CITY;

7. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, TO MAKE MORTGAGE LOANS, TO PARTICIPATE WITH THE CITY OR WITH ONE OR MORE ORGANIZATIONS MENTIONED IN SECTION FIFTEEN OF THIS CHAPTER IN MAKING MORTGAGE LOANS AND TO UNDERTAKE COMMITMENTS TO MAKE ANY SUCH MORTGAGE LOANS TO HOUSING COMPANIES, INCLUDING ANY SUBSIDIARY OF THE CORPORATION, ON THE SAME TERMS AND OTHERWISE IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE TWO OF THIS CHAPTER GOVERNING LOANS BY A MUNICIPALITY;

8. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, TO MAKE MORTGAGE LOANS, TO PARTICIPATE WITH THE CITY OR WITH ONE OR MORE ORGANIZATIONS SET FORTH IN SECTION ONE HUNDRED ELEVEN-A OF THIS CHAPTER IN MAKING MORTGAGE LOANS AND TO UNDERTAKE COMMITMENTS TO MAKE ANY SUCH MORTGAGE LOANS TO REDEVELOPMENT COMPANIES ORGANIZED UNDER ARTICLE FIVE OF THIS CHAPTER;

9. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, TO MAKE MORTGAGE LOANS INCLUDING PARTICIPATION AND INVESTMENT WITH THE CITY OR WITH ONE OR MORE CORPORATIONS, ORGANIZATIONS OR INDIVIDUALS OF THE KIND MENTIONED IN SECTION FOUR HUNDRED SEVEN OF THIS CHAPTER IN MAKING MORTGAGE LOANS AND TO UNDERTAKE COMMITMENTS TO MAKE MORTGAGE LOANS TO OWNERS OF EXISTING MULTIPLE DWELLINGS, INCLUDING ANY SUBSIDIARY OF THE CORPORATION, ON THE SAME TERMS AND OTHERWISE IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE EIGHT OF THIS CHAPTER, EXCEPT THAT SUCH LOANS SHALL IN ALL CASES BE SECURED BY A FIRST LIEN;

10. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS OR BONDHOLDERS, TO PARTICIPATE WITH THE CITY OR ONE OR MORE PRIVATE INVESTORS AS DEFINED IN SECTION EIGHT HUNDRED ONE OF THIS CHAPTER OR WITH THE CITY AND ONE OR MORE SUCH PRIVATE INVESTORS IN MAKING LOANS TO THE OWNERS OF MULTIPLE DWELLINGS OR NON-RESIDENTIAL PROPERTY TO BE CONVERTED INTO MULTIPLE DWELLINGS, IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE FIFTEEN OF THIS CHAPTER;

11. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, TO SELL, AT PUBLIC OR PRIVATE SALE, ANY MORTGAGE OR OTHER OBLIGATION SECURING A MORTGAGE LOAN MADE BY THE CORPORATION;

12. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, IN CONNECTION WITH THE MAKING OF MORTGAGE LOANS AND COMMITMENTS THEREFOR, TO MAKE AND COLLECT SUCH FEES AND CHARGES, INCLUDING BUT NOT LIMITED TO REIMBURSEMENT OF ALL COSTS OF FINANCING BY THE CORPORATION, SERVICE CHARGES AND INSURANCE PREMIUMS, AS THE CORPORATION SHALL DETERMINE TO BE REASONABLE;

13. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, TO CONSENT TO THE MODIFICATION, WITH RESPECT TO RATE OF INTEREST, TIME OF PAYMENT OF ANY INSTALLMENT OF PRINCIPAL OR INTEREST, SECURITY, OR ANY OTHER TERM, OF ANY MORTGAGE, MORTGAGE LOAN, MORTGAGE LOAN COMMITMENT, CONTRACT OR AGREEMENT OF ANY KIND TO WHICH THE CORPORATION IS A PARTY;

14. TO FORECLOSE ANY MORTGAGE IN DEFAULT OR COMMENCE ANY ACTION TO PROTECT OR ENFORCE ANY RIGHT CONFERRED UPON IT BY ANY LAW, MORTGAGE, CONTRACT OR OTHER AGREEMENT, AND TO BID FOR AND PURCHASE SUCH PROPERTY AT ANY FORECLOSURE OR AT ANY OTHER SALE, OR ACQUIRE OR TAKE POSSESSION OF ANY SUCH PROPERTY; AND IN SUCH EVENT THE CORPORATION MAY COMPLETE, ADMINISTER, PAY THE PRINCIPAL OF AND INTEREST ON ANY OBLIGATIONS INCURRED IN CONNECTION WITH SUCH PROPERTY, DISPOSE OF, AND OTHERWISE DEAL WITH, SUCH PROPERTY, IN SUCH MANNER AS MAY BE NECESSARY OR DESIRABLE TO PROTECT THE INTERESTS OF THE CORPORATION THEREIN;

15. TO CREATE SUBSIDIARIES, AS PROVIDED IN SECTION SEVEN HUNDRED FIVE OF THIS ARTICLE;

16. TO BORROW MONEY AND TO ISSUE NEGOTIABLE NOTES OR BONDS OR OTHER OBLIGATIONS AND TO FUND OR REFUND THE SAME, AND TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF ITS OBLIGATIONS;

17. TO INVEST ANY FUNDS HELD IN RESERVES OR SINKING FUNDS, OR ANY FUNDS NOT REQUIRED FOR IMMEDIATE USE OR DISBURSEMENT, AT THE DISCRETION OF THE CORPORATION, IN OBLIGATIONS OF THE CITY, STATE OR FEDERAL GOVERNMENT, OBLIGATIONS THE PRINCIPAL AND INTEREST OF WHICH ARE GUARANTEED BY THE CITY, STATE OR FEDERAL GOVERNMENT, OBLIGATIONS OF AGENCIES OF THE FEDERAL GOVERNMENT WHICH MAY FROM TIME TO TIME BE LEGALLY PURCHASED BY SAVINGS BANKS OF THE STATE AS INVESTMENTS OF FUNDS BELONGING TO THEM OR IN THEIR CONTROL AND BE APPROVED BY THE COMPTROLLER, OBLIGATIONS IN WHICH THE COMPTROLLER OF THE STATE OF NEW YORK IS AUTHORIZED TO INVEST PURSUANT TO SECTION NINETY-EIGHT OF THE STATE FINANCE LAW, PARTICIPATION CERTIFICATES OF THE FEDERAL HOME LOAN MORTGAGE CORPORATION OR MORTGAGE-BACKED SECURITIES OF THE FEDERAL NATIONAL MORTGAGE ASSOCIATION.

18. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS AND SUBJECT TO THE PROVISIONS OF SECTION SEVEN HUNDRED EIGHT OF THIS ARTICLE, TO PURCHASE NOTES OR BONDS OF THE CORPORATION;

19. TO PROCURE INSURANCE AGAINST ANY LOSS IN CONNECTION WITH ITS PROPERTY AND OTHER ASSETS INCLUDING MORTGAGES AND MORTGAGE LOANS IN SUCH AMOUNTS AND FROM SUCH INSURERS AS IT DEEMS DESIRABLE;

20. TO ENGAGE THE SERVICES OF CONSULTANTS ON A CONTRACT BASIS FOR RENDERING PROFESSIONAL AND TECHNICAL ASSISTANCE AND ADVICE; AND WHERE THE CORPORATION SHALL JOIN WITH ONE OR MORE ORGANIZATIONS MENTIONED IN SECTION FIFTEEN, ONE HUNDRED ELEVEN-A OR FOUR HUNDRED SEVEN OF THIS CHAPTER IN MAKING MORTGAGE LOANS, TO MAKE PROVISIONS, EITHER IN THE MORTGAGE OR MORTGAGES OR BY SEPARATE AGREEMENT, FOR THE PERFORMANCE OF SUCH SERVICES AS ARE GENERALLY PERFORMED BY A BANKING ORGANIZATION OR INSURANCE COMPANY WHICH ITSELF OWNS AND HOLDS A MORTGAGE OR BY A TRUSTEE UNDER A TRUST MORTGAGE, AND TO CONSENT TO THE APPOINTMENT OF A BANKING ORGANIZATION TO ACT IN SUCH CAPACITY;

21. TO CONTRACT FOR AND TO ACCEPT ANY GIFTS OR GRANTS OR LOANS OF FUNDS OR PROPERTY OR FEES FOR ADMINISTERING ANY FEDERAL RENTAL SUBSIDY CONTRACT OR FINANCIAL OR OTHER AID IN ANY FORM, INCLUDING BUT NOT LIMITED TO MORTGAGE INSURANCE, FROM THE FEDERAL GOVERNMENT OR ANY AGENCY OR INSTRUMENTALITY THEREOF, OR FROM THE STATE OR ANY AGENCY OR INSTRUMENTALITY THEREOF, OR FROM ANY OTHER SOURCE AND TO COMPLY, SUBJECT TO THE PROVISIONS OF THIS ARTICLE, WITH THE TERMS AND CONDITIONS THEREOF;

22. AS SECURITY FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON ANY BONDS SO ISSUED AND ANY AGREEMENTS MADE IN CONNECTION THEREWITH, TO PLEDGE ALL OR ANY PART OF ITS REVENUES;

23. NOTWITHSTANDING THE PROVISIONS OF THIS CHAPTER OR OF ANY OTHER LAW, GENERAL, SPECIAL OR LOCAL, WHENEVER THE CORPORATION SHALL FIND THAT THE MAXIMUM RENTALS CHARGED TENANTS OF THE DWELLINGS IN ANY PROJECT FINANCED BY THE CORPORATION IN WHOLE OR IN PART SHALL NOT BE SUFFICIENT, TOGETHER WITH ALL OTHER INCOME OF THE MORTGAGOR, TO MEET WITHIN REASONABLE LIMITS ALL NECESSARY PAYMENTS TO BE MADE BY THE MORTGAGOR OF ALL EXPENSES INCLUDING FIXED CHARGES, SINKING FUNDS, RESERVES AND DIVIDENDS, TO REQUEST THE MORTGAGOR TO MAKE APPLICATION TO VARY THE RENTAL RATE FOR SUCH DWELLINGS SO AS TO SECURE SUFFICIENT INCOME, AND UPON FAILURE OF THE MORTGAGOR TO TAKE SUCH ACTION WITHIN THIRTY DAYS AFTER RECEIPT OF WRITTEN REQUEST FROM THE CORPORATION TO DO SO, TO REQUEST THE SUPERVISING AGENCY TO TAKE ACTION UPON SUCH AGENCY'S OWN MOTION SO TO VARY SUCH RENTAL RATE, AND UPON FAILURE OF THE SUPERVISING AGENCY EITHER UPON APPLICATION BY THE MORTGAGOR OR UPON ITS OWN MOTION SO TO VARY SUCH RENTAL RATE WITHIN SIXTY DAYS AFTER RECEIPT OF WRITTEN REQUEST FROM THE

CORPORATION TO DO SO, TO VARY SUCH RENTAL RATE BY ACTION OF THE CORPORATION;

24. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, TO ACQUIRE AND TO CONTRACT TO ACQUIRE, BY ASSIGNMENT OR OTHERWISE, OR TO TAKE AS COLLATERAL SECURITY, ANY MORTGAGE SECURING A LOAN, INCLUDING ANY CONSTRUCTION LOAN, AND ANY NOTE OR BOND EVIDENCING INDEBTEDNESS THEREON, MADE BY THE CITY IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE TWO OF THIS CHAPTER AND ANY CONTRACT OR ARRANGEMENT, INCLUDING ANY SUBSIDY CONTRACT OR ARRANGEMENT, RELATED TO SUCH MORTGAGE, AND THE RECEIPTS TO BE DERIVED FROM ANY OF THE FOREGOING, AND TO ASSUME AND FULFILL AND CONTRACT TO ASSUME AND FULFILL THE OBLIGATIONS OF THE MORTGAGEE OR LENDER THEREUNDER, AND TO REASSIGN AND TO CONTRACT TO REASSIGN TO THE CITY ANY SUCH MORTGAGE, NOTE, BOND, CONTRACT OR ARRANGEMENT AND THE RECEIPTS TO BE DERIVED THEREFROM;

25. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, TO ASSIGN OR PLEDGE ANY MORTGAGE, BOND, NOTE, CONTRACT, SECURITY, OR ARRANGEMENT AND THE RECEIPTS TO BE DERIVED FROM ANY OF THE FOREGOING, ACQUIRED PURSUANT TO THIS SECTION;

26. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, TO ACQUIRE AND TO CONTRACT TO ACQUIRE, BY ASSIGNMENT OR OTHERWISE, ANY MORTGAGE SECURING A LOAN, INCLUDING ANY CONSTRUCTION LOAN, AND ANY NOTE OR BOND EVIDENCING INDEBTEDNESS THEREON, MADE BY THE CITY IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE TWO OF THIS CHAPTER AND ANY CONTRACT OR ARRANGEMENT, INCLUDING ANY SUBSIDY CONTRACT OR ARRANGEMENT, RELATED TO SUCH MORTGAGE, AND TO MODIFY OR TO SATISFY SUCH MORTGAGE AND ACCEPT OR MAKE A NEW MORTGAGE OR MORTGAGES AND OTHER INSTRUMENTS, INCLUDING MORTGAGES TO SECURE RESIDUAL INDEBTEDNESS AND INSTRUMENTS TO EVIDENCE RESIDUAL RECEIPTS OBLIGATIONS AS DEFINED IN SECTION TWELVE OF THIS CHAPTER AND TO ENTER INTO AMENDED SUBSIDY CONTRACTS, AND (A) TO HOLD OR TO SELL, ASSIGN OR OTHERWISE DISPOSE OF SUCH MORTGAGE OR MORTGAGES, INCLUDING THOSE MADE IN SUBSTITUTION THEREOF AND ANY RELATED INSTRUMENTS, CONTRACTS AND ARRANGEMENTS, OR TO ISSUE OBLIGATIONS SECURED BY SUCH MORTGAGE OR MORTGAGES, AND PAY TO THE CITY THE PROCEEDS OF SUCH SALE, ASSIGNMENT OR OTHER DISPOSITION OF SUCH MORTGAGES AND THE PROCEEDS FROM THE ISSUANCE OF SUCH OBLIGATIONS, LESS LEGAL AND OTHER FEES, COSTS AND EXPENSES AND OTHER AMOUNTS PAID OR INCURRED BY THE CORPORATION, INCLUDING DISCOUNTS, COSTS INCURRED BY THE CORPORATION RELATED TO THE SALE OF SUCH MORTGAGES OR TO A SALE, IF ANY, OF ITS OBLIGATIONS, FEES PAYABLE TO OTHER GOVERNMENTAL UNITS, THE COST INCURRED BY THE CORPORATION UNDER AN AGREEMENT WITH THE FEDERAL GOVERNMENT PURSUANT TO SUBDIVISION TWENTY-SEVEN OF THIS SECTION, AMOUNTS REQUIRED TO ESTABLISH ESCROW ACCOUNTS OR RESERVES FOR THE ISSUANCE OF MORTGAGE INSURANCE, THE COST OF SATISFYING SUCH MINIMUM PROPERTY STANDARDS OR OF INSTALLING SUCH LIFE SAFETY DEVICES AS MAY BE REQUIRED BY THE FEDERAL GOVERNMENT WHICH STANDARDS OR DEVICES ARE IN ADDITION TO ANY REQUIREMENT IMPOSED BY THE CITY AS MORTGAGEE, AMOUNTS LOANED TO THE MORTGAGOR TO ESTABLISH SUCH ESCROW ACCOUNTS OR RESERVES OR TO SATISFY SUCH MINIMUM PROPERTY STANDARDS OR TO INSTALL SUCH LIFE SAFETY DEVICES, CLOSING AND OTHER COSTS RELATED TO OBTAINING MORTGAGE INSURANCE FROM THE FEDERAL GOVERNMENT SUCH OTHER COSTS AS THE FEDERAL GOVERNMENT MAY FROM TIME TO TIME IMPOSE, ANY AMOUNTS NOT PREVIOUSLY ADVANCED UNDER MORTGAGES MODIFIED OR SATISFIED UNDER THIS SUBDIVISION AS DETERMINED BY THE SUPERVISING AGENCY, AND AN AMOUNT NOT TO EXCEED TWENTY MILLION DOLLARS AT ANY ONE TIME, WHICH SHALL BE HELD IN A REVOLVING ACCOUNT FOR A PERIOD NOT TO EXCEED EIGHTEEN MONTHS FROM THE TIME OF THE FIRST DEPOSIT THEREIN, TO PAY ANY OR ALL OF THE COSTS, FEES AND EXPENSES AND OTHER AMOUNTS ATTRIBUTABLE TO ISSUING

OBLIGATIONS SECURED BY SUCH MORTGAGE OR MORTGAGES, OR TO MAKING AND INSURING MORTGAGES PURSUANT TO THIS SUBDIVISION, AND ANY BALANCE REMAINING IN SUCH REVOLVING ACCOUNT SHALL BE PAID TO THE CITY NO LATER THAN EIGHTEEN MONTHS AFTER THE TIME OF THE FIRST DEPOSIT THEREIN, AND (B) TO ASSIGN OR REASSIGN ANY SUCH MORTGAGE OR MORTGAGES, INSTRUMENTS AND RELATED CONTRACT OR ARRANGEMENT TO THE CITY. IF THE CORPORATION SELLS ANY SUCH MORTGAGES FOR AN AMOUNT IN EXCESS OF THE PRINCIPAL AMOUNT THEREOF AT THE TIME OF SUCH SALE, OR IF THE CORPORATION ISSUES OBLIGATIONS SECURED BY ANY SUCH MORTGAGES AND THE YIELD ON SUCH MORTGAGES IS GREATER THAN THE YIELD ON SUCH OBLIGATIONS (THE YIELD ON SUCH MORTGAGES AND OBLIGATIONS HAVING BEEN CALCULATED IN ACCORDANCE WITH SECTION ONE HUNDRED THREE OF THE INTERNAL REVENUE CODE OF THE UNITED STATES AND REGULATIONS THEREUNDER), THE CORPORATION SHALL PAY TO THE CITY SUCH PREMIUM AND ANY SUCH DIFFERENTIAL, BUT ONLY TO THE EXTENT SUCH DIFFERENTIAL IS NOT PAID TO OR FOR THE BENEFIT OF THE HOLDERS OF SUCH OBLIGATIONS; AND SUCH PREMIUM AND DIFFERENTIAL, TO THE EXTENT SO PAID TO SUCH CITY, SHALL BE USED AND CREDITED BY THE CITY IN ACCORDANCE WITH SUBDIVISION FOUR-B OF SECTION TWENTY-THREE-A OF THIS CHAPTER AS IF SUCH CITY HAD SOLD SUCH MORTGAGES OR ISSUED SUCH OBLIGATIONS PURSUANT TO SECTION TWENTY-THREE-A OF THIS CHAPTER. THE CORPORATION SHALL NOT MODIFY OR SATISFY A MORTGAGE PURSUANT TO THIS SUBDIVISION UNLESS SUCH MODIFICATION OR SATISFACTION IS FIRST APPROVED BY THE SUPERVISING AGENCY;

27. TO CONTRACT WITH THE FEDERAL GOVERNMENT FOR THE SHARING OF ANY CLAIM PAID BY THE FEDERAL GOVERNMENT ON ACCOUNT OF ANY INSURANCE OF A MORTGAGE, PROVIDED THAT THE CORPORATION'S SHARE OF ANY SUCH CLAIM SHALL NOT EXCEED FIFTY PERCENT OF THE INSURANCE BENEFITS PAID BY THE FEDERAL GOVERNMENT, AND FURTHER PROVIDED THAT THE CORPORATION'S SHARE OF SUCH CLAIMS UNDER ANY SUCH CONTRACT SHALL NOT EXCEED FIVE PERCENT OF THE OUTSTANDING PRINCIPAL AMOUNT OF ALL MORTGAGE LOANS OF THE CORPORATION INSURED BY THE FEDERAL GOVERNMENT AND INCLUDED WITHIN SUCH CONTRACT;

28. TO MAKE LOANS SECURED BY MORTGAGES INSURED OR COINSURED BY THE FEDERAL GOVERNMENT TO THE OWNERS OF MULTIPLE DWELLINGS IN SUCH AMOUNTS AS MAY BE REQUIRED FOR THE REHABILITATION OF SUCH MULTIPLE DWELLINGS OR, IF SUCH OWNER ACQUIRES THE MULTIPLE DWELLING FOR THE PURPOSE OF SUCH REHABILITATION OR OWNS THE MULTIPLE DWELLING SUBJECT TO AN OUTSTANDING INDEBTEDNESS, IN SUCH AMOUNTS AS MAY BE REQUIRED FOR THE COST OF SUCH ACQUISITION OR FOR THE REFINANCING OF SUCH OUTSTANDING INDEBTEDNESS, BUT IN NO EVENT IN SUCH AMOUNTS AS WOULD EXCEED THE MORTGAGE LIMITS IMPOSED BY THE FEDERAL GOVERNMENT, AND TO REGULATE OR RESTRICT SUCH OWNER AS TO RENTS OR SALES, CHARGES, CAPITAL STRUCTURE, RATE OF RETURN AND METHOD OF OPERATION AND TO MAKE LOANS SECURED BY MORTGAGES INSURED OR COINSURED BY THE FEDERAL GOVERNMENT TO THE OWNERS OF PROJECTS IN SUCH AMOUNTS AS MAY BE REQUIRED FOR THE ACQUISITION, CONSTRUCTION OR IMPROVEMENT OF SUCH PROJECTS, BUT IN NO EVENT IN SUCH AMOUNTS AS WOULD EXCEED THE MORTGAGE LIMITS IMPOSED BY THE FEDERAL GOVERNMENT, OR NINETY PERCENT OF THE ACTUAL COST OF SUCH ACQUISITION, CONSTRUCTION OR IMPROVEMENT, WHICHEVER IS LESS, AND TO REGULATE OR RESTRICT SUCH OWNER AS TO RENTS OR SALES, CHARGES, CAPITAL STRUCTURE, RATE OF RETURN AND METHOD OF OPERATION. THE OWNER MAY, WITH THE APPROVAL OF THE CORPORATION, FIX MAXIMUM RENTALS TO BE CHARGED TENANTS OF THE DWELLINGS IN ANY MULTIPLE DWELLING OR PROJECT AIDED BY A LOAN PURSUANT TO THIS SUBDIVISION. THE CORPORATION, UPON ITS OWN MOTION, OR UPON APPLICATION BY THE OWNER OR BY THE FEDERAL GOVERNMENT, MAY VARY SUCH RENTAL RATE FROM TIME TO TIME SO AS TO SECURE, TOGETHER WITH ALL OTHER INCOME OF THE MULTIPLE DWELLING, SUFFICIENT INCOME FOR IT TO MEET WITHIN REASONABLE LIMITS ALL NECESSARY PAYMENTS TO BE MADE BY THE OWNER OF ALL EXPENSES; PROVIDED THAT NO VARIATION IN A

