

# BEAR STEARNS

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

## CONFIRMATION

**DATE:** February 4, 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):** FXNEC5094

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 105,100,000 for the initial Calculation Period, and

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

Trade Date: February 4, 2003  
Effective Date: February 13, 2003  
Termination Date: March 15, 2026 (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 September 15, 2003, 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 September 15, 2003, **not** subject to adjustment in accordance with the Business Day Convention.

Fixed Rate: 3.256%

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 March 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 March 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 February 15, 2003, subject to adjustment in accordance with the Business Day Convention.

Compounding: Inapplicable

Business Days: New York

Business Day Convention: Modified 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

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Ref: Acct# 658423  
Acct Name: HFA Various Series Clearing a/c

4. 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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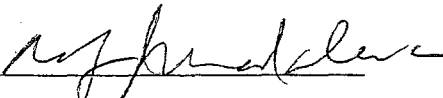
We are very pleased to have executed this Transaction with you and we look forward to completing other transactions with you in the near future.

Very truly yours,

**BEAR STEARNS FINANCIAL PRODUCTS INC.**

By:   
Name: F. SCOTT HERMAN  
Title: 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	09/15/06	105,100,000
09/15/06	03/15/07	104,100,000
03/15/07	09/15/07	102,800,000
09/15/07	03/15/08	101,800,000
03/15/08	09/15/08	100,700,000
09/15/08	03/15/09	99,600,000
03/15/09	09/15/09	98,600,000
09/15/09	03/15/10	97,400,000
03/15/10	09/15/10	96,400,000
09/15/10	03/15/11	95,300,000
03/15/11	09/15/11	94,200,000
09/15/11	03/15/12	92,200,000
03/15/12	09/15/12	91,000,000
09/15/12	03/15/13	89,100,000
03/15/13	09/15/13	86,400,000
09/15/13	03/15/14	82,800,000
03/15/14	09/15/14	79,100,000
09/15/14	03/15/15	75,400,000
03/15/15	09/15/15	72,200,000
09/15/15	03/15/16	68,000,000
03/15/16	09/15/16	64,600,000
09/15/16	03/15/17	61,200,000
03/15/17	09/15/17	57,600,000
09/15/17	03/15/18	54,000,000
03/15/18	09/15/18	50,200,000
09/15/18	03/15/19	46,400,000
03/15/19	09/15/19	42,400,000
09/15/19	03/15/20	38,400,000
03/15/20	09/15/20	34,200,000
09/15/20	03/15/21	29,800,000
03/15/21	09/15/21	25,400,000
09/15/21	03/15/22	20,800,000
03/15/22	09/15/22	16,200,000
09/15/22	03/15/23	11,400,000
03/15/23	09/15/23	9,000,000
09/15/23	03/15/24	7,600,000
03/15/24	09/15/24	6,200,000
09/15/24	03/15/25	4,800,000
03/15/25	09/15/25	3,200,000
09/15/25	Termination Date	1,600,000