

BEAR STEARNS

BEAR STEARNS FINANCIAL PRODUCTS INC.
SUITE 2700
383 MADISON AVENUE
NEW YORK, NEW YORK 10179
(212) 272-2000

CONFIRMATION

DATE: August 13, 2003

TO: New York State Housing Finance Agency
ATTENTION: Ralph J. Madalena
TELEPHONE: 212-688-4000 ext. 333
FACSIMILE: 212-872-0333

FROM: Derivatives Documentation
TELEPHONE: 212-272-4163
FACSIMILE: 212-272-9594

SUBJECT: Fixed Income Derivatives Confirmation

REFERENCE NUMBER(S): FXNEC5372

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into on the Trade Date specified below (the "Transaction") between Bear Stearns Financial Products Inc. ("BSFP") and New York State Housing Finance Corporation ("Counterparty"). This letter agreement constitutes the sole and complete "Confirmation," as referred to in the Master Agreement specified below, with respect to this Transaction.

This Confirmation is subject to and incorporates the *2000 Definitions* and the *1992 U.S. Municipal Counterparty Definitions* (collectively, "the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc. ("ISDA"). This Confirmation supplements, forms a part of and is subject to the ISDA Master Agreement dated as of February 4, 2003 between BSFP and Counterparty (the agreement, as amended and supplemented from time to time, being referred to herein as the "Master Agreement"). All provisions contained in, or incorporated by reference to, the Master Agreement shall govern the Transaction referenced in this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation and the Definitions or Master Agreement, this Confirmation shall prevail.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

Notional Amount: (i) USD 88,750,000 for the initial Calculation Period, and

(ii) the amount as detailed in the Schedule of Notional Amounts attached hereto.

Trade Date: August 13, 2003
Effective Date: August 28, 2003
Termination Date: September 15, 2021 (such date shall not be subject to adjustment in accordance with the business day convention).

Fixed Amounts:

Fixed Rate Payer: Counterparty

Fixed Rate Payer
Payment Dates: The fifteenth day of each March and September during the Term of this Transaction, commencing March 15, 2004, subject to adjustment in accordance with the Business Day convention.

Fixed Rate Payer
Period End Dates: The fifteenth day of each March and September during the Term of this Transaction, commencing March 15, 2004, **not** subject to adjustment in accordance with the Business Day Convention.

Fixed Rate: 3.66%

Fixed Rate Day
Count Fraction: 30/360

Floating Amounts:

Floating Rate Payer: BSFP

Floating Rate Payer
Payment Dates: The fifteenth day of each month during the Term of this Transaction, commencing September 15, 2003, subject to adjustment in accordance with the Business Day Convention.

Floating Rate Payer
Period End Dates: The fifteenth day of each month during the Term of this Transaction, commencing September 15, 2003, subject to adjustment in accordance with the Business Day Convention.

Floating Rate for initial
Calculation Period: To be determined as of the Tuesday immediately preceding the Effective Date and such rate shall be effective from and including the Effective Date to but excluding the next succeeding Reset Date.

- Floating Rate Option: 65% of USD-LIBOR-BBA, reset two London business day prior to commencement of each Reset Date.
- Designated Maturity 1 month
- Floating Rate Day Count Fraction: Actual/360
- Reset Dates: The Effective Date and the fifteenth day of each month during the Term of this Transaction, commencing September 15, 2003, subject to adjustment in accordance with the Business Day Convention.
- Compounding: Inapplicable
- Business Days: New York
- Business Day Convention: Following
3. Account Details/Settlements: **Payments to BSFP:**
Citibank, N.A., New York
ABA Number: 021-0000-89, for the account of Bear, Stearns Securities Corp.
Account Number: 0925-3186, for further credit to Bear Stearns Financial Products Inc.
Sub-account Number: 102-04654-1-3
Attention: Derivatives Department
- Payments to Counterparty:**
The Bank of New York
ABA #021000018
GLA #111-565
Ref: Acct# 658423
Acct Name: HFA Various Series Clearing a/c

4. Other Provisions. For this Transaction only the Part 4 (b)(i)(d) and the definition of "Financing Agreement" in Part 4 (f) of the Master Agreement are hereby amended to read as follows:

"(d) Source of Payments. The obligations of Party B to make payments to Party A under this Agreement shall be special obligations of Party B payable solely from amounts paid to Party B pursuant to the Financing Agreement. Payments to Party B under the Financing Agreement are subject to annual appropriation by the State of New York. The obligations of Party B under this Agreement do not constitute an enforceable obligation or a debt of the State of New York or any unit of local government of the State of New York, nor shall the State of New York or any unit of local government of the State of New York be liable thereon nor shall the amounts payable by Party B to Party A hereunder be payable out of any funds or property other than those described in the preceding sentence and neither the faith and credit nor the taxing power of the State of New York or any such unit of local government is pledged to the payment of the obligations of Party B hereunder."