RENTAL RATE SHALL BE EFFECTIVE UNLESS APPROVED BY THE FEDERAL GOVERNMENT. THE CORPORATION OR THE DIVISION OF RESIDENTIAL DEVELOPMENT SHALL NOTIFY OCCUPANTS OF THE MULTIPLE DWELLING, IF THERE BE ANY, OF THE CONTEMPLATED REHABILITATION AND SHALL ADVISE THEM OF THE EXPECTED RENTAL INCREASE TO RESULT THEREFROM, AND A REPRESENTATIVE OF THE CORPORATION OR THE DIVISION OF RESIDENTIAL DEVELOPMENT SHALL MEET OR OFFER TO MEET AT LEAST ONCE WITH THE OCCUPANTS. THE CORPORATION SHALL PROMULGATE SUCH RULES AND REGULATIONS WITH RESPECT TO MULTIPLE DWELLINGS AND PROJECTS FINANCED PURSUANT TO THIS SUBDIVISION AND THE OWNERS OF SUCH MULTIPLE DWELLINGS AND PROJECTS AS MAY BE NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SUBDIVISION, PROVIDED THAT SUCH RULES AND REGULATIONS SHALL CONTAIN PROVISIONS AS TO INCOME LIMITATIONS RELATING TO ADMISSION INTO OCCUPANCY OF THE DWELLING UNITS OF SUCH PROJECTS TO THE SAME EFFECT AS ARE CONTAINED IN SECTION THIRTY-ONE OF THIS CHAPTER AND FOR THE DWELLING UNITS OF SUCH OTHER MULTIPLE DWELLINGS TO THE SAME EFFECT AS ARE CONTAINED IN SUBDIVISION THREE OF SECTION FOUR HUNDRED ONE OF THIS CHAPTER. AS USED IN THIS SUBDIVISION, THE TERM "MULTIPLE DWELLING" SHALL INCLUDE AN EXISTING BUILDING OR STRUCTURE WHICH IS TO BE CONVERTED INTO A CLASS A MULTIPLE DWELLING;

29. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, (A) TO MAKE AND CONTRACT FOR THE MAKING OF MORTGAGE LOANS FOR THE CONSTRUCTION OR REHABILITATION OF PROJECTS WHICH THE BUFFALO CITY HOUSING AUTHORITY HAS AGREED TO PURCHASE ON A TURNKEY BASIS IN ACCORDANCE WITH A FEDERALLY ASSISTED PROGRAM FOR THE PRODUCTION OF PUBLIC HOUSING AS AUTHORIZED BY THE UNITED STATES HOUSING ACT OF NINETEEN HUNDRED THIRTY-SEVEN, UPON THE COMPLETION OF SUCH CONSTRUCTION OR REHABILITATION, AND (B) TO MAKE AND TO CONTRACT FOR THE MAKING OF LOANS TO, OR TO PURCHASE LOANS FROM, BANKING OR OTHER LENDING INSTITUTIONS FOR THE PURPOSE OF FINANCING SUCH CONSTRUCTION OR REHABILITATION;

30. IN ORDER TO INCREASE THE AVAILABILITY OF SAFE AND SANITARY DWELLING ACCOMMODATIONS WITHIN THE FINANCIAL REACH OF FAMILIES AND PERSONS OF LOW INCOME, TO ACQUIRE AND TO CONTRACT TO ACQUIRE, BY ASSIGNMENT OR OTHERWISE, OR TO TAKE AS COLLATERAL SECURITY, ANY FEDERALLY GUARANTEED SECURITY EVIDENCING INDEBTEDNESS ON A MORTGAGE SECURING A LOAN, INCLUDING ANY CONSTRUCTION LOAN, AND THE RECEIPTS TO BE DERIVED THEREFROM AND TO ASSIGN OR REASSIGN AND TO CONTRACT TO ASSIGN OR REASSIGN ANY SUCH SECURITY AND THE RECEIPTS TO BE DERIVED THEREFROM, SUBJECT IN EACH CASE, TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS;

31. TO AND SHALL DEVELOP, PROMOTE AND ENSURE THAT, WHERE POSSIBLE, MINORITY GROUPS WHICH TRADITIONALLY HAVE BEEN DISADVANTAGED, AND WOMEN ARE AFFORDED EQUAL OPPORTUNITY FOR CONTRACTS IN CONNECTION WITH DEVELOPMENT AND CONSTRUCTION CONTRACTS FOR DEVELOPMENTS, FACILITIES AND PROJECTS FINANCED BY THE ISSUANCE OF BONDS, NOTES AND OTHER OBLIGATIONS OF THE CORPORATION;

32. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS, TO REFINANCE OR ACQUIRE MORTGAGE LOANS MADE FOR MULTIPLE DWELLINGS BY PRIVATE LENDERS PURSUANT TO ARTICLE EIGHT-A OR ARTICLE FIFTEEN OF THIS CHAPTER; PROVIDED THAT THE CORPORATION SHALL NOT BE PERMITTED PURSUANT TO THIS SUBDIVISION TO ACQUIRE A MORTGAGE LOAN, UNLESS SUCH ACQUISITION IS IN CONNECTION WITH A REFINANCING OF THE PROPERTY FOR WHICH SUCH MORTGAGE LOAN WAS MADE;

33. TO SERVICE MORTGAGE LOANS MADE BY PRIVATE OR GOVERNMENTAL LENDERS FOR MULTIPLE DWELLINGS, PROVIDED THAT EACH SUCH MORTGAGE LOAN SHALL HAVE BEEN MADE EITHER (A) PURSUANT TO THIS CHAPTER, OR (B) IN CONJUNCTION WITH ANOTHER MORTGAGE LOAN MADE BY THE CITY;

34. TO CONTRACT WITH ANY OF ITS SUBSIDIARY CORPORATIONS TO RENDER SUCH SERVICES AS SUCH SUBSIDIARY CORPORATION MAY REQUEST, INCLUDING, BUT NOT LIMITED TO, THE USE OF THE PREMISES, PERSONNEL AND PERSONAL PROPERTY OF THE CORPORATION, AND TO PROVIDE FOR REIMBURSEMENT TO THE CORPORATION FROM SUCH SUBSIDIARY CORPORATION FOR ANY EXPENSES NECESSARILY INCURRED BY THE CORPORATION IN CARRYING OUT THE TERMS OF ANY SUCH CONTRACT; AND

35. TO DO ANY AND ALL THINGS NECESSARY OR CONVENIENT TO CARRY OUT ITS PURPOSES AND EXERCISE THE POWERS EXPRESSLY GIVEN AND GRANTED IN THIS ARTICLE.

S 705. SUBSIDIARIES; HOW CREATED. 1. THE CORPORATION BY RESOLUTION MAY DIRECT ANY OF ITS MEMBERS, OFFICERS OR EMPLOYEES TO ORGANIZE A SUBSIDIARY CORPORATION WHENEVER, IN THE SOLE DISCRETION OF THE CORPORATION, IT HAS BECOME NECESSARY TO ACQUIRE A PROJECT IN THE CASE OF SALE UNDER FORECLOSURE OR IN LIEU OF FORECLOSURE AND IT IS BENEFICIAL TO EFFECTUATE THE PURPOSE OF THIS CHAPTER FOR THE SUBSIDIARY TO HOLD TITLE TO THE PROJECT.

2. EACH SUCH SUBSIDIARY CORPORATION SHALL BE WHOLLY OWNED BY THE CORPORATION AND SHALL BE ORGANIZED PURSUANT TO THE BUSINESS CORPORATION LAW, THE NOT-FOR-PROFIT CORPORATION LAW OR ARTICLE TWO OR ARTICLE ELEVEN OF THIS CHAPTER.

3. THE CORPORATION MAY TRANSFER TO ANY SUBSIDIARY CORPORATION ANY MONEY, REAL OR PERSONAL OR MIXED PROPERTY OR MAY CONVEY TO IT ANY PROJECT IN ORDER TO CARRY OUT THE PURPOSES OF THIS ARTICLE. EACH SUCH SUBSIDIARY CORPORATION SHALL HAVE ALL THE PRIVILEGES, IMMUNITIES, TAX EXEMPTIONS AND OTHER EXEMPTIONS OF THE CORPORATION TO THE EXTENT THE SAME ARE NOT INCONSISTENT WITH THE STATUTE OR STATUTES PURSUANT TO WHICH SUCH SUBSIDIARY WAS INCORPORATED. EXCEPT AS MAY BE INCONSISTENT WITH THE PROVISIONS OF THIS ARTICLE, SUCH SUBSIDIARY, IF ORGANIZED PURSUANT TO ARTICLE TWO OR ARTICLE ELEVEN OF THIS CHAPTER, SHALL HAVE ALL THE RIGHTS AND POWERS GRANTED TO HOUSING COMPANIES BY THIS CHAPTER AND BY ANY OTHER STATUTE PURSUANT TO WHICH SUCH SUBSIDIARY CORPORATION WAS ORGANIZED.

4. NO MEMBER OR OFFICER OF THE CORPORATION SHALL RECEIVE ANY ADDITIONAL COMPENSATION, EITHER DIRECT OR INDIRECT, OTHER THAN REIMBURSEMENT FOR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF SUCH PERSON'S DUTIES, BY REASON OF SUCH PERSON'S SERVING AS A MEMBER, DIRECTOR, TRUSTEE OR OFFICER OF ANY SUBSIDIARY CORPORATION.

S 706. HOUSING ASSISTANCE CORPORATION. 1. THERE IS HEREBY ESTABLISHED A PUBLIC BENEFIT CORPORATION KNOWN AS THE "HOUSING ASSISTANCE CORPORATION" AS A SUBSIDIARY CORPORATION OF THE CORPORATION.

2. SUCH SUBSIDIARY CORPORATION MAY (A) RECEIVE MONIES FROM THE CORPORATION, THE STATE, ANY PUBLIC BENEFIT CORPORATION, THE CITY, THE FEDERAL GOVERNMENT OR ANY OTHER SOURCE FOR THE PURPOSE OF ASSISTING RENTAL DEVELOPMENTS TO MAINTAIN RENTALS AFFORDABLE TO LOW AND MODERATE INCOME PERSONS FOR WHOM THE ORDINARY OPERATION OF PRIVATE ENTERPRISE CANNOT SUPPLY SAFE, SANITARY AND AFFORDABLE HOUSING ACCOMMODATIONS, (B) TRANSFER, LEND, PLEDGE OR ASSIGN MONIES (I) TO ANY RENTAL DEVELOPMENT IN ORDER TO ASSIST SUCH DEVELOPMENT IN MAINTAINING RENTS AFFORDABLE TO SUCH LOW AND MODERATE INCOME TENANTS OR (II) IN ORDER TO ASSIST THE CORPORATION IN FINANCING SUCH DEVELOPMENTS, AND (C) ENTER INTO SUCH AGREEMENTS WITH THE OWNERS OF SUCH DEVELOPMENTS AS IT MAY DEEM APPROPRIATE TO FURTHER THE OBJECTIVES OF THIS ARTICLE. SUCH SUBSIDIARY CORPORATION SHALL HAVE ALL THE PRIVILEGES, IMMUNITIES, TAX EXEMPTIONS AND OTHER EXEMPTIONS OF THE CORPORATION TO THE EXTENT THE SAME ARE NOT INCONSISTENT WITH THIS ARTICLE.

3. THE MEMBERSHIP OF SUCH SUBSIDIARY CORPORATION SHALL CONSIST OF THE DIRECTOR OF THE DIVISION OF RESIDENTIAL DEVELOPMENT, WHO SHALL SERVE AS

CHAIRPERSON, AND TWO PUBLIC MEMBERS APPOINTED BY AND WHO SERVE AT THE PLEASURE OF THE MAYOR. THE POWERS OF THE SUBSIDIARY CORPORATION SHALL BE VESTED IN AND EXERCISED BY NO LESS THAN TWO OF THE MEMBERS THERETO THEN IN OFFICE. THE SUBSIDIARY CORPORATION MAY DELEGATE TO ONE OR MORE OF ITS MEMBERS, OR ITS OFFICERS, AGENTS AND EMPLOYEES, SUCH DUTIES AND POWERS AS IT MAY DEEM PROPER.

4. NO OFFICER OR MEMBER OF THE CORPORATION SHALL RECEIVE ANY ADDITIONAL COMPENSATION, EITHER DIRECT OR INDIRECT, OTHER THAN REIMBURSEMENT FOR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF SUCH PERSON'S DUTIES, BY REASON OF SUCH PERSON'S SERVING AS A MEMBER OR OFFICER OF SUCH SUBSIDIARY CORPORATION.

5. THE CORPORATION MAY TRANSFER TO SUCH SUBSIDIARY CORPORATION ANY REAL, PERSONAL OR MIXED PROPERTY IN ORDER TO CARRY OUT THE PURPOSES OF THIS SECTION.

6. THE SUBSIDIARY CORPORATION SHALL HAVE THE POWER TO:

(A) SUE AND BE SUED;

(B) HAVE A SEAL AND ALTER THE SAME AT PLEASURE;

(C) MAKE AND ALTER BY-LAWS FOR ITS ORGANIZATION AND INTERNAL MANAGEMENT AND MAKE RULES AND REGULATIONS GOVERNING THE USE OF ITS PROPERTY AND FACILITIES;

(D) MAKE AND EXECUTE CONTRACTS AND ALL OTHER INSTRUMENTS NECESSARY OR CONVENIENT FOR THE EXERCISE OF ITS POWERS AND FUNCTIONS UNDER THIS SECTION;

(E) ACQUIRE, HOLD AND DISPOSE OF REAL OR PERSONAL PROPERTY FOR ITS CORPORATE PURPOSES;

(F) ENGAGE THE SERVICES OF PRIVATE CONSULTANTS ON A CONTRACT BASIS FOR RENDERING PROFESSIONAL AND TECHNICAL ASSISTANCE AND ADVICE;

(G) PROCURE INSURANCE AGAINST ANY LOSS IN CONNECTION WITH ITS ACTIVITIES, PROPERTIES AND OTHER ASSETS IN SUCH AMOUNT AND FROM SUCH INSURERS AS IT DEEMS DESIRABLE;

(H) APPOINT OFFICERS, AGENTS AND EMPLOYEES, PRESCRIBE THEIR DUTIES AND QUALIFICATIONS AND FIX THEIR COMPENSATION SUBJECT TO THE PROVISIONS OF THE CIVIL SERVICE LAW AND THE RULES OF THE CIVIL SERVICE COMMISSION OF THE CITY;

(I) INVEST ANY FUNDS, OR OTHER MONIES UNDER ITS CUSTODY AND CONTROL IN THE SAME MANNER AS THE CORPORATION; AND

(J) TO DO ANY AND ALL THINGS NECESSARY OR CONVENIENT TO CARRY OUT ITS PURPOSES AND EXERCISE THE POWERS EXPRESSLY GIVEN AND GRANTED IN THIS SECTION.

7. THE SUBSIDIARY CORPORATION AND ITS CORPORATE EXISTENCE SHALL CONTINUE UNTIL TERMINATED BY LAW. UPON TERMINATION OF THE EXISTENCE OF THE SUBSIDIARY CORPORATION ALL OF ITS RIGHTS AND PROPERTIES SHALL PASS TO AND BE VESTED IN THE CITY. NO SUCH TERMINATION SHALL TAKE EFFECT AS LONG AS OBLIGATIONS OF THE SUBSIDIARY CORPORATION REMAIN OUTSTANDING.

8. THE CITY AND THE CORPORATION SHALL HAVE THE POWER TO TRANSFER TO SUCH SUBSIDIARY CORPORATION AGENTS, EMPLOYEES AND FACILITIES OF THE CITY OR CORPORATION TO ENABLE IT TO FULFILL THE PURPOSES OF THIS SECTION.

S 707. RESIDENTIAL MORTGAGE INSURANCE CORPORATION. 1. DEFINITIONS. AS USED IN THIS SECTION, THE FOLLOWING WORDS AND TERMS SHALL HAVE THE FOLLOWING MEANINGS UNLESS THE CONTEXT SHALL INDICATE ANOTHER OR DIFFERENT MEANING OR INTENT:

(A) "CASH EQUIVALENT". A LETTER OF CREDIT, INSURANCE POLICY, SURETY, GUARANTEE, INDEMNITY OR OTHER SECURITY ARRANGEMENT.

(B) "FINANCIAL INSTITUTION". (I) ANY BANK, TRUST COMPANY, NATIONAL BANK, STATE OR FEDERAL SAVINGS BANK, STATE OR FEDERAL SAVINGS AND LOAN ASSOCIATION, OR STATE OR FEDERAL CREDIT UNION, INSURANCE COMPANY,

PENSION FUND OR RETIREMENT SYSTEM OF ANY CORPORATION, ASSOCIATION, ANY OTHER ENTITY WHICH IS OWNED OR CONTROLLED BY ANY ONE OR MORE OF THE ABOVE, PROVIDED SUCH BANK, TRUST COMPANY, NATIONAL BANK, STATE OR FEDERAL SAVINGS BANK, STATE OR FEDERAL SAVINGS AND LOAN ASSOCIATION, OR STATE OR FEDERAL CREDIT UNION, INSURANCE COMPANY, PENSION FUND OR RETIREMENT SYSTEM OF ANY CORPORATION OR ASSOCIATION, AND, IF AN ENTITY WHICH IS OWNED BY ONE OR MORE OF THE ABOVE, SUCH ENTITY, IS SUPERVISED BY OR RESPONSIBLE TO ANY AGENCY OF THE FEDERAL GOVERNMENT, THE STATE, ANY DEPARTMENT THEREOF OR THE GOVERNING BODY OF ANY CITY, TOWN OR VILLAGE OF THE STATE, OR (II) ANY OTHER ENTITY APPROVED BY THE SUBSIDIARY CORPORATION, OR (III) ANY ONE OR MORE OF THE ABOVE WHEN LAWFULLY ACTING AS A TRUSTEE OR OTHERWISE IN A FIDUCIARY CAPACITY. THE TERM "FINANCIAL INSTITUTION" SHALL ALSO INCLUDE THE NEW YORK STATE HOUSING FINANCE AGENCY, THE NEW YORK STATE MEDICAL CARE FACILITIES FINANCE AGENCY, THE STATE OF NEW YORK MORTGAGE AGENCY, THE NEW YORK STATE URBAN DEVELOPMENT CORPORATION, THE CORPORATION, THE COMMUNITY PRESERVATION CORPORATION, ANY GOVERNMENTAL AGENCY OF THE UNITED STATES WHICH CUSTOMARILY MAKES, PURCHASES OR HOLDS RESIDENTIAL MORTGAGES AND ANY PERSON WHO IS APPROVED AS A MORTGAGE LENDER BY THE FEDERAL HOUSING ADMINISTRATION FOR PURPOSES OF INSURANCE ISSUED BY SUCH ADMINISTRATION OR LICENSED BY THE STATE OF NEW YORK AS A MORTGAGE BANKER.

(C) "HOUSING ACCOMMODATION". ANY EXISTING BUILDING, STRUCTURE, UNIT THEREOF (INCLUDING AN OWNER-OCCUPIED UNIT IN A CONDOMINIUM AND A LESSEE-OCCUPIED DWELLING UNIT IN WHICH THE LESSEE RETAINS A PROPRIETARY LEASE WITH RESPECT TO SUCH DWELLING UNIT AND HAS AN ALLOCABLE OWNERSHIP INTEREST IN A COOPERATIVE HOUSING CORPORATION) OR UNIMPROVED REAL PROPERTY, WHICH IS USED OR OCCUPIED, OR IS INTENDED TO BE USED OR OCCUPIED AS THE HOME OR RESIDENCE OF ONE OR MORE PERSONS, A PORTION OF WHICH MAY ALSO BE USED FOR COMMERCIAL AND OTHER COMMUNITY FACILITIES ANCILLARY TO SUCH RESIDENCE PROVIDED THAT, IN THE CASE OF ANY HOUSING ACCOMMODATION CONSISTING OF MORE THAN SIX DWELLING UNITS, THE FLOOR AREA OF ABOVE-GROUND COMMERCIAL FACILITIES SHALL NOT EXCEED ONE-QUARTER OF THE ABOVE-GROUND FLOOR AREA OF SUCH HOUSING ACCOMMODATION (INCLUSIVE OF SUCH COMMERCIAL FACILITIES).

(D) "HOUSING INSURANCE CONTRACTS". ALL CONTRACTS ENTERED INTO BY THE SUBSIDIARY CORPORATION TO INSURE MORTGAGES PURSUANT TO THIS SECTION.

(E) "HOUSING INSURANCE FUND". THE HOUSING INSURANCE FUND AS ESTABLISHED PURSUANT TO SUBDIVISION TWELVE OF THIS SECTION.

(F) "HOUSING INSURANCE FUND REQUIREMENT". AS OF ANY PARTICULAR DATE OF COMPUTATION, AN AMOUNT EQUAL TO THE AGGREGATE OF (I) ONE HUNDRED PER CENTUM OF THE INSURED AMOUNTS DUE AND PAYABLE BY THE SUBSIDIARY CORPORATION PURSUANT TO HOUSING INSURANCE CONTRACTS, PLUS (II) TWENTY PER CENTUM OF THE INSURED AMOUNTS UNDER HOUSING INSURANCE CONTRACTS OTHER THAN INSURED AMOUNTS WHICH ARE DUE AND PAYABLE PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH, PLUS (III) TWENTY PER CENTUM OF THE AMOUNTS TO BE INSURED UNDER HOUSING INSURANCE CONTRACTS PURSUANT TO THE SUBSIDIARY CORPORATION'S COMMITMENTS TO INSURE.

(G) "MORTGAGE". A FIRST MORTGAGE ON REAL PROPERTY LOCATED WITHIN THE CITY SECURING A PRESERVATION LOAN OR A REHABILITATION LOAN, WITH A TERM NOT TO EXCEED FORTY YEARS, ON REAL ESTATE, HELD IN FEE SIMPLE OR ON A LEASEHOLD UNDER A LEASE HAVING A PERIOD OF YEARS TO RUN AT THE TIME A MORTGAGE IS INSURED UNDER THIS SECTION OF AT LEAST TWENTY PER CENTUM GREATER DURATION THAN THE REMAINING TERM OF SUCH MORTGAGE; THE TERM "FIRST MORTGAGE" MEANS SUCH FIRST LIENS AS ARE COMMONLY GIVEN TO SECURE ADVANCES ON, OR THE UNPAID PURCHASE PRICE OF, REAL ESTATE UNDER THE LAWS

OF THE STATE, TOGETHER WITH THE CREDIT INSTRUMENTS, IF ANY, SECURED THEREBY.

