*** § 3035. Exchange of notes or bonds of the corporation for short-term obligations of the city.** 1. The corporation may issue its notes or bonds in exchange for short-term obligations of the city, provided that the principal amount of the corporation's notes or bonds issued in any such exchange shall not exceed the principal amount of such short-term obligations and accrued interest thereon at the stated rate to the date of such exchange.

2. (a) Upon or at any time after receipt of the short-term obligations of the city exchanged in accordance with subdivision one hereof, the corporation may deliver any or all of such short-term obligations to the city for cancellation, without receiving payment of principal or interest in respect thereof, in which event the city shall thereupon cancel such obligations without making any payment of principal amount or accrued interest thereon and the city shall have no further liability with respect thereto. Notwithstanding the foregoing, the corporation shall not deliver at any time bond anticipation notes received pursuant to subdivision one to the city for cancellation without receiving payment of principal or interest in respect thereof unless the mayor and the city comptroller shall have requested in writing that such short-term obligations be delivered for cancellation.

(b) Upon or at any time after receipt of the short-term obligations of the city exchanged in accordance with subdivision one hereof the corporation may exchange any or all of such short-term obligations for other short-term obligations issued by the city pursuant to the local finance law and the corporation may exchange any or all of such bond anticipation notes included in such short-term obligations for bonds of the city issued pursuant to the local finance law, all on such terms and conditions as the corporation may deem proper.

3. The corporation shall not exchange any of its bonds or notes for short-term obligations of the city pursuant to subdivision one hereof unless (a) the city shall have agreed to observe the conditions set forth in section three thousand thirty-eight of this chapter, subject to such modifications as are permitted thereunder and as the corporation may then approve, and (b) the board of directors of the corporation shall have determined that the terms of such exchange will not prejudice

the rights of holders of other bonds and notes of the city.

* NB The corporation shall continue for a term ending the later of July 1, 2008 or one year after its liabilities have been fully paid and discharged per § 3033 sub 1.