““Financing Agreement” means the Service Contract between the New York State Housing Finance Agency and the State of New York acting by and through the Director of the Budget of the State of New York, dated August 28, 2003, as amended and supplemented from time to time.”

5. Termination of Swap. Notwithstanding anything contained herein or in the Master Agreement to the contrary, the parties shall have no rights or obligations with respect to this Transaction and the representations of the parties contained herein (other than the representation being made in the following sentence) and in the Master Agreement shall not be deemed to be made until the Bonds have been duly issued and in the event that the Bonds are not issued on or prior to the Effective Date, this Transaction shall automatically terminate and shall be of no further force or effect and the parties shall have no further obligations hereunder. The Counterparty represents and warrants that it intends and expected to issue the Bonds and acknowledges that BSFP is entering into this Transaction in reliance upon such representation.

6. Contact Names at BSFP: Rate Fixings: Derivatives Operations- 347-643-1840
Payments: Derivatives Operations- 347-643-1842
Confirmation and
ISDA Queries: Derivatives Documentation- 212-272-4163

NEITHER THE BEAR STEARNS COMPANIES INC. NOR ANY SUBSIDIARY OR AFFILIATE OF THE BEAR STEARNS COMPANIES INC. OTHER THAN BSFP IS AN OBLIGOR OR A CREDIT SUPPORT PROVIDER ON THIS TRANSACTION.

This Confirmation may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

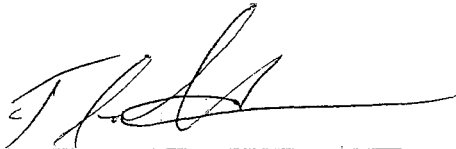
Counterparty hereby agrees to check this Confirmation and to confirm that the foregoing correctly sets forth the terms of the Transaction by signing in the space provided below and returning to BSFP a facsimile of the fully-executed Confirmation to **212/272-4933**. For inquiries please contact **Cindy Ashmore** by telephone at **212/272-4163**. Originals will be provided for your execution upon your request.

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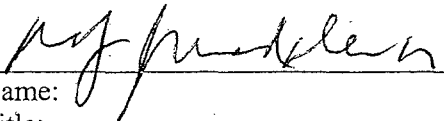
We are very pleased to have executed this Transaction with you and we look forward to completing other transactions with you in the near future.

Very truly yours,

BEAR STEARNS FINANCIAL PRODUCTS INC.

By: 
Name: _____
Title: F. SCOTT HERMAN
DPC MANAGER

NEW YORK STATE HOUSING FINANCE AGENCY

By: 
Name: _____
Title:
(Authorized Signatory)

SCHEDULE OF NOTIONAL AMOUNTS

(all such dates subject to adjustment in accordance with the Modified Following Business Day Convention)

<u>From and including</u>	<u>To but excluding</u>	<u>Applicable Notional Amount USD</u>
Effective Date	3/15/2013	88,750,000
3/15/2013	9/15/2013	83,900,000
9/15/2013	3/15/2014	78,950,000
3/15/2014	9/15/2014	73,900,000
9/15/2014	3/15/2015	68,775,000
3/15/2015	9/15/2015	68,575,000
9/15/2015	3/15/2016	63,175,000
3/15/2016	9/15/2016	57,675,000
9/15/2016	3/15/2017	52,075,000
3/15/2017	9/15/2017	46,375,000
9/15/2017	3/15/2018	40,575,000
3/15/2018	9/15/2018	34,650,000
9/15/2018	3/15/2019	28,625,000
3/15/2019	9/15/2019	22,475,000
9/15/2019	3/15/2020	16,225,000
3/15/2020	9/15/2020	9,850,000
9/15/2020	3/15/2021	3,350,000
3/15/2021	Termination Date	950,000