(H) "MORTGAGE INSURANCE CONTRACTS". ALL CONTRACTS TO INSURE MORTGAGES ENTERED INTO.

(I) "MORTGAGE INSURANCE FUND". THE MORTGAGE INSURANCE FUND AS ESTABLISHED PURSUANT TO SUBDIVISION TWELVE OF THIS SECTION.

(J) "MORTGAGE INSURANCE FUND REQUIREMENT". AS OF ANY PARTICULAR DATE OF COMPUTATION, AN AMOUNT EQUAL TO THE AGGREGATE OF (I) ONE HUNDRED PER CENTUM OF THE INSURED AMOUNTS DUE AND PAYABLE BY THE SUBSIDIARY CORPORATION PURSUANT TO MORTGAGE INSURANCE CONTRACTS, PLUS (II) AN AMOUNT EQUAL TO THE GREATER OF (A) SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS OR (B) TWENTY PER CENTUM OF THE INSURED AMOUNTS UNDER MORTGAGE INSURANCE CONTRACTS OTHER THAN INSURED AMOUNTS WHICH ARE DUE AND PAYABLE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, PLUS (III) TWENTY PER CENTUM OF THE AMOUNTS TO BE INSURED UNDER THE PREDECESSOR CORPORATION'S COMMITMENTS TO INSURE; PROVIDED, HOWEVER, THAT NOTWITHSTANDING THE FOREGOING, AT NO TIME SHALL THE MORTGAGE INSURANCE FUND REQUIREMENT EXCEED THE AGGREGATE OF (A) INSURED AMOUNTS DUE AND PAYABLE BY THE SUBSIDIARY CORPORATION PURSUANT TO MORTGAGE INSURANCE CONTRACTS, PLUS (B) ONE HUNDRED PER CENTUM OF THE INSURED AMOUNTS UNDER MORTGAGE INSURANCE CONTRACTS OTHER THAN INSURED AMOUNTS WHICH ARE DUE AND PAYABLE UNDER CLAUSE (A) OF THIS SUBPARAGRAPH.

(K) "MORTGAGEE". THE MORTGAGE LENDER UNDER A MORTGAGE INSURED BY THE PREDECESSOR CORPORATION OR INSURED PURSUANT TO SUBDIVISION TEN OF THIS SECTION, AND ITS SUCCESSORS AND ASSIGNS.

(L) "MORTGAGE LOAN". A MORTGAGE LOAN SECURED BY A MORTGAGE.

(M) "MORTGAGOR". THE ORIGINAL BORROWER UNDER A MORTGAGE LOAN INSURED BY THE PREDECESSOR CORPORATION OR INSURED PURSUANT TO SUBDIVISION TEN OF THIS SECTION, AND ITS SUCCESSORS AND ASSIGNS.

(N) "MULTI-FAMILY HOUSING ACCOMMODATION". A HOUSING ACCOMMODATION WITH FIVE OR MORE DWELLING UNITS.

(O) "OPERATING EXPENSES". ALL COSTS OF ADMINISTERING THE SUBSIDIARY CORPORATION, INCLUDING, BUT NOT LIMITED TO, SALARIES AND WAGES, EXPENSES OF ADMINISTERING STAFF FUNCTIONS, FEES OF PROFESSIONAL CONSULTANTS, LEGAL FEES, CHARGES INCURRED FOR SERVICING OF MORTGAGE LOANS, MONEY MANAGEMENT FEES, OFFICE RENTS, UTILITY CHARGES, COSTS OF SUPPLIES, FURNISHINGS, EQUIPMENT, MACHINERY AND APPARATUS, MAINTENANCE AND REPAIR OF PROPERTY, PAYMENT TO THE CORPORATION FOR SERVICES RENDERED, AMOUNTS DUE AND OWING UNDER CONTRACTS VALIDLY ENTERED INTO BY THE PREDECESSOR CORPORATION OR THE SUBSIDIARY CORPORATION, OTHER THAN MORTGAGE INSURANCE CONTRACTS AND HOUSING INSURANCE CONTRACTS, RESPECTIVELY, AND OTHER EXPENSES INCURRED IN CONNECTION WITH ANY OF THE FOREGOING.

(P) "OTHER REAL PROPERTY". ANY BUILDING, STRUCTURE OR UNIMPROVED PROPERTY WHICH IS USED OR OCCUPIED, OR IS INTENDED TO BE USED OR OCCUPIED, PRIMARILY FOR EMERGENCY, TRANSITIONAL OR SHELTER HOUSING, A PORTION OF WHICH MAY ALSO BE USED FOR COMMERCIAL AND OTHER COMMUNITY FACILITIES ANCILLARY TO SUCH USE PROVIDED THAT, THE FLOOR AREA OF ABOVE-GROUND COMMERCIAL FACILITIES SHALL NOT EXCEED ONE-QUARTER OF THE ABOVE-GROUND FLOOR AREA OF SUCH OTHER REAL PROPERTY (INCLUSIVE OF SUCH COMMERCIAL FACILITIES).

(Q) "PRESERVATION LOAN". A MORTGAGE LOAN EXTENDED BY A FINANCIAL INSTITUTION WITH A TERM NOT TO EXCEED FORTY YEARS FOR THE PURPOSES OF REFINANCING EXISTING INDEBTEDNESS SECURED BY ONE OR MORE MORTGAGES ON A HOUSING ACCOMMODATION OR OTHER REAL PROPERTY LOCATED WITHIN THE CITY AND/OR FINANCING THE ACQUISITION OF A HOUSING ACCOMMODATION OR OTHER

REAL PROPERTY LOCATED WITHIN THE CITY AND WHICH OTHERWISE COMPLIES WITH THE CONDITIONS ESTABLISHED PURSUANT TO SUBDIVISION TEN OF THIS SECTION.

(R) "REHABILITATION". REPAIRS, ALTERATIONS OR IMPROVEMENTS OF A HOUSING ACCOMMODATION OR OTHER REAL PROPERTY DESIGNED TO RAISE THE HOUSING STANDARDS THEREIN OR, IN THE CASE OF OTHER REAL PROPERTY, DESIGNED TO PROVIDE NEEDED IMPROVEMENTS THEREIN. REHABILITATION SHALL ALSO INCLUDE THE CONSTRUCTION OF A HOUSING ACCOMMODATION OR OTHER REAL PROPERTY.

(S) "REHABILITATION LOAN". A MORTGAGE LOAN EXTENDED BY A FINANCIAL INSTITUTION WITH A TERM NOT TO EXCEED FORTY YEARS WHICH MAY INCLUDE THE REFINANCING OF EXISTING INDEBTEDNESS, IF ANY, SECURED BY ONE OR MORE MORTGAGES ON THE HOUSING ACCOMMODATION OR OTHER REAL PROPERTY TO BE REHABILITATED, OR FINANCING THE ACQUISITION OF THE HOUSING ACCOMMODATION OR OTHER REAL PROPERTY TO BE REHABILITATED, WHICH HOUSING ACCOMMODATION OR OTHER REAL PROPERTY SHALL BE LOCATED WITHIN THE CITY AND WHICH OTHERWISE COMPLIES WITH THE CONDITIONS ESTABLISHED PURSUANT TO SUBDIVISION TEN OF THIS SECTION, PROVIDED, HOWEVER, THAT A SUM EQUAL TO AT LEAST TWENTY-FIVE PERCENT OF THE AMOUNT OF THE MORTGAGE LOAN SHALL BE USED FOR THE COST OF REHABILITATION OF, OR CONSTRUCTION OF IMPROVEMENTS ON, A HOUSING ACCOMMODATION OR OTHER REAL PROPERTY.

2. BUFFALO RESIDENTIAL MORTGAGE INSURANCE CORPORATION. THERE IS HEREBY ESTABLISHED A PUBLIC BENEFIT CORPORATION KNOWN AS THE RESIDENTIAL MORTGAGE INSURANCE CORPORATION AS A SUBSIDIARY CORPORATION OF THE CORPORATION. THE PURPOSE OF SUCH SUBSIDIARY CORPORATION SHALL BE TO INSURE MORTGAGE LOANS IN ORDER TO PROMOTE THE PRESERVATION OF NEIGHBORHOODS WHICH ARE BLIGHTED, ARE BECOMING BLIGHTED OR MAY BECOME BLIGHTED, TO DISCOURAGE DISINVESTMENT AND ENCOURAGE THE INVESTMENT OF MORTGAGE CAPITAL IN SUCH NEIGHBORHOODS AND TO PROVIDE SAFE, SANITARY AND AFFORDABLE HOUSING ACCOMMODATIONS TO PERSONS AND FAMILIES FOR WHOM THE ORDINARY OPERATIONS OF PRIVATE ENTERPRISE CANNOT SUPPLY SUCH ACCOMMODATIONS.

3. ASSISTANCE; PRIVILEGES. (A) THE SUBSIDIARY CORPORATION MAY RECEIVE MONEYS FROM THE CORPORATION, THE STATE, ANY PUBLIC BENEFIT CORPORATION, THE CITY, THE FEDERAL GOVERNMENT OR ANY OTHER SOURCE FOR PUBLIC PURPOSES SET FORTH IN THIS SECTION.

(B) THE SUBSIDIARY CORPORATION MAY CONTRACT FOR AND ACCEPT ANY GIFTS OR GRANTS OR LOANS OF FUNDS OR PROPERTY OR FINANCIAL OR OTHER AID IN ANY FORM FROM THE FEDERAL GOVERNMENT OR ANY AGENCY OR INSTRUMENTALITY THEREOF, OR FROM THE STATE OR ANY AGENCY OR INSTRUMENTALITY THEREOF, INCLUDING THE CITY AND THE CORPORATION, OR FROM ANY OTHER SOURCE, PUBLIC OR PRIVATE, AND TO COMPLY, SUBJECT TO THE PROVISIONS OF THIS SECTION, WITH THE TERMS AND CONDITIONS THEREOF.

(C) THE CITY AND THE CORPORATION ARE EACH HEREBY AUTHORIZED TO, BUT NEITHER IS REQUIRED TO, MAKE GIFTS, GRANTS OR LOANS OF FUNDS OR PROPERTY OR FINANCIAL OR OTHER AID IN ANY FORM TO THE SUBSIDIARY CORPORATION AND TO ENTER INTO ANY CONTRACTS OR OTHER AGREEMENTS WITH THE SUBSIDIARY CORPORATION, ON SUCH TERMS AND CONDITIONS AS THE CITY OR THE CORPORATION, AS APPLICABLE, AND THE SUBSIDIARY CORPORATION MAY AGREE UPON, ALL IN FURTHERANCE OF THE PUBLIC PURPOSES SET FORTH IN THIS SECTION.

(D) ALL DOMESTIC CORPORATIONS OR ASSOCIATIONS ORGANIZED FOR THE PURPOSE OF CARRYING ON BUSINESS IN THIS STATE, PUBLIC BENEFIT CORPORATIONS, PUBLIC EMPLOYEE PENSION FUNDS AND ANY OTHER PERSONS, CORPORATIONS OR ASSOCIATIONS ARE HEREBY AUTHORIZED TO MAKE CONTRIBUTIONS TO THE SUBSIDIARY CORPORATION.

(E) THE SUBSIDIARY CORPORATION SHALL HAVE ALL THE PRIVILEGES, IMMUNITIES, TAX EXEMPTIONS AND OTHER EXEMPTIONS OF THE CORPORATION TO THE EXTENT THE SAME ARE NOT INCONSISTENT WITH THIS SECTION.

4. MEMBERSHIP. THE MEMBERSHIP OF SUCH SUBSIDIARY CORPORATION SHALL CONSIST OF NINE MEMBERS, SEVEN OF WHOM SHALL BE MEMBERS OF THE CORPORATION AND TWO OF WHOM SHALL BE APPOINTED BY THE MAYOR. THE MEMBERS WHO ARE NOT MEMBERS OF THE CORPORATION SHALL SERVE FOR TERMS ENDING TWO AND FOUR YEARS RESPECTIVELY FROM JANUARY FIRST NEXT SUCCEEDING THE DATE OF THEIR APPOINTMENT. THE SUCCESSORS OF THE MEMBERS WHO ARE NOT MEMBERS OF THE CORPORATION SHALL SERVE FOR TERMS OF FOUR YEARS EACH. A MEMBER WHO IS NOT A MEMBER OF THE CORPORATION SHALL CONTINUE IN OFFICE UNTIL HIS OR HER SUCCESSOR HAS BEEN APPOINTED AND QUALIFIED. WITH RESPECT TO ANY MEMBER WHO IS NOT A MEMBER OF THE CORPORATION, THE MAYOR SHALL FILL ANY VACANCY WHICH MAY OCCUR BY REASON OF DEATH, RESIGNATION OR OTHERWISE FOR THE REMAINING UNEXPIRED TERM OF SUCH MEMBER. A MEMBER WHO IS NOT A MEMBER OF THE CORPORATION MAY BE REMOVED BY THE MAYOR FOR CAUSE, BUT NOT WITHOUT AN OPPORTUNITY TO BE HEARD IN PERSON OR BY COUNSEL, IN SUCH MEMBER'S DEFENSE, UPON NOT LESS THAN TEN DAYS' NOTICE. THE POWERS OF THE SUBSIDIARY CORPORATION SHALL BE VESTED IN AND EXERCISED BY NO LESS THAN FIVE OF THE MEMBERS THEREOF THEN IN OFFICE. THE SUBSIDIARY CORPORATION MAY DELEGATE TO ONE OR MORE OF ITS MEMBERS, OR ITS OFFICERS, AGENTS AND EMPLOYEES, SUCH DUTIES AND POWERS AS IT MAY DEEM PROPER. THE COMMISSIONER OF THE DIVISION OF RESIDENTIAL DEVELOPMENT SHALL SERVE AS CHAIRPERSON OF THE SUBSIDIARY CORPORATION. THE PRESIDENT OF THE CORPORATION SHALL SERVE AS PRESIDENT OF THE SUBSIDIARY CORPORATION.

5. COMPENSATION. NOTWITHSTANDING ANY INCONSISTENT PROVISIONS OF THIS OR ANY OTHER GENERAL, SPECIAL OR LOCAL LAW, NO OFFICER OR EMPLOYEE OF THE CORPORATION, THE CITY OR THE STATE, OR OF ANY PUBLIC CORPORATION, AS DEFINED IN THE GENERAL CONSTRUCTION LAW, SHALL BE DEEMED TO HAVE FORFEITED OR SHALL FORFEIT SUCH PERSON'S OFFICE OR EMPLOYMENT OR ANY BENEFITS PROVIDED UNDER THE RETIREMENT AND SOCIAL SECURITY LAW OR UNDER ANY PUBLIC RETIREMENT SYSTEM MAINTAINED BY THE STATE OR BY THE CIVIL DIVISIONS THEREOF BY REASON OF SUCH PERSON'S ACCEPTANCE OF MEMBERSHIP ON OR BY VIRTUE OF SUCH PERSON'S BEING AN OFFICER, EMPLOYEE OR AGENT OF THE SUBSIDIARY CORPORATION. THE MEMBERS MAY ENGAGE IN PRIVATE EMPLOYMENT OR IN A PROFESSION OR BUSINESS, UNLESS OTHERWISE PROHIBITED FROM DOING SO BY VIRTUE OF HOLDING ANOTHER PUBLIC OFFICE, SUBJECT TO THE PROVISIONS OF ARTICLE EIGHTEEN OF THE GENERAL MUNICIPAL LAW. FOR THE PURPOSES OF SUCH ARTICLE EIGHTEEN, THE SUBSIDIARY CORPORATION SHALL BE A "MUNICIPALITY" AND A MEMBER SHALL BE A "MUNICIPAL OFFICER". NO MEMBER OF THE SUBSIDIARY CORPORATION SHALL RECEIVE ADDITIONAL COMPENSATION, EITHER DIRECT OR INDIRECT, OTHER THAN REIMBURSEMENT FOR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF SUCH PERSON'S DUTIES, BY REASON OF SUCH PERSON SERVING AS A MEMBER OF THE SUBSIDIARY CORPORATION.

6. TRANSFER OF RESOURCES. THE CITY AND THE CORPORATION SHALL HAVE THE POWER TO, BUT SHALL NOT BE OBLIGATED TO, TRANSFER TO THE SUBSIDIARY CORPORATION SUCH AGENTS, EMPLOYEES AND FACILITIES, INCLUDING ANY REAL AND/OR PERSONAL PROPERTY, IN ORDER TO CARRY OUT THE PURPOSES OF THIS SECTION.

7. TERMINATION. THE SUBSIDIARY CORPORATION AND ITS CORPORATE EXISTENCE SHALL CONTINUE UNTIL TERMINATED BY LAW; PROVIDED, HOWEVER, THAT NO SUCH LAW SHALL TAKE EFFECT SO LONG AS THE SUBSIDIARY CORPORATION SHALL HAVE CONTRACTS TO INSURE MORTGAGES (INCLUDING MORTGAGE INSURANCE CONTRACTS AND HOUSING INSURANCE CONTRACTS), COMMITMENTS TO INSURE, NOTES, BONDS, OR OTHER OBLIGATIONS OUTSTANDING, UNLESS ADEQUATE PROVISION HAS BEEN MADE FOR THE PAYMENT THEREOF. UPON TERMINATION OF THE EXISTENCE OF THE SUBSIDIARY CORPORATION ALL OF ITS RIGHTS AND PROPERTIES SHALL PASS TO AND BE VESTED IN THE CORPORATION.

8. POWERS. THE SUBSIDIARY CORPORATION SHALL HAVE THE POWER:

(A) TO SUE AND BE SUED;

(B) TO HAVE A SEAL AND ALTER THE SAME AT PLEASURE;

(C) TO MAKE AND ALTER BY-LAWS FOR ITS ORGANIZATION;

(D) TO ADOPT, AMEND OR RESCIND RULES AND REGULATIONS APPROPRIATE TO CARRY OUT ITS CORPORATE PURPOSES, INCLUDING RULES AND REGULATIONS GOVERNING THE USE OF ITS PROPERTY AND FACILITIES AND TO ESTABLISH SUCH REQUIREMENTS AND ENTER INTO SUCH AGREEMENTS TO ACHIEVE THE OBJECTIVES OF THIS SECTION;

(E) TO MAKE AND EXECUTE CONTRACTS AND ALL OTHER INSTRUMENTS NECESSARY OR CONVENIENT FOR THE EXERCISE OF ITS POWERS AND FUNCTIONS UNDER THIS SECTION;

(F) TO ACQUIRE, HOLD AND DISPOSE OF REAL AND/OR PERSONAL PROPERTY FOR ITS CORPORATE PURPOSES;

(G) TO ENGAGE THE SERVICES OF PRIVATE CONSULTANTS ON A CONTRACT BASIS FOR RENDERING PROFESSIONAL AND TECHNICAL ASSISTANCE AND ADVICE;

(H) TO APPOINT OFFICERS, AGENTS AND EMPLOYEES, PRESCRIBE THEIR DUTIES AND QUALIFICATIONS AND FIX THEIR COMPENSATION;

(I) TO INVEST ANY FUNDS, OR OTHER MONEYS UNDER ITS CUSTODY AND CONTROL IN THE SAME MANNER AS THE CORPORATION;

(J) TO ESTABLISH AND LEVY FEES AND CHARGES IN CONNECTION WITH THE PROCESSING OF APPLICATIONS FOR MORTGAGE INSURANCE AND FIX PREMIUM CHARGES FOR MORTGAGE INSURANCE;

(K) TO ENTER INTO COMMITMENTS TO INSURE MORTGAGES AND CONTRACTS OF INSURANCE AND ENTER INTO ANY ADDITIONAL AGREEMENTS AS THE SUBSIDIARY CORPORATION DEEMS APPROPRIATE TO FURTHER THE OBJECTIVES OF THIS SECTION;

(L) TO FULFILL ITS OBLIGATIONS AND ENFORCE ITS RIGHTS UNDER ANY CONTRACT OF INSURANCE, OR COMMITMENT TO INSURE SO FURNISHED AS PROVIDED IN THIS SECTION AND SUCH RULES AND REGULATIONS AS MAY BE ADOPTED BY THE SUBSIDIARY CORPORATION;

(M) TO PAY, PURSUE TO FINAL COLLECTION, COMPROMISE, WAIVE OR RELEASE ANY RIGHT, TITLE, CLAIM, LIEN OR DEMAND, HOWEVER ACQUIRED, INCLUDING ANY EQUITY OR RIGHT OF REDEMPTION;

(N) TO FORECLOSE ANY MORTGAGE IN DEFAULT OR COMMENCE ANY ACTION TO PROTECT OR ENFORCE ANY RIGHT CONFERRED UPON IT BY ANY LAW, MORTGAGE, CONTRACT OR OTHER AGREEMENT, AND TO BID FOR AND PURCHASE SUCH PROPERTY AT ANY FORECLOSURE OR AT ANY OTHER SALE, OR OTHERWISE TO ACQUIRE OR TAKE POSSESSION OF ANY SUCH PROPERTY;

(O) TO DEAL WITH, HOLD, ADMINISTER, MANAGE, RENT, REPAIR, INSURE OR SELL, LEASE OR OTHERWISE DISPOSE OF ANY PROPERTY CONVEYED TO OR ACQUIRED BY THE SUBSIDIARY CORPORATION AND TO ENTER INTO AGREEMENTS WITH THE STATE, THE CITY, OR ANY PERSON, FIRM, ENTITY, PARTNERSHIP OR CORPORATION, EITHER PUBLIC OR PRIVATE, WITH REGARD THERETO;

(P) TO PROCURE INSURANCE AGAINST ANY LOSS IN CONNECTION WITH ITS PROPERTY AND OTHER ASSETS AND TO PROCURE REINSURANCE IN CONNECTION WITH ITS OBLIGATIONS, ALL IN SUCH AMOUNTS AND FROM SUCH INSURERS AS IT DEEMS NECESSARY OR DESIRABLE;

(Q) TO CONSENT TO THE MODIFICATION, WITH RESPECT TO RATE OF INTEREST, TIME OF PAYMENT OF ANY INSTALLMENT OF PRINCIPAL OR INTEREST, SECURITY OR ANY OTHER TERM, OF ANY MORTGAGE, MORTGAGE LOAN, CONTRACT OR AGREEMENT OF ANY KIND WHICH THE SUBSIDIARY CORPORATION HAS INSURED OR TO WHICH THE SUBSIDIARY CORPORATION IS A PARTY;

(R) TO SELL, AT PUBLIC OR PRIVATE SALE, ANY MORTGAGE, MORTGAGE PARTICIPATION OR OTHER OBLIGATION HELD BY THE SUBSIDIARY CORPORATION;

(S) TO PROCURE CASH EQUIVALENTS FOR DEPOSIT IN ITS FUNDS;

(T) TO ENTER INTO CO-INSURANCE AGREEMENTS WITH ANY ENTITY AUTHORIZED BY LAW TO PROVIDE MORTGAGE INSURANCE WITH RESPECT TO PROPERTY LOCATED

WITHIN THE CITY, INCLUDING, BUT NOT LIMITED TO THE STATE OF NEW YORK MORTGAGE AGENCY AND THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT;

(U) TO DO ANY AND ALL THINGS NECESSARY OR CONVENIENT TO CARRY OUT ITS PURPOSES AND EXERCISE THE POWERS EXPRESSLY GIVEN AND GRANTED IN THIS SECTION.

9. CLASSIFICATION OF HOUSING ACCOMMODATIONS. THE SUBSIDIARY CORPORATION MAY CLASSIFY HOUSING ACCOMMODATIONS WITHIN THE CITY AND APPROVE ANY OF SUCH CLASSES AS ELIGIBLE FOR INSURANCE PURSUANT TO THIS SECTION AND ENACT SEPARATE GUIDELINES DEALING WITH THE PROVISION AND EXTENT OF SUCH INSURANCE.

10. INSURANCE OF MORTGAGE LOANS. (A) THE SUBSIDIARY CORPORATION IS AUTHORIZED, SUBJECT TO THE PROVISIONS OF THIS SECTION, TO MAKE COMMITMENTS TO INSURE AND TO CONTRACT TO INSURE MORTGAGE LOANS ELIGIBLE FOR INSURANCE HEREUNDER.

(B) THE SUBSIDIARY CORPORATION SHALL LIMIT ITS INSURANCE ON A REHABILITATION OR PRESERVATION LOAN TO AN AMOUNT NOT IN EXCESS OF FIFTY PER CENTUM OF THE OUTSTANDING PRINCIPAL INDEBTEDNESS, PROVIDED, HOWEVER, THAT THE SUBSIDIARY CORPORATION MAY INSURE AN AMOUNT NOT IN EXCESS OF SEVENTY-FIVE PER CENTUM OF THE OUTSTANDING PRINCIPAL INDEBTEDNESS OF A REHABILITATION LOAN IF IT SHALL FIND THAT THE EXTENT OF REHABILITATION IS SUFFICIENT TO JUSTIFY SUCH ADDITIONAL INSURANCE, PROVIDED FURTHER, HOWEVER, THAT THE SUBSIDIARY CORPORATION MAY INSURE AN AMOUNT NOT TO EXCEED THE FULL OUTSTANDING PRINCIPAL INDEBTEDNESS OF A REHABILITATION OR PRESERVATION LOAN WHEN SUCH MORTGAGE LOAN HAS BEEN MADE BY A PUBLIC BENEFIT CORPORATION OF THE STATE OF NEW YORK WHICH PUBLIC BENEFIT CORPORATION HAS ISSUED OR WILL ISSUE BONDS OR NOTES, SOME OR ALL OF THE PROCEEDS OF WHICH BONDS OR NOTES WERE USED OR WILL BE USED TO MAKE SUCH MORTGAGE LOAN, OR WHEN THE MORTGAGE LOAN HAS BEEN MADE BY A PUBLIC EMPLOYEE PENSION FUND. THE FOREGOING NOTWITHSTANDING, THE SUM OF THE PERCENTAGE OF ANY MORTGAGE LOAN INSURED BY THE SUBSIDIARY CORPORATION AND THE PERCENTAGE OF SUCH LOAN INSURED OR TO BE INSURED BY ANY OTHER PARTY SHALL NOT EXCEED ONE HUNDRED PER CENTUM OF THE OUTSTANDING PRINCIPAL INDEBTEDNESS OF SUCH MORTGAGE LOAN.

(C) THE SUBSIDIARY CORPORATION SHALL NOT ISSUE A COMMITMENT TO INSURE OR A HOUSING INSURANCE CONTRACT UNLESS UPON THE ISSUANCE THEREOF AMOUNTS ON DEPOSIT IN THE HOUSING INSURANCE FUND WILL AT LEAST EQUAL THE HOUSING INSURANCE FUND REQUIREMENT.

(D) EXCEPT FOR MORTGAGE INSURANCE CONTRACTS AND EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (E) OF THIS SUBDIVISION, THE SUBSIDIARY CORPORATION SHALL NOT ISSUE A COMMITMENT TO INSURE NOR SHALL IT INSURE ANY MORTGAGE LOAN UNLESS IT SHALL FIRST FIND (I) THAT THE PROPERTY WHICH IS THE SECURITY FOR SUCH MORTGAGE LOAN IS LOCATED IN A NEIGHBORHOOD WITHIN THE CITY CHARACTERIZED BY A DEFICIENCY OF AVAILABLE MORTGAGE FINANCING; (II) THAT SUCH DEFICIENCY HAS CAUSED OR THREATENS TO CAUSE UNDERMAINTAINED AND DETERIORATING HOUSING ACCOMMODATIONS AND SUBSTANDARD AND UNSANITARY NEIGHBORHOODS; (III) THAT THE GRANTING OF SUCH MORTGAGE LOAN WILL AID IN THE PRESERVATION OR REHABILITATION OF THE NEIGHBORHOOD IN WHICH SUCH PROPERTY IS LOCATED; (IV) THAT, IF THE PROPERTY WHICH IS THE SECURITY FOR SUCH MORTGAGE LOAN IS OTHER REAL PROPERTY, THE GRANTING OF SUCH MORTGAGE LOAN WILL ASSIST IN PREVENTING THE DETERIORATION OF RESIDENTIAL HOUSING IN THE NEIGHBORHOOD IN WHICH SUCH PROPERTY IS LOCATED; AND (V) THAT THE PROPERTY WHICH IS THE SECURITY FOR SUCH LOAN MEETS SUCH OTHER REQUIREMENTS AS THE SUBSIDIARY CORPORATION MAY FROM TIME TO TIME ESTABLISH BY GUIDELINES ADOPTED BY THE SUBSIDIARY CORPORATION. ANY SUCH DETERMINATION BY THE SUBSIDIARY CORPORATION SHALL BE CONCLUSIVE AND

FINAL AND SHALL NOT BE SUBJECT TO REVIEW OF ANY KIND OR NATURE OR IN ANY MANNER WHATSOEVER AND SHALL NOT GIVE RISE TO ANY LIABILITY ON THE PART OF THE SUBSIDIARY CORPORATION.

(E) THE SUBSIDIARY CORPORATION MAY ISSUE A COMMITMENT TO INSURE AND MAY INSURE ANY MORTGAGE LOANS, NOTWITHSTANDING THE CRITERIA SET FORTH IN SUBPARAGRAPH (I), (II), (III) OR (IV) OF PARAGRAPH (D) OF THIS SUBDIVISION PROVIDED THAT IT SHALL FIND THE PROPERTY WHICH IS THE SECURITY FOR SUCH MORTGAGE LOAN OR MORTGAGE LOANS IS EITHER: (I) LOCATED WITHIN THE CITY IN AN EMPIRE ZONE DESIGNATED PURSUANT TO ARTICLE EIGHTEEN-B OF THE GENERAL MUNICIPAL LAW, OR (II) WILL PROVIDE SAFE, SANITARY AND AFFORDABLE HOUSING FOR PERSONS AND FAMILIES FOR WHOM THE ORDINARY OPERATIONS OF PRIVATE ENTERPRISE CANNOT SUPPLY SUCH HOUSING, OR (III) THE ENTITY PROVIDING THE MORTGAGE FINANCING WAS OR IS CREATED BY LOCAL, STATE OR FEDERAL LEGISLATION AND CERTIFIES TO THE SUBSIDIARY CORPORATION THAT THE HOUSING ACCOMMODATIONS OR OTHER REAL PROPERTY ARE LOCATED WITHIN THE CITY AND MEET THE PROGRAM CRITERIA APPLICABLE TO SUCH ENTITY. IN ADDITION, THE SUBSIDIARY CORPORATION MAY ENTER INTO ANY MORTGAGE INSURANCE CONTRACT, NOTWITHSTANDING THE CRITERIA SET FORTH IN SUBPARAGRAPH (I), (II), (III) OR (IV) OF PARAGRAPH (D) OF THIS SUBDIVISION.

(F) THE SUBSIDIARY CORPORATION MAY ISSUE A COMMITMENT TO INSURE AND MAY INSURE AN EXISTING MORTGAGE LOAN, WHEN AN APPLICATION FOR SUCH MORTGAGE INSURANCE HAS BEEN SUBMITTED PRIOR TO THE MAKING OF SUCH MORTGAGE LOAN, AND SIGNIFICANT CIRCUMSTANCES BEYOND THE REASONABLE CONTROL OF THE MORTGAGOR AND MORTGAGEE NECESSITATE THE MAKING OF THE MORTGAGE LOAN PRIOR TO THE ISSUANCE OF THE COMMITMENT TO INSURE AND WHEN IT IS DETERMINED BY THE SUBSIDIARY CORPORATION THAT SUCH MORTGAGE LOAN WOULD NOT HAVE BEEN MADE EXCEPT FOR THE REASONABLE EXPECTATION THAT THE SUBSIDIARY CORPORATION WOULD INSURE THE MORTGAGE LOAN.

(G) TO BE ELIGIBLE FOR INSURANCE UNDER THIS SECTION, A MORTGAGE LOAN SHALL BE A PRESERVATION LOAN AND/OR A REHABILITATION LOAN AND (I) BEAR INTEREST, EXCLUSIVE OF PREMIUM CHARGES FIXED BY THE SUBSIDIARY CORPORATION, AT A RATE NOT IN EXCESS OF THE RATE OF INTEREST AUTHORIZED BY LAW AND NOT IN EXCESS OF A MAXIMUM RATE OF INTEREST ESTABLISHED BY THE SUBSIDIARY CORPORATION FROM TIME TO TIME. IN MAKING ITS DETERMINATION OF APPROPRIATE MAXIMUM INTEREST RATE, THE SUBSIDIARY CORPORATION SHALL TAKE INTO ACCOUNT THE RATES OF INTEREST PREVALENT IN THE MORTGAGE MARKET, CURRENT DATA ON SECONDARY MARKET YIELDS AND DISCOUNT AND/OR PREMIUM LEVELS; (II) UNLESS THE SUBSIDIARY CORPORATION IN ITS SOLE DISCRETION SHALL OTHERWISE DETERMINE, PROVIDE FOR SUBSTANTIALLY EQUAL AND CONSTANT PERIODIC PAYMENTS OF PRINCIPAL AND INTEREST IN AMOUNTS SUFFICIENT TO PAY ALL INTEREST AND EFFECT FULL REPAYMENT OF PRINCIPAL WITHIN THE TERM OF THE MORTGAGE LOAN; (III) CONTAIN TERMS WITH RESPECT TO THE PREPAYMENT, INSURANCE, REPAIRS, ALTERATIONS, PAYMENT OF TAXES, SPECIAL ASSESSMENTS, SERVICE CHARGES, DEFAULT RESERVES, DELINQUENCY CHARGES, FORECLOSURE PROCEEDINGS, ADDITIONAL AND SECONDARY LIENS, AND SUCH OTHER MATTERS AS THE SUBSIDIARY CORPORATION MAY IN ITS DISCRETION PRESCRIBE; (IV) BE ACCOMPANIED BY CERTIFICATES, ISSUED BY SUCH OFFICERS OF THE MORTGAGEE, INDEPENDENT APPRAISERS OR OTHER PERSONS AS THE SUBSIDIARY CORPORATION MAY REQUIRE, CERTIFYING THAT: (A) WHERE APPROPRIATE, THE ANNUAL INCOME TO BE DERIVED FROM THE PROPERTY EQUALS NOT LESS THAN ONE HUNDRED FIVE PER CENTUM OF THE ANNUAL CHARGES AND EXPENSES, INCLUDING PROVISION FOR RESERVES, SATISFACTORY TO THE SUBSIDIARY CORPORATION, FOR THE AMORTIZATION OF SUBORDINATE MORTGAGE LOANS OVER THE REMAINING TERMS OF SUCH MORTGAGE LOANS REGARDLESS OF WHETHER THE TERMS OF SUCH SUBORDINATE MORTGAGE LOANS INCLUDE SCHEDULED AMORTIZATION OF PRINCIPAL; (B) THE REMAINING USEFUL LIFE OF THE PROPERTY IS GREATER THAN THE TERM OF THE MORT-

GAGE; AND (C) THE HOUSING ACCOMMODATION OR OTHER REAL PROPERTY DOES NOT CONTAIN ANY SUBSTANTIAL VIOLATIONS OF THE HOUSING CODE OR THE MULTIPLE DWELLING LAW, EXCEPT THAT IN THE CASE OF A MORTGAGE LOAN MADE TO THE OWNER OF A HOUSING ACCOMMODATION OR OTHER REAL PROPERTY CONTAINING ANY SUCH VIOLATIONS, THE SUBSIDIARY CORPORATION MAY INSURE OR COMMIT TO INSURE SUCH MORTGAGE LOAN IF THE MORTGAGEE AND THE OWNER HAVE SUBMITTED A PLAN, SATISFACTORY TO THE SUBSIDIARY CORPORATION TO ELIMINATE SUCH VIOLATIONS; AND (V) SATISFY SUCH ADDITIONAL TERMS AND CONDITIONS AS THE SUBSIDIARY CORPORATION MAY PRESCRIBE.

(H) IN ADDITION TO THE CONDITIONS SET FORTH IN PARAGRAPHS (D) THROUGH (G) OF THIS SUBDIVISION, THE SUBSIDIARY CORPORATION SHALL NOT INSURE NOR ISSUE A COMMITMENT TO INSURE ANY REHABILITATION LOAN UNLESS IT SHALL FIND (I) THAT REHABILITATION IS NECESSARY TO UPGRADE THE PROPERTY, (II) THAT REHABILITATION WILL NOT NECESSITATE MORE THAN A MINIMUM AMOUNT OF RELOCATION OF THE RESIDENTS OF ANY HOUSING ACCOMMODATION AND (III) THAT THE REHABILITATION UNDERTAKEN WITH THE PROCEEDS OF THE REHABILITATION LOAN HAS BEEN COMPLETED.

(I) A FINANCIAL INSTITUTION MAY REQUEST INSURANCE BY WRITTEN APPLICATION TO THE SUBSIDIARY CORPORATION IN SUCH FORM AND MANNER, TOGETHER WITH SUCH INFORMATION AND DOCUMENTS, AS THE SUBSIDIARY CORPORATION MAY PRESCRIBE. NO APPLICATION SHALL BE COMPLETE UNLESS AND UNTIL THE FINANCIAL INSTITUTION HAS PAID SUCH PROCESSING FEES AND OTHER CHARGES AS THE SUBSIDIARY CORPORATION MAY IMPOSE IN CONNECTION THEREWITH. THE SUBSIDIARY CORPORATION SHALL SIGNIFY ITS ACCEPTANCE OF SUCH APPLICATION FOR INSURANCE BY ISSUANCE OF A COMMITMENT TO INSURE OR A CONTRACT OF INSURANCE.

(J) THE SUBSIDIARY CORPORATION SHALL NOT ISSUE A COMMITMENT TO INSURE A MORTGAGE LOAN EXTENDED BY THE CORPORATION UNLESS SUCH COMMITMENT TO INSURE IS APPROVED BY AT LEAST TWO MEMBERS OF A COMMITTEE COMPOSED OF THE CHAIRPERSON OF THE SUBSIDIARY CORPORATION AND THE MEMBERS OF THE SUBSIDIARY CORPORATION WHO ARE NOT MEMBERS OF THE CORPORATION.

11. PAYMENT OF INSURANCE. THE SUBSIDIARY CORPORATION SHALL ESTABLISH PROCEDURES TO BE FOLLOWED BY A MORTGAGEE IN THE EVENT OF A DEFAULT UNDER THE TERMS OF ANY MORTGAGE INSURED BY THE SUBSIDIARY CORPORATION, PROVIDED, HOWEVER, ANY MODIFICATION TO SUCH PROCEDURES (OTHER THAN TO CURE ANY AMBIGUITY, DEFECT OR OMISSION) SHALL APPLY ONLY TO MORTGAGES FOR WHICH COMMITMENTS HAVE BEEN ISSUED AFTER THE EFFECTIVE DATE OF SUCH MODIFICATION. THE SUBSIDIARY CORPORATION MAY ESTABLISH PREREQUISITES FOR PAYMENT OF AN INSURANCE CLAIM, INCLUDING, BUT NOT LIMITED TO, REQUIRING THE MORTGAGEE TO TAKE SUCH ACTIONS WITH RESPECT TO THE PROPERTY SECURING THE DEFAULTED MORTGAGE AS MAY BE SPECIFIED BY THE SUBSIDIARY CORPORATION TO BE SATISFACTORY EVIDENCE OF A CONTINUING DEFAULT, INCLUDING BUT NOT LIMITED TO THE FOLLOWING ACTIONS: (A) BECOMING LAWFULLY THE MORTGAGEE IN POSSESSION THEREOF; (B) CAUSING A RECEIVER TO BE APPOINTED OF SUCH PROPERTY; (C) OBTAINING VOLUNTARY CONVEYANCE OF THE MORTGAGOR'S RIGHT AND TITLE TO SUCH PROPERTY; OR (D) OBTAINING BY FORECLOSURE CLEAR AND UNENCUMBERED TITLE TO SUCH PROPERTY, ALL IN SUCH MANNER AS THE SUBSIDIARY CORPORATION MAY REQUIRE. FOLLOWING SUBMISSION OF A VALID CLAIM, THE SUBSIDIARY CORPORATION SHALL PAY AN AMOUNT WHICH SHALL NOT EXCEED THE LESSER OF: (1) THE THEN OUTSTANDING PRINCIPAL AMOUNT OF THE MORTGAGE MULTIPLIED BY THE PER CENTUM OF SUCH OUTSTANDING AMOUNT INSURED BY THE SUBSIDIARY CORPORATION PLUS THAT PER CENTUM OF THE MORTGAGEE'S COST ARISING FROM THE DEFAULT, INCLUSIVE OF PUBLIC LIENS AND DELINQUENT AND UNPAID INTEREST, ALL AS THE SUBSIDIARY CORPORATION MAY FROM TIME TO TIME ALLOW, WHICH PER CENTUM SHALL NOT EXCEED THE PER CENTUM OF THE OUTSTANDING PRINCIPAL INDEBTEDNESS INSURED BY THE SUBSIDIARY CORPORATION OR (2)

THE INSURED AMOUNT OF THE MORTGAGE LOAN AT THE DATE OF EXECUTION OF THE CONTRACT OF INSURANCE OR ITS LATEST AMENDMENT, IF ANY, EXCEPT THAT THE SUBSIDIARY CORPORATION SHALL PAY THE GREATER OF THE TWO AMOUNTS ON CLAIMS BY A PUBLIC EMPLOYEE PENSION FUND OR BY A PUBLIC BENEFIT CORPORATION FROM MORTGAGE LOANS FINANCED BY THE SALE OF NOTES OR BONDS ISSUED BY SAID CORPORATION AND SUCH AMOUNT PAYABLE MAY, IF SO PROVIDED IN THE CONTRACT OF INSURANCE, INCLUDE ACCRUED INTEREST TO THE DATE OF REDEMPTION FOR SUCH BONDS OR NOTES AND ANY COST ASSOCIATED WITH SUCH REDEMPTION, PROVIDED THAT NO MORE THAN THE ACTUAL LOSS SUFFERED BY SUCH PUBLIC BENEFIT CORPORATION OR PUBLIC EMPLOYEE PENSION FUND SHALL BE PAID. SUCH PAYMENT MAY BE MADE BY THE SUBSIDIARY CORPORATION IN A LUMP SUM, OR IN PARTIAL PAYMENTS MADE WITHIN SUCH PERIOD OF TIME, NOT IN EXCESS OF TWO YEARS, AS MAY BE AGREED TO BETWEEN THE SUBSIDIARY CORPORATION AND THE MORTGAGEE, ALL IN ACCORDANCE WITH PROCEDURES TO BE ESTABLISHED BY THE SUBSIDIARY CORPORATION. THE SUBSIDIARY CORPORATION SHALL HAVE THE POWER TO BID FOR AND PURCHASE THE PROPERTY SECURING THE DEFAULTED MORTGAGE AT ANY FORECLOSURE OR OTHER SALE OF SUCH PROPERTY, OR TO OTHERWISE ACQUIRE OR TAKE POSSESSION OF SUCH PROPERTY IN ACCORDANCE WITH OTHER PROVISIONS OF LAW. IN THE EVENT OF ANY SUCH PURCHASE, ACQUISITION, OR TAKING OF POSSESSION, THE SUBSIDIARY CORPORATION SHALL HAVE THE POWER TO COMPLETE, ADMINISTER, SELL, DISPOSE OF, AND OTHERWISE DEAL WITH SUCH PROPERTY, IN SUCH MANNER AS MAY BE NECESSARY OR DESIRABLE TO PROTECT THE INTERESTS OF THE SUBSIDIARY CORPORATION.

12. MORTGAGE INSURANCE FUND, HOUSING INSURANCE FUND AND REMIC PREMIUM RESERVE FUND. (A) THE SUBSIDIARY CORPORATION SHALL CREATE AND ESTABLISH A FUND TO BE KNOWN AS THE "MORTGAGE INSURANCE FUND" WHICH SHALL BE USED AS A REVOLVING FUND FOR CARRYING OUT THE PROVISIONS OF THIS SECTION WITH RESPECT TO MORTGAGE INSURANCE CONTRACTS AND SHALL, UPON ITS CREATION, PAY INTO SUCH FUND MONEYS MADE AVAILABLE TO THE SUBSIDIARY CORPORATION FROM THE CORPORATION IN AN AMOUNT EQUAL TO THE MORTGAGE INSURANCE FUND REQUIREMENT AS OF SUCH DATE FOR THE PURPOSE OF SUCH FUND, AND SHALL THEREAFTER, PAY INTO SUCH FUND, UPON RECEIPT, (I) SUCH PORTION OF MORTGAGE INSURANCE CONTRACT PREMIUM PAYMENTS IN AN AMOUNT EQUAL TO THE AMOUNT NECESSARY TO BE TRANSFERRED TO THE MORTGAGE INSURANCE FUND IN ORDER THAT THE AMOUNT ON DEPOSIT THEREIN BE EQUAL TO THE MORTGAGE INSURANCE FUND REQUIREMENT (OR SUCH LESSER AMOUNT AS MAY BE AVAILABLE); (II) SUCH PORTION OF THE PROCEEDS RECEIVED BY THE SUBSIDIARY CORPORATION IN CONNECTION WITH THE EXERCISE OF SUCH SUBSIDIARY CORPORATION'S RIGHTS UNDER ANY MORTGAGE INSURANCE CONTRACT IN AN AMOUNT EQUAL TO THE AMOUNT NECESSARY TO BE TRANSFERRED TO THE MORTGAGE INSURANCE FUND IN ORDER THAT THE AMOUNT ON DEPOSIT THEREIN BE EQUAL TO THE MORTGAGE INSURANCE FUND REQUIREMENT (OR SUCH LESSER AMOUNT AS MAY BE AVAILABLE); (III) ANY MONEYS APPROPRIATED, PAID OR OTHERWISE MADE AVAILABLE BY THE CITY OR THE CORPORATION FOR THE PURPOSE OF SUCH FUND; AND (IV) ANY OTHER MONEYS WHICH MAY BE MADE AVAILABLE TO THE SUBSIDIARY CORPORATION FOR THE PURPOSE OF SUCH FUND FROM ANY OTHER SOURCE. ALL MONEYS HELD IN THE MORTGAGE INSURANCE FUND, EXCEPT AS HEREINAFTER PROVIDED, SHALL BE USED, AS REQUIRED, SOLELY FOR THE PAYMENT OF THE SUBSIDIARY CORPORATION'S LIABILITIES ARISING FROM MORTGAGE INSURANCE CONTRACTS; PROVIDED, HOWEVER, THAT MONEYS IN SUCH FUND SHALL NOT BE WITHDRAWN THEREFROM AT ANY TIME IN SUCH AMOUNT AS WOULD REDUCE THE AMOUNT OF SUCH FUND TO LESS THAN THE MORTGAGE INSURANCE FUND REQUIREMENT, EXCEPT FOR THE PURPOSES OF PAYING SUCH LIABILITIES, AS THE SAME BECOME DUE AND FOR THE PAYMENT OF WHICH OTHER MONEYS OF THE SUBSIDIARY CORPORATION ARE NOT AVAILABLE. ANY INCOME OR INTEREST EARNED BY, OR INCREMENT TO, THE MORTGAGE INSURANCE FUND DUE TO THE INVESTMENT THEREOF OR ANY AMOUNT IN EXCESS OF THE MORTGAGE INSURANCE

FUND REQUIREMENT SHALL BE TRANSFERRED AT LEAST ANNUALLY BY THE SUBSIDIARY CORPORATION TO THE REMIC PREMIUM RESERVE FUND OR, AT THE WRITTEN DIRECTION OF THE CHAIRPERSON, TO SUCH OTHER FUNDS OR ACCOUNTS OF THE SUBSIDIARY CORPORATION TO THE EXTENT IT DOES NOT REDUCE THE AMOUNT OF THE MORTGAGE INSURANCE FUND BELOW THE MORTGAGE INSURANCE FUND REQUIREMENT.

(B) THE SUBSIDIARY CORPORATION SHALL CREATE AND ESTABLISH A FUND TO BE KNOWN AS THE "HOUSING INSURANCE FUND" WHICH SHALL BE USED AS A REVOLVING FUND FOR CARRYING OUT THE PROVISIONS OF THIS SECTION WITH RESPECT TO HOUSING INSURANCE CONTRACTS AND SHALL, UPON ITS CREATION, PAY INTO SUCH FUND ANY MONEYS OR CASH EQUIVALENTS MADE AVAILABLE TO THE SUBSIDIARY CORPORATION FROM THE CORPORATION FOR THE PURPOSE OF SUCH FUND, AND SHALL THEREAFTER, PAY INTO SUCH FUND, UPON RECEIPT, (I) SUCH PORTION OF HOUSING INSURANCE CONTRACT PREMIUM PAYMENTS IN AN AMOUNT EQUAL TO THE AMOUNT NECESSARY TO BE TRANSFERRED TO THE HOUSING INSURANCE FUND IN ORDER THAT THE AMOUNT ON DEPOSIT THEREIN BE EQUAL TO THE HOUSING INSURANCE FUND REQUIREMENT (OR SUCH LESSER AMOUNT AS MAY BE AVAILABLE); (II) SUCH PORTION OF THE PROCEEDS RECEIVED BY THE SUBSIDIARY CORPORATION IN CONNECTION WITH THE EXERCISE OF SUCH SUBSIDIARY CORPORATION'S RIGHTS UNDER ANY HOUSING INSURANCE CONTRACT IN AN AMOUNT EQUAL TO THE AMOUNT NECESSARY TO BE TRANSFERRED TO THE HOUSING INSURANCE FUND IN ORDER THAT THE AMOUNT ON DEPOSIT THEREIN BE EQUAL TO THE HOUSING INSURANCE FUND REQUIREMENT (OR SUCH LESSER AMOUNT AS MAY BE AVAILABLE); (III) ANY MONEYS OR CASH EQUIVALENTS APPROPRIATED, PAID OR OTHERWISE MADE AVAILABLE BY THE CITY, THE FEDERAL GOVERNMENT OR THE CORPORATION FOR THE PURPOSE OF SUCH FUND; AND (IV) ANY OTHER MONEYS OR CASH EQUIVALENTS WHICH MAY BE MADE AVAILABLE TO THE SUBSIDIARY CORPORATION FOR THE PURPOSE OF SUCH FUND FROM ANY OTHER SOURCE. ALL MONEYS OR CASH EQUIVALENTS HELD IN THE HOUSING INSURANCE FUND, EXCEPT AS HEREINAFTER PROVIDED, SHALL BE USED, AS REQUIRED, SOLELY FOR THE PAYMENT OF THE SUBSIDIARY CORPORATION'S LIABILITIES ARISING FROM HOUSING INSURANCE CONTRACTS; PROVIDED, HOWEVER, THAT MONEYS OR CASH EQUIVALENTS IN SUCH FUND SHALL NOT BE WITHDRAWN THEREFROM AT ANY TIME IN SUCH AMOUNT AS WOULD REDUCE THE AMOUNT OF SUCH FUND TO LESS THAN THE HOUSING INSURANCE FUND REQUIREMENT, EXCEPT FOR THE PURPOSE OF PAYING SUCH LIABILITIES, AS THE SAME BECOME DUE AND FOR THE PAYMENT OF WHICH OTHER MONEYS OF THE SUBSIDIARY CORPORATION ARE NOT AVAILABLE. ANY INCOME OR INTEREST EARNED BY, OR INCREMENT TO, THE HOUSING INSURANCE FUND DUE TO THE INVESTMENT THEREOF OR ANY AMOUNT IN EXCESS OF THE HOUSING INSURANCE FUND REQUIREMENT SHALL BE TRANSFERRED AT LEAST ANNUALLY BY THE SUBSIDIARY CORPORATION TO THE REMIC PREMIUM RESERVE FUND OR AT THE WRITTEN DIRECTION OF THE CHAIRPERSON, TO SUCH OTHER FUNDS OR ACCOUNTS OF THE SUBSIDIARY CORPORATION TO THE EXTENT IT DOES NOT REDUCE THE AMOUNT OF THE HOUSING INSURANCE FUND BELOW THE HOUSING INSURANCE FUND REQUIREMENT.

(C) THE SUBSIDIARY CORPORATION SHALL CREATE AND ESTABLISH SUCH ACCOUNTS WITHIN THE HOUSING INSURANCE FUND AS MAY BE NECESSARY OR DESIRABLE FOR ITS CORPORATE PURPOSES.

(D) THE SUBSIDIARY CORPORATION SHALL CREATE AND ESTABLISH A FUND TO BE KNOWN AS THE "REMIC PREMIUM RESERVE FUND" FOR THE PURPOSE OF PROVIDING FOR PAYMENT OF THE SUBSIDIARY CORPORATION'S LIABILITIES ARISING FROM ITS OPERATIONS, ITS MORTGAGE INSURANCE CONTRACTS AND ITS HOUSING INSURANCE CONTRACTS AND SHALL, UPON ITS CREATION, PAY INTO SUCH FUND MONEYS OR CASH EQUIVALENTS MADE AVAILABLE TO THE SUBSIDIARY CORPORATION FROM THE CORPORATION FOR THE PURPOSE OF SUCH FUND, AND SHALL THEREAFTER, PAY INTO SUCH FUND, UPON RECEIPT, (I) THE BALANCE OF THE PREMIUM PAYMENTS, IF ANY, RECEIVED BY THE SUBSIDIARY CORPORATION WITH RESPECT TO MORTGAGE

INSURANCE CONTRACTS AND HOUSING INSURANCE CONTRACTS AFTER MAKING THE DEPOSITS DESCRIBED IN SUBPARAGRAPH (I) OF PARAGRAPH (A) AND SUBPARAGRAPH (I) OF PARAGRAPH (B) RESPECTIVELY, OF THIS SUBDIVISION; (II) THE BALANCE OF ANY PROCEEDS RECEIVED BY THE SUBSIDIARY CORPORATION IN CONNECTION WITH THE EXERCISE OF SUCH SUBSIDIARY CORPORATION'S RIGHTS UNDER ANY MORTGAGE INSURANCE CONTRACT OR HOUSING INSURANCE CONTRACT AFTER MAKING THE DEPOSITS DESCRIBED IN SUBPARAGRAPH (II) OF PARAGRAPH (A) AND SUBPARAGRAPH (II) OF PARAGRAPH (B) RESPECTIVELY, OF THIS SUBDIVISION; (III) ANY MONEYS OR CASH EQUIVALENTS APPROPRIATED, PAID OR OTHERWISE MADE AVAILABLE BY THE CITY, THE FEDERAL GOVERNMENT OR THE CORPORATION FOR THE PURPOSE OF SUCH FUND; AND (IV) ANY OTHER MONEYS OR CASH EQUIVALENTS WHICH MAY BE MADE AVAILABLE TO THE SUBSIDIARY CORPORATION FOR THE PURPOSE OF SUCH FUND FROM ANY OTHER SOURCE.

(E) THE SUBSIDIARY CORPORATION SHALL CREATE AND ESTABLISH SUCH ACCOUNTS WITHIN THE REMIC PREMIUM RESERVE FUND AS MAY BE NECESSARY FOR ITS CORPORATE PURPOSES.

(F) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ALL MONEYS RECEIVED BY THE SUBSIDIARY CORPORATION SHALL BE DEPOSITED IN THE REMIC PREMIUM RESERVE FUND.

(G) IF THE REMIC PREMIUM RESERVE FUND IS FUNDED IN WHOLE OR IN PART WITH CASH, THE MONEYS IN SUCH FUND SHALL BE DEPOSITED IN ONE OR MORE BANKS OR TRUST COMPANIES DESIGNATED, IN THE MANNER PROVIDED BY LAW, AS DEPOSITORIES OF THE FUNDS OF THE SUBSIDIARY CORPORATION. THE SUBSIDIARY CORPORATION MAY INVEST ANY MONEYS IN SUCH FUND IN THE SAME MANNER AS MONEYS OF THE CORPORATION MAY BE INVESTED, PROVIDED THAT SUCH OBLIGATIONS SHALL BE PAYABLE WITHIN SUCH TIME AS THE PROCEEDS MAY BE NEEDED TO MEET EXPENDITURES ESTIMATED TO BE INCURRED BY THE SUBSIDIARY CORPORATION. ANY INTEREST EARNED OR CAPITAL GAIN REALIZED ON THE MONEY SO DEPOSITED OR INVESTED SHALL ACCRUE TO AND BECOME PART OF SUCH FUND. THE SEPARATE IDENTITY OF SUCH FUND SHALL BE MAINTAINED WHETHER ITS ASSETS CONSIST OF CASH OR INVESTMENTS OR BOTH.

(H) THE SUBSIDIARY CORPORATION SHALL TRANSFER FROM THE REMIC PREMIUM RESERVE FUND SUCH MONEYS AS THE SUBSIDIARY CORPORATION, BY ITS CHAIRPERSON, SHALL CERTIFY ARE REQUIRED FOR THE SUBSIDIARY CORPORATION TO PAY ITS OPERATING EXPENSES, TO PAY ANY LIABILITIES ARISING FROM THE SUBSIDIARY CORPORATION'S MORTGAGE INSURANCE CONTRACTS AND HOUSING INSURANCE CONTRACTS, AND TO RESTORE THE MORTGAGE INSURANCE FUND AND THE HOUSING INSURANCE FUND TO THE MORTGAGE INSURANCE FUND REQUIREMENT AND HOUSING INSURANCE FUND REQUIREMENT, RESPECTIVELY.

(I) THE SUBSIDIARY CORPORATION SHALL KEEP A SEPARATE ACCOUNT FOR THE REMIC PREMIUM RESERVE FUND. SUCH ACCOUNT SHALL SHOW (I) THE DATE AND AMOUNT OF EACH SUM PAID INTO THE FUND, (II) THE INTEREST EARNED BY THE FUND, (III) THE CAPITAL GAINS OR LOSSES RESULTING FROM THE SALE OF INVESTMENTS OF THE FUND, (IV) THE INTEREST OR CAPITAL GAINS WHICH HAVE ACCRUED TO THE FUND, (V) THE AMOUNT AND DATE OF EACH WITHDRAWAL FROM THE FUND, AND (VI) THE ASSETS OF THE FUND INDICATING THE CASH BALANCE THEREIN AND A SCHEDULE OF THE AMOUNTS INVESTED.

(J) IN COMPUTING THE AMOUNT OF THE MORTGAGE INSURANCE FUND, THE HOUSING INSURANCE FUND AND THE REMIC PREMIUM RESERVE FUND FOR THE PURPOSES OF THIS SECTION, SECURITIES IN WHICH ALL OR A PORTION OF SUCH FUNDS SHALL BE INVESTED SHALL BE VALUED AT PAR, IF PURCHASED AT PAR, OR IF PURCHASED AT OTHER THAN PAR, AT AMORTIZED VALUE. AMORTIZED VALUE, WHEN USED WITH RESPECT TO SECURITIES PURCHASED AT A PREMIUM ABOVE OR A DISCOUNT BELOW PAR OR IF PURCHASED AT PAR, OR IF PURCHASED AT OTHER THAN PAR, SHALL MEAN THE VALUE AS OF ANY GIVEN DATE OBTAINED BY DIVIDING THE TOTAL PREMIUMS OR DISCOUNT AT WHICH SUCH SECURITIES WERE PURCHASED BY

THE NUMBER OF INTEREST PAYMENTS REMAINING TO MATURITY ON SUCH SECURITIES AFTER SUCH PURCHASE AND BY MULTIPLYING THE AMOUNT SO CALCULATED BY THE NUMBER OF INTEREST PAYMENT DATES HAVING PASSED SINCE THE DATE OF SUCH PURCHASE; AND (I) IN THE CASE OF SECURITIES PURCHASED AT A PREMIUM BY DEDUCTING THE PRODUCT THUS OBTAINED FROM THE PURCHASE PRICE, AND (II) IN THE CASE OF SECURITIES PURCHASED AT A DISCOUNT BY ADDING THE PRODUCT THUS OBTAINED TO THE PURCHASE PRICE.

(K) THE SUBSIDIARY CORPORATION SHALL CREATE AND ESTABLISH SUCH OTHER FUND OR FUNDS AS MAY BE NECESSARY OR DESIRABLE FOR ITS CORPORATE PURPOSES.

13. CHARGES AND FEES. (A) THE SUBSIDIARY CORPORATION SHALL FIX A PREMIUM CHARGE FOR ITS INSURANCE OF MORTGAGES PURSUANT TO THIS SECTION WHICH SHALL NOT BE LESS THAN THE MINIMUM AMOUNT NOR MORE THAN THE MAXIMUM AMOUNT THAT THE STATE OF NEW YORK MORTGAGE AGENCY IS PERMITTED TO CHARGE PURSUANT TO APPLICABLE PROVISIONS OF LAW.

(B) THE SUBSIDIARY CORPORATION MAY ESTABLISH AND LEVY SUCH OTHER CHARGES AND FEES IN CONNECTION WITH APPLICATIONS FOR MORTGAGE INSURANCE AND INSURANCE COMMITMENTS AS IT MAY DEEM APPROPRIATE AND NECESSARY.

(C) SUCH PREMIUM CHARGES AND OTHER CHARGES SHALL BE PAYABLE BY THE MORTGAGOR IN CASH IN SUCH MANNER AS MAY BE PRESCRIBED BY THE SUBSIDIARY CORPORATION.

(D) SUCH PREMIUM CHARGES AND OTHER CHARGES AND FEES SHALL NOT BE DEEMED TO BE INTEREST FOR THE PURPOSES OF SECTION 5-501 OF THE GENERAL OBLIGATIONS LAW.

14. ASSISTANCE BY THE CORPORATION. THE CORPORATION IS HEREBY AUTHORIZED TO PERFORM SUCH FUNCTIONS AND SERVICES IN CONNECTION WITH ANY LAWFUL CORPORATE PURPOSE OF THE SUBSIDIARY CORPORATION AS SHALL BE REQUESTED BY THE SUBSIDIARY CORPORATION. THE SUBSIDIARY CORPORATION SHALL PAY TO THE CORPORATION FROM ANY MONEYS OF THE SUBSIDIARY CORPORATION AVAILABLE FOR SUCH PURPOSES SUCH AMOUNTS AS ARE NECESSARY TO PAY THE CORPORATION FOR THE SERVICES RENDERED BY THE CORPORATION PURSUANT TO THIS SECTION.

15. ASSISTANCE BY THE DIVISION OF RESIDENTIAL DEVELOPMENT. THE DIRECTOR OF THE DIVISION OF RESIDENTIAL DEVELOPMENT AND THE DIVISION OF RESIDENTIAL DEVELOPMENT ARE HEREBY AUTHORIZED TO PERFORM SUCH FUNCTIONS AND SERVICES IN CONNECTION WITH ANY LAWFUL CORPORATE PURPOSE OF THE SUBSIDIARY CORPORATION AS SHALL BE REQUESTED BY THE SUBSIDIARY CORPORATION. THE SUBSIDIARY CORPORATION SHALL PAY TO THE DIVISION OF RESIDENTIAL DEVELOPMENT FROM ANY MONEYS OF THE SUBSIDIARY CORPORATION AVAILABLE FOR SUCH PURPOSES SUCH AMOUNTS AS ARE NECESSARY TO REIMBURSE THE DIVISION OF RESIDENTIAL DEVELOPMENT FOR THE SERVICES PROVIDED PURSUANT TO THIS SECTION.

16. ANNUAL REPORT. THE SUBSIDIARY CORPORATION SHALL SUBMIT TO THE MAYOR, THE COMPTROLLER, THE BUDGET DIRECTOR AND THE CORPORATION WITHIN NINETY DAYS AFTER THE END OF ITS FISCAL YEAR, A COMPLETE AND DETAILED REPORT SETTING FORTH: (A) ITS OPERATIONS AND ACCOMPLISHMENTS; (B) ITS RECEIPTS AND EXPENDITURES DURING SUCH FISCAL YEAR IN ACCORDANCE WITH THE CATEGORIES OR CLASSIFICATIONS ESTABLISHED BY THE SUBSIDIARY CORPORATION FOR ITS OPERATING AND CAPITAL OUTLAY PURPOSES; AND (C) ITS ASSETS AND LIABILITIES AT THE END OF ITS FISCAL YEAR, INCLUDING A SCHEDULE OF MORTGAGES WHICH HAVE BEEN INSURED DURING SUCH YEAR, THE STATUS OF THE MORTGAGE INSURANCE FUND, HOUSING INSURANCE FUND AND OTHER RESERVE OR SPECIAL FUNDS ESTABLISHED BY THE SUBSIDIARY CORPORATION.

17. MONEYS OF THE SUBSIDIARY CORPORATION. (A) ALL MONEYS OF THE SUBSIDIARY CORPORATION, EXCEPT AS OTHERWISE AUTHORIZED OR PROVIDED IN THIS SECTION, SHALL BE DEPOSITED AS SOON AS PRACTICABLE IN A SEPARATE

ACCOUNT OR ACCOUNTS IN BANKS OR TRUST COMPANIES ORGANIZED UNDER THE LAWS OF THE STATE OR NATIONAL BANKING ASSOCIATION, IN EACH CASE DOING BUSINESS IN THE CITY. THE MONEYS IN SUCH ACCOUNTS SHALL BE PAID OUT ON CHECKS SIGNED BY SUCH OFFICER OR EMPLOYEE OF THE SUBSIDIARY CORPORATION AS THE SUBSIDIARY CORPORATION SHALL AUTHORIZE. ALL DEPOSITS OF SUCH MONEYS SHALL, IF REQUIRED BY THE SUBSIDIARY CORPORATION, BE SECURED BY OBLIGATIONS OF THE UNITED STATES OR OF THE STATE OR OF THE CITY OF A MARKET VALUE EQUAL AT ALL TIMES TO THE AMOUNT OF THE DEPOSIT AND ALL BANKS AND TRUST COMPANIES ARE AUTHORIZED TO GIVE SUCH SECURITY FOR SUCH DEPOSITS.

(B) THE SUBSIDIARY CORPORATION SHALL PRESCRIBE A SYSTEM OF ACCOUNTS.

(C) THE COMPTROLLER, OR THE COMPTROLLER'S LEGALLY AUTHORIZED REPRESENTATIVE, IS HEREBY AUTHORIZED AND EMPOWERED FROM TIME TO TIME TO EXAMINE THE BOOKS AND ACCOUNTS OF THE SUBSIDIARY CORPORATION INCLUDING ITS RECEIPTS, DISBURSEMENTS, CONTRACTS, RESERVE FUNDS, SINKING FUNDS, INVESTMENTS, AND ANY OTHER MATTERS RELATING TO ITS FINANCIAL STANDING. SUCH AN EXAMINATION SHALL BE CONDUCTED BY THE COMPTROLLER AT LEAST ONCE IN EVERY FIVE YEARS; THE COMPTROLLER IS AUTHORIZED, HOWEVER, TO ACCEPT FROM THE SUBSIDIARY CORPORATION, IN LIEU OF SUCH AN EXAMINATION, AN EXTERNAL EXAMINATION OF ITS BOOKS AND ACCOUNTS MADE AT THE REQUEST OF THE SUBSIDIARY CORPORATION.

(D) THE SUBSIDIARY CORPORATION SHALL SUBMIT TO THE MAYOR, THE COMPTROLLER AND THE CORPORATION WITHIN THIRTY DAYS OF THE RECEIPT THEREOF BY THE SUBSIDIARY CORPORATION A COPY OF THE REPORT OF EVERY EXTERNAL EXAMINATION OF THE BOOKS AND ACCOUNTS OF THE SUBSIDIARY CORPORATION OTHER THAN COPIES OF THE REPORTS OF SUCH EXAMINATIONS MADE BY THE COMPTROLLER.

18. RENTALS. NOTWITHSTANDING THE PROVISIONS OF, OR ANY REGULATION PROMULGATED PURSUANT TO LOCAL LAW, ALL DWELLING UNITS IN A MULTIPLE DWELLING THE REHABILITATION OF WHICH COMMENCED AFTER JULY FIRST, TWO THOUSAND THREE AND WHICH IS FINANCED BY A MORTGAGE LOAN INSURED BY THE SUBSIDIARY CORPORATION (INCLUDING, BUT NOT LIMITED TO, MORTGAGE LOANS INSURED PURSUANT TO MORTGAGE INSURANCE CONTRACTS AND HOUSING INSURANCE CONTRACTS), EXCEPT FOR DWELLING UNITS OCCUPIED BY REASON OF OWNERSHIP OF STOCK IN A COOPERATIVE AND EXCEPT FOR DWELLING UNITS THAT CONSTITUTE CONDOMINIUMS, SHALL BE SUBJECT TO APPLICABLE PROVISIONS OF THIS CHAPTER, FOR SUCH DWELLING UNITS TO BECOME EFFECTIVE ON THE BASIS OF SUCH REHABILITATION, PROVIDED THAT ANY OCCUPANT IN POSSESSION OF A DWELLING UNIT PURSUANT TO THIS SECTION SHALL BE OFFERED A TWO-YEAR LEASE NOTWITHSTANDING ANY CONTRARY PROVISIONS OF, OR REGULATIONS ADOPTED PURSUANT TO THE PROVISIONS OF THIS CHAPTER.

19. EMPLOYEES OF THE SUBSIDIARY CORPORATION. (A) NOTWITHSTANDING ANY INCONSISTENT PROVISIONS OF THIS SECTION, THE APPOINTMENT AND PROMOTION OF ALL EMPLOYEES OF AND FOR THE SUBSIDIARY CORPORATION SHALL BE MADE IN ACCORDANCE WITH THE PROVISIONS OF THE CIVIL SERVICE LAW UNDER THE JURISDICTION OF THE CITY CIVIL SERVICE COMMISSION AND THE COMPENSATION FOR SUCH EMPLOYEES SHALL BE FIXED BY THE SUBSIDIARY CORPORATION.

(B) THE CITY, THE CORPORATION AND THE PREDECESSOR CORPORATION SHALL HAVE THE POWER TO PROVIDE FOR THE TRANSFER TO THE SUBSIDIARY CORPORATION OF AGENTS, EMPLOYEES AND FACILITIES OF THE CITY, THE CORPORATION OR THE PREDECESSOR CORPORATION, AS THE CASE MAY BE, TO ENABLE THE SUBSIDIARY CORPORATION TO FULFILL ITS CORPORATE PURPOSES. EMPLOYEES OF THE CITY, THE CORPORATION OR THE PREDECESSOR CORPORATION TO BE TRANSFERRED TO THE SUBSIDIARY CORPORATION PURSUANT TO THIS SECTION SHALL BE ELIGIBLE FOR SUCH TRANSFER AND APPOINTMENT TO OFFICES AND POSITIONS OF THE SUBSIDIARY CORPORATION WITHOUT FURTHER EXAMINATION, AND ALL SUCH EMPLOYEES WHO HAVE BEEN APPOINTED TO POSITIONS IN CITY SERVICE IN ACCORDANCE WITH THE

PROVISIONS OF THE CIVIL SERVICE LAW UNDER THE RULES OF THE CITY CIVIL SERVICE COMMISSION SHALL HAVE THE SAME STATUS WITH RESPECT THERETO IN THE SERVICE OF THE SUBSIDIARY CORPORATION AS THEY HAD IN CITY SERVICE. EMPLOYEES WHO ARE MEMBERS OR BENEFICIARIES OF ANY EXISTING PENSION OR RETIREMENT SYSTEM SHALL CONTINUE TO HAVE SUCH RIGHTS, PRIVILEGES, OBLIGATIONS OR STATUS WITH RESPECT TO SUCH SYSTEM OR SYSTEMS AS ARE PRESCRIBED BY LAW ON THE DATE THIS SECTION TAKES EFFECT, AND ALL SUCH EMPLOYEES WHO HAVE BEEN APPOINTED TO POSITIONS IN CITY SERVICE IN ACCORDANCE WITH THE PROVISIONS OF THE CIVIL SERVICE LAW UNDER THE RULES OF THE CITY CIVIL SERVICE COMMISSION SHALL HAVE THE SAME STATUS WITH RESPECT THERETO IN THE SERVICE OF THE CORPORATION AS THEY HAD IN CITY SERVICE.

20. SUBSIDIARIES; HOW CREATED. (A) THE SUBSIDIARY CORPORATION BY RESOLUTION MAY DIRECT ANY OF ITS MEMBERS, OFFICERS OR EMPLOYEES TO ORGANIZE A SUBSIDIARY OF THE SUBSIDIARY CORPORATION WHENEVER, IN THE SOLE DISCRETION OF THE SUBSIDIARY CORPORATION, IT HAS BECOME NECESSARY TO ACQUIRE ONE OR MORE HOUSING ACCOMMODATIONS OR OTHER REAL PROPERTY IN THE CASE OF SALE UNDER FORECLOSURE OR IN LIEU OF FORECLOSURE AND IT IS BENEFICIAL TO EFFECTUATE THE PURPOSE OF THIS CHAPTER FOR THE SUBSIDIARY OF THE SUBSIDIARY CORPORATION TO HOLD TITLE TO SUCH HOUSING ACCOMMODATIONS OR OTHER REAL PROPERTY.

(B) EACH SUCH SUBSIDIARY OF THE SUBSIDIARY CORPORATION SHALL BE WHOLLY OWNED BY THE SUBSIDIARY CORPORATION AND SHALL BE ORGANIZED PURSUANT TO THE BUSINESS CORPORATION LAW, THE NOT-FOR-PROFIT CORPORATION LAW OR ARTICLE TWO OR ARTICLE ELEVEN OF THIS CHAPTER.

(C) THE SUBSIDIARY CORPORATION MAY TRANSFER TO ANY SUBSIDIARY OF THE SUBSIDIARY CORPORATION ANY MONEY, REAL AND/OR PERSONAL PROPERTY OR MAY CONVEY TO IT ANY HOUSING ACCOMMODATION OR OTHER REAL PROPERTY IN ORDER TO CARRY OUT THE PURPOSES OF THIS ARTICLE. EACH SUCH SUBSIDIARY OF THE SUBSIDIARY CORPORATION SHALL HAVE ALL THE PRIVILEGES, IMMUNITIES, TAX EXEMPTIONS AND OTHER EXEMPTIONS OF THE SUBSIDIARY CORPORATION TO THE EXTENT THE SAME ARE NOT INCONSISTENT WITH THE STATUTE OR STATUTES PURSUANT TO WHICH SUCH SUBSIDIARY OF THE SUBSIDIARY CORPORATION WAS INCORPORATED. EXCEPT AS MAY BE INCONSISTENT WITH THE PROVISIONS OF THIS ARTICLE, SUCH SUBSIDIARY, IF ORGANIZED PURSUANT TO ARTICLE TWO OR ARTICLE ELEVEN OF THIS CHAPTER, SHALL HAVE ALL THE RIGHTS AND POWERS GRANTED TO HOUSING COMPANIES BY THIS CHAPTER AND BY ANY OTHER STATUTE PURSUANT TO WHICH SUCH SUBSIDIARY OF THE SUBSIDIARY CORPORATION WAS ORGANIZED.

(D) NO MEMBER OR OFFICER OF THE SUBSIDIARY CORPORATION SHALL RECEIVE ANY ADDITIONAL COMPENSATION, EITHER DIRECT OR INDIRECT, OTHER THAN REIMBURSEMENT FOR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF SUCH PERSON'S DUTIES, BY REASON OF SUCH PERSON SERVING AS A MEMBER, DIRECTOR, TRUSTEE OR OFFICER OF ANY SUBSIDIARY OF THE SUBSIDIARY CORPORATION.

S 708. NOTES AND BONDS OF THE CORPORATION. 1. (A) SUBJECT TO THE PROVISIONS OF SECTION SEVEN HUNDRED TEN OF THIS ARTICLE, THE CORPORATION SHALL HAVE POWER AND IS HEREBY AUTHORIZED TO ISSUE FROM TIME TO TIME ITS NEGOTIABLE NOTES AND BONDS IN CONFORMITY WITH APPLICABLE PROVISIONS OF THE UNIFORM COMMERCIAL CODE IN SUCH PRINCIPAL AMOUNT AS THE CORPORATION SHALL DETERMINE TO BE NECESSARY TO PROVIDE SUFFICIENT FUNDS FOR ACHIEVING ITS CORPORATE PURPOSES, INCLUDING THE MAKING OF MORTGAGE LOANS, THE PAYMENT OF INTEREST ON NOTES AND BONDS OF THE CORPORATION, THE ESTABLISHMENT OF RESERVES TO SECURE SUCH NOTES AND BONDS, AND THE PAYMENT OF ALL OPERATING EXPENSES OF THE CORPORATION INCIDENT TO OR NECESSARY OR CONVENIENT TO CARRY OUT ITS CORPORATE PURPOSES AND POWERS.

(B) THE CORPORATION SHALL HAVE THE POWER, FROM TIME TO TIME, TO ISSUE (I) NOTES TO RENEW NOTES AND (II) BONDS TO PAY NOTES, INCLUDING THE INTEREST THEREON AND, WHENEVER IT DEEMS REFUNDING EXPEDIENT, TO REFUND ANY BONDS BY THE ISSUANCE OF NEW BONDS, WHETHER THE BONDS TO BE REFUNDED HAVE OR HAVE NOT MATURED, AND TO ISSUE BONDS PARTLY TO REFUND BONDS THEN OUTSTANDING AND PARTLY FOR ANY OF ITS CORPORATE PURPOSES. THE REFUNDING BONDS MAY BE EXCHANGED FOR THE BONDS TO BE REFUNDED OR SOLD AND THE PROCEEDS APPLIED TO THE PURCHASE, REDEMPTION OR PAYMENT OF SUCH BONDS.

(C) EXCEPT AS MAY OTHERWISE BE EXPRESSLY PROVIDED BY THE CORPORATION, EVERY ISSUE OF ITS NOTES AND BONDS SHALL BE GENERAL OBLIGATIONS OF THE CORPORATION PAYABLE OUT OF ANY REVENUES OF THE CORPORATION, SUBJECT ONLY TO ANY AGREEMENTS WITH THE HOLDERS OF PARTICULAR NOTES OR BONDS PLEDGING ANY PARTICULAR REVENUES.

2. THE NOTES AND BONDS SHALL BE AUTHORIZED BY RESOLUTION OR RESOL- UTIONS OF THE CORPORATION, SHALL BEAR SUCH DATE OR DATES AND SHALL MATURE AT SUCH TIME OR TIMES AS SUCH RESOLUTION OR RESOLUTIONS MAY PROVIDE, EXCEPT THAT NO NOTE OR ANY RENEWAL THEREOF SHALL MATURE MORE THAN FIVE YEARS, AND IN THE CASE OF ANY NOTE OR ANY RENEWAL THEREOF ISSUED FOR THE PURPOSES OF MAKING MORTGAGE LOANS SHALL MATURE MORE THAN NINE YEARS, AFTER THE DATE OF ISSUE OF THE ORIGINAL NOTE AND NO BOND SHALL MATURE MORE THAN FIFTY YEARS FROM THE DATE OF ITS ISSUE. THE BONDS MAY BE ISSUED AS SERIAL BONDS PAYABLE IN ANNUAL INSTALLMENTS OR AS TERM BONDS OR AS A COMBINATION THEREOF. THE NOTES AND BONDS SHALL BEAR INTEREST AT SUCH RATE OR RATES, BE IN SUCH DENOMINATIONS, BE IN SUCH FORM, EITHER COUPON OR REGISTERED, CARRY SUCH REGISTRATION PRIVILEGES, BE EXECUTED IN SUCH MANNER, BE PAYABLE IN SUCH MEDIUM OF PAYMENT, AT SUCH PLACE OR PLACES, AND BE SUBJECT TO SUCH TERMS OF REDEMPTION AS SUCH RESOLUTION OR RESOLUTIONS MAY PROVIDE. THE NOTES AND BONDS MAY BE SOLD BY THE CORPORATION AT PUBLIC OR PRIVATE SALE, AT SUCH PRICE OR PRICES AS THE CORPORATION SHALL DETERMINE; PROVIDED, HOWEVER, THAT THE CORPORATION SHALL CONSULT WITH THE COMPTROLLER AS TO THE TIMING OF ANY SALE; AND PROVIDED FURTHER THAT NO NOTES OR BONDS OF THE CORPORATION MAY BE SOLD AT A PRIVATE SALE UNLESS SUCH SALE AND THE TERMS THEREOF HAVE BEEN APPROVED IN WRITING BY (A) THE COMPTROLLER, WHERE SUCH SALE IS NOT TO THE COMPTROLLER, OR (B) THE DIRECTOR OF THE BUDGET, WHERE SUCH SALE IS TO THE COMPTROLLER.

3. ANY RESOLUTION OR RESOLUTIONS AUTHORIZING ANY NOTES OR BONDS OR ANY ISSUE THEREOF MAY CONTAIN PROVISIONS, WHICH SHALL BE A PART OF THE CONTRACT OR CONTRACTS WITH THE HOLDERS THEREOF, AS TO:

(A) PLEDGING ALL OR ANY PART OF THE REVENUES TO SECURE THE PAYMENT OF THE NOTES OR BONDS OR OF ANY ISSUE THEREOF, SUBJECT TO SUCH AGREEMENTS WITH NOTEHOLDERS OR BONDHOLDERS AS MAY THEN EXIST;

(B) PLEDGING ALL OR ANY PART OF THE ASSETS OF THE CORPORATION, INCLUD- ING MORTGAGES AND OBLIGATIONS SECURING THE SAME, TO SECURE THE PAYMENT OF THE NOTES OR BONDS OR OF ANY ISSUE OF NOTES OR BONDS, SUBJECT TO SUCH AGREEMENTS WITH NOTEHOLDERS OR BONDHOLDERS AS MAY THEN EXIST;

(C) THE USE AND DISPOSITION OF THE GROSS INCOME FROM MORTGAGES OWNED BY THE CORPORATION AND PAYMENT OF PRINCIPAL OF MORTGAGES OWNED BY THE CORPORATION;

(D) THE SETTING ASIDE OF RESERVES OR SINKING FUNDS AND THE REGULATION AND DISPOSITION THEREOF;

(E) LIMITATIONS ON THE PURPOSE TO WHICH THE PROCEEDS OF SALE OF NOTES OR BONDS MAY BE APPLIED AND PLEDGING SUCH PROCEEDS TO SECURE THE PAYMENT OF THE NOTES OR BONDS OR OF ANY ISSUE THEREOF;

(F) LIMITATIONS ON THE ISSUANCE OF ADDITIONAL NOTES OR BONDS; THE TERMS UPON WHICH ADDITIONAL NOTES OR BONDS MAY BE ISSUED AND SECURED; AND THE REFUNDING OF OUTSTANDING OR OTHER NOTES OR BONDS;

(G) THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY CONTRACT WITH NOTEHOLDERS OR BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF NOTES OR BONDS THE HOLDERS OF WHICH MUST CONSENT THERETO, AND THE MANNER IN WHICH SUCH CONSENT MAY BE GIVEN;

(H) LIMITATIONS ON THE AMOUNT OF MONEYS TO BE EXPENDED BY THE CORPORATION FOR OPERATING EXPENSES OF THE CORPORATION;

(I) VESTING IN A TRUSTEE OR TRUSTEES SUCH PROPERTY, RIGHTS, POWERS AND DUTIES IN TRUST AS THE CORPORATION MAY DETERMINE, WHICH MAY INCLUDE ANY OR ALL OF THE RIGHTS, POWERS AND DUTIES OF THE TRUSTEE APPOINTED BY THE BONDHOLDERS PURSUANT TO THIS ARTICLE, AND LIMITING OR ABROGATING THE RIGHT OF THE BONDHOLDERS TO APPOINT A TRUSTEE UNDER THIS ARTICLE OR LIMITING THE RIGHTS, POWERS AND DUTIES OF SUCH TRUSTEE;

(J) THE ACTS OR OMISSIONS TO ACT WHICH SHALL CONSTITUTE A DEFAULT IN THE OBLIGATIONS AND DUTIES OF THE CORPORATION TO THE HOLDERS OF THE NOTES OR BONDS AND PROVIDING FOR THE RIGHTS AND REMEDIES OF THE HOLDERS OF THE NOTES OR BONDS IN THE EVENT OF SUCH DEFAULT, INCLUDING THE RIGHT TO APPOINTMENT OF A RECEIVER; PROVIDING, HOWEVER, THAT SUCH RIGHTS AND REMEDIES SHALL NOT BE INCONSISTENT WITH THE GENERAL LAWS OF THE STATE AND THE OTHER PROVISIONS OF THIS ARTICLE;

(K) ANY OTHER MATTERS, OF LIKE OR DIFFERENT CHARACTER, WHICH IN ANY WAY AFFECT THE SECURITY OR PROTECTION OF THE HOLDERS OF THE NOTES OR BONDS.

4. ANY RESOLUTION OR RESOLUTIONS AUTHORIZING ANY NOTES OR BONDS OR ANY ISSUE THEREOF SHALL CONTAIN PROVISIONS, WHICH SHALL BE A PART OF THE CONTRACT OR CONTRACTS WITH THE HOLDERS THEREOF, ENSURING THAT NO MORTGAGE LOAN SHALL BE MADE BY THE CORPORATION FROM THE PROCEEDS OF SUCH NOTES OR BONDS OR ISSUE THEREOF UNLESS THE ESTIMATED REVENUES FROM THE MORTGAGED PROPERTY, INCLUDING ANY SUBSIDIES, SHALL BE SUFFICIENT IN AMOUNT TO SECURE REPAYMENT OF THE LOAN AND THE INTEREST THEREON AND TO PAY ALL OTHER NECESSARY EXPENSES OF THE MORTGAGOR RELATING TO SUCH PROPERTY.

5. ANY PLEDGE MADE BY THE CORPORATION SHALL BE VALID AND BINDING FROM THE TIME WHEN THE PLEDGE IS MADE; THE REVENUES OR PROPERTY SO PLEDGED AND THEREAFTER RECEIVED BY THE CORPORATION SHALL IMMEDIATELY BE SUBJECT TO THE LIEN OF SUCH PLEDGE WITHOUT ANY PHYSICAL DELIVERY THEREOF OR FURTHER ACT, AND THE LIEN OF ANY SUCH PLEDGE SHALL BE VALID AND BINDING AS AGAINST ALL PARTIES HAVING CLAIMS OF ANY KIND IN TORT, CONTRACT OR OTHERWISE AGAINST THE CORPORATION, IRRESPECTIVE OF WHETHER SUCH PARTIES HAVE NOTICE THEREOF. NEITHER THE RESOLUTION NOR ANY OTHER INSTRUMENT BY WHICH A PLEDGE IS CREATED NEED BE RECORDED.

6. NEITHER THE MEMBERS OF THE CORPORATION NOR ANY OTHER PERSON EXECUTING SUCH NOTES OR BONDS SHALL BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

7. THE CORPORATION, SUBJECT TO SUCH AGREEMENTS WITH NOTEHOLDERS OR BONDHOLDERS AS MAY THEN EXIST, SHALL HAVE POWER OUT OF ANY FUNDS AVAILABLE THEREFOR, TO PURCHASE NOTES OR BONDS OF THE CORPORATION, WHICH SHALL THEREUPON BE CANCELLED, AT A PRICE NOT EXCEEDING:

(A) IF THE NOTES OR BONDS ARE THEN REDEEMABLE, THE REDEMPTION PRICE THEN APPLICABLE PLUS ACCRUED INTEREST TO THE NEXT INTEREST PAYMENT DATE THEREON, OR

(B) IF THE NOTES OR BONDS ARE NOT THEN REDEEMABLE, THE REDEMPTION PRICE APPLICABLE ON THE FIRST DATE AFTER SUCH PURCHASE UPON WHICH THE

NOTES OR BONDS BECOME SUBJECT TO REDEMPTION PLUS ACCRUED INTEREST TO SUCH DATE.

8. IN THE DISCRETION OF THE CORPORATION, THE BONDS MAY BE SECURED BY A TRUST INDENTURE BY AND BETWEEN THE CORPORATION AND A CORPORATE TRUSTEE, WHICH MAY BE ANY TRUST COMPANY OR BANK HAVING THE POWERS OF A TRUST COMPANY IN THE STATE. SUCH TRUST INDENTURE MAY CONTAIN SUCH PROVISIONS FOR PROTECTING AND ENFORCING THE RIGHTS AND REMEDIES OF THE BONDHOLDERS AS MAY BE REASONABLE AND PROPER AND NOT IN VIOLATION OF LAW, INCLUDING COVENANTS SETTING FORTH THE DUTIES OF THE CORPORATION IN RELATION TO THE EXERCISE OF ITS CORPORATE POWERS AND THE CUSTODY, SAFEGUARDING AND APPLICATION OF ALL MONEYS. THE CORPORATION MAY PROVIDE BY SUCH TRUST INDENTURE FOR THE PAYMENT OF THE PROCEEDS OF THE BONDS AND THE REVENUES TO THE TRUSTEE UNDER SUCH TRUST INDENTURE OR OTHER DEPOSITORY, AND FOR THE METHOD OF DISBURSEMENT THEREOF, WITH SUCH SAFEGUARDS AND RESTRICTIONS AS IT MAY DETERMINE. ALL EXPENSES INCURRED IN CARRYING OUT SUCH TRUST INDENTURE MAY BE TREATED AS A PART OF THE OPERATING EXPENSES OF THE CORPORATION. IF THE BONDS SHALL BE SECURED BY A TRUST INDENTURE, THE BONDHOLDERS SHALL HAVE NO AUTHORITY TO APPOINT A SEPARATE TRUSTEE TO REPRESENT THEM.

9. WHETHER OR NOT THE NOTES AND BONDS ARE OF SUCH FORM AND CHARACTER AS TO BE NEGOTIABLE INSTRUMENTS UNDER THE TERMS OF THE UNIFORM COMMERCIAL CODE, THE NOTES AND BONDS ARE HEREBY MADE NEGOTIABLE INSTRUMENTS WITHIN THE MEANING OF AND FOR ALL THE PURPOSES OF THE UNIFORM COMMERCIAL CODE, SUBJECT ONLY TO THE PROVISIONS OF THE NOTES AND BONDS FOR REGISTRATION.

S 709. AUTHORIZATION OF CONTRACTS FOR TAXATION BY THE UNITED STATES OF INTEREST ON OBLIGATIONS GUARANTEED THEREBY. THE CORPORATION IS HEREBY AUTHORIZED AND EMPOWERED, FROM TIME TO TIME AND AT ANY TIME TO ENTER INTO A CONTRACT OR CONTRACTS WITH THE UNITED STATES, ACTING THROUGH ANY DEPARTMENT, OFFICER, AGENCY, OR INSTRUMENTALITY THEREOF, (A) PURSUANT TO WHICH THE UNITED STATES (I) UNCONDITIONALLY GUARANTEES THE PAYMENT, WHEN DUE, OF THE INTEREST ON, AND THE PRINCIPAL OF, BONDS, NOTES, OR OTHER OBLIGATIONS ISSUED OR TO BE ISSUED BY THE CORPORATION OR (II) PAYS A PORTION OF THE INTEREST PAYABLE ON SUCH BONDS, NOTES, OR OTHER OBLIGATIONS ISSUED OR TO BE ISSUED BY THE CORPORATION AND (B) IN CONSIDERATION OF WHICH THE CORPORATION COVENANTS AND CONSENTS THAT THE INTEREST ON SUCH BONDS, NOTES, OR OTHER OBLIGATIONS SHALL BE INCLUDIBLE UNDER THE INTERNAL REVENUE CODE OF NINETEEN HUNDRED FIFTY-FOUR OR ANY SUBSEQUENT CORRESPONDING INTERNAL REVENUE LAW OF THE UNITED STATES IN THE GROSS INCOME OF THE HOLDER OR HOLDERS OF SUCH BONDS, NOTES, OR OTHER OBLIGATIONS TO THE SAME EXTENT AND IN THE SAME MANNER THAT THE INTEREST ON BILLS, BONDS, NOTES OR OTHER OBLIGATIONS OF THE UNITED STATES IS INCLUDIBLE IN THE GROSS INCOME OF THE HOLDER OR HOLDERS THEREOF UNDER SAID INTERNAL REVENUE CODE OR ANY SUCH SUBSEQUENT LAW. THE CORPORATION IS HEREBY FURTHER AUTHORIZED AND EMPOWERED TO INCLUDE IN SUCH BONDS, NOTES, OR OTHER OBLIGATIONS AND ANY DOCUMENTS RELATED THERETO SUCH REFERENCE TO, OR SUMMARY OF, THE CONTRACT OR CONTRACTS AS SHALL BE SATISFACTORY TO SUCH DEPARTMENT, OFFICER, AGENCY, OR INSTRUMENTALITY OF THE UNITED STATES. THE POWERS HEREIN CONFERRED SHALL BE IN ADDITION TO THE POWERS CONFERRED BY ANY OTHER LAW AND SUCH POWERS SHALL NOT BE SUBJECT TO THE LIMITATIONS OR RESTRICTIONS OF ANY OTHER LAW, BUT NOTHING CONTAINED HEREIN OR IN ANY SUCH CONTRACT OR CONTRACTS SHALL BE CONSTRUED TO COVENANT OR CONSENT, OR TO AUTHORIZE ANY COVENANT OR CONSENT, TO THE APPLICATION OF ANY OTHER PROVISION OF ANY OTHER LAW, FEDERAL OR STATE, TO THE CORPORATION OR TO SUCH BONDS, NOTES, OR OTHER OBLIGATIONS, OR TO THE ELIMINATION OR MODIFICATION IN ANY WAY OF ANY OTHER EXEMPTION (INCLUDING

WITHOUT LIMITATION EXEMPTION FROM TAXATION UNDER SECTION SEVEN HUNDRED SEVENTEEN OF THIS ARTICLE), PRIVILEGE, OR IMMUNITY THEREOF.

S 710. RESERVE FUNDS AND APPROPRIATIONS. 1. (A) THE CORPORATION SHALL CREATE AND ESTABLISH SPECIAL FUNDS (REFERRED TO IN THIS SECTION AS CAPITAL RESERVE FUNDS) AND SHALL PAY INTO SUCH A CAPITAL RESERVE FUND (I) ANY MONEYS APPROPRIATED AND MADE AVAILABLE BY THE STATE OR CITY FOR THE PURPOSE OF SUCH FUND, (II) ANY PROCEEDS OF SALE OF NOTES OR BONDS, TO THE EXTENT PROVIDED IN THE RESOLUTION OR RESOLUTIONS OF THE CORPORATION AUTHORIZING THE ISSUANCE THEREOF, AND (III) ANY OTHER MONEYS WHICH MAY BE MADE AVAILABLE TO THE CORPORATION FOR THE PURPOSE OF SUCH FUND FROM ANY OTHER SOURCE OR SOURCES. ALL MONEYS HELD IN A CAPITAL RESERVE FUND, EXCEPT AS HEREINAFTER PROVIDED, SHALL BE USED, AS REQUIRED, SOLELY FOR THE PAYMENT OF THE PRINCIPAL OF BONDS AS THE SAME MATURE OR THE ANNUAL SINKING FUND PAYMENTS, THE PURCHASE OR REDEMPTION OF BONDS, THE PAYMENT OF INTEREST ON BONDS OR THE PAYMENT OF ANY REDEMPTION PREMIUM REQUIRED TO BE PAID WHEN SUCH BONDS ARE REDEEMED PRIOR TO MATURITY; PROVIDED, HOWEVER, THAT MONEYS IN SUCH FUND SHALL NOT BE WITHDRAWN THEREFROM AT ANY TIME IN SUCH AMOUNT AS WOULD REDUCE THE AMOUNT OF SUCH FUND TO LESS THAN THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT, EXCEPT FOR THE PURPOSES OF PAYING INTEREST ON BONDS, PRINCIPAL OF BONDS AND ANNUAL SINKING FUND PAYMENTS, AS THE SAME BECOME DUE AND FOR THE PAYMENT OF WHICH OTHER MONEYS OF THE CORPORATION ARE NOT AVAILABLE. ANY INCOME OR INTEREST EARNED BY, OR INCREMENT TO, A CAPITAL RESERVE FUND DUE TO THE INVESTMENT THEREOF OR ANY AMOUNT IN EXCESS OF THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT MAY BE TRANSFERRED BY THE CORPORATION TO OTHER FUNDS OR ACCOUNTS OF THE CORPORATION TO THE EXTENT IT DOES NOT REDUCE THE AMOUNT OF SUCH CAPITAL RESERVE FUND BELOW THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT.

(B) THE CORPORATION SHALL NOT ISSUE BONDS AT ANY TIME IF UPON ISSUANCE THE AMOUNT IN THE CAPITAL RESERVE FUND WILL BE LESS THAN THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT, UNLESS THE CORPORATION, AT THE TIME OF ISSUANCE OF SUCH BONDS, SHALL DEPOSIT IN SUCH FUND FROM THE PROCEEDS OF THE BONDS SO TO BE ISSUED, OR OTHERWISE, AN AMOUNT WHICH, TOGETHER WITH THE AMOUNT THEN IN SUCH FUND, WILL NOT BE LESS THAN THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT.

(C) NO BONDS OR NOTES OF THE CORPORATION SHALL BE ISSUED IF UPON SUCH ISSUANCE THE AGGREGATE PRINCIPAL AMOUNT OF BONDS AND NOTES OF THE CORPORATION THEN OUTSTANDING EXCEEDS THE LESSER OF THREE BILLION ONE HUNDRED FIFTY MILLION DOLLARS OR SUCH AMOUNT AS WOULD CAUSE THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT TO EXCEED EIGHTY-FIVE MILLION DOLLARS; PROVIDED THAT, IN DETERMINING SUCH AGGREGATE PRINCIPAL AMOUNTS THERE SHALL BE DEDUCTED (I) ALL SUMS THEN AVAILABLE FOR THE PAYMENT OF SUCH BONDS OR NOTES EITHER AT MATURITY OR THROUGH THE OPERATION OF A SINKING FUND; (II) THE AGGREGATE PRINCIPAL AMOUNT OF OUTSTANDING BONDS ISSUED (A) TO REFUND NOTES AND (B) TO REFUND BONDS, THERETOFORE ISSUED AND THEN OUTSTANDING; AND (III) THE AGGREGATE PRINCIPAL AMOUNT OF OUTSTANDING NOTES ISSUED TO RENEW NOTES THERETOFORE ISSUED AND THEN OUTSTANDING. THE PROVISIONS OF THE PRIOR SENTENCE NOTWITHSTANDING, THE CORPORATION SHALL NOT ISSUE BONDS IF SUCH ISSUANCE SHALL CAUSE THE MAXIMUM RESERVE FUND REQUIREMENT TO EXCEED THIRTY MILLION DOLLARS UNLESS PRIOR TO SUCH ISSUANCE THE SENATE AND ASSEMBLY SHALL HAVE ADOPTED A CONCURRENT RESOLUTION PASSED BY THE VOTES OF A MAJORITY OF ALL THE MEMBERS ELECTED TO EACH SUCH HOUSE AND, SUBSEQUENT THERETO, THE GOVERNOR SHALL EVIDENCE IN WRITING THE GOVERNOR'S AGREEMENT WITH SUCH RESOLUTION TO THE CHAIRPERSON OF THE CORPORATION, WHICH RESOLUTION SHALL BE IN FULL FORCE AND EFFECT ON THE DATE OF ISSUANCE OF THE BONDS, PERMITTING THE MAXIMUM CAPITAL

RESERVE FUND REQUIREMENT TO EQUAL OR EXCEED THE AMOUNT OF THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT WHICH WOULD BE EFFECTIVE UPON THE ISSUANCE OF THE BONDS IN QUESTION, BUT IN NO EVENT, SHALL THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT EXCEED EIGHTY-FIVE MILLION DOLLARS.

(D) IN COMPUTING THE AMOUNT OF A CAPITAL RESERVE FUND FOR THE PURPOSES OF THIS SECTION, SECURITIES IN WHICH ALL OR A PORTION OF SUCH FUND SHALL BE INVESTED SHALL BE VALUED AT PAR IF PURCHASED AT PAR OR IF PURCHASED AT OTHER THAN PAR, AT AMORTIZED VALUE. AMORTIZED VALUE, WHEN USED WITH RESPECT TO SECURITIES PURCHASED AT A PREMIUM ABOVE OR A DISCOUNT BELOW PAR, SHALL MEAN THE VALUE AS OF ANY GIVEN DATE OBTAINED BY DIVIDING THE TOTAL PREMIUM OR DISCOUNT AT WHICH SUCH SECURITIES WERE PURCHASED BY THE NUMBER OF INTEREST PAYMENTS REMAINING TO MATURITY ON SUCH SECURITIES AFTER SUCH PURCHASE AND BY MULTIPLYING THE AMOUNT SO CALCULATED BY THE NUMBER OF INTEREST PAYMENT DATES HAVING PASSED SINCE THE DATE OF SUCH PURCHASE; AND (I) IN THE CASE OF SECURITIES PURCHASED AT A PREMIUM BY DEDUCTING THE PRODUCT THUS OBTAINED FROM THE PURCHASE PRICE, AND (II) IN THE CASE OF SECURITIES PURCHASED AT A DISCOUNT BY ADDING THE PRODUCT THUS OBTAINED TO THE PURCHASE PRICE.

(E) TO ASSURE THE CONTINUED OPERATION AND SOLVENCY OF THE CORPORATION FOR THE CARRYING OUT OF ITS CORPORATE PURPOSES, PROVISION IS MADE IN PARAGRAPH (A) OF THIS SUBDIVISION FOR THE ACCUMULATION IN EACH CAPITAL RESERVE FUND OF AN AMOUNT EQUAL TO THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT. IN ORDER TO FURTHER ASSURE SUCH MAINTENANCE OF EACH CAPITAL RESERVE FUND, THERE SHALL BE PAID BY THE CITY TO THE CORPORATION FOR DEPOSIT IN EACH CAPITAL RESERVE FUND ON OR BEFORE THE FIRST DAY OF APRIL, IN EACH YEAR, SUCH AMOUNT, IF ANY, NEEDED FOR THE PURPOSE OF RESTORING EACH SUCH CAPITAL RESERVE FUND TO THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT FOR SUCH FUND, AS SHALL BE CERTIFIED BY THE CHAIRPERSON OF THE CORPORATION TO THE MAYOR AND THE BUDGET DIRECTOR ON OR BEFORE THE FIRST DAY OF DECEMBER NEXT PRECEDING; PROVIDED THAT ANY SUCH AMOUNT SHALL HAVE BEEN FIRST APPROPRIATED BY OR ON BEHALF OF THE CITY FOR SUCH PURPOSE OR SHALL HAVE BEEN OTHERWISE MADE AVAILABLE FROM THE PROCEEDS OF NOTES OR BONDS OF THE CITY AUTHORIZED AND ISSUED PURSUANT TO THE LOCAL FINANCE LAW FOR SUCH PURPOSE, WHICH IS HEREBY DETERMINED TO BE A SPECIFIC OBJECT OR PURPOSE HAVING A PERIOD OF PROBABLE USEFULNESS OF FIVE YEARS. IN THE EVENT OF THE FAILURE OR INABILITY OF THE CITY TO PAY OVER TO THE CORPORATION, IN FULL, ON OR BEFORE SUCH FIRST DAY OF APRIL THE AMOUNT SO CERTIFIED THE CHAIRPERSON OF THE CORPORATION SHALL FORTHWITH CERTIFY TO THE COMPTROLLER OF THE STATE OF NEW YORK THE AMOUNT REMAINING UNPAID AND THEREUPON THE STATE COMPTROLLER SHALL PAY TO THE CORPORATION, OUT OF THE FIRST MONEYS AVAILABLE FOR THE NEXT SUCCEEDING PAYMENTS OF (I) STATE AID APPORTIONED TO THE CITY AS PER CAPITA AID FOR THE SUPPORT OF LOCAL GOVERNMENT PURSUANT TO SECTION FIFTY-FOUR OF THE STATE FINANCE LAW OR (II) SUCH OTHER AID OR ASSISTANCE PAYABLE BY THE STATE TO THE CITY AND NOT OTHERWISE ALLOCATED AS SHALL SUPERSEDE OR SUPPLEMENT SUCH STATE PER CAPITA AID, INCLUDING FEDERAL MONEYS APPORTIONED TO THE CITY BY THE STATE, SUCH AMOUNT REMAINING UNPAID, AFTER GIVING WRITTEN NOTICE TO THE BUDGET DIRECTOR OF EACH AMOUNT TO BE PAID OUT OF SUCH STATE AID, UNTIL THE AMOUNT IN EACH SUCH CAPITAL RESERVE FUND IS RESTORED TO THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT THEREOF; PROVIDED, HOWEVER, THAT PRIOR TO THE ISSUANCE OF ANY NOTES OR BONDS OF THE CORPORATION PURSUANT TO THIS ARTICLE THE CITY SHALL HAVE ENACTED A LOCAL LAW AUTHORIZING PAYMENTS FROM SUCH SOURCES INTO SUCH A FUND SO LONG AS ANY NOTES OR BONDS OF THE CORPORATION SHALL BE OUTSTANDING AND UNPAID. ANY AMOUNT SO PAID OVER TO THE CORPORATION SHALL BE DEDUCTED FROM THE CORRESPONDING APPORTIONMENT OF SUCH PER CAPITA STATE AID OTHERWISE PAYABLE TO THE

CITY, AND SHALL NOT OBLIGATE THE STATE TO MAKE NOR ENTITLE THE CITY TO RECEIVE ANY ADDITIONAL APPORTIONMENT OR PAYMENT OF PER CAPITA STATE AID. ALL AMOUNTS PAID OVER TO THE CORPORATION AS PROVIDED IN THIS PARAGRAPH, INCLUDING AMOUNTS PAID BY THE STATE COMPTROLLER OUT OF PAYMENTS OF SUCH STATE AID, SHALL CONSTITUTE AND BE ACCOUNTED FOR AS NON-INTEREST BEARING LOANS BY THE CITY TO THE CORPORATION AND, SUBJECT, SUBORDINATE AND JUNIOR TO THE RIGHTS OF THE HOLDERS OF ANY NOTES OR BONDS OF THE CORPORATION THERETOFORE OR THEREAFTER ISSUED, SHALL BE REPAID TO THE CITY FROM (A) MONEYS IN SUCH CAPITAL RESERVE FUND IN EXCESS OF THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT THEREOF OR (B) ANY MONEYS OF THE CORPORATION NOT REQUIRED FOR ANY OTHER OF ITS CORPORATE PURPOSES.

(F) IN THE EVENT THE CHAIRPERSON OF THE CORPORATION SHALL CERTIFY TO THE MAYOR AND BUDGET DIRECTOR OR TO THE STATE COMPTROLLER ANY AMOUNT NECESSARY TO RESTORE A CAPITAL RESERVE FUND TO THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT THEREOF PURSUANT TO SUBDIVISION (E) OF THIS SECTION, THE CHAIRPERSON SHALL SIMULTANEOUSLY DELIVER TO SUCH PERSONS A STATEMENT OF THE CAUSE OR CAUSES OF SUCH CAPITAL RESERVE FUND DEFICIENCY AND THE MEASURES TO BE TAKEN BY THE CORPORATION OR THE DIVISION OF RESIDENTIAL DEVELOPMENT TO INSURE REPAYMENT OF ANY LOANS MADE BY THE CITY TO THE CORPORATION, INCLUDING AMOUNTS PAID BY THE STATE COMPTROLLER OUT OF PAYMENTS OF STATE AID, FOR THE PURPOSE OF RESTORING SUCH CAPITAL RESERVE FUND TO THE MAXIMUM CAPITAL RESERVE FUND REQUIREMENT THEREOF AND TO PREVENT THE RECURRENCE OF ANY SUCH DEFICIENCY.

2. NOTWITHSTANDING THE PROVISIONS OF SUBDIVISION ONE OF THIS SECTION, THE CORPORATION MAY ISSUE BONDS FOR ANY OF ITS CORPORATE PURPOSES, WITHOUT MAKING ANY DEPOSIT IN A CAPITAL RESERVE FUND AND THE PROVISIONS OF SUBDIVISION ONE OF THIS SECTION SHALL NOT APPLY TO SUCH BONDS AND THE PRINCIPAL OF AND INTEREST ON SUCH BONDS SHALL NOT BE PAYABLE FROM OR SECURED BY ANY CAPITAL RESERVE FUND.

3. THE CORPORATION SHALL CREATE AND ESTABLISH SUCH OTHER FUND OR FUNDS AS MAY BE NECESSARY OR DESIRABLE FOR ITS CORPORATE PURPOSES.

S 711. AGREEMENT WITH THE STATE. THE STATE DOES HEREBY PLEDGE TO AND AGREE WITH THE HOLDERS OF ANY NOTES OR BONDS ISSUED UNDER THIS ARTICLE THAT THE STATE WILL NOT LIMIT OR ALTER THE RIGHTS HEREBY VESTED IN THE CORPORATION TO FULFILL THE TERMS OF ANY AGREEMENTS MADE WITH THE SAID HOLDERS THEREOF, OR IN ANY WAY IMPAIR THE RIGHTS AND REMEDIES OF SUCH HOLDERS UNTIL SUCH NOTES AND BONDS, TOGETHER WITH THE INTEREST THEREON, WITH INTEREST ON ANY UNPAID INSTALLMENTS OF INTEREST, AND ALL COSTS AND EXPENSES IN CONNECTION WITH ANY ACTION OR PROCEEDING BY OR ON BEHALF OF SUCH HOLDERS, ARE FULLY MET AND DISCHARGED. THE CORPORATION IS AUTHORIZED TO INCLUDE THIS PLEDGE AND AGREEMENT OF THE STATE IN ANY AGREEMENT WITH THE HOLDERS OF SUCH NOTES OR BONDS.

S 712. STATE AND CITY NOT LIABLE ON NOTES AND BONDS. THE NOTES, BONDS OR OTHER OBLIGATIONS OF THE CORPORATION SHALL NOT BE A DEBT OF EITHER THE STATE OF NEW YORK OR OF THE CITY, AND NEITHER THE STATE NOR THE CITY SHALL BE LIABLE THEREON, NOR SHALL THEY BE PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE CORPORATION; AND SUCH NOTES AND BONDS SHALL CONTAIN ON THE FACE THEREOF A STATEMENT TO SUCH EFFECT.

S 713. CITY'S RIGHT TO REQUIRE REDEMPTION OF BONDS. NOTWITHSTANDING AND IN ADDITION TO ANY PROVISIONS FOR THE REDEMPTION OF BONDS WHICH MAY BE CONTAINED IN ANY CONTRACT WITH THE HOLDERS OF THE BONDS, THE CITY MAY, UPON FURNISHING SUFFICIENT FUNDS THEREFOR, REQUIRE THE CORPORATION TO REDEEM, PRIOR TO MATURITY, AS A WHOLE, ANY ISSUE OF BONDS ON ANY INTEREST PAYMENT DATE NOT LESS THAN TWENTY YEARS AFTER THE DATE OF THE BONDS OF SUCH ISSUE AT ONE HUNDRED FIVE PER CENTUM OF THEIR FACE VALUE AND ACCRUED INTEREST OR AT SUCH LOWER REDEMPTION PRICE AS MAY BE

PROVIDED IN THE BONDS IN CASE OF THE REDEMPTION THEREOF AS A WHOLE ON THE REDEMPTION DATE. NOTICE OF SUCH REDEMPTION SHALL BE PUBLISHED IN AT LEAST TWO NEWSPAPERS PUBLISHED AND CIRCULATING IN THE CITY AT LEAST TWICE, THE FIRST PUBLICATION TO BE AT LEAST THIRTY DAYS BEFORE THE DATE OF REDEMPTION.

S 714. REMEDIES OF NOTEHOLDERS AND BONDHOLDERS. 1. IN THE EVENT THAT THE CORPORATION SHALL DEFAULT IN THE PAYMENT OF PRINCIPAL OF OR INTEREST ON ANY ISSUE OF NOTES OR BONDS AFTER THE SAME SHALL BECOME DUE, WHETHER AT MATURITY OR UPON CALL FOR REDEMPTION, AND SUCH DEFAULT SHALL CONTINUE FOR A PERIOD OF THIRTY DAYS, OR IN THE EVENT THAT THE CORPORATION SHALL FAIL OR REFUSE TO COMPLY WITH THE PROVISIONS OF THIS ARTICLE, OR SHALL DEFAULT IN ANY AGREEMENT MADE WITH THE HOLDERS OF ANY ISSUE OF NOTES OR BONDS, THE HOLDERS OF TWENTY-FIVE PER CENTUM IN AGGREGATE PRINCIPAL AMOUNT OF THE NOTES OR BONDS OF SUCH ISSUE THEN OUTSTANDING, BY INSTRUMENT OR INSTRUMENTS FILED IN THE OFFICE OF THE CLERK OF THE COUNTY OF ERIE AND PROVED OR ACKNOWLEDGED IN THE SAME MANNER AS A DEED TO BE RECORDED, MAY APPOINT A TRUSTEE TO REPRESENT THE HOLDERS OF SUCH NOTES OR BONDS FOR THE PURPOSES PROVIDED IN THIS SECTION.

2. SUCH TRUSTEE MAY, AND UPON WRITTEN REQUEST OF THE HOLDERS OF TWENTY-FIVE PER CENTUM IN PRINCIPAL AMOUNT OF SUCH NOTES OR BONDS THEN OUTSTANDING SHALL, IN SUCH TRUSTEE'S OWN NAME:

(A) BY SUIT, ACTION OR PROCEEDING IN ACCORDANCE WITH THE CIVIL PRACTICE LAW AND RULES, ENFORCE ALL RIGHTS OF THE NOTEHOLDERS OR BONDHOLDERS, INCLUDING THE RIGHT TO REQUIRE THE CORPORATION TO CARRY OUT ANY AGREEMENT WITH SUCH HOLDERS AND TO PERFORM ITS DUTIES UNDER THIS ARTICLE;

(B) BRING SUIT UPON SUCH NOTES OR BONDS;

(C) BY ACTION OR SUIT, REQUIRE THE CORPORATION TO ACCOUNT AS IF IT WERE THE TRUSTEE OF AN EXPRESS TRUST FOR THE HOLDERS OF SUCH NOTES OR BONDS;

(D) BY ACTION OR SUIT, ENJOIN ANY ACTS OR THINGS WHICH MAY BE UNLAWFUL OR IN VIOLATION OF THE RIGHTS OF THE HOLDERS OF SUCH NOTES OR BONDS;

(E) DECLARE ALL SUCH NOTES OR BONDS DUE AND PAYABLE, AND IF ALL DEFAULTS SHALL BE MADE GOOD, THEN, WITH THE CONSENT OF THE HOLDERS OF TWENTY-FIVE PER CENTUM OF THE PRINCIPAL AMOUNT OF SUCH NOTES OR BONDS THEN OUTSTANDING, ANNUL SUCH DECLARATION AND ITS CONSEQUENCES.

3. THE SUPREME COURT SHALL HAVE JURISDICTION OF ANY SUIT, ACTION OR PROCEEDING BY THE TRUSTEE ON BEHALF OF SUCH NOTEHOLDERS OR BONDHOLDERS. THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING SHALL BE LAID IN THE COUNTY OF ERIE.

4. BEFORE DECLARING THE PRINCIPAL OF NOTES OR BONDS DUE AND PAYABLE, THE TRUSTEE SHALL FIRST GIVE THIRTY DAYS' NOTICE IN WRITING TO THE CORPORATION.

S 715. ASSISTANCE TO THE CORPORATION. THE STATE OR CITY MAY MAKE GRANTS OF MONEY OR PROPERTY TO THE CORPORATION FOR THE PURPOSE OF ENABLING IT TO CARRY OUT ITS CORPORATE PURPOSES AND FOR THE EXERCISE OF ITS POWERS, INCLUDING, BUT NOT LIMITED TO, DEPOSITS TO THE RESERVE FUNDS. THIS SECTION SHALL NOT BE CONSTRUED TO LIMIT ANY OTHER POWER THE STATE OR CITY MAY HAVE TO MAKE SUCH GRANTS TO THE CORPORATION.

S 716. NOTES AND BONDS AS LEGAL INVESTMENTS. THE NOTES AND BONDS OF THE CORPORATION ARE HEREBY MADE SECURITIES IN WHICH ALL PUBLIC OFFICERS AND BODIES OF THIS STATE AND ALL MUNICIPALITIES AND MUNICIPAL SUBDIVISIONS, ALL INSURANCE COMPANIES AND ASSOCIATIONS AND OTHER PERSONS CARRYING ON AN INSURANCE BUSINESS, ALL BANKS, BANKERS, TRUST COMPANIES, SAVINGS BANKS AND SAVINGS ASSOCIATIONS, INCLUDING SAVINGS AND LOAN ASSOCIATIONS, BUILDING AND LOAN ASSOCIATIONS, INVESTMENT COMPANIES AND OTHER

PERSONS CARRYING ON A BANKING BUSINESS, ALL ADMINISTRATORS, GUARDIANS, EXECUTORS, TRUSTEES AND OTHER FIDUCIARIES, AND ALL OTHER PERSONS WHATSOEVER WHO ARE NOW OR MAY HEREAFTER BE AUTHORIZED TO INVEST IN BONDS OR IN OTHER OBLIGATIONS OF THE STATE, MAY PROPERLY AND LEGALLY INVEST FUNDS, INCLUDING CAPITAL, IN THEIR CONTROL OR BELONGING TO THEM. THE NOTES AND BONDS ARE ALSO HEREBY MADE SECURITIES WHICH MAY BE DEPOSITED WITH AND MAY BE RECEIVED BY ALL PUBLIC OFFICERS AND BODIES OF THE STATE AND ALL MUNICIPALITIES AND PUBLIC CORPORATIONS FOR ANY PURPOSE FOR WHICH THE DEPOSIT OF BONDS OR OTHER OBLIGATIONS OF THE STATE IS NOW OR MAY HEREAFTER BE AUTHORIZED.

S 717. EXEMPTION FROM TAXATION. 1. THE PROPERTY OF THE CORPORATION AND ITS INCOME AND OPERATIONS SHALL BE EXEMPT FROM TAXATION.

2. IT IS HEREBY DETERMINED THAT THE CREATION OF THE CORPORATION IS IN ALL RESPECTS FOR THE BENEFIT OF THE PEOPLE OF THE STATE AND FOR THE IMPROVEMENT OF THEIR HEALTH, SAFETY, WELFARE, COMFORT AND SECURITY, AND THAT SAID PURPOSES ARE PUBLIC PURPOSES AND THAT THE CORPORATION WILL BE PERFORMING AN ESSENTIAL GOVERNMENTAL FUNCTION IN THE EXERCISE OF THE POWERS CONFERRED UPON IT BY THIS ARTICLE. THE STATE COVENANTS WITH THE PURCHASERS AND ALL SUBSEQUENT HOLDERS AND TRANSFEREES OF NOTES AND BONDS ISSUED BY THE CORPORATION, IN CONSIDERATION OF THE ACCEPTANCE OF AND PAYMENT FOR THE NOTES AND BONDS, THAT THE NOTES AND BONDS OF THE CORPORATION ISSUED PURSUANT TO THIS ARTICLE AND THE INCOME THEREFROM AND ALL ITS FEES, CHARGES, GIFTS, GRANTS, REVENUES, RECEIPTS, AND OTHER MONEYS RECEIVED OR TO BE RECEIVED, PLEDGED TO PAY OR SECURE THE PAYMENT OF SUCH NOTES OR BONDS SHALL AT ALL TIMES BE FREE FROM TAXATION, EXCEPT FOR ESTATE AND GIFT TAXES AND TAXES ON TRANSFERS. THE CORPORATION IS AUTHORIZED TO INCLUDE THIS COVENANT OF THE STATE IN ANY AGREEMENT WITH THE HOLDERS OF SUCH NOTES OR BONDS.

S 718. EMPLOYEES OF THE CORPORATION. 1. NOTWITHSTANDING ANY INCONSISTENT PROVISIONS OF THIS CHAPTER, THE APPOINTMENT AND PROMOTION OF ALL EMPLOYEES OF AND FOR THE CORPORATION SHALL BE MADE IN ACCORDANCE WITH THE PROVISIONS OF THE CIVIL SERVICE LAW AND THE RULES OF THE CITY CIVIL SERVICE COMMISSION AND THE COMPENSATION FOR SUCH EMPLOYEES SHALL BE FIXED BY THE CORPORATION.

2. THE CITY AND THE CORPORATION SHALL HAVE THE POWER TO PROVIDE FOR THE TRANSFER TO THE CORPORATION OF AGENTS, EMPLOYEES AND FACILITIES OF THE CITY TO ENABLE THE CORPORATION TO FULFILL ITS CORPORATE PURPOSES. EMPLOYEES OF THE CITY TO BE TRANSFERRED TO THE CORPORATION PURSUANT TO THIS ARTICLE SHALL BE ELIGIBLE FOR SUCH USE IN OFFICES AND POSITIONS OF THE CORPORATION WITHOUT FURTHER EXAMINATION, AND ALL SUCH EMPLOYEES WHO HAVE BEEN APPOINTED TO POSITIONS IN CITY SERVICE IN ACCORDANCE WITH THE PROVISIONS OF THE CIVIL SERVICE LAW UNDER THE RULES OF THE CITY CIVIL SERVICE COMMISSION SHALL HAVE THE SAME STATUS WITH RESPECT THERETO IN THE SERVICE OF THE CORPORATION AS THEY HAD IN CITY SERVICE. EMPLOYEES WHO ARE MEMBERS OR BENEFICIARIES OF ANY EXISTING PENSION OR RETIREMENT SYSTEM SHALL CONTINUE TO HAVE SUCH RIGHTS, PRIVILEGES, OBLIGATIONS OR STATUS WITH RESPECT TO SUCH SYSTEM OR SYSTEMS AS ARE PRESCRIBED BY LAW ON THE DATE THIS ARTICLE TAKES EFFECT, AND ALL SUCH EMPLOYEES WHO HAVE BEEN APPOINTED TO POSITIONS IN CITY SERVICE IN ACCORDANCE WITH THE PROVISIONS OF THE CIVIL SERVICE LAW UNDER THE RULES OF THE CITY CIVIL SERVICE COMMISSION SHALL HAVE THE SAME STATUS WITH RESPECT THERETO IN THE SERVICE OF THE CORPORATION AS THEY HAD IN CITY SERVICE.

S 719. ASSISTANCE BY THE DIVISION OF RESIDENTIAL DEVELOPMENT. THE DIRECTOR OF THE DIVISION OF RESIDENTIAL DEVELOPMENT AND THE DIVISION OF RESIDENTIAL DEVELOPMENT ARE HEREBY DESIGNATED TO ACT FOR AND IN BEHALF OF THE CORPORATION IN SERVICING MORTGAGE LOANS OF THE CORPORATION, AND

SHALL PERFORM SUCH FUNCTIONS AND SERVICES IN CONNECTION WITH THE MAKING, SERVICING AND COLLECTION OF SUCH LOANS AS SHALL BE REQUESTED BY THE CORPORATION. THE CORPORATION SHALL PAY TO THE DIVISION OF RESIDENTIAL DEVELOPMENT FROM ANY MONEYS OF THE CORPORATION AVAILABLE FOR SUCH PURPOSES SUCH AMOUNTS AS ARE NECESSARY TO REIMBURSE THE DIVISION OF RESIDENTIAL DEVELOPMENT FOR THE REASONABLE COST OF THE SERVICES PERFORMED BY THE DIRECTOR OF THE DIVISION OF RESIDENTIAL DEVELOPMENT AND BY THE DIVISION OF RESIDENTIAL DEVELOPMENT PURSUANT TO THIS SECTION.

S 720. MONEYS OF THE CORPORATION. 1. ALL MONEYS OF THE CORPORATION, EXCEPT AS OTHERWISE AUTHORIZED OR PROVIDED IN THIS ARTICLE, SHALL BE DEPOSITED AS SOON AS PRACTICABLE IN A SEPARATE ACCOUNT OR ACCOUNTS IN BANKS OR TRUST COMPANIES ORGANIZED UNDER THE LAWS OF THE STATE OR NATIONAL BANKING ASSOCIATION DOING BUSINESS IN THE CITY. THE MONEYS IN SUCH ACCOUNTS SHALL BE PAID OUT ON CHECKS SIGNED BY SUCH OFFICER OR EMPLOYEE OF THE CORPORATION AS THE CORPORATION SHALL AUTHORIZE. ALL DEPOSITS OF SUCH MONEYS SHALL, IF REQUIRED BY THE CORPORATION, BE SECURED BY OBLIGATIONS OF THE UNITED STATES OR OF THE STATE OR OF THE CITY OF A MARKET VALUE EQUAL AT ALL TIMES TO THE AMOUNT OF THE DEPOSIT AND ALL BANKS AND TRUST COMPANIES ARE AUTHORIZED TO GIVE SUCH SECURITY FOR SUCH DEPOSITS.

NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THE CORPORATION SHALL HAVE POWER TO CONTRACT WITH THE HOLDERS OF ANY OF ITS NOTES OR BONDS AS TO THE CUSTODY, COLLECTION, SECURING, INVESTMENT AND PAYMENT OF ANY MONEYS OF THE CORPORATION AND OF ANY MONEYS HELD IN TRUST OR OTHERWISE FOR THE PAYMENT OF NOTES OR BONDS, AND TO CARRY OUT SUCH CONTRACT. MONEYS HELD IN TRUST OR OTHERWISE FOR THE PAYMENT OF NOTES OR BONDS OR IN ANY WAY TO SECURE NOTES OR BONDS AND DEPOSITS OF SUCH MONEYS MAY BE SECURED IN THE SAME MANNER AS MONEYS OF THE CORPORATION, AND ALL BANKS AND TRUST COMPANIES ARE AUTHORIZED TO GIVE SUCH SECURITY FOR SUCH DEPOSITS.

2. SUBJECT TO THE PROVISIONS OF ANY CONTRACT WITH NOTEHOLDERS AND BONDHOLDERS AND THE APPROVAL OF THE COMPTROLLER, THE CORPORATION SHALL PRESCRIBE A SYSTEM OF ACCOUNTS.

3. THE COMPTROLLER, OR HIS LEGALLY AUTHORIZED REPRESENTATIVE, IS HEREBY AUTHORIZED AND EMPOWERED FROM TIME TO TIME TO EXAMINE THE BOOKS AND ACCOUNTS OF THE CORPORATION INCLUDING ITS RECEIPTS, DISBURSEMENTS, CONTRACTS, RESERVE FUNDS, SINKING FUNDS, INVESTMENTS, AND ANY OTHER MATTERS RELATING TO ITS FINANCIAL STANDING. SUCH AN EXAMINATION SHALL BE CONDUCTED BY THE COMPTROLLER AT LEAST ONCE IN EVERY FIVE YEARS; THE COMPTROLLER IS AUTHORIZED, HOWEVER, TO ACCEPT FROM THE CORPORATION, IN LIEU OF SUCH AN EXAMINATION, AN EXTERNAL EXAMINATION OF ITS BOOKS AND ACCOUNTS MADE AT THE REQUEST OF THE CORPORATION.

4. THE CORPORATION SHALL SUBMIT TO THE MAYOR AND THE COMPTROLLER WITHIN THIRTY DAYS OF THE RECEIPT THEREOF BY THE CORPORATION A COPY OF THE REPORT OF EVERY EXTERNAL EXAMINATION OF THE BOOKS AND ACCOUNTS OF THE CORPORATION OTHER THAN COPIES OF THE REPORTS OF SUCH EXAMINATIONS MADE BY THE COMPTROLLER.

S 721. ACTIONS. 1. EXCEPT IN AN ACTION FOR WRONGFUL DEATH, IN ANY CASE FOUNDED UPON TORT A NOTICE OF CLAIM SHALL BE REQUIRED AS A CONDITION PRECEDENT TO THE COMMENCEMENT OF AN ACTION OR SPECIAL PROCEEDING AGAINST THE CORPORATION, ANY OF ITS SUBSIDIARY CORPORATIONS, OR ANY OFFICER, APPOINTEE OR EMPLOYEE THEREOF, AND THE PROVISIONS OF SECTION FIFTY-E OF THE GENERAL MUNICIPAL LAW SHALL GOVERN THE GIVING OF SUCH NOTICE. AN ACTION FOR WRONGFUL DEATH SHALL BE COMMENCED IN ACCORDANCE WITH THE NOTICE OF CLAIM AND TIME LIMITATION PROVISIONS OF TITLE ELEVEN OF ARTICLE NINE OF THE PUBLIC AUTHORITIES LAW.

2. EXCEPT AS MAY OTHERWISE BE EXPRESSLY PROVIDED BY THE CORPORATION, THE CORPORATION SHALL NOT BE LIABLE FOR ANY DEBTS, LIABILITIES, OBLIGATIONS, AGREEMENTS, CONTRACTS OR COVENANTS OF ANY OF ITS SUBSIDIARY CORPORATIONS. NO ACTION OR SPECIAL PROCEEDING OF ANY KIND MAY BE BROUGHT AGAINST THE CORPORATION BY ANY PERSON HAVING CLAIMS AGAINST OR CONTRACTS WITH ANY OF ITS SUBSIDIARY CORPORATIONS (INCLUDING ANY PREDECESSOR CORPORATION OF ANY OF ITS SUBSIDIARY CORPORATIONS) IF THE CORPORATION WAS NOT A PARTY TO THE MATTER GIVING RISE TO SUCH CLAIMS OR CONTRACTS.

S 722. ANNUAL REPORT. THE CORPORATION SHALL SUBMIT TO THE MAYOR, THE COMPTROLLER AND THE BUDGET DIRECTOR WITHIN NINETY DAYS AFTER THE END OF ITS FISCAL YEAR, A COMPLETE AND DETAILED REPORT SETTING FORTH: (1) ITS OPERATIONS AND ACCOMPLISHMENTS; (2) ITS RECEIPTS AND EXPENDITURES DURING SUCH FISCAL YEAR IN ACCORDANCE WITH THE CATEGORIES OR CLASSIFICATIONS ESTABLISHED BY THE CORPORATION FOR ITS OPERATING AND CAPITAL OUTLAY PURPOSES, INCLUDING A LISTING OF ALL PRIVATE CONSULTANTS ENGAGED BY THE CORPORATION ON A CONTRACT BASIS AND A STATEMENT OF THE TOTAL AMOUNT PAID TO EACH SUCH PRIVATE CONSULTANT; (3) ITS ASSETS AND LIABILITIES AT THE END OF ITS FISCAL YEAR, INCLUDING A SCHEDULE OF ITS MORTGAGE LOANS AND COMMITMENTS AND THE STATUS OF RESERVE, SPECIAL OR OTHER FUNDS; AND (4) A SCHEDULE OF ITS NOTES AND BONDS OUTSTANDING AT THE END OF ITS FISCAL YEAR, TOGETHER WITH A STATEMENT OF THE AMOUNTS REDEEMED AND INCURRED DURING SUCH FISCAL YEAR.

S 723. SEVERABILITY. IF ANY SECTION, SUBDIVISION, PARAGRAPH, SENTENCE, CLAUSE OR PROVISION OF THIS ARTICLE SHALL BE UNCONSTITUTIONAL OR INEFFECTIVE, IN WHOLE OR IN PART, TO THE EXTENT THAT IT IS NOT UNCONSTITUTIONAL OR INEFFECTIVE IT SHALL BE VALID AND EFFECTIVE AND NO OTHER SECTION, SUBDIVISION, PARAGRAPH, SENTENCE, CLAUSE OR PROVISION SHALL ON ACCOUNT THEREOF BE DEEMED INVALID OR INEFFECTIVE.

S 724. INCONSISTENT PROVISIONS IN OTHER LAWS SUPERSEDED. INSOFAR AS THE PROVISIONS OF THIS ARTICLE ARE INCONSISTENT WITH THE PROVISIONS OF ANY OTHER LAW, GENERAL, SPECIAL OR LOCAL, THE PROVISIONS OF THIS ARTICLE SHALL BE CONTROLLING.

S 2. Subdivision 1-a of section 405 of the private housing finance law, as added by chapter 599 of the laws of 1975, is amended to read as follows:

1-a. Notwithstanding the provisions of subdivision one of this section, and subject to the provisions of subdivision twenty of section six hundred fifty-four OR SUBDIVISION TWENTY-THREE OF SECTION SEVEN HUNDRED FOUR of this chapter, where the housing accommodations in any multiple dwelling are aided pursuant to this article by a loan made by the New York city housing development corporation OR THE BUFFALO HOUSING DEVELOPMENT CORPORATION, maximum rents during the life of such loan shall be prescribed by the agency and the rental rate may be varied by the agency from time to time upon application by the owner or by the New York city housing development corporation OR THE BUFFALO HOUSING DEVELOPMENT CORPORATION so as to secure, together with all other income from such property, sufficient income to meet within reasonable limits, all necessary payments to be made by the owner of all expenses including fixed charges, sinking funds, reserves and dividends.

S 3. Subdivisions 1 and 3 of section 407 of the private housing finance law, subdivision 1 as amended by chapter 599 of the laws of 1975 and subdivision 3 as amended by chapter 449 of the laws of 1986, are amended to read as follows:

1. One or more banking institutions, foundations, labor unions, employers' associations, veterans' organizations, insurance companies, trustees, fiduciaries or any combination of the foregoing, shall have

the power to participate and invest, singly or jointly, with a municipality or the New York city housing development corporation OR THE BUFFALO HOUSING DEVELOPMENT CORPORATION in a bond or note and single participating mortgage, or in separate bonds or notes and mortgages pursuant to and in accordance with the provisions of this article. As used in this section, the terms "trustees" and "fiduciaries" shall include any fiduciary or fiduciaries holding funds for investment.

3. Where one or more banking institutions, foundations, labor unions, employers' associations, veterans' organizations, insurance companies, trustees or fiduciaries participates and invests with a municipality or the New York city housing development corporation OR THE BUFFALO HOUSING DEVELOPMENT CORPORATION as provided in subdivision one OF THIS SECTION, the interest of each need not be equal as to priority of lien, interest rate, time or rate of amortization or otherwise.

S 4. Subdivision 2 of section 802 of the private housing finance law, as amended by chapter 761 of the laws of 1985, is amended to read as follows:

2. A municipality may utilize federal grant funds or state grant funds or any municipal funds to finance its participation or investment in a loan pursuant to this article. This subdivision shall not apply to any participation in a loan by the New York city housing development corporation OR THE BUFFALO HOUSING DEVELOPMENT CORPORATION pursuant to section eight hundred five of this article.

S 5. Section 805 of the private housing finance law, as added by chapter 562 of the laws of 1977, is amended to read as follows:

S 805. Participation of New York city housing development corporation OR BUFFALO HOUSING DEVELOPMENT CORPORATION. 1. The New York city housing development corporation may participate with one or more private investors or with the city of New York or with both in making a loan pursuant to the provisions of this article. Where such corporation participates in making such a loan, the term municipality as used in this article shall include such corporation with respect to such participation.

2. THE BUFFALO HOUSING DEVELOPMENT CORPORATION MAY PARTICIPATE WITH ONE OR MORE PRIVATE INVESTORS OR WITH THE CITY OF BUFFALO OR WITH BOTH IN MAKING A LOAN PURSUANT TO THE PROVISIONS OF THIS ARTICLE. WHERE SUCH CORPORATION PARTICIPATES IN MAKING SUCH A LOAN, THE TERM MUNICIPALITY AS USED IN THIS ARTICLE SHALL INCLUDE SUCH CORPORATION WITH RESPECT TO SUCH PARTICIPATION.

S 6. This act shall take effect on the one hundred twentieth day after it shall have become a